Opinion Research Services

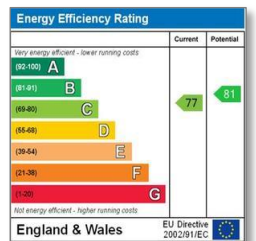*Excellent research for the public, voluntary and private sectors*

London Borough of Camden Strategic Housing Market Assessment

Report of Findings

5 February 2016

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2. Figure 1 sets out the process for establishing Objectively Assessed Need (OAN). Planning Policy Guidance (PPG)[2] identifies that *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"* (ID 2a-015) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied ('Market Signals') in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

Figure 1:   Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)

Starting Point Estimate — **Household Projections** produced by CLG

Demographic issues
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[1] https://www.gov.uk/government/publications/national-planning-policy-framework--2
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

Introducing the Study

3. Opinion Research Services (ORS) was commissioned by the London Boroughs of Camden and Islington to prepare a Strategic Housing Market Assessment (SHMA). The first key objective of this SHMA was to identify and define the functional housing market area(s) (HMA) which included the London Boroughs of Camden and Islington. The second key objective of this SHMA was to establish the OAN for housing (both market and affordable) in Camden and in Islington, ensuring that these were fully compliant with the requirements of the NPPF and PPG and mindful of good practice. The OAN for housing will help inform planning policies for the Local Plan period 2016-31.

4. The SHMA methodology was based on secondary data alongside a detailed telephone survey of local residents (undertaken in late 2014) and consultation with relevant stakeholders. The survey comprised over 3,000 interviews the main or joint homeowner or tenant, with the sample split equally between Camden and Islington. The survey was representative of local households in terms of their composition, age, working status and the housing that they currently occupied. Survey outputs have been used to support and inform the SHMA analysis where appropriate.

5. Based on all of the available evidence, the SHMA sought to:

   » Determine the need and demand for housing based on demographic projections;

   » Consider market signals about the balance between demand for and supply of dwellings;

   » Establish the Objectively Assessed Need for housing over the period 2016-31;

   » Identify the appropriate balance between market and affordable housing; and

   » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

6. This is one of a set of two reports, one for each of the boroughs. The reports are fully compliant with both the NPPF and PPG. In addition, the study is mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice notes about OAN and Housing Targets published by the Planning Advisory Service (PAS).

Duty to Co-operate

7. Section 110 of the Localism Act 2011 has imposed a 'Duty to Co-operate' on Councils who submit plans for Examination since 2011. As part of this project, 39 telephone interviews were undertaken with non-local government stakeholders and 22 with local government to an agreed Topic guide.

8. The findings of the Stakeholder engagement are available as a separate document.

Housing Market Area

9. The identification of Housing Market Areas (HMAs) is the first relevant building block in the evidence for identifying objectively assessed housing needs.

10. On the basis of the evidence, we would conclude that Greater London can be considered as a single upper-tier housing market area which contains many smaller overlapping housing market areas within it. Whilst migration and commuting flows do not provide the basis for identifying lower-tier housing markets, house prices provide an appropriate framework and the Valuation Office Agency has worked with house prices

and rents nationally to identify Broad Rental Market Areas (BRMAs) which are used for determining Local Housing Allowance levels.

11. BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The thirteen BRMAs in London will allow small groups of London boroughs to plan together. The Inner North London BRMA includes the majority of the Camden and Islington population (83.8% and 82.5% respectively), together with smaller proportions of Brent and Barnet. Therefore, there is a clear rationale for Camden and Islington undertaking a joint SHMA.

Household Projections

12. The *"starting point"* estimate for OAN is the latest household projections published by the Department for Communities and Local Government (CLG). These projections suggest that **household numbers in Camden will increase by around 19,900 over the 15-year period 2016-31, an average of 1,330 per year**. However, the CLG household projections are based on short-term migration trends, and these are generally not appropriate for long-term planning as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

13. The GLA 2014-round household projections consider scenarios based on both long-term and short-term migration trends. On the basis of long-term migration trends, **household numbers in Camden are projected to increase by around 13,300 households over the 15-year period 2016-31, an average of 880 per year[3]**. Whilst this projection is lower than the CLG 2012-based household projection (1,329 p.a.), as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

14. Based on evidence of current unmet need for housing, the analysis has identified that overall housing need should be increased by 319 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 13,574 households over the 15-year Plan period. **Providing for an increase of 13,574 households yields a baseline housing need of 14,299 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 953 dwellings per year.**

Market Signals

15. NPPF sets out that "Plans should take account of market signals…" (paragraph 17) and PPG identifies that "the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals".

16. The SHMA has considered the Market Signals for Camden and compared these to other areas which have similar demographic and economic characteristics. On the basis of this data we can conclude:

   » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £351,600, compared to England's £126,200 (based on 2012-13 values). The current price in Camden is similar to Hammersmith and Fulham, but higher than Tower Hamlets and Wandsworth;

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[3] The 2014 round GLA household projections were updated in December 2015 after the analysis for this report was completed.

> » **Rents:** for average private sector rents in 2014-15, Camden is above the national average. The rents are also higher when compared with three of the four comparator areas, with only Kensington and Chelsea being more expensive;

> » **Affordability:** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in Camden than across England as a whole (13.6x cf. 6.5x), but is similar to Hammersmith and Fulham and Wandsworth. However, it is significantly higher than Tower Hamlets;

> » **Rate of development:** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 7.2%, which is lower than England (8.3%). This rate for Camden is much higher than Kensington and Chelsea, but much lower than Tower Hamlets. Of course, these figures will inevitably be influenced by local constraints as well as individual policies;

> » **Overcrowding:** (in terms of Census occupancy rates) shows that 32.5% of households in the study area are overcrowded based on an objective measure, which is much higher than England (8.7%). However, Tower Hamlets has a higher rate of overcrowding while other comparators are slightly lower. Also, the proportion of overcrowded households has increased over the last 10 years at a lower rate to the national average (9% cf. 23%).

17. There is no single formula or methodology that can be used to consolidate the implications of the Market Signals. Further, market signals will have been predominantly influenced by relatively recent housing market trends which, arguably, have had a degree of volatility. Nevertheless, on the basis of the Market Signals evidence, the indicators show greater housing market pressures in Camden than across England as a whole. Given this context, we can conclude that there is a need to increase housing delivery for the area.

Objectively Assessed Need

18. Figure 2 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 2:   Full Objectively Assessed Need for Housing in Camden 2016-31

Stage	Households	Dwellings
Demographic starting point CLG household projections 2016-31	**19,928**	**20,991**
Adjustment for long-term migration trends GLA 2014-round long-term migration trend (2001-13)	-6,673	-7,028
Baseline household projections taking account of local circumstances	13,255	**13,963**
Adjustment for suppressed household formation rates Concealed families and homeless households	+319	+336
Baseline housing need based on demographic projections	**13,574**	**14,299**
Further adjustments needed in response to market signals 2,457 dwellings needed (in addition to the 336 dwellings for concealed families and homeless households) to deliver the overall uplift of 2,793 dwellings proposed	-	+2,457
Full Objectively Assessed Need for Housing 2016-31	**-**	**16,756**

19. Of course, it is important to remember that *"establishing future need for housing is not an exact science"* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

20. **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Camden to be 16,800 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 1,120 dwellings per year. This <u>includes</u> the Objectively Assessed Need for both Market and Affordable Housing.**

Housing Mix and Tenure

21. Having established the Full Objectively Assessed Need, there is a need to consider the need in terms of property and tenure types. The total need is the same as the OAN shown in Figure 80 and includes adjustments for market signals

22. Overall, analysis shows a housing need for market housing of 6,600 additional homes; mainly three bedroom properties. Housing need for affordable housing comprises 10,200 homes, mainly two and three bedroom properties. This need for larger (three bedroom) housing reflects the assumption that the current needs of all overcrowded households in rented housing will be addressed over the Plan period. If larger homes are not provided to alleviate overcrowding, many households will continue to occupy their smaller homes – so these properties will not be vacated, and there will continue to be pressure from new households applying to live in 1- and 2-bedroom properties. .

Figure 3:   Market and affordable housing mix for Camden 2016-31 (Note: Figures may not sum due to rounding)

	Housing Need		TOTAL CHANGE 2016-31
	2016	**2031**	
MARKET HOUSING			
1 bedroom	18,200	19,200	**1,000**
2 bedrooms	19,500	21,900	**2,400**
3 bedrooms	20,400	23,100	**2,700**
4+ bedrooms	8,700	9,100	**400**
Total Market Housing	**66,700**	**73,300**	**6,600**
AFFORDABLE HOUSING			
1 bedroom	15,500	15,900	**400**
2 bedroom	13,200	17,000	**3,900**
3 bedrooms	11,100	14,700	**3,600**
4+ bedrooms	3,200	5,500	**2,300**
Total Affordable Housing	**42,900**	**53,100**	**10,200**
TOTAL	**109,600**	**126,400**	**16,800**

Need for All Types of Housing

Private Rented Sector

23. One of the most significant housing changes in the past decade, both in Camden and across England, has been the rise in the relative size of the private rented sector and the decline in owner occupation. Private rent is the largest housing tenure in Camden (34.0% of dwellings), and this has increased its relative share by over 6% between 2001 and 2011 and now include over 31,000 households.

24. Welfare Reform is affecting the number of households able to rent privately with housing benefit support. There has been a marked change in the pattern of claimants in the private rented sector since the welfare reform changes were first introduced in 2011. Inner London boroughs have consistently seen a reduction

in the number of claimant households. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available. This implies that Inner London boroughs such as Camden will be displacing those in need of affordable housing as there is limited possibility of them being accommodated in the private rented sector.

25. There may also be potential PRS households who could access Low Cost Home Ownership options. Chapter 4 identifies a pool of PRS households who might have become owner occupiers in earlier years. Assuming the proportion of households in owner occupation had remained the same in 2011 as in 2001, there would have been 1,200 fewer households renting privately and 1,200 more in owner occupation.

26. Chapter 7 also shows that weekly Low Cost Home Ownership (LCHO) costs are broadly similar to the equivalent median private rent: marginally lower for 1-bed properties (£330 cf. £349) and marginally higher for other property sizes. Although generally higher than the Local Housing Allowance, LCHO could be less expensive than median private rents for all property sizes based on a 30% equity share, and for 1-bed properties up to a 40% equity share. Given the emphasis on home ownership in current Government policy, there may be opportunities to assist PRS households into some form of home ownership.

27. Overall, however, the evidence supports continuing demand for, and growth in, the Private Rented Sector homes in the London Borough of Camden.

People Wishing to Build their Own Homes

28. Overall, the evidence suggests limited demand for self-build. However, this may under-estimate actual demand. Therefore, arrangements should be put in place to comply with the Self-Build and Custom Housebuilding Act.

Housing for Older People

29. Based on the growth in population aged 75+, (an increase from 12,527 persons in 2016 to a population of 18,489 in 2031), the table below identifies the potential requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, the toolkit suggests a significant need for LSE schemes.

Figure 4:   Additional Modelled Demand for Older Person Housing in Camden (Source: Housing LIN Toolkit)

	Owned	Rented	TOTAL
Extra care	179	89	268
Sheltered 'plus' or 'Enhanced' Sheltered	60	60	120
Conventional sheltered housing to rent	-	358	358
Dementia	-	36	36
Leasehold Schemes for the Elderly (LSE)	715	-	715
TOTAL	954	543	1,497

30. There is a need for almost 1,500 specialist older person housing units of various types over the 15-year period 2016-31; however almost half of this need (48%, 715 dwellings) is for LSE housing. The figure of 1,500 is consistent with the London Plan benchmark figures to boroughs for 'specialist housing for older people'[4].

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[4] https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/London%20Plan%20March%202015%20%28FALP%29%20-%20Annexes.pdf

Households with Specific Needs

31. Changes to building regulations relating to adaptations and wheelchair accessible homes were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)[5]. This introduces three categories of dwellings:

    » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties

    » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes

    » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

32. Overall, in terms of the need for adapted or wheelchair adapted dwellings for households with specific needs, the evidence supports:

    » the need for 90% of all dwellings to meet Category 2 requirements, providing that this does not compromise viability;

    » the evidence therefore supports the need for 10% of market and affordable housing to meet Category 3 requirements;

    » the need for affordable dwellings in Category 3 to be fully wheelchair accessible, that is readily useable by a wheelchair user at the point of completion.

33. This approach is consistent with the Minor Alterations to the London Plan 2015[6].

Conclusions

34. As a London borough, Camden, in common with similar London boroughs, faces considerable strategic challenges in meeting the housing needs of its future population. The borough is changing rapidly and in parts becoming more affluent. However, these benefits are not affecting all people and all parts of the borough. Further, there has been fundamental tenure adjustment, the continuing challenge of new housing delivery, responding to the needs of those households affected by welfare reform and a changing population profile. Overall, therefore, there is a need for a continued co-ordinated approach towards the varied housing challenges faced to ensure future success.

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[5] http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1
[6] https://www.london.gov.uk/what-we-do/planning/london-plan/minor-alterations-london-plan/minor-alterations-london-plan-2015

1. Introducing the Study
Background to the project and wider policy context

1.1   Opinion Research Services (ORS) was commissioned by the London Boroughs of Camden and Islington to prepare a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need for housing across the two boroughs. This is one of a set of two reports, one for each of the boroughs.

1.2   The study adheres to the requirements of the National Planning Policy Framework published in 2012 and Planning Practice Guidance (March 2014). The methodology also had regard to emerging good practice and outcomes from Examinations, as well as the Technical Advice Note about Objectively Assessed Need and Housing Targets Second Edition that was published by the Planning Advisory Service (PAS) in July 2015.

1.3   The purpose of the study is to support the local authority in objectively assessing and evidencing the need for housing (both market and affordable) across Camden for the Local Plan period 2016-31, and provide other evidence to inform local policies, plans and decision making.

Government Policy

1.4   The National Planning Policy Framework (NPPF) contains a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. While Regional Spatial Strategies are now revoked outside of London, the London Plan has not been revoked. However, within the context of the London Plan, a responsibility for establishing the level of future housing provision required rests with the local planning authority.

> At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.
>
> Local planning authorities should positively seek opportunities to meet the development needs of their area.
>
> Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.
>
> **National Planning Policy Framework (NPPF), paragraph 14**

> To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.
>
> **National Planning Policy Framework (NPPF), paragraph 47**

1.5   Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the full Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed. They do not set a 'housing target' for the local authority.

> *Local planning authorities should have a clear understanding of housing needs in their area.*
>
> *They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
>
> » *meets household and population projections, taking account of migration and demographic change;*
>
> » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
>
> » *caters for housing demand and the scale of housing supply necessary to meet this demand;*
>
> **National Planning Policy Framework (NPPF), paragraph 159**

1.6   Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.

1.7   Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014 and has been updated in March 2015. Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of PPG. In addition, it reflects emerging good practice and the PAS OAN technical advice note[7].

Planning for Housing in London

1.8   The Strategic Planning Authority for London is the Greater London Authority. The GLA have produced a London SHMA (2013) covering the whole of Greater London which has been used to underwrite the evidence base for the Further Alterations to the London Plan (FALP) 2014.

1.9   The Report on the Examination in Public into the Further Alterations to the London Plan was published in November 2014. Issue 2 of the report was:

> *Given that the FALP sets out the objectively assessed housing need for London should London Boroughs be required to undertake their own assessments?*

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7 Objectively Assessed Need and Housing Targets Second Edition (PAS, July 2015)

1.10   In response to this question the inspector concluded that this was not necessary. From paragraph 18 onwards he concluded that:

> "The NPPF at paragraph 47 requires local planning authorities to, amongst other things, 'use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area'. The guidance in the NPPF regarding plan making is silent with regard to how responsibilities should be divided in a two tier system as exists uniquely in London. The London Plan is part of the development plan for London and, in my view, it must be right that read together with the development plan documents produced by London Boroughs, the development plan should be consistent with national policy.
>
> However, in a two tier system there should be no need for each part of the development plan to include the full range of policies necessary to accord with all parts of the NPPF or PPG, provided that together they do (as far as is necessary) and are consistent with national policy. The PPG advises that there should be no need to reiterate policies that are already set out in the NPPF in Local Plans. It seems to me that the same principle should apply to a spatial development strategy. Further, to avoid unnecessary duplication and potential confusion, there should be no need for a local plan in London to reiterate policies set out in the FALP.
>
> Section 334 of the GLA Act requires the Mayor to prepare a spatial development strategy. That plan must include a statement formulating the Mayor's strategy for spatial development for the use of land in Greater London. Housing need, supply and distribution are undisputedly strategic matters in London. I conclude below that the Mayor's estimate of objectively assessed housing need in London is justified by the evidence submitted to the EiP. Further, although I have reservations, I also consider that the FALP's strategy with regard to supply and distribution can be supported in the short term.
>
> Once adopted, statute will require the local plans produced by London Boroughs to be in general conformity with the FALP. That includes conforming with a strategy which seeks to meet London's needs on brownfield land within the existing built up area. The SHLAA identifies most of the existing capacity and, effectively, through the SHLAA, the FALP has determined the extent to which individual Boroughs can contribute to meeting the strategic need for housing across London. Within the confines of the FALP's strategy there is little scope to do more.
>
> I acknowledge that the NPPF requires each local planning authority to identify its own objectively assessed housing need. However, in my view, it is the role of the spatial development strategy to determine the overall level of need for London and to guide the distribution of new housing to meet that need. The Mayor points to the acceptance by previous EiP Panels that London constitutes a single housing market area with sub markets which span Borough boundaries. The Mayor also points to the findings of the High Court, following a challenge to the Revised Early Minor Alterations to the London Plan, within which in his (undisputed) opinion, the Court accepted that although local variations exist, this did not compromise the view that London constitutes a single housing market area.
>
> Other than some fine tuning regarding local need relating to the size and type of property and tenure, there is no need, in my view, for each London Borough to duplicate the work

*done by the GLA and produce their own individual assessment of overall need. IRC1
recommends that the FALP is changed to reflect this approach by removing references to
London Boroughs needing to identify objectively assessed need with regard to the quantum
of new housing in their areas".*

1.11 In a position which lead to some initial confusion, the wording of this letter has been accepted by the Mayor of London, however no polices in the FALP were changed as a result of it. The GLA's position was clarified in May 2015 in their Draft Interim Housing Supplementary Planning Guidance. At paragraph 3.19 the documents lists how the London boroughs should proceed in assessing their housing needs.

» Consider housing market area geographies that extend beyond single borough boundaries

» Consider different demographic scenarios, ideally using GLA household projections for consistency

» Make allowance for backlog need and other factors that increase the number of homes required.

» Take account of market signals

» Consider how the economy and jobs growth will influence housing need.

» Take into account wider needs.

» Specific needs.

1.12 **In conclusion**, this SHMA meets the requirements of CLG national Planning Practice Guidance and the GLA's Draft Interim Housing Supplementary Planning Guidance, paragraph 3.19.

Overview of the SHMA

1.13 The first key objective of this SHMA was to identify and define the functional housing market area(s) (HMA) which included the London Boroughs of Camden and Islington.

1.14 The second key objective of this SHMA was to establish the OAN for housing (both market and affordable) in Camden and in Islington, ensuring that these were fully compliant with the requirements of the NPPF and PPG and mindful of good practice. The OAN for housing will help inform planning policies for the Local Plan period 2016-31.

1.15 The SHMA methodology was based on secondary data alongside a detailed telephone survey of local residents (undertaken in late 2014) and consultation with relevant stakeholders. The survey comprised over 3,000 interviews the main or joint homeowner or tenant, with the sample split equally between Camden and Islington. The survey was representative of local households in terms of their composition, age, working status and the housing that they currently occupied. Survey outputs have been used to support and inform the SHMA analysis where appropriate.

1.16 Based on all of the available evidence, the SHMA sought to:

» Determine the need and demand for housing based on demographic projections;

» Consider market signals about the balance between demand for and supply of dwellings;

» Establish the Objectively Assessed Need for housing over the period 2016-31;

» Identify the appropriate balance between market and affordable housing; and

» Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

1.17 This report considers the key outputs from the SHMA – namely establishing the Housing Market Area and establishing the Full Objectively Assessed Need for housing in the **London Borough of Camden** (including the overall balance between market and affordable housing) over the Local Plan 15-year period 2016-31. It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

2. Defining the Housing Market Area
An evidence base to identify functional housing markets

2.1 This chapter follows the Planning Policy Guidance to analyse the available data and concludes with our recommendation that the London Borough of Camden be considered as part of a HMA with Islington. The key points leading to this conclusion are:

» Housing market areas reflect *"the key functional linkages between where people live and work"*

» To meet Planning Policy Guidance, a housing market area can be defined using house prices and rates of change in house prices; household migration and search patterns, and; contextual data (e.g. travel to work area boundaries, retail and school catchment areas)

» PPG recommends using travel to work areas (TTWAs) to provide information about commuting flows and the spatial structure of the labour market, but this is not feasible for London boroughs as the whole of London is a single TTWA.

» Census travel to work data demonstrates that travel to work for a minority of Camden boroughs' residents may be loosely related with place of residency.

» Census migration data demonstrates that neither Camden nor Islington can be considered to be housing market area on its own, but the inter-borough migration between boroughs suggests that some combination of those two boroughs and possibly neighbouring boroughs will meet the definition of a housing market area.

» There is a high degree of alignment between Broad Rental Market Areas and house prices in London.

» Considering BRMAs shows that 84% of Camden's population falls within the Inner North London BRMA along with 82% of Islington and 48% of Brent.

» 78% of the Inner North London BRMA's population falls within one of Camden, Islington and Brent.

» However, Brent also shows a high level of containment within the North West London BRMA alongside Harrow and can be seen to straddle the two HMAs; one with Camden and Islington and one with Harrow.

» Therefore, Camden should be considered to be part of a HMA with Islington.

Functional Housing Market Areas

2.2 The definition of a functional housing market area is well-established as being *"...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay"* (Maclennan et al, 1998)[8].

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[8] Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

Planning Practice Guidance

2.3　Planning Practice Guidance (PPG)[9] on the Assessment of Housing and Economic Development Needs (March 2014, updated March 2015) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

> **What is a housing market area?**
>
> *A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case the housing market areas overlap.*
>
> *The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.*
>
> **Planning Practice Guidance 2014/15, paragraph 10**

2.4　Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:

» House prices and rates of change in house prices

» Household migration and search patterns

» Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)

2.5　These sources are consistent with those identified in the CLG advice note *'Identifying sub‑regional housing market areas'* published in 2007[10].

Geography of Housing Market Areas (NHPAU/CURDS)

2.6　CLG also published a report on the *'Geography of Housing Market Areas'* in 2010[11] which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

» Tier 1: framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;

» Tier 2: local housing market areas defined by migration patterns that determine the limits of short-term spatial house price arbitrage;

» Tier 3: sub-markets defined in terms of neighbourhoods or house type price premiums.

2.7　The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single

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[9] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[10] Identifying sub‑regional housing market areas (CLG, March 2007); paragraph 1.6
[11] Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.

2.8 Advice published in the PAS OAN technical advice note 2015 also suggests that the main indicators will be migration and commuting (paragraph 5.4).
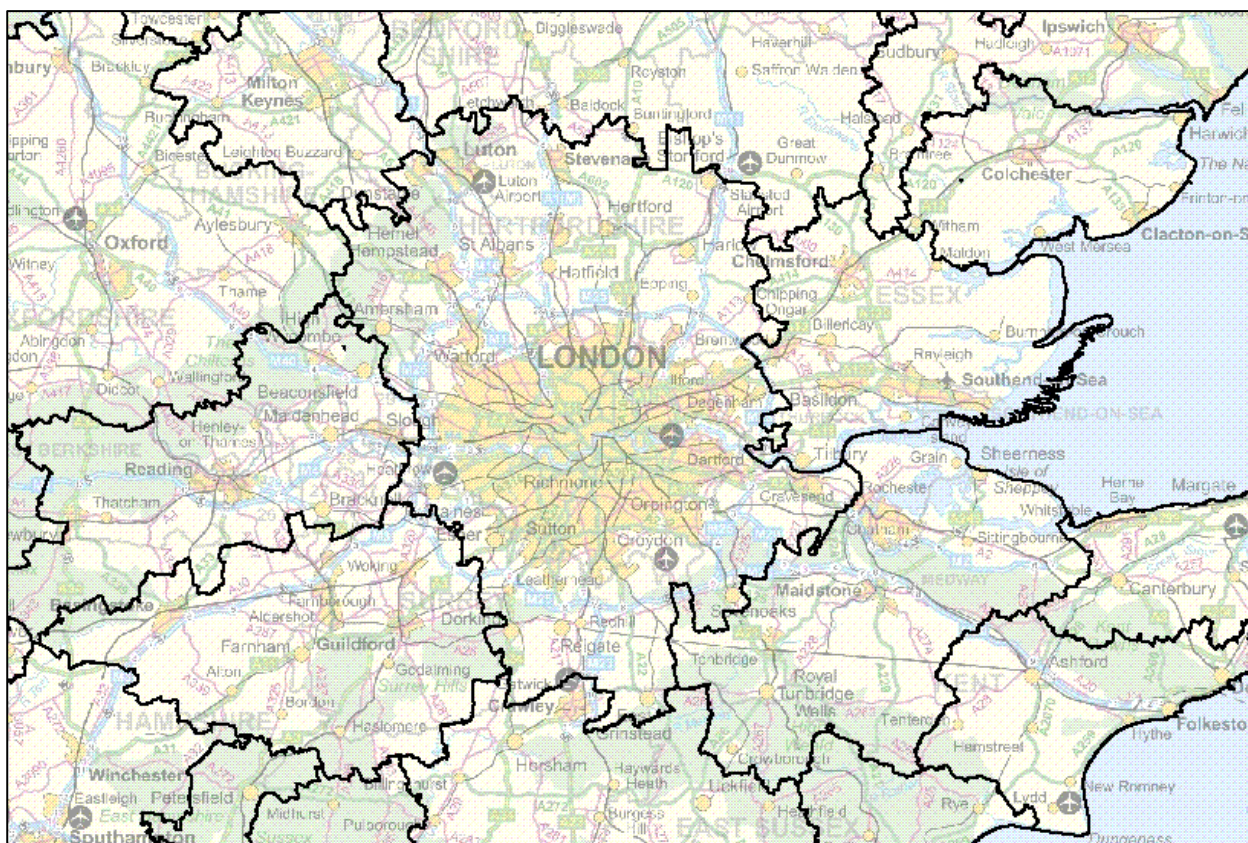
> *"The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting. With regard to migration, the PPG explains that areas that form an HMA will be reasonably self-contained, so that…*
>
> *A relatively high proportion of household moves (typically 70%) are contained [within the area]. This excludes long-distance moves (e.g. those due to a change of lifestyle or retirement, reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs and schools)."*

2.9 The PAS OAN technical advice note also suggests that analysis reported in the CLG report *"Geography of Housing Market Areas"* (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 5). It is apparent that this study identifies a single housing market across London and beyond. Consequently, this is not useful in defining functional HMAs for the boroughs.

2.10 Nevertheless, it is important to note that whilst the 'starting point' CLG study (2010) was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University, the analysis of migration and commuting was based on data from the 2001 Census.

Figure 5:   NHPAU Study - PAS OAN technical advice note 'Starting Point

Travel to Work Areas

2.11 Housing market areas reflect *"the key functional linkages between places where people live and work"* and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns:

> *Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).*
>
> **Planning Practice Guidance 2014/15, paragraph 11**

2.12 One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 6 shows the latest ONS TTWAs. These were published in 2015 and they are based on the origin-destination data from the 2011 Census.

2.13 London is mainly represented by a single TTWA, although Heathrow is part of a separate TTWA with Slough. Consequently, TTWAs are not useful in defining functional HMAs for London boroughs.

Figure 6:   ONS Travel To Work Areas (Source: ONS 2015)

Housing Markets in London

2.14 As noted above, Housing Market Areas reflect *"the key functional linkages between places where people live and work"* and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns.

2.15 The identification of housing markets in London is not a new area of study. As previously noted, the ONS identified London as a single Travel to Work Area and the CURDS analysis identified a single housing market area for London that extended beyond the city's administrative boundary.

2.16 The Greater London Authority has published Strategic Housing Market Assessments in 2008 and 2014 which both treat London as a single housing market area. The 2013 London SHMA (published 2014) notes at Table 5;

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

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

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

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

> *"Turning to the next issue, I accept the Defendant's submission that he was entitled to conclude, in the exercise of his planning judgment that* **London represented a single housing market.**
>
> *The term "housing market area" appears in the NPPF, but is not defined. That a "housing market area" within the meaning of the NPPF does not necessarily equate to LPA administrative boundaries is plain from paragraph 159:*
>
>> *"159. Local planning authorities should have a clear understanding of housing needs in their area. They should: prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. [...]"*
>
> *The view that London should be regarded as a single housing market is not new. As the reasons supporting MD1268[12] noted at paragraph 7.22:*

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[12] This refers to Mayoral Decision MD1268 and relates to the Revised Early Minor Alterations to the London Plan (REMA)

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

2.19 However, paragraph 43 of the judgement states

> *The Draft Replacement London Plan, Report of Panel, March 2011 stated at 3.28:*
>
> > *"As it was not disputed that London is a single Strategic Housing Market Area with complex sub-markets that spread across Borough boundaries and has constrained land supply the use of which has to be optimised, we agree with the Mayor that it is not only appropriate but necessary to include Borough provision targets."*

2.20 The view that London contains many housing market areas within it is further supported by the 2013 London SHMA which notes at paragraph 1.13:

> *"It is important to note that this SHMA, like the 2004 HRS and the 2008 SHMA before it, looks at housing requirements at the regional London level only, and does not provide any estimates of requirements at the local level. London boroughs remain responsible for assessing their own requirements, within the policy context set by the NPPF and the London Plan. Given the fact that housing market areas in London frequently extend across local borough boundaries, many boroughs have chosen to work in partnership to assess housing requirements on a sub-regional basis."*

2.21 Given this context, we can conclude that the LB Camden forms part of the Greater London Housing Market Area (GLHMA); the GLHMA (a "Tier 1" HMA that is defined by commuting and migration patterns) needs to ensure a balance of jobs and workers. The Greater London Authority has prepared an SHMA for the GLHMA to inform the London Plan, and it is this study that must consider the need to balance jobs and housing at the London-wide level.

2.22 In the light of the above, there is a need to consider how housing market area geography might be considered at a level below London, in order to develop a pragmatic solution for practical planning purposes and the local assessment of housing need. In this way, it allows for practical planning by small groups of boroughs, working together, within the framework of an overarching GLHMA.

2.23 This SHMA, therefore, is based on a lower-tier HMA that will help the LPA plan housing at a Borough level. In determining the number of homes needed at Borough level, the SHMA will need to be consistent with the London Plan and the projected population/households will need to be consistent with GLA figures. By doing so, this lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA, consistent with the London Plan.

Jobs and Housing

2.24 It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London. Nevertheless, it remains helpful to consider the functional relationships between where people live and work when considering appropriate lower-tier HMAs.

2.25 Figure 7 summarises the underlying travel to work data for Camden, and shows that only around 17% of people who work in Camden also live in the borough. Meanwhile, Figure 8 shows that over 42% of Camden

residents who are in employment work in the borough (including those who have no single fixed place of work) with a further 27% working in Westminster or the City of London

2.26 Both tables demonstrate that travel to work for Camden, and the rest of London, is not closely associated with place of residency.

Figure 7:   Local authority area of residence of people who work in Camden (Source: UK Census of Population 2011)

| Local Authority Area	Number of people	Percentage
Camden	46,766	17.1%
Barnet	14,006	5.1%
Islington	13,297	4.8%
Haringey	11,983	4.4%
Lambeth	9,995	3.6%
Hackney	9,760	3.6%
Brent	8,735	3.2%
Wandsworth	8,626	3.1%
Southwark	8,027	2.9%
Westminster or City of London	7,593	2.8%
Tower Hamlets	6,315	2.3%
Enfield	6,241	2.3%
Waltham Forest	6,137	2.2%
Lewisham	6,021	2.2%
Newham	5,132	1.9%
Elsewhere	105,596	38.5%
TOTAL	**274,230**	**100.0%**

Figure 8:   Workplace of people who are resident in Camden (Source: UK Census of Population 2011)

Local Authority Area	Number of people	Percentage
Camden	46,766	42.4%
Westminster or City of London	29,719	27.0%
Islington	5,590	5.1%
Tower Hamlets	4,192	3.8%
Southwark	2,507	2.3%
Kensington and Chelsea	2,371	2.2%
Hammersmith and Fulham	2,133	1.9%
Barnet	1,918	1.7%
Brent	1,677	1.5%
Hackney	1,636	1.5%
Lambeth	1,447	1.3%
Haringey	793	0.7%
Ealing	718	0.7%
Wandsworth	594	0.5%
Hounslow	555	0.5%
Elsewhere	7,552	6.9%
Total	**110,168**	**100.0%**

Migration Patterns

2.27 One of the ways to define a Housing Market Area is to consider an area *"where most of those changing house without changing employment choose to stay"*. Unfortunately, no data is available that relates migration with changes in employment circumstances, but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work.

2.28 Figure 9 shows migration flows within London. This shows a complex pattern of moves from Central London to outer London boroughs, with a clear movement northwards and westwards. There is a measurable net outward flow from Camden to Brent, Barnet, Haringey, and to Islington. Also of interest for Camden and Islington together are the significant flow from Islington to Haringey and two way flow between Islington and Hackney.

Figure 9:   Migration between London Boroughs (Source: Census 2011)
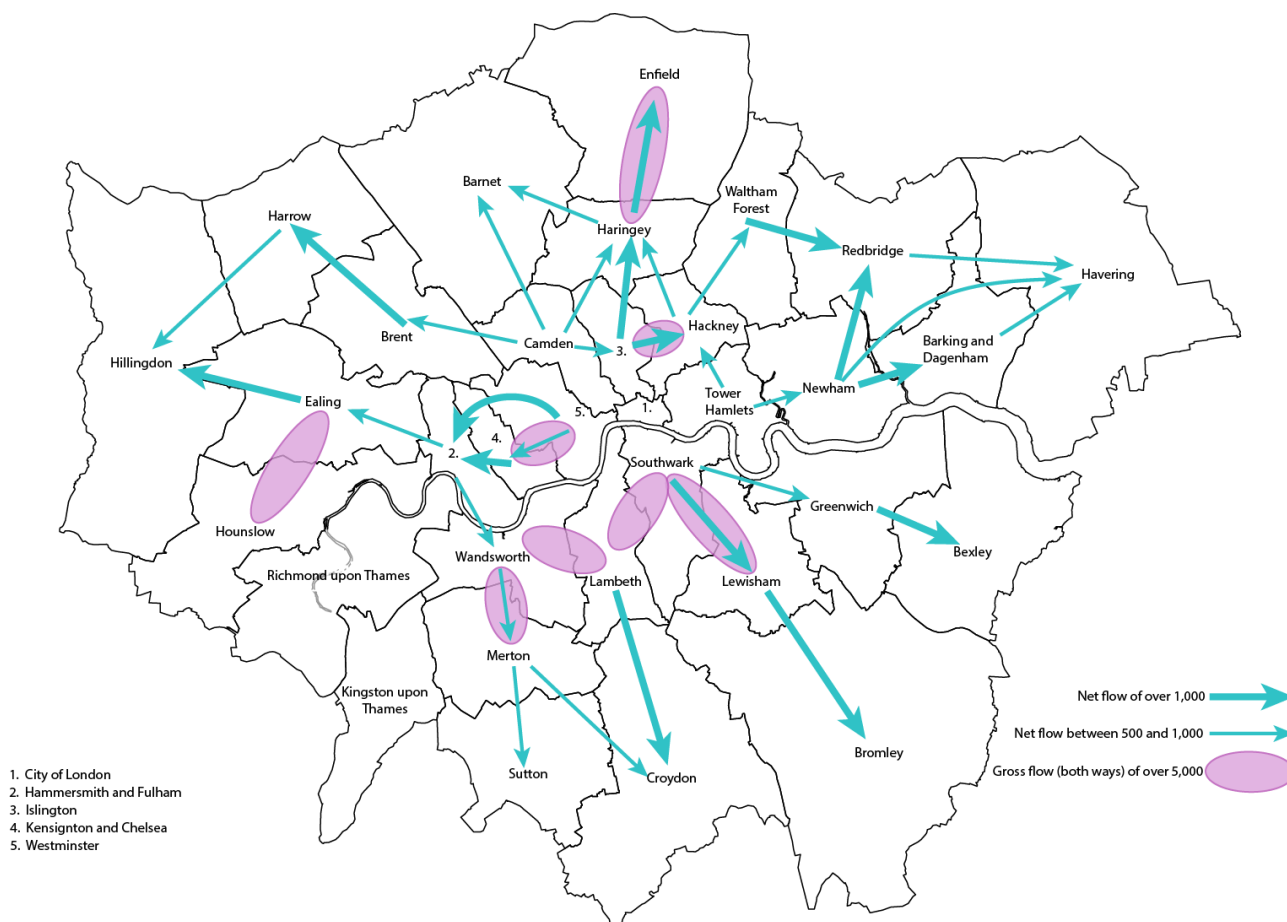
2.29 The UK Census of population has recently released data on people who moved in the 12 months before the Census. Figure 10 shows the point of origin of people who moved and now live in Camden, while Figure 11 shows the location of people who lived in Camden and who moved in the year before the Census.

Figure 10: People Moving to Camden by Place of Residence 12 Months Earlier (Source: UK Census of Population 2011)

| Local Authority Area	Number of people	Percentage
Camden	13,507	28.7%
Westminster or City of London	2,295	4.9%
Islington	2,120	4.5%
Barnet	1,074	2.3%
Brent	1,068	2.3%
Haringey	879	1.9%
Southwark	794	1.7%
Tower Hamlets	716	1.5%
Hackney	668	1.4%
Lambeth	644	1.4%
Hammersmith and Fulham	567	1.2%
Kensington and Chelsea	548	1.2%
Wandsworth	531	1.1%
Ealing	330	0.7%
Cambridge	286	0.6%
Elsewhere	10,916	23.2%
Outside the UK	10,164	21.6%
TOTAL	**41,107**	**100.0%**

Figure 11: People who lived in Camden 12 Months before the Census by Current Place of Residence (Source: UK Census of Population 2011)

Local Authority Area	Number of people	Percentage
Camden	13,507	35.2%
Islington	2,880	7.5%
Westminster or City of London	2,241	5.8%
Barnet	1,922	5.0%
Brent	1,630	4.2%
Haringey	1,542	4.0%
Tower Hamlets	1,097	2.9%
Hackney	1,047	2.7%
Lambeth	898	2.3%
Southwark	837	2.2%
Wandsworth	626	1.6%
Hammersmith and Fulham	552	1.4%
Kensington and Chelsea	513	1.3%
Ealing	323	0.8%
Lewisham	304	0.8%
Elsewhere	8,174	21.3%
Outside the UK	296	0.8%
TOTAL	**38,389**	**100.0%**

2.30 Of households who moved in the year before the Census and now live in Camden only 28.7% were previously living in the borough; conversely, 71.3% came from outside the borough. Meanwhile, 35.2% of people who lived in Camden and who moved in the year before the Census remained in the borough, that is, 64.8% moved out of the borough. The next boroughs with the largest number of moves into and out of Camden are Westminster and the City of London, and Islington.

2.31 Planning Practice Guidance on the Assessment of housing and economic development needs (Paragraph 11) states:

> "Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools'".

2.32 It is evident from the above analysis that Camden cannot be considered to be housing market area on its own; migrants come and go from other areas, particularly neighbouring boroughs. The inter-borough migration between boroughs such as Westminster and the City of London, Islington, Barnet and Brent, suggests that some combination with neighbouring boroughs will meet the definition of a housing market area; although this is inconclusive as such moves often reflect the London-wide aspects of the housing market rather than a local housing market area.

House Prices and Valuation Office Agency Broad Rental Market Areas

2.33 The Broad Rental Market Area (BRMA) is the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA), the allowance paid to Housing Benefit applicants in the private rented sector. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining BRMAs the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area.

2.34 Figure 12 shows a relatively high degree of alignment between the BRMAs and house prices for London. Clearly there are areas of higher and lower prices around which it would be possible to form a series of housing market areas in London based on this measure, and the BRMA geography provides a useful framework for considering lower-tier housing market areas in London.

Figure 12: House Prices in London by Broad Rental Market Area (Source: Land Registry 2014)
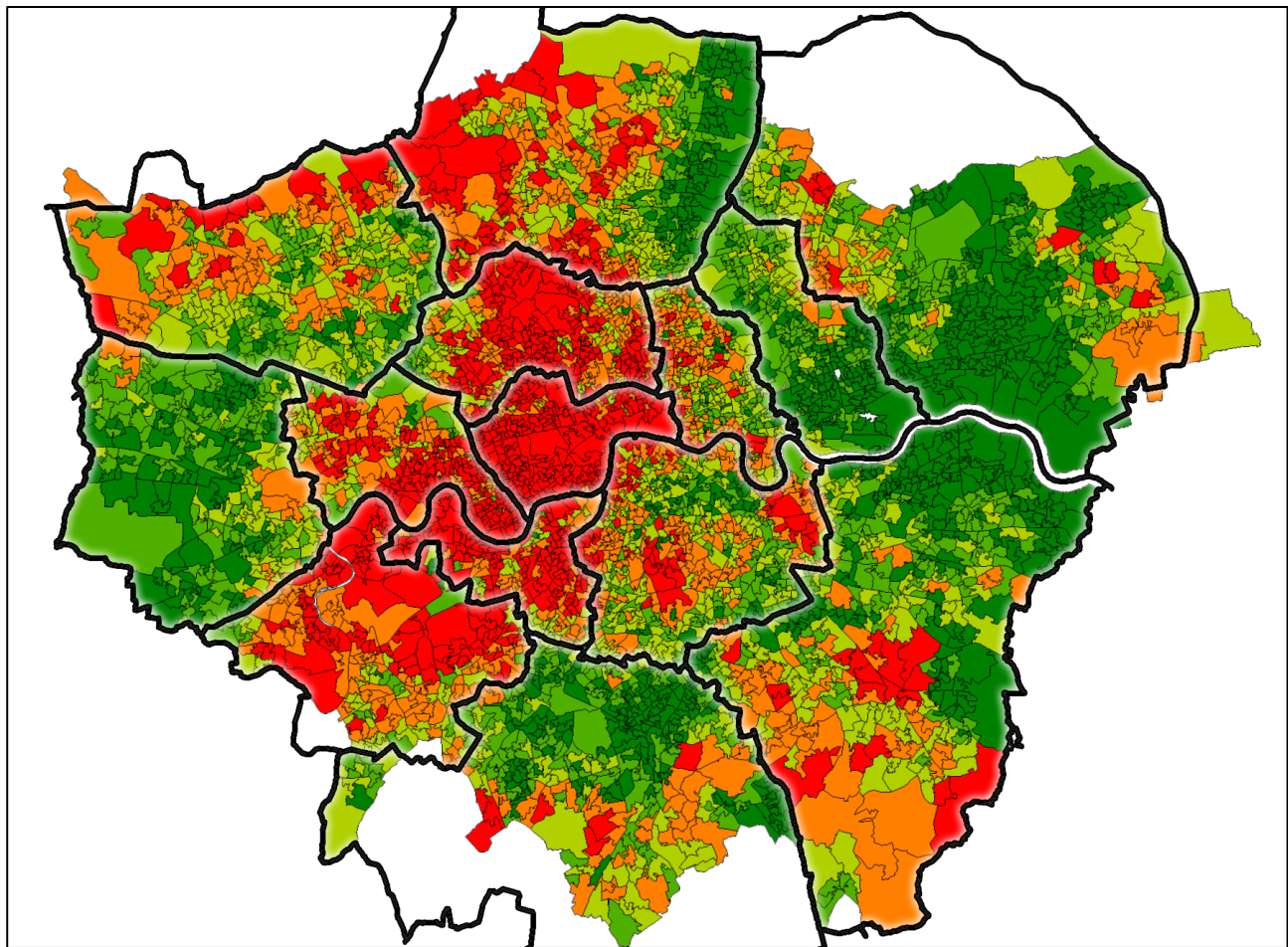
House Prices Relative to the London Median

- 1.65 and over
- 1.15 to under 1.65
- 0.89 to under 1.15
- 0.72 to under 0.89
- Under 0.89

2.35   Figure 13 shows that 84% of Camden's population falls within the Inner North London BRMA along with 82% of Islington's population. It is also the case that 48% of Brent's population fall within the same BRMA. Figure 14 show 78% of the Inner North London BRMA's population falls within one of Camden, Islington and Brent. Therefore, the Inner North London BRMA shows a high degree of containment for Camden, Islington and Brent. However, Brent also shows a high level of containment within the North West London BRMA alongside Harrow[13]. On the basis of working to the best fit geography for each local authority this would suggest that Brent fits more naturally with Harrow.

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[13] 51.5% of Brent's population falls in the North West London BRMA along with 100% of Harrow, 35.6% of Hillingdon and 19.1% of Barnet.

Figure 13:   Proportion of each Boroughs Population within Inner North London Broad Rental Market Area
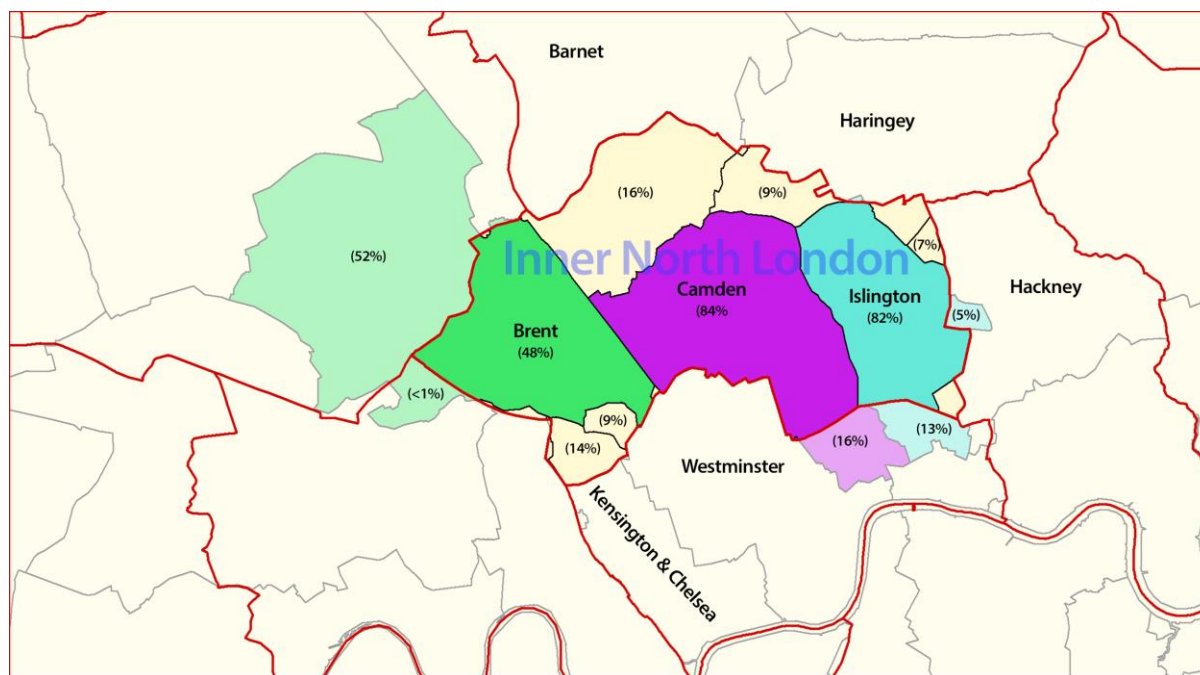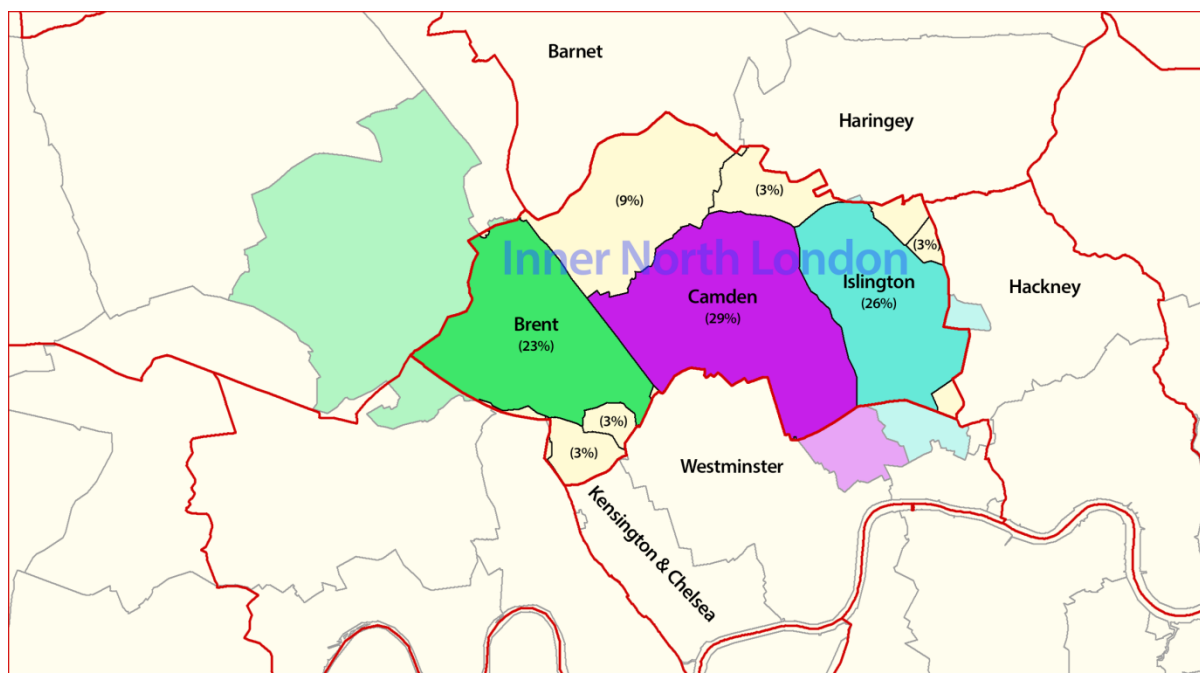

Figure 14:   Proportion of Inner North London Broad Rental Market Area population within each borough

2.36   For planning purposes and the operation of the NPPF it is sensible for housing market areas to be relatively small to allow local authorities to work together as cohesive units. Therefore, ORS considers that the national Government-defined BRMAs based on house prices and rents form a sensible basis for deriving housing market areas in London where migration and travel to work patterns do not identify any distinct sub-markets.

2.37   We would stress that there are many ways of analysing housing sub-markets. The ORS opinion that Camden and Islington form a separate housing market area does not prevent other options being explored. Given the overlapping nature of housing market areas, this does not preclude Camden and Islington from also considering their needs as part of the wider North London area.

Administrative Boundaries and Housing Market Areas

2.38 The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect <u>functional</u> linkages between places where people live and work. The previous 2007 CLG advice note[14] also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a "best fit" approximation to local authority areas for developing evidence and policy (paragraph 9):

> *"The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that <u>groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.</u>"*

2.39 This "best fit" approximation has also been commended by the PAS OAN technical advice note, which suggests (paragraph 5.21):

> *"It is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis is becomes impossibly complex. There may also be 'cliff edge' effects at the HMA boundary, for example development allowed on one side of a road but not the other."*

2.40 This means there is a need for balance in methodological approach:

» On the one hand, it is important that the process of **analysis and identification of the functional housing market areas should not be constrained by local authority boundaries**. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).

» On the other hand, and as suggested by the recent PAS OAN technical advice note (and the previous CLG advice note), it is also necessary to identify a "best fit" for each functional housing market area that is based on local planning authority boundaries. This "best fit" area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment (SHMA).

2.41 In summary, therefore, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements. Therefore, whilst we have established the most up-to-date functional housing markets for Camden, it is now necessary to consider the most appropriate working arrangements for establishing the evidence base that the NPPF requires.

2.42 In relation to administrative boundaries and the proposed HMA, it is worth noting that Camden and Islington have a joint Public Health Team led by a single Director of Public Health and hosted by Islington.

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[14] Identifying sub-regional housing market areas (CLG, March 2007)

Conclusions

2.43 On the basis of the evidence, we would conclude that:

» Greater London can be considered as a single large housing market area which contains many smaller overlapping housing market areas within it.

» Migration and travel to work flows do not identify any distinct housing market areas in London.

» House price represents a means of identifying separate housing market areas in London. The VOA has worked with house price and rent nationally to identify BRMAs which determined LHA levels.

» BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The 13 BRMAs in London will allow small groups of London boroughs to plan together.

» 84% of Camden's population falls in the Inner North London BRMA, with 82% of Islington's population and 48% of Brent's population also falling in this BRMA. However, 52% of Brent's population falls into the North West London BRMA.

» When assessing objectively assessed needs at housing market area level we recommend that Camden and Islington be considered together as part of a HMA, while Brent forms part of a HMA with Harrow.

» Given the overlapping nature of housing market areas, this does not preclude Camden, or Islington, from also considering their needs as part of a wider North London area.

2.44 Given this context, it is appropriate for the SHMA analysis to focus upon the core area (i.e. Camden and Islington). Nevertheless, it will be important that Camden:

» Consider the needs of other authorities in surrounding areas, their relationship with Camden, and that these issues are explored under Duty to Co-operate arrangements.

» The HMA analysis should not be seen as prescriptive on other authorities who may wish to identify their housing market areas by other means.

3. Housing Market Overview
Review of existing housing and housing market signals

3.1 PPG identifies the need to *"look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs"* (ID 2a-021). Given this context, this chapter provides an overview of the existing housing market together with recent trends.

3.2 PPG also identifies a range of housing market signals that should be considered when assessing the overall housing need for the area, and notes that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings"* (ID 2a-019). Therefore, in providing an overview of the housing market, the chapter also considers the range of appropriate market signals (such as overcrowding and affordability) for the area.

Housing Condition and Disrepair

3.3 The English Housing Survey (EHS) provides useful information about **housing disrepair**. We would note that Camden have not undertaken their own private sector stock condition private sector survey since 2004. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.

3.4 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

» Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and

» Be in a reasonable state of repair; and

» Have reasonably modern facilities (such as kitchens and bathrooms) and services; and

» Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

3.5 If a dwelling fails any one of these criteria, it is considered to be "non-decent". A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: "A Decent Home – The definition and guidance for implementation" June 2006.

3.6 Figure 15 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a third of the private rented sector (33.1%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 15:   Trend in non-decent homes in England by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)
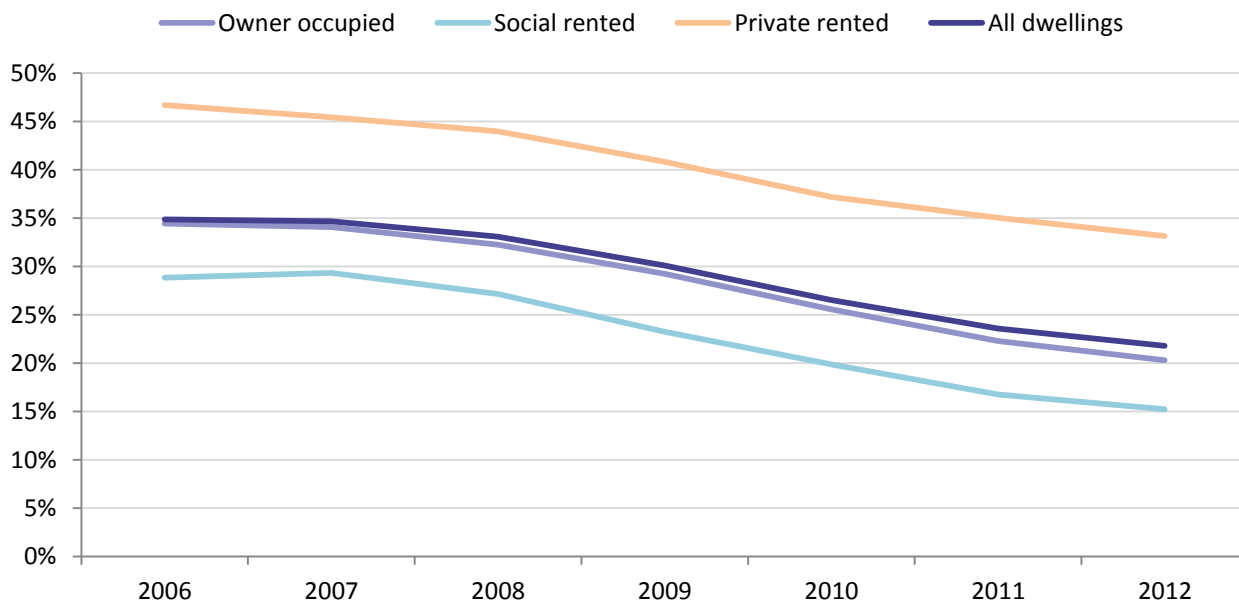

3.7   The SHMA household survey identified that 71% of tenants in Camden (living in social or private rented housing) were satisfied with the repairs and condition of their property; 66% in social rented properties and 76% in private rented properties.   However, 29% of tenants reported experiencing significant problems with the condition or repair of the property.   In private rented housing, 24% reported having significant problems while in social rented housing, 34% reported experiencing significant problems.

Figure 16:   Satisfaction with Repair and Condition of Property –   All Rented Tenures in Camden (Source: SHMA Household Survey 2014)

Figure 17:   Experience of Significant Problems with Condition or Repair of Property – All Rented Tenures in Camden (Source: SHMA Household Survey 2014)
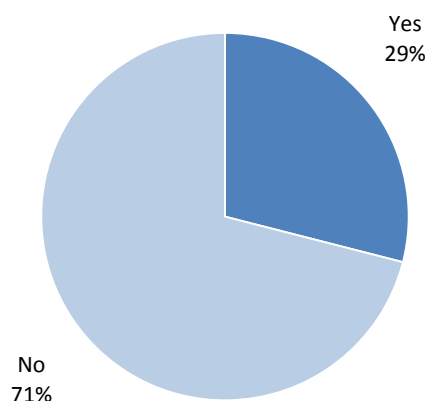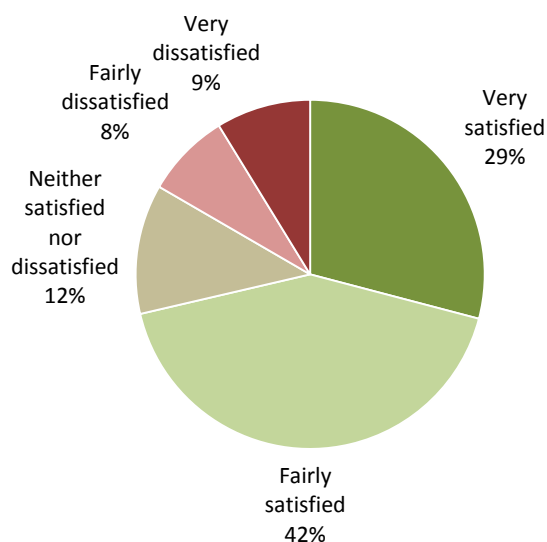
3.8   The most common problem experienced by renters who reported a significant problem is damp or mould (46%), followed by lack of heating or hot water (22%) then pest infestation (15%) and problems relating to windows (14%).

3.9   In the private rented sector the most common problems were damp or mould (43%), followed by lack of heating or hot water (25%), problems relating to windows (16%) then pest infestation (14%), while in the social rented sector they were damp or mould (49%), followed by lack of heating or hot water (19%) then pest infestation (16%) and problems related to leaking or flooding such as from the bathroom or boiler (14%). In social rented properties, 13% reported problems relating to windows and 13% Toilets, showers, bath or wash hand basins that don't work.

Figure 18:   Problems Experienced – All Rented Tenures in Camden (Source: SHMA Household Survey 2014)
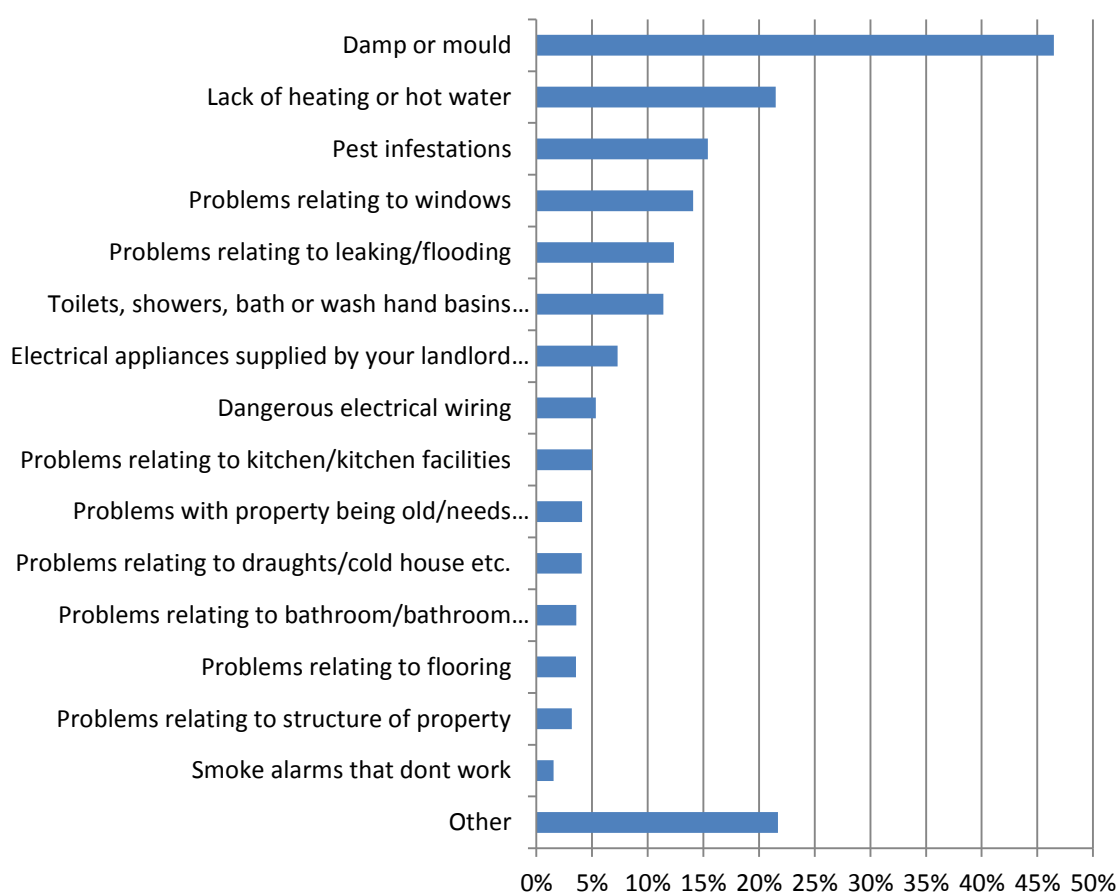
Housing Tenure

3.10 The largest relative share of housing tenure in Camden is Private rent (34.0% of dwellings), and this has increased its relative share by over 6% between 2001 and 2011. In Islington, the picture is different, as Social rent is the largest share of tenure (42.1%) although this position is changing rapidly – Private rent increased its relative share by 10%+, while social rent declined by 7%, between 2001 and 2011. The share of Private rent in both Camden and Islington is significantly higher than for all London on average.

Figure 19: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)
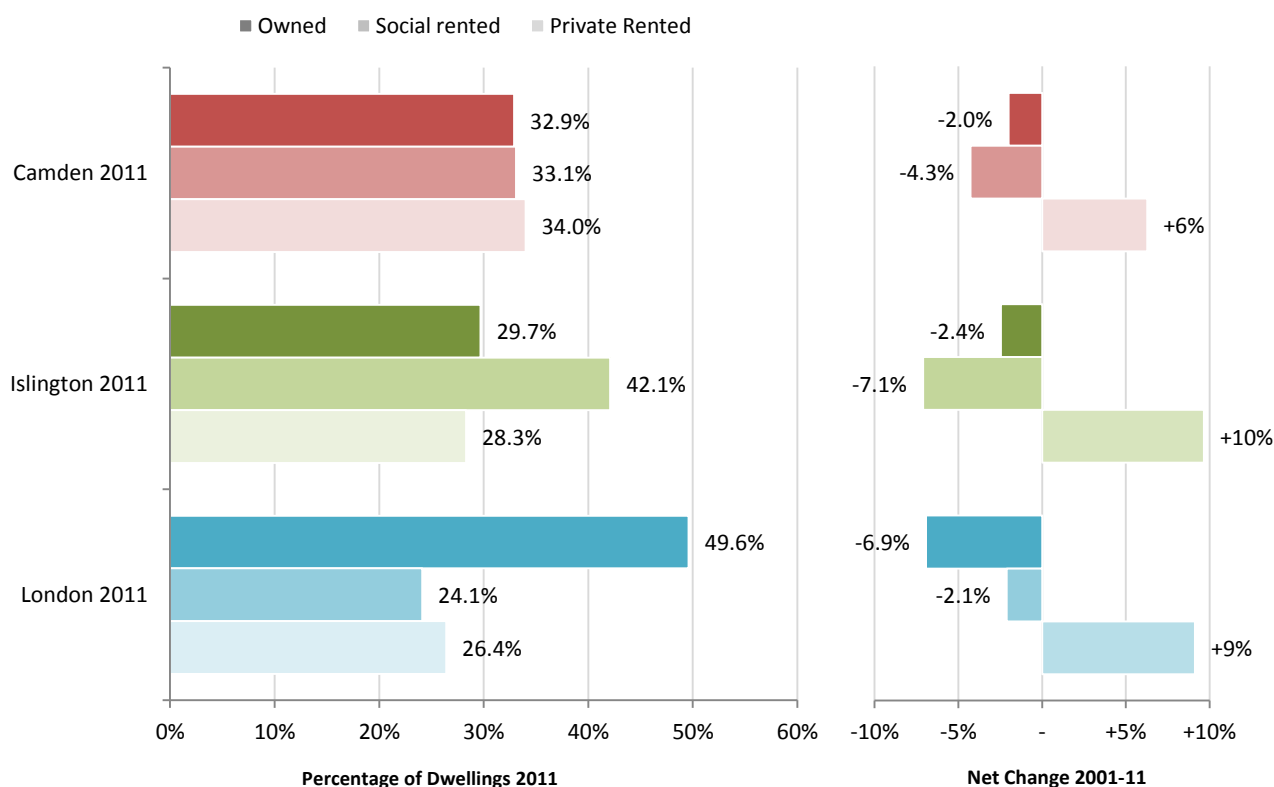
3.11 Considering the longer-term trends of tenure mix for Camden over the last thirty years, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

» **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 17K to 27K households, a gain of 10 thousand). The number of social tenants also increased but to a lesser extent (increasing from 32K to 34K households, a gain of 2 thousand); however the number of private tenants declined (reducing from 22K to 19K).

» **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 27K to 32K households, a gain of 5 thousand); however this was alongside a growth of private tenants (increasing from 19K to 25K households, a gain of 6 thousand). The number of social tenants remained constant.

» **From 2001-2011:** the number of owner occupiers remained constant (at 32K) whilst the number of private tenants increased substantially (from 25K to 33K households, a gain of 8 thousand). The number of social tenants declined (from 34K to 32K households, a reduction of two thousand).

3.12   It is evident that the overall balance between owners and renters has shifted in 2011 from the position in 1981, with just under a quarter owning in 1981 and about one third owning in 2011. Further to this, the balance between social rent and private rent has changed significantly: about two-fifths of tenants rented privately in 1981 (41% out of 76%) whereas more than half rented privately in 2011 (51% out of 67%).

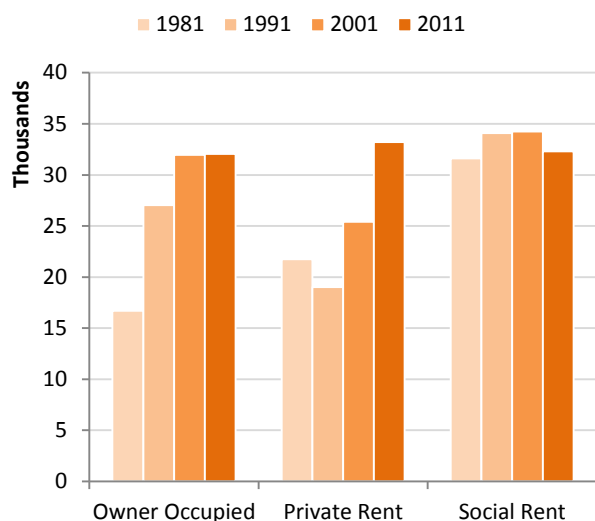**Figure 20: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)**

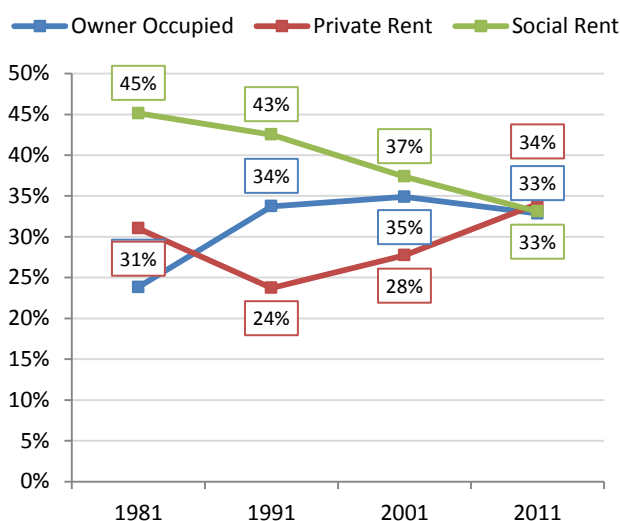**Figure 21: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)**

Figure 22: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	16,700	27,000	32,000	32,000	+10,300	+4,900	+100
Private rent	21,700	19,000	25,400	33,200	-2,700	+6,400	+7,800
Social rent	31,600	34,100	34,200	32,300	+2,500	+200	-1,900
TOTAL	**70,100**	**80,100**	**91,600**	**97,500**	**+10,100**	**+11,500**	**+5,900**
Owner occupied	23.8%	33.7%	34.9%	32.9%	+103%	+43%	+1%
Private rent	31.0%	23.7%	27.7%	34.0%	-27%	+56%	+132%
Social rent	45.1%	42.5%	37.4%	33.1%	+24%	+1%	-33%

Note: The Net Change percentages for 1981-1991, 1991-2001 and 2001-2011 shown in Figure 22 show the change in each tenure as a proportion of the total change. Thus, for 1981-1991, the owner occupied change of 10,300 is 103% of the total change of 10,100. This is a measure of change in the tenures relative to each other.

Housing Stock

3.13   Figure 23 compares the profile of property types for Camden, Islington and London and Figure 24 shows the profile of property sizes by tenure in Camden as measured by rooms in the Census.

3.14   When considering recent trends in stock profile (flats, semi-detached houses etc), the main difference between 2001 and 2011 for Camden is the relative increase in semi-detached properties. For Islington, the main change is an increased relative share for flats between 2001 and 2011. Compared to London, both boroughs have fewer detached and semi-detached properties with significantly more flats.

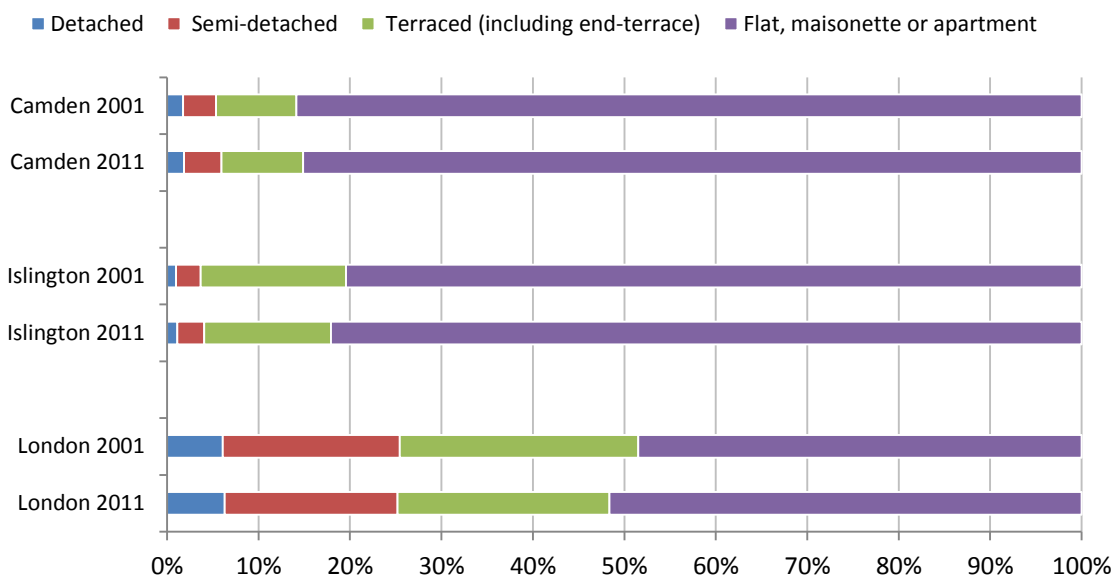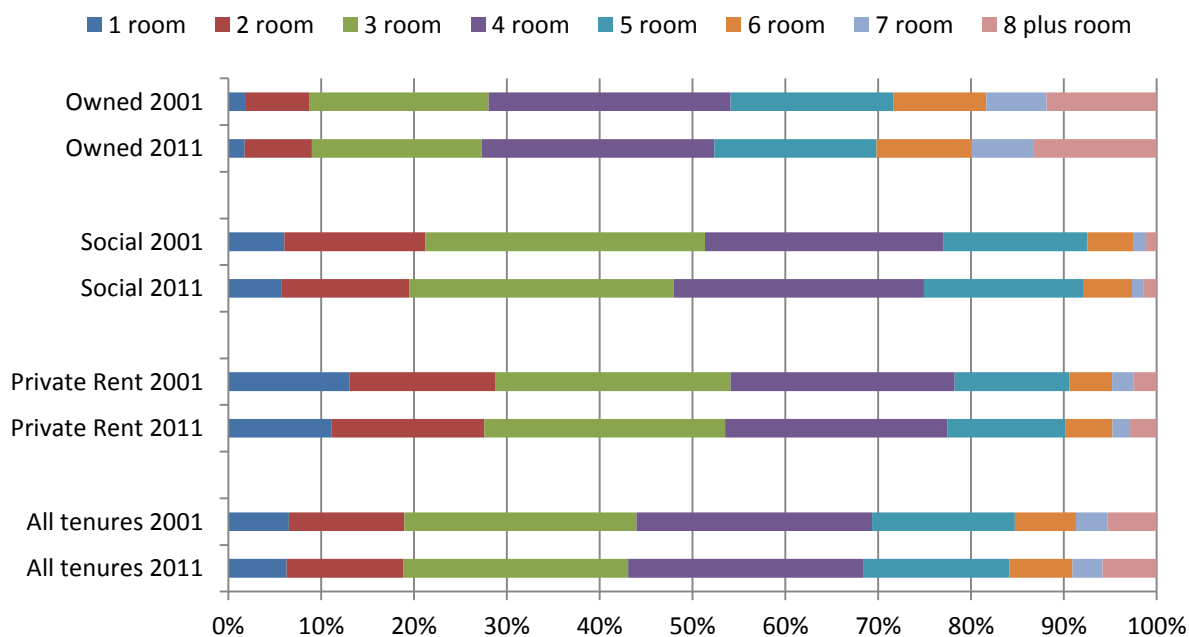**Figure 23: Property Type (Source: Census 2001 and 2011)**

Figure 24: Property Size by rooms - Camden (Source: Census 2001 and 2011)

3.15 Rooms, as counted by the Census includes kitchens, living rooms, bedrooms, utility rooms, studies and conservatories. There was little change in the profile of property size by rooms between 2001 and 2011 Census. In general there was a small move towards larger properties in all three tenures, with the percentage of properties with three rooms or fewer declining and the proportion of those with four or more rooms increasing. Owned properties tended to be larger with 72.7% having four or more rooms in 2011, compared to 52% of social rented properties and 46.5% of private rented properties. Private rent had the highest proportion of one room properties, with 11.2% in 2011 compared to 5.7% of social rented and 1.8% of owned properties. Across all tenures the 2011 Census showed that 56.9% of properties had four or more rooms, with 9.1% having seven or more rooms.

Figure 25: Property Size by bedrooms - Camden (Source: Census 2011)
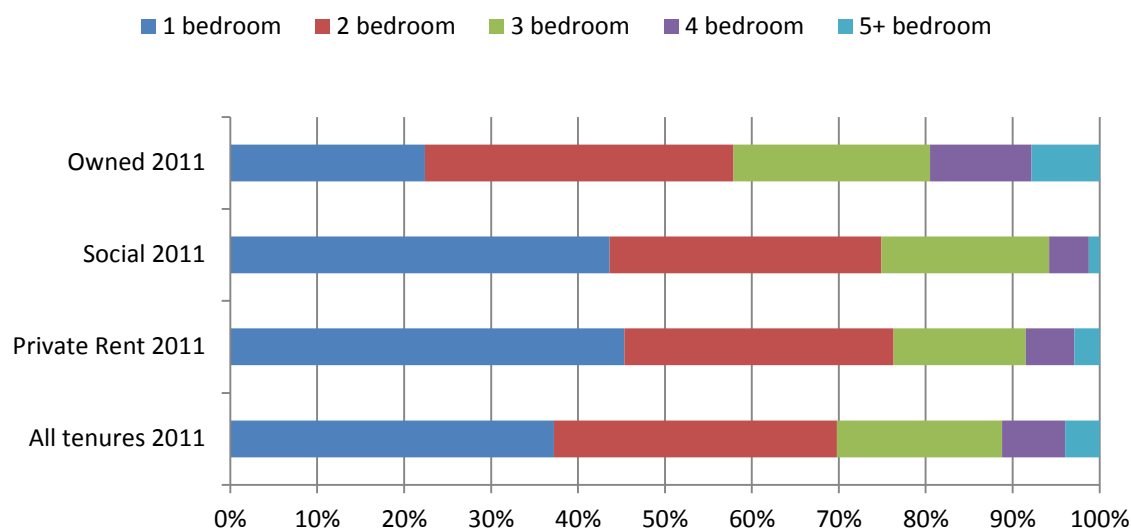
3.16 Measured by the number of bedrooms as counted by the Census, properties across all tenure tended to be smaller, with 37% of all tenures having one bedroom and 33% having two bedrooms. Owned properties had the largest proportion of three or more bedrooms (43% of all owned properties). Private rent had the largest proportion of one bedroom (45%). Around a third of each tenure had two bedrooms (35% of owned and 31% of social and private rent). Between 1% (social) and 8% (owned) properties had five or more bedrooms.

Housing Market Signals

3.17 While demographic trends are key to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

> *The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (Paragraph 019)*
>
> *A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

3.18 The Market Signals include:

» Land and house prices;

» Rents and affordability;

» Rate of development; and

» Overcrowding.

3.19 Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 6.13). Further, there are wider market trends and drivers to consider.

A full range of market signals are considered here and their implications especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

3.20 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

> *Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

3.21 To identify areas with similar demographic and economic characteristics, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. The outcome of this analysis was that Camden shares similar demographic and economic characteristics with Hammersmith & Fulham, Kensington & Chelsea, Tower Hamlets and Wandsworth. Therefore, in considering market signals, we have considered these borough council areas as appropriate comparators and compared them against the study areas.

House Prices and Affordability

3.22 House prices in England and Wales have been relatively volatile in the past 15 years. House prices have increased by 6.4% in the 12 months to April 2014; the fastest rises were in London (17.0%), the East of England (6.6%) and the South East (6.1%). The average UK house price in 2014 was £172,000 compared to the high of £181,500 in 2007. Average house price trends 2008-2014 (Source: ONS) show the price divergence between London and the rest of the UK.

Figure 26: **Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)**

Figure 27: **UK and London House Price Index 2008-2014 (Source: ONS)**
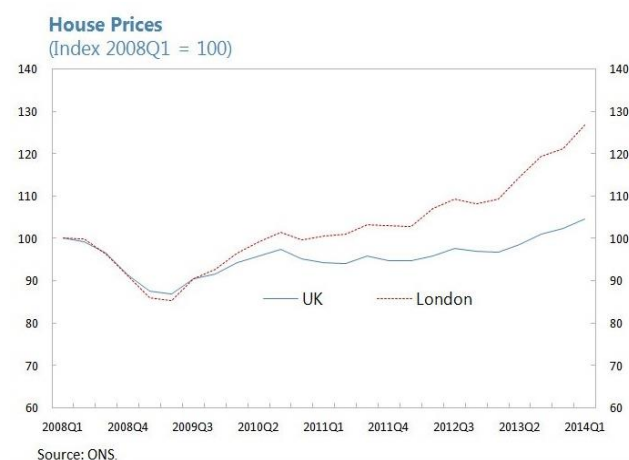
3.23 The Bank of England has overall responsibility for UK monetary policy: it has been concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

"The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can't tackle directly. Since we are not able to build a single house, I welcome the Chancellor's announcement tonight of measures to increase housing supply.

To be clear, the Bank does not target asset price inflation in general or house prices in particular.

It is indebtedness that concerns us.

This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion's share of UK banks' domestic lending.

It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole."

3.24 The International Monetary Fund (IMF) has also highlighted concerns about these risks and especially the high borrowings of households relative to income, especially in London:

"The increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks."

3.25 However, while mortgage credit availability shows signs of stabilising closer to historic levels, the surge in prices may be cooling; the Council of Mortgage Lenders (CML) commentary on the Bank of England Credit Conditions Survey (Q4, 2014) suggests:

"Looking ahead, there are expectations of a small pickup in both mortgage demand and credit availability <u>except at higher loan-to-value (LTV) ratios</u> in the next quarter.

The reported narrowing of risk appetite – with some lenders less willing to lend at LTVs above 90% and/or restricting their lending at high loan-to-income ratios – is potentially of greater importance for market developments.

But looking ahead over the coming months, lenders expect mortgage credit availability to stabilise, mortgage spreads to narrow (for what would be the 10th successive quarter) and a modest pick-up in mortgage demand." (Emphasis added)

3.26 The Government has strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

3.27 The future for the housing market is difficult to predict, although long-term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the Bank of England, indicates that action may be taken to contain any housing price 'bubble'. Interest rates seem likely to rise in the medium term, and this could expose risk of those borrowing with high loan-to-value at low interest rates.

House Prices in Camden

3.28 House price trends (2001-2013) are shown in Figure 28 and Figure 29 shows lower quartile house prices adjusted for the impact of inflation. Therefore, the prices reflect real changes which have occurred since 2001 when removing the impact of background inflation.

Figure 28: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables. Note: Greater London figure derived using population weighted average of Local Authority data)
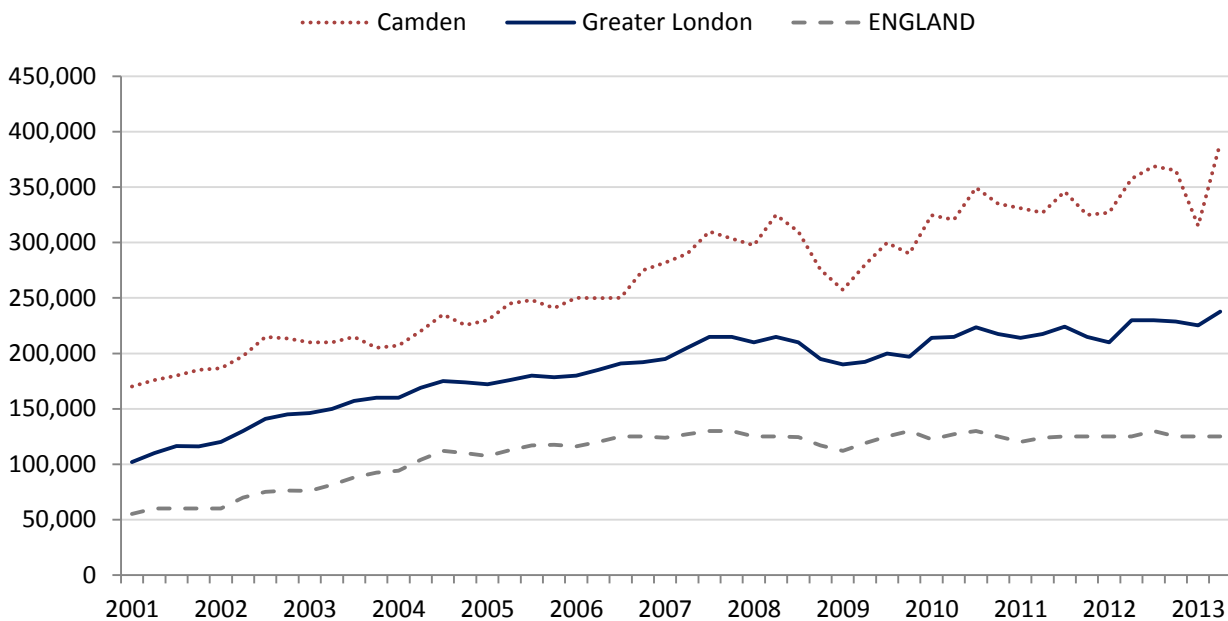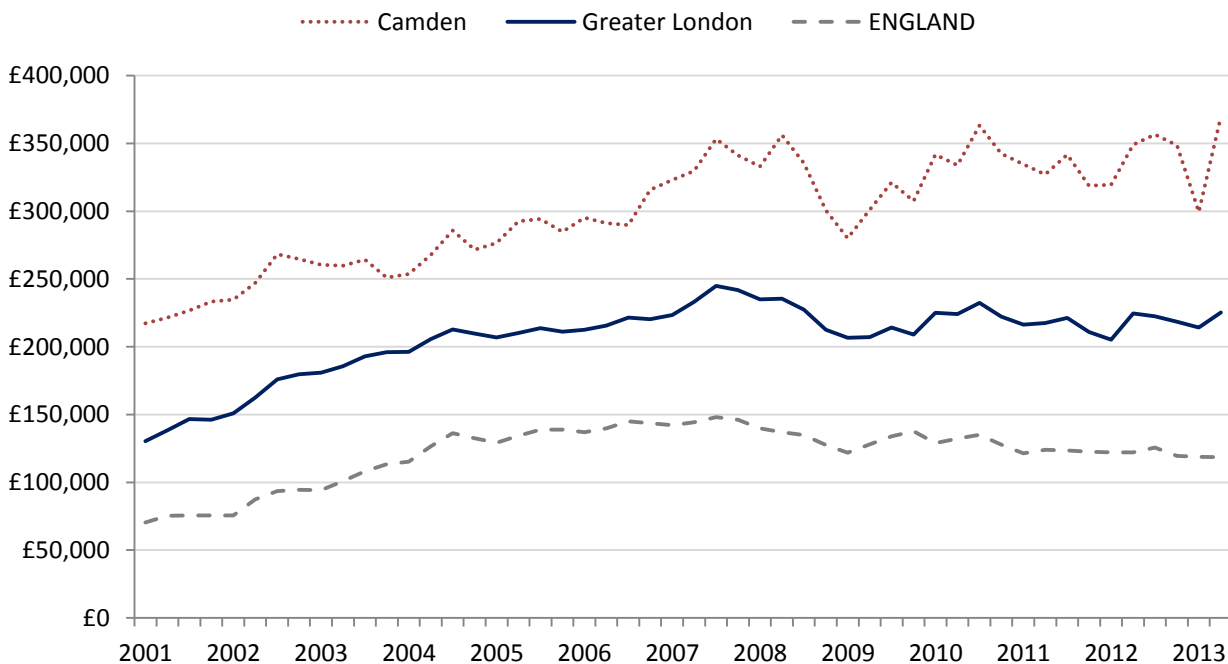

Figure 29: Real House Price Trends: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: Greater London figure derived using population weighted average of Local Authority data)

3.29 It is clear that real house prices in Camden rose sharply in the period 2001-2007 (from £170,000 to £250,000 at 2013 values, a real increase of 47%); in some periods at a higher rate than London. Figure 30

shows how real house prices in Camden have varied when compared with England. This shows that real house prices in Camden are currently significantly above long-term average trends and out of line with the rest of London.

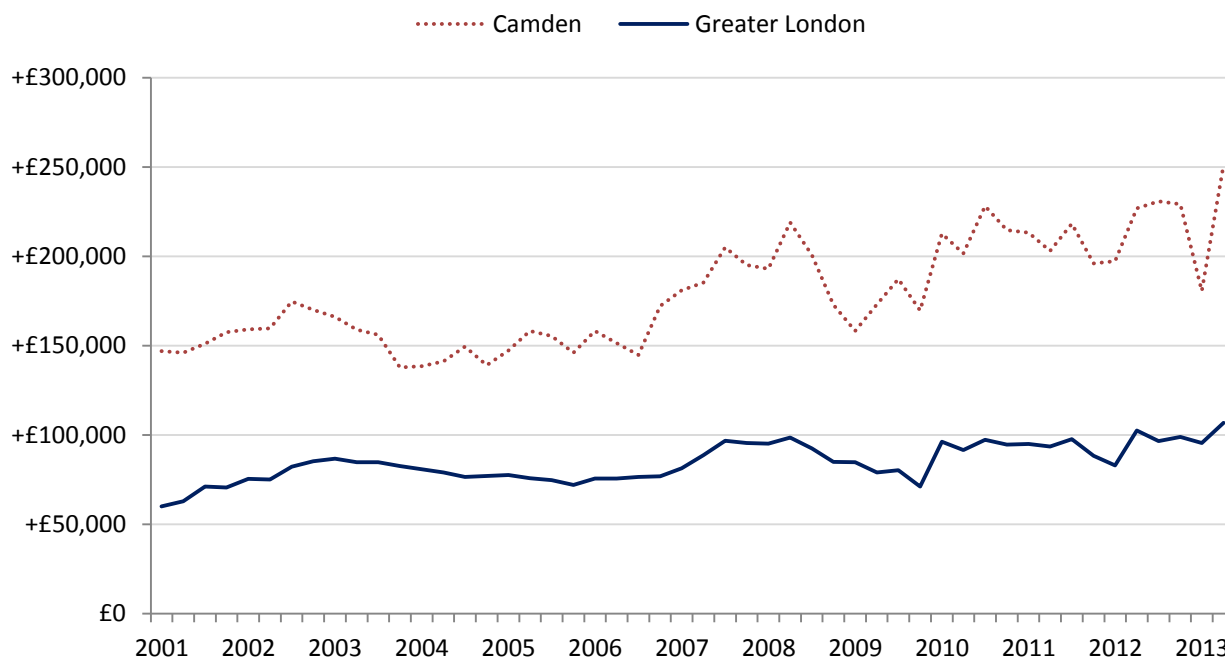**Figure 30:   Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: Greater London figure derived using population weighted average of Local Authority data)**


3.30 Land registry data from the London Data Store suggest that property prices have continued to increase and possibly to accelerate since 2013. In Camden, the average, unadjusted, lower quartile price in 2012 was £350,000 compared to £395,500 in 2013 and £455,000 in 2014. The average unadjusted lower quartile prices for inner London were £250,000 in 2012, £275,000 in 2013 and £322,500 in 2014. It is important to note that these figures are not adjusted to 2011 values and so are indicative rather than directly comparable to the adjusted figures discussed above.

3.31 The SHMA household survey investigated reasons for moving out of Camden and destinations of those who intended to move. This section explores the relationship between affordability and intended moves out of the Borough.

3.32 Across all tenures, 46% of those expecting to move in the next two years and expecting to move out of Camden said that they cannot afford suitable housing in the Borough. Ten percent said that the cost of living in London is too expensive generally, and 18% said there was a lack of suitable housing in the Borough.

Figure 31: Reasons for Moving Away of Those Expecting/Needing to Move in Next 2 Years and Expecting to Leave Camden (Source: SHMA Household Survey 2014. Note: these percentages are based on a small number of households and must be treated with caution[15])
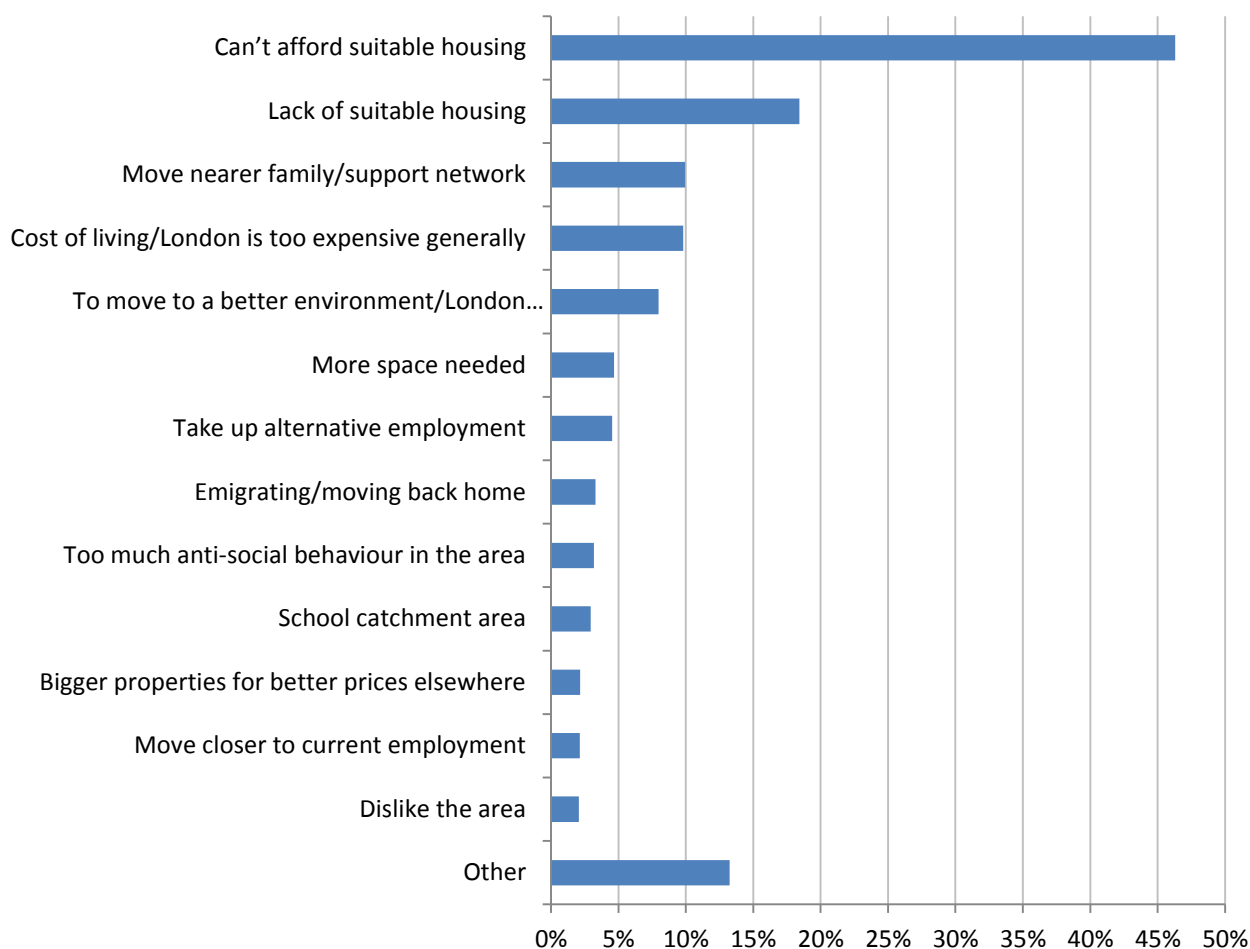
3.33   Of those households who are expecting or needing to move in the next two years, 65% expect to move either 'in this local area' or 'elsewhere in Camden, suggesting that affordability is not the greatest concern for around two thirds of survey respondents, but that is not to suggest that it is of no concern

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[15] The small number of cases is a result of cross-tabulating data for households who: expected to move in the next two years, plus; expected to move out of Camden, and who; cannot afford suitable housing in Camden.

Figure 32:   Destination of Those Expecting/Needing to Move in Camden in the Next 2 Years (Source: SHMA Household Survey 2014)
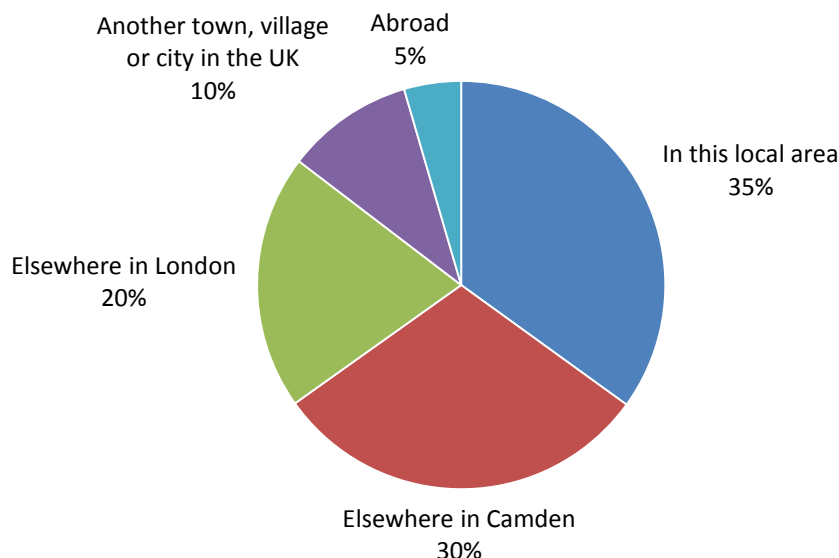
3.34 The majority (71%) of those Camden households who expected or needed to move in the next two years and cannot afford suitable housing in Camden expected to move elsewhere in London, although 20% expected to move elsewhere in the UK. Again, this could suggest that affordability is not the greatest concern for movers. However, it is not possible to identify the reasons for movers staying in London and reasons such as employment and others could override concerns about affordability.

Figure 33:   Destination of Those Expecting/Needing to Move in Next 2 Years and Moving Away as Cannot afford suitable housing in Camden (Source: SHMA Household Survey 2014)
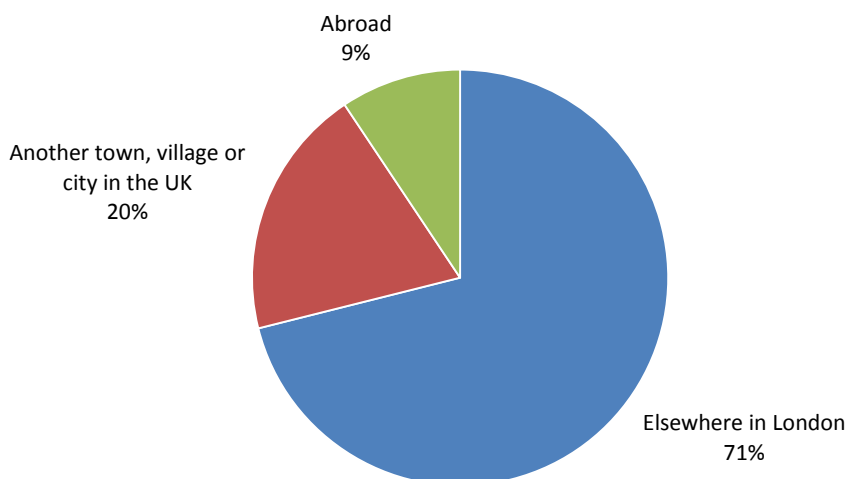

Affordability in Camden

3.35 Figure 34 below shows the ratio of lower quartile house price to lower quartile earnings in Camden between 2001 and 2013. This long term trend for Camden shows that affordability worsened in the period 2001-08 (when there was an increase in real house prices), improved between 2008 and 2009, but has

since risen back to new peak levels. Of course, it is also important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

Figure 34: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: Greater London figure derived using population weighted average of Local Authority data)
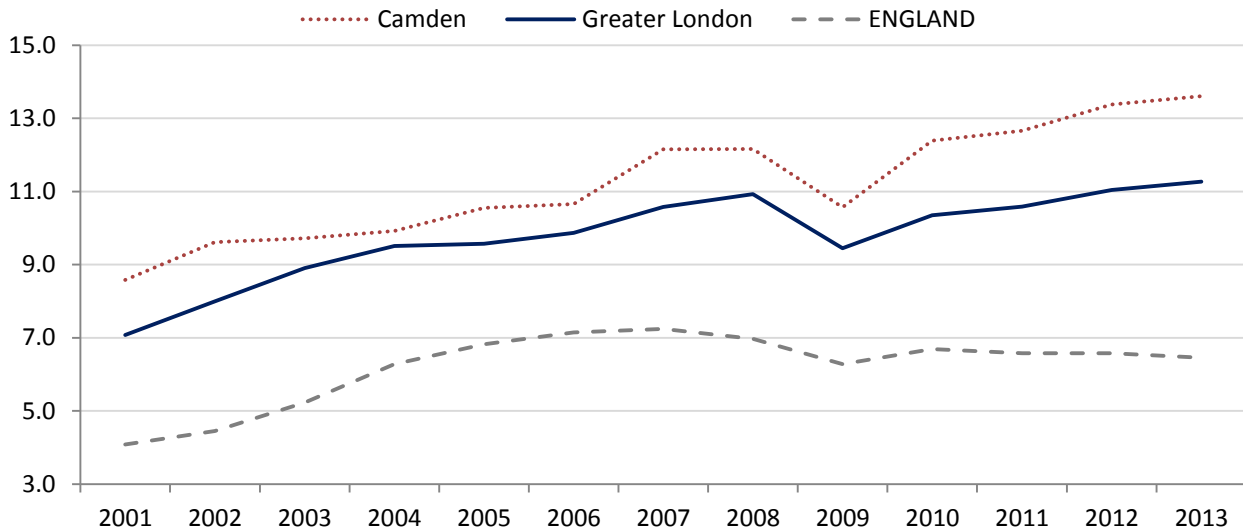
3.36   The SHMA household survey identified that 64% of households owning with a mortgage (including shared ownership) considered their mortgage to be either well within their current budget or about the right amount; however 27% reported their mortgage to be 'just manageable' and a further 9% were experiencing some level of difficulty. This is of particular concern in the current climate of low interest rates, as many mortgage payments will increase when interest rates rise in future: 4% of households with a mortgage reported that they either have or anticipate having difficulties keeping up with repayments.

Figure 35: Affordability of Mortgage Payments of Those Owning with a Mortgage including Shared Ownership in Camden (Source: SHMA Household Survey 2014)
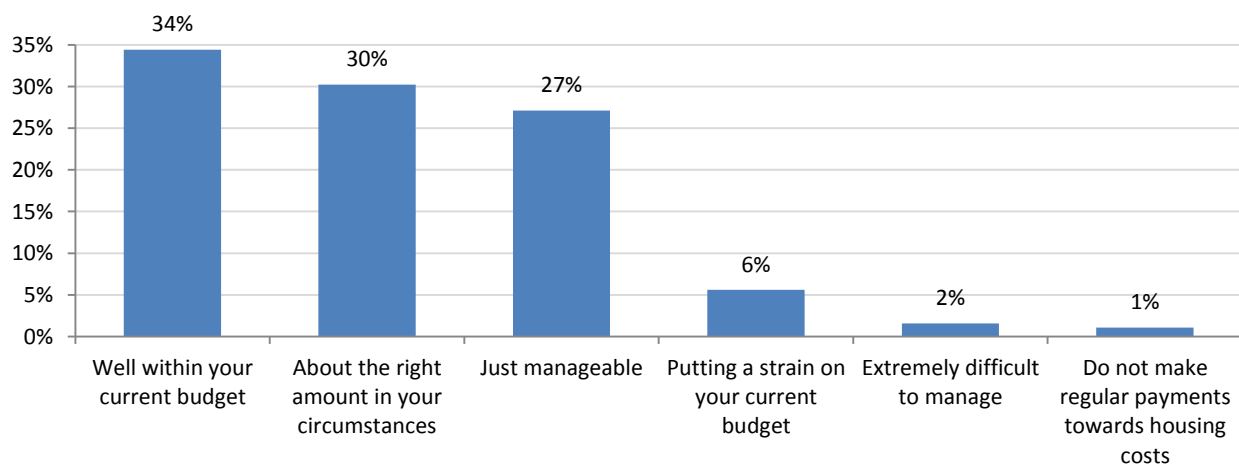
Private Rents

3.37 The English Housing Survey 2013-14[16] identified that 19% (4.4 million) of households were renting from a private landlord, up from 18% in 2012-13 and 11% in 2003. Households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 45% in 2012-13 and 21% in 2003-04. Owner occupation in this age group dropped from 59% to 36% over the same 10 year period.

3.38 The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2015[17], and the Forward by the Minister stated:

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

3.39 Importantly, the Government sees the PRS having an important and long term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and is explicitly factored into the long-term forecasts for public spending. Nevertheless, policy is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[18] (including the Build to Rent investment scheme[19]).

3.40 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

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[16] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report
[17] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf
[18] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment
[19] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence

Private Rented Sector in Camden

3.41   Based on the range of information available about tenants currently renting privately in Camden, it is helpful to consider the mix of different types of household living in the area (source: UK Census of Population 2011 and DWP):

» 2,100 properties are rented by households that are students, although this is only 6% of the sector;

» 5,200 properties are rented by households in receipt of housing benefit;

» A further 24,300 households renting privately; however if the proportion of households in owner occupation had remained the same in 2011 as in 2001, then there would have been 1,200 fewer households renting privately and 1,200 more in owner occupation. This represents about one twentieth (4%) of all households renting privately and demonstrates the scale of the change in size of the two tenures between the two censuses; and

» 23,100 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances. This means that they are not looking to buy in Camden at present. The choice is complex; for example, it could include households who choose to live in Camden and rent who cannot afford to buy in Camden, but could buy elsewhere and commute.

3.42   It is important to recognise that the 1,200 households identified as "would be" owner occupiers are not included within the need for affordable housing, as though they cannot afford to buy, they are able to rent market housing without financial support through housing benefit. As previously noted, the NPPF seeks to *"widen opportunities for home ownership"* (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder.

Figure 36:   Mix of household types living in the private rented sector (Source: UK Census of Population 2011 and DWP)
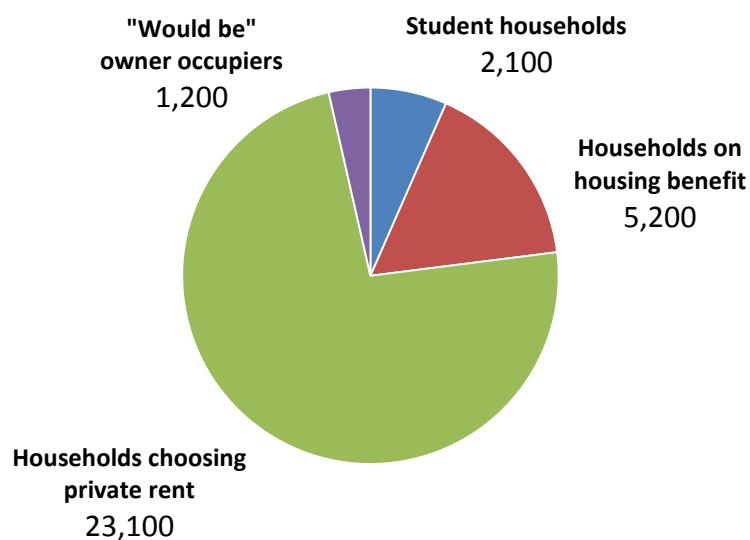
Private Sector Rents

3.43 Rental trends show both Camden and Islington rents are higher than London. However, while 1 bed properties are relatively stable Indicating demand and supply in relative balance), there are consistent increases for 3 and 4 bedroom properties over time indicating demand exceeds supply for these larger rental properties.

**Figure 37: Median Monthly Rents (Source: Valuation Office Agency 2011-2015)**
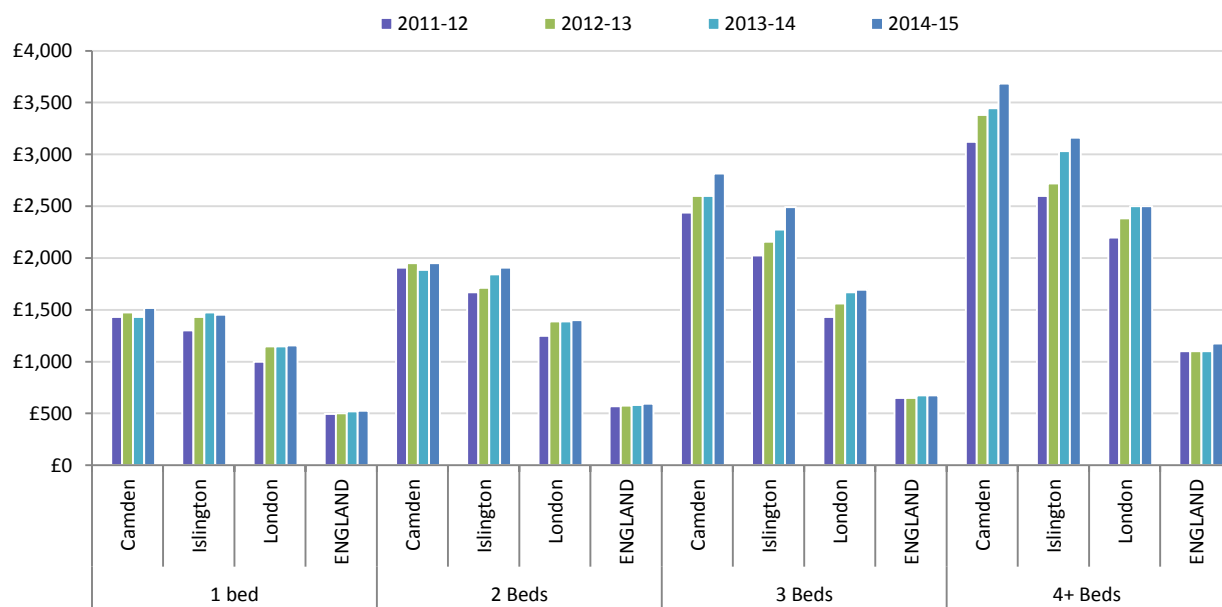
3.44 Actual median monthly rents also reflect the levels of rent and how the increases for larger properties are higher than for smaller. For example, a 3 bed property rent has increased by 16% in Camden over the period September 2012 to March 2015 which is well above the rate of inflation.

Figure 38: Median Monthly Rent Values (Source: Valuation Office Agency 2011 -2015)

	October 2011-September 2012	October 2012-September 2013	October 2013-September 2014	April 2014-March 2015
Camden				
1 bedroom	£1,430	£1,473	£1,430	£1,517
2 bedroom	£1,907	£1,950	£1,885	£1,950
3 bedrooms	£2,438	£2,600	£2,600	£2,817
4 or more bedrooms	£3,120	£3,380	£3,445	£3,683
Islington				
1 bedroom	£1,300	£1,430	£1,473	£1,452
2 bedroom	£1,668	£1,712	£1,842	£1,907
3 bedrooms	£2,026	£2,156	£2,275	£2,492
4 or more bedrooms	£2,600	£2,719	£3,033	£3,163
London				
1 bedroom	£1,000	£1,148	£1,148	£1,155
2 bedroom	£1,250	£1,387	£1,387	£1,400
3 bedrooms	£1,430	£1,560	£1,668	£1,695
4 or more bedrooms	£2,197	£2,383	£2,500	£2,500
England				
1 bedroom	£495	£500	£520	£525
2 bedroom	£570	£575	£580	£595
3 bedrooms	£650	£650	£675	£675
4 or more bedrooms	£1,100	£1,100	£1,100	£1,175

3.45 The SHMA household survey identified that 42% of households renting in the private sector considered their rent payments to either be well within their current budget or about the right amount in their circumstances; however around a third of households (34%) reported their rent to be 'just manageable' with a further quarter experiencing some level of difficulty, from putting a strain on their current budget (18%) to being extremely difficult to manage (6%). Taken together, 58% report the rent to be 'just manageable' at best, suggesting a lack of affordability for many households in the private rented sector.

Figure 39:   Affordability of Rent Payments of Those Renting Privately in Camden (including other Private Rent and Living Rent Free) (Source: SHMA Household Survey 2014)
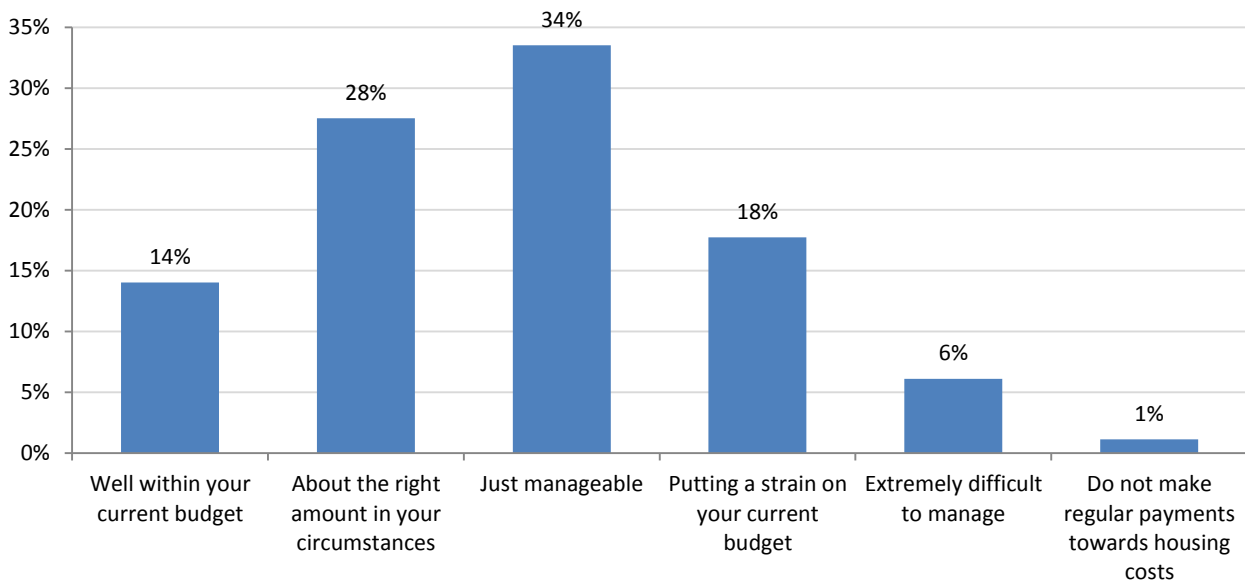
3.46 Of all privately renting households, 15% report that they have had or anticipate having difficulty paying their rent, again suggesting a lack of affordability.

Figure 40:   Affordability of Rent Payments of Those Renting Privately in Camden (including other Private Rent and Living Rent Free) (Source: SHMA Household Survey 2014)
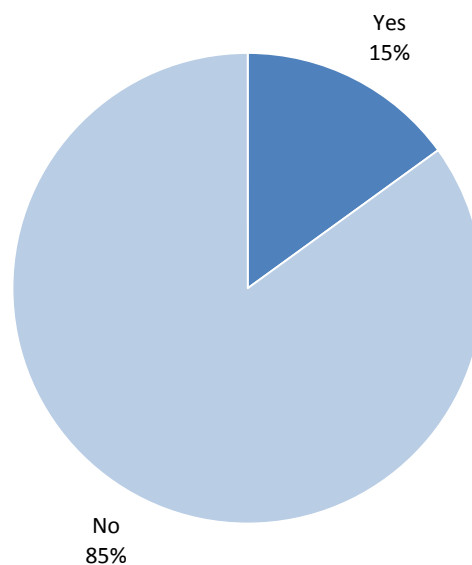
3.47 Households renting in the private sector report paying anything from under £400 to over £4,000 per month. The largest proportion (29%) pay between £1,200 and £1,600 and just over half (52%) pay £1,000 but less than £2,000. This compares with 39% of Council tenants paying between £400 and £600, with 89% paying from under £400 to £800. The largest number of housing association tenants pay £400 but less than £600 per month, with three quarters (75%) paying between £400 and £800. While this analysis does not take the size and quality of accommodation into account, it gives a broad picture of the relative cost of renting across the tenures, especially as a small proportion of Council and housing association properties are in the higher cost brackets.

Figure 41: Monthly Rent – Renters in Camden (Source: SHMA Household Survey 2014)
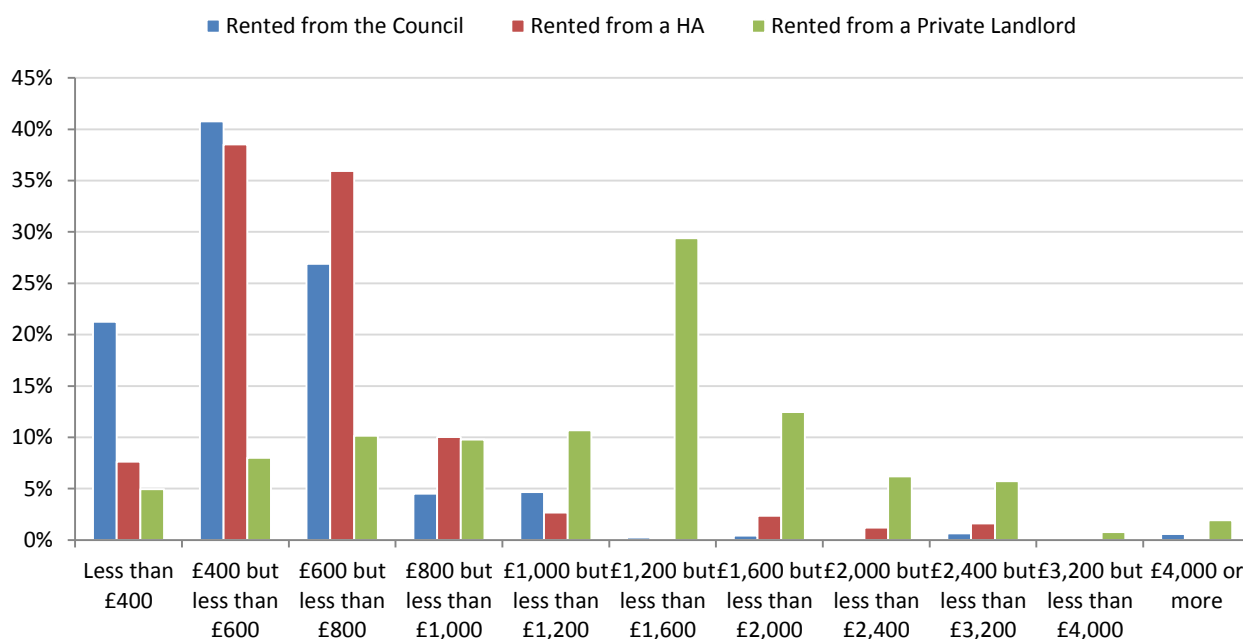
Rate of Development

3.48 Nationally, housing starts and completions reflect the market response to the economic downturn in 2007-2009. Since 2007-08, starts have exceeded completions for the first time in 2013-14, albeit at significantly lower levels than before 2007-08. For Camden, although completions have generally been below 600 dwellings a year from 2003 to 2013, starts increased considerably in 2013/14.

Figure 42: Housing Starts and Completions in Camden 2004-2014 (Source: CLG. Note: Data was not available for 2006-2008)
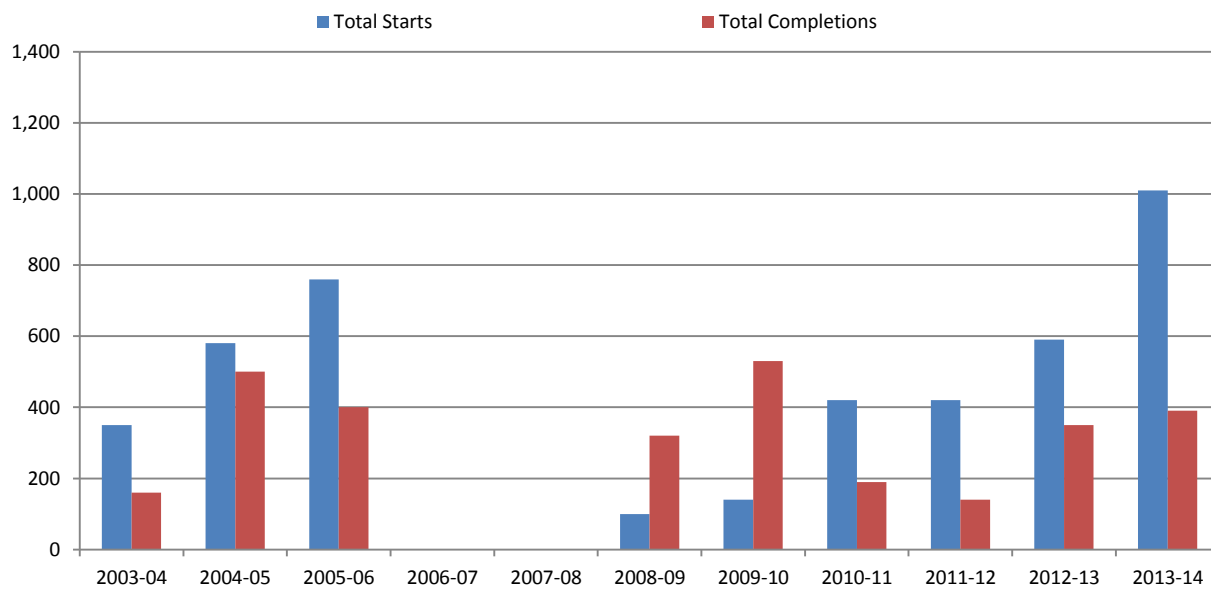
3.49 Source of housing delivery has varied since 2009/10. The re-emergence of Council housing starts in 2013/14 is significant, although that by registered providers and private enterprise is broadly consistent over the period.

Figure 43: Housing Delivery in Camden 2009-2014 (Source: CLG Completions. Note: Data was not available prior to 2009)
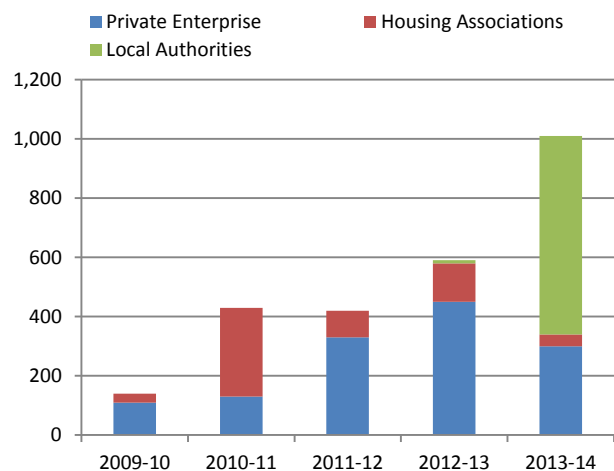
Dwellings Started   **Dwellings Completed**
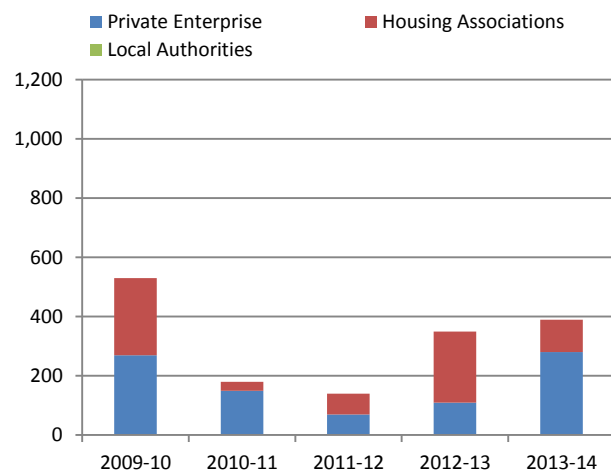
Overcrowding

3.50　The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

> *"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."*

3.51　When considering the number of rooms required, the ONS use the following approach to calculate the room requirement[20]:

> » A one person household is assumed to require 3 rooms (two common rooms and a bedroom); and
>
> » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
> - each couple (as determined by the relationship question)
> - each lone parent
> - any other person aged 16 or over
> - each pair aged 10 to 15 of the same sex
> - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
> - each pair of children aged under 10 remaining
> - each remaining person (either aged 10 to 15 or under 10).

3.52　Overcrowding across all household types has increased across all household types between Census 2001 and 2011 (Camden +2.7%; Islington +4.1%). We would note that both the 2001 and 2011 Census contain a measure of overcrowding reflected by room occupancy. However, we also note that a feature of the ONS calculation of overcrowding by room occupancy is that households classed as living in overcrowded housing include all individuals (and any other households) living in studio flats, and all couples (and any larger households) living in a one-bedroom flat with a combined lounge-kitchen-diner. The room occupancy measure has the benefit of allowing a consistent comparison between the 2001 and 2011 Census, but the SHMA uses the bedroom occupancy measure introduced in the 2011 Census in preference (see below).

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[20] The 2011 Census glossary states that: "The definition of a room does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted."

Figure 44: Proportion of overcrowded households 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Camden 2011	Net Change 2001-11	Islington 2011	Net Change 2001-11
One person household	**32.5%**	**+3.1%**	**24.7%**	**+4.1%**
Aged 65 and over	21.7%	-0.1%	13.7%	-2.1%
Other	36.1%	+4.2%	27.6%	+5.3%
One family only	**26.4%**	**+1.4%**	**26.5%**	**+1.3%**
All aged 65 and over	5.1%	+0.4%	4.8%	-0.9%
Couple: No children	18.8%	+2.5%	19.9%	+6.4%
Couple: Dependent children	29.1%	-1.5%	31.3%	-2.7%
Couple: All children non-dependent	17.3%	+2.4%	16.4%	+0.0%
Lone parent: Dependent children	49.4%	+5.1%	41.9%	+1.1%
Lone parent: All children non-dependent	29.2%	+3.2%	22.0%	+2.5%
Other household types	**47.9%**	**+3.9%**	**45.8%**	**+7.7%**
With dependent children	55.5%	-2.1%	58.6%	+3.4%
Other (including all full-time students and all aged 65 and over)	46.2%	+6.3%	43.4%	+10.4%
All Households	**32.5%**	**+2.7%**	**29.1%**	**+4.1%**

3.53   For Camden, overcrowding increased from 27,321 to 31,693 households (an increase of 4,372) over the 10-year period 2001-11 (Figure 45). The percentage of overcrowded households has also increased from 29.8% to 32.5%. When considered by tenure, overcrowding has reduced by 102 households in the social rented sector, increased by 245 households in the owner occupied sector with the largest growth in the private rented sector where the number has increased from 9,847 to 14,076, a growth of 4,229 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 38.8% to 42.4%.

Figure 45: Proportion of overcrowded households 2011 for Camden and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

|	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11			
	N	%	N	%	N	%	N	%
Camden								
Owned	4,665	14.6%	4,910	15.3%	+245	+5%	1,828	5.7%
Private rented	9,847	38.8%	14,076	42.4%	+4,229	+9%	3,336	10.0%
Social rented	12,809	37.4%	12,707	39.3%	-102	+5%	6,231	19.3%
All Households	**27,321**	**29.8%**	**31,693**	**32.5%**	**+4,372**	**+9%**	**11,395**	**11.7%**
ENGLAND	**-**	**7.1%**	**-**	**8.7%**	**-**	**+23%**	**-**	**4.6%**

English Housing Survey

3.54 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.

3.55 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach[21] is based on a *"bedroom standard"* which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

> *"The 'bedroom standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.*

> *"Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed."*

3.56 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 46: Trend in overcrowding rates for England by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)

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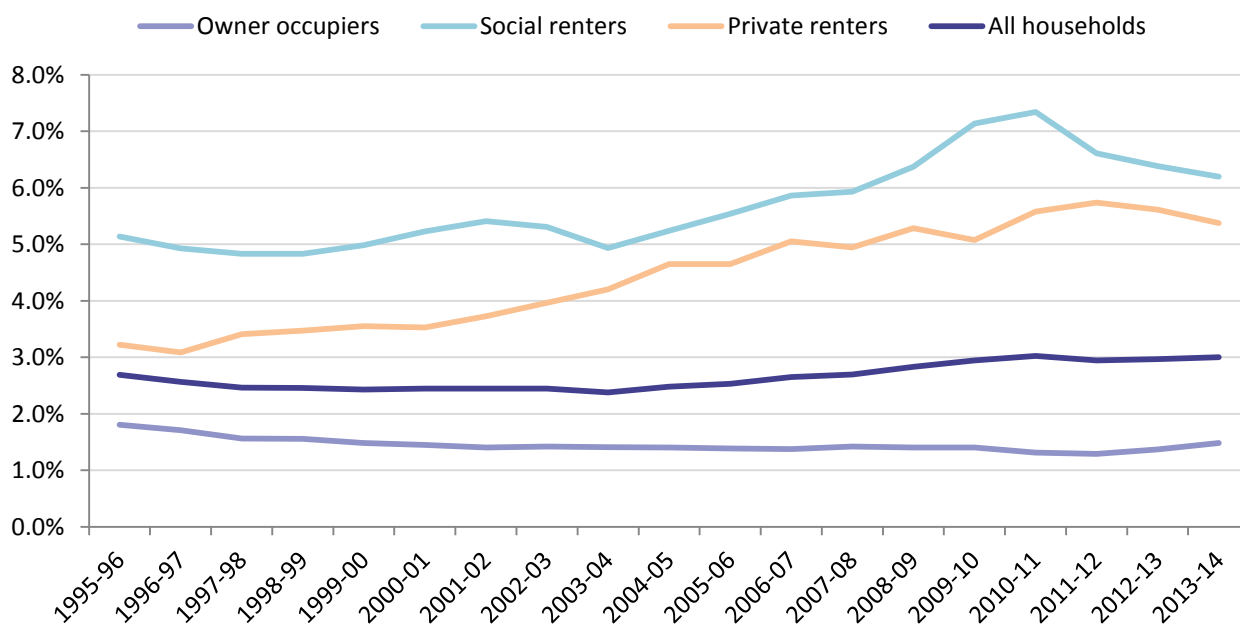
[21] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

3.57 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance[22] that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

3.58 This Guidance, *"Allocation of accommodation: Guidance for local housing authorities in England"*, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

> *"4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:*
> *– married or cohabiting couple*
> *– adult aged 21 years or more*
> *– pair of adolescents aged 10-20 years of the same sex*
> *– pair of children aged under 10 years regardless of sex"*

3.59 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Camden, we can estimate overcrowding using the bedroom standard. Figure 47 sets out calculation of an indicator of overcrowding based on the Census occupancy rating for both rooms and bedrooms and an average of the two.

Figure 47: **Estimate of the number of overcrowded households in Camden by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)**

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011 Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating Percentage of households overcrowded [B]	*Bedrooms* 2.3%	*Rooms* 3.3%	*Bedrooms* 8.8%	*Rooms* 20.2%	*Bedrooms* 8.9%	*Rooms* 16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
CAMDEN						
Census occupancy rating Number of overcrowded households [D]	*Bedrooms* 1,828	*Rooms* 4,910	*Bedrooms* 3,336	*Rooms* 14,076	*Bedrooms* 6,231	*Rooms* 12,707
Full-time student households [E]	724	1,005	2,219	4,329	731	880
Overcrowded households (excluding students) [F = D - E]	1,104	3,905	1,117	9,747	5,500	11,827
Estimate of overcrowded households based on the bedroom standard [G = C × F]	**629**	**1,562**	**715**	**2,729**	**4,565**	**5,086**
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	**1,096**		**1,722**		**4,825**	

3.60 Based on the bedroom standard, it is estimated that **1,096 owner occupied, 1,722 private rented and 4,825 social rented households were overcrowded** in Camden in 2011. The figures for student households are based upon the best estimates available in the 2011 Census and have been excluded from this calculation given that their needs are assumed to be transient.

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[22] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

3.61 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (ID 2a-019):

> *Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.*

3.62 These are also considered when establishing the need for affordable housing, and the overall housing number is increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

Concealed and Sharing Households

3.63 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their "host" household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

3.64 The number of **concealed families** living with households in Camden increased from 746 to 1,130 over the 10-year period 2001-11 (Figure 48), an increase of 384 families (51%).

Figure 48: Concealed families in Camden by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	126	138	+12
Aged 25 to 34	203	359	+156
Aged 35 to 44	107	103	-5
Aged 45 to 54	56	116	+60
Sub-total aged under 55	**492**	**716**	**+223**
Aged 55 to 64	94	124	+31
Aged 65 to 74	119	163	+44
Aged 75 or over	41	127	+86
Sub-total aged 55 or over	**254**	**414**	**+161**
All Concealed Families	**746**	**1,130**	**+384**

3.65 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 384 families over the period 2001-11, nearly 6-in-10 (58%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).
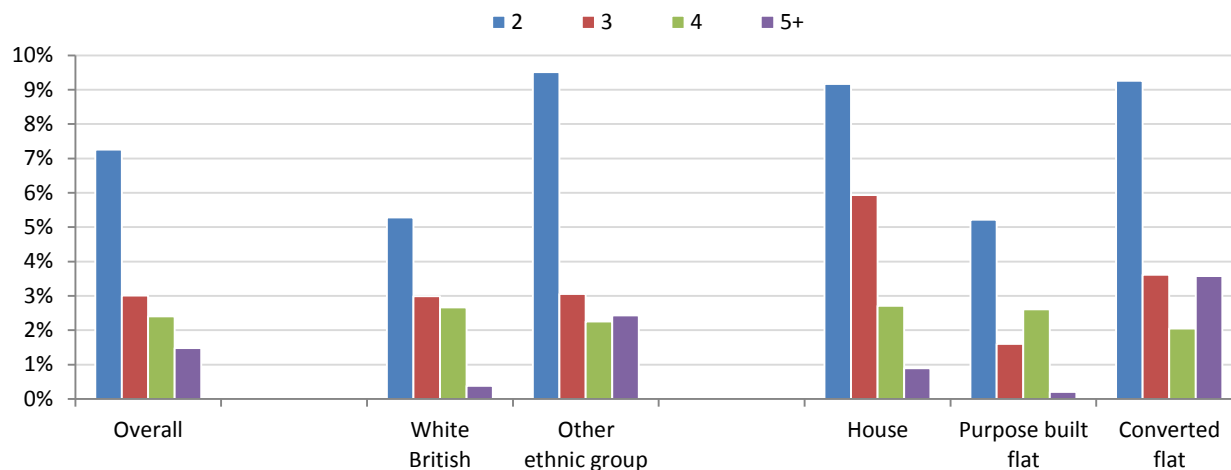
Sharing Households

3.66 The number of **sharing households** increased from 2,273 to 3,326 over the 10-year period 2001-11 (Figure 49), an increase of 1,053 households (116%).

Figure 49: Shared Dwellings and Sharing Households in Camden (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	697	701	+4
Number of household spaces in shared dwellings	2,414	3,576	+1,162
All Sharing Households	**2,273**	**3,326**	**+1,053**
Household spaces in shared dwellings with no usual residents	141	250	+109

3.67 Nevertheless, the SHMA household survey identified 13% of addresses where households were sharing with at least one other individual or family group, with 6% of addresses shared with two or more other individuals or family groups. Among White British, 11% of addresses housed more than one individual or family group compared to 17% among non-White British ethnic groups (10% sharing with two or more other individuals or family groups).

3.68 Comparing property type, the rate was 19% in houses and 19% in converted flats compared to 10% of purpose built flats. The profiles of houses and converted flats differed, notably by a comparatively large proportion (4%) of converted flats having 5+ individuals or family groups.

Figure 50: Number of Multiple Individuals or Family Groups at Address in Camden (Source: SHMA Household Survey 2014)

3.69 Many of these households would not be classified as "sharing households" by the Census, but instead would be considered to be multi-adult households; despite them being unrelated and often living separately within the same dwelling.

3.70 Figure 51 shows that the number of **multi-adult households** living in the area increased from 10,279 to 13,456 households over the same period, an increase of 3,177 (31%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities,** where for most purposes, the residents are not defined as forming a single household, as well as **single people living together as a group** who are defined as a single household for most purposes, and **individuals with lodgers**.

Figure 51: Multi-adult Households in Camden (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	3,213	3,332	+119
Private rented	5,340	8,378	+3,038
Social rented	1726	1746	+20
All Households	**10,279**	**13,456**	**+3,177**

3.71   The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 3,038 households (an increase from 5,340 to 8,378 households over the period) and this represents over 96% of the total increase in multi-adult households living in the area.

3.72   Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support).   Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.

3.73   There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Homeless Households and Temporary Accommodation

3.74   In Camden, there was a downward trend in the number of households accepted as being homeless and in priority need over the decade to 2011 (Figure 52). There were 288 such households in the second quarter of 2001 which reduced to 36 households by the second quarter of 2011, a net reduction of 252 households.

3.75   There has also been a downward trend in households living in temporary accommodation. There were 1,631 such households in 2001, including 46 in bed and breakfast accommodation and a further 495 in hostels; this had reduced to 651 in 2011, a net reduction of 980 households (Figure 53).
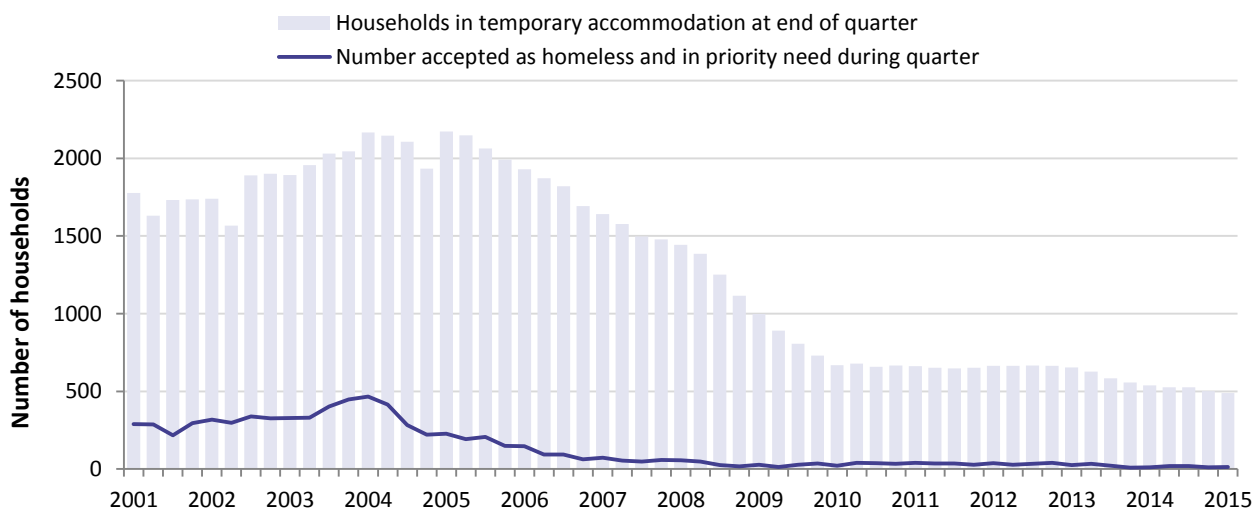
Figure 52: Camden households accepted as homeless and in priority need and households in temporary accommodation 2001-2015 (Source: CLG P1E returns)

Figure 53: Households in temporary accommodation in Camden (Source: CLG P1E returns for June 2001 and June 2011)

		Camden			England 2011
		2001	**2011**	**Net change 2001-11**	
Households in temporary accommodation	Bed and breakfast	46	13	-33	-
	Hostels	495	83	-412	-
	Sub-total – temporary accommodation in communal establishments	**541**	**96**	**-445**	-
	Local Authority or RSL stock	202	54	-148	-
	Private sector leased (by LA or RSL)	869	213	-656	-
	Other (including private landlord)	19	288	269	-
	TOTAL	**1,631**	**651**	**-980**	-
	Rate per 1,000 households	18.1	6.3	-12.0	2.2
Households accepted as homeless but without temporary accommodation provided		153	0	-153	-

3.76 It is evident that statutory homelessness has not become significantly worse in Camden over the period since 2001, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however many households facing homelessness are now offered private rented housing.

3.77 Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Summary of Market Signals

3.78 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, the indicators provide a context for considering the balance between housing need and supply.

3.79 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 54: Summary of Market Signals for Camden

		Camden	Hammersmith & Fulham	Kensington & Chelsea	Tower Hamlets	Wandsworth	England
INDICATORS RELATIING TO PRICE							
House prices							
Lower quartile house price	2012- 13 value	£351,600	£354,500	£564,100	£247,000	£310,000	£126,200
	Relative to England	+178%	+181%	+347%	+96%	+146%	-
	2007-08 value	£300,300	£315,300	£415,800	£242,500	£264,300	£128,000
	5-year change	+17%	+12%	+36%	+2%	+17%	-1%
Rents							
Average monthly rent	2014- 15 value	£2,225	£1,922	£3,130	£1,603	£1,768	£768
	Relative to England	+190%	+150%	+308%	+109%	+130%	-
	2010- 11 value	£1,757	£1,454	£2,661	£1,304	£1,345	£694
	4-year change	+27%	+32%	+18%	+23%	+31%	+11%
Affordability							
Lower quartile house price to earnings	2013 ratio	13.6	14.8	26.8	7.9	14.4	6.5
	Relative to England	+111%	+129%	+316%	+23%	+123%	-
	2008 ratio	12.2	12.9	21.4	8.0	13.0	7.0
	5-year change	+12%	+15%	+25%	-1%	+10%	-7%
INDICATORS RELATIING TO QUANTITY							
Overcrowding							
Overcrowded households	2011 proportion	32.5%	27.6%	27.1%	34.8%	20.1%	8.7%
	Relative to England	+274%	+217%	+212%	+300%	+131%	-
	2001 proportion	29.8%	25.2%	29.5%	29.3%	16.4%	7.1%
	10-year change	+9%	+9%	-8%	+19%	+22%	+23%
Rate of development							
Increase in stock	2001-11 change	7.2%	6.9%	1.3%	31.4%	11.5%	8.3%
	Relative to England	-14%	-18%	-85%	+276%	+38%	-

3.80 On the basis of this data we can conclude:

» **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £351,600, compared to England's £126,200 (based on 2012-13 values). The current price in Camden is similar to Hammersmith and Fulham, but higher than Tower Hamlets and Wandsworth;

» **Rents:** for average private sector rents in 2014-15, Camden is above the national average. The rents are also higher when compared with three of the four comparator areas, with only Kensington and Chelsea being more expensive;

» **Affordability:** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in Camden than across England as a whole (13.6x cf. 6.5x), but is similar to Hammersmith and Fulham and Wandsworth. However, it is higher than Tower Hamlets;

» **Overcrowding:** (in terms of Census occupancy rates) shows that 32.5% of households in the study area are overcrowded based on an objective measure, which is much higher than England (8.7%). However, Tower Hamlets has a higher rate of overcrowding while other comparators are slightly lower. Also, the proportion of overcrowded households has increased over the last 10 years at a lower rate to the national average (9% cf. 23%);

» **Rate of development:** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 7.2%, which is lower than England (8.3%). This rate for Camden is much higher than Kensington and Chelsea, but much lower than Tower Hamlets. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

The Impacts of Welfare Reform

3.81 The current and previous Governments have introduced a number legislative changes associated with their programmes of Welfare Reform. Figure 55 provides a summary of some of the key changes that have affected the support for housing:

Figure 55: Summary of legislative changes affecting housing (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	LHA Cap, setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

3.82 Although data at fine grain is not readily available, there is some data published which can be considered to highlight the impact of Welfare Reform in Camden and Islington.

Local Housing Allowances

3.83 Local housing allowance (LHA) rates are capped and set at the 30th percentile of local rents (pre-reform this was the 50th percentile). Figure 56 shows the change in terms of the local Broad Rental Market Areas and those adjacent. The change has meant a lower LHA figure for each property size. However, LHAs for different sizes of properties are also subject to national caps[23] and it is these caps which govern most rents in central London. All LHAs in the top three rows of Figure 56 are at the national caps for September 2014 except for Inner East London.

Figure 56: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas (Source: Valuation Office Agency)

Weekly Rent £	March 2011 LHA *(50th percentile)*				September 2014LHA *(30th percentile)*			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
Central London	£375.00	£550.00	£795.00	£1,250.00	£258.06	£299.34	£350.95	£412.89
Inner East London	£250.00	£310.00	£365.00	£465.00	£254.80	£299.34	£350.95	£412.89
Inner North London	£275.00	£350.00	£485.00	£610.00	£258.06	£299.34	£350.95	£412.89
Inner South East London	£196.15	£254.00	£300.00	£415.38	£196.23	£255.09	£318.00	£412.89
Inner South West London	£252.85	£317.31	£390.00	£535.39	£244.06	£299.34	£350.95	£412.89
Inner West London	£242.00	£320.00	£417.69	£553.85	£233.83	£299.34	£350.95	£412.89
Outer East London	£168.46	£207.69	£265.00	£300.00	£180.00	£220.75	£275.94	£318.86
Outer North East London	£155.77	£196.15	£242.31	£323.08	£154.83	£190.96	£233.08	£309.67
Outer North London	£179.00	£235.00	£300.00	£380.00	£192.00	£245.52	£303.00	£384.80
Outer South East London	£155.77	£190.38	£230.77	£300.00	£154.83	£196.15	£233.08	£309.67
Outer South London	£156.92	£196.15	£253.85	£323.08	£160.79	£202.47	£268.40	£331.13
Outer South West London	£196.15	£253.85	£300.00	£403.85	£207.69	£269.81	£324.00	£407.85
Outer West London	£173.08	£207.69	£253.85	£308.66	£168.98	£214.38	£262.02	£305.77

3.84 Evidence of the impact of Benefit reform is scarce. While qualitative studies and small surveys have been undertaken, there is no secondary data available at fine grain.

3.85 A Joseph Rowntree Foundation (JRF) report[24] notes that the HB reforms have:

> "failed to deliver the savings expected. It saved £330 million in 2013/14 – £115 million lower than the initial forecast and £95 million below the revised forecast – while increasing costs to landlords;

> "been fraught with inconsistency. The way the policy is implemented differs from region to region and there is no official definition of a bedroom or its minimum size;

> "led to concerns about the three-fifths of households with at least one registered disabled resident."

[23] http://researchbriefings.files.parliament.uk/documents/SN04957/SN04957.pdf
[24] "Housing benefit size criteria: impacts for social sector tenants and options for reform; 23 June 2014"

Impact of Benefit Reform on the Private Rented Sector

3.86 Overall, the pattern of change is clear; claimant numbers are reducing in Inner London boroughs faster than outer London boroughs. Reduction in Camden and Islington are broadly similar to other Inner boroughs, although some have seen faster reductions in claimant numbers.

Figure 57:   Relative Change in Housing Benefit Claimants in the Private Rented Sector (smoothed to 3 month rolling average) (Source: DWP)
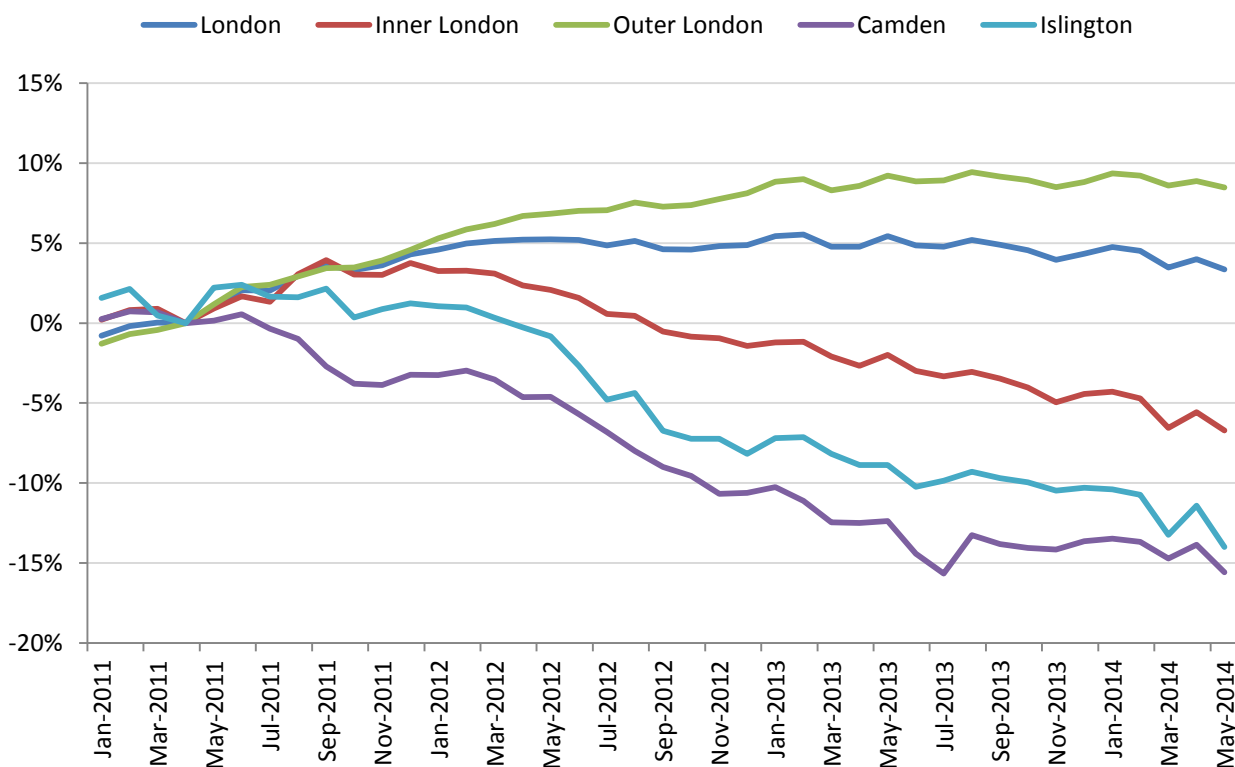
3.87 Figure 58 shows in the year 2010-2011 that inner London saw a rise of 6,470-households receiving housing benefit in the private rented sector. However, there has been a marked change in the pattern of housing benefit in the private rented sector claimants since the welfare reform changes were first introduced in 2011.

3.88 Inner London boroughs have consistently seen a reduction in the number of claimant households. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available; so Inner London boroughs are likely to be displacing those in need of affordable housing, and there is no real possibility of them being accommodated in the private rented sector. This is not a policy choice by Camden or any other boroughs, but simply a reflection of the impact of welfare reform on the operation of the private rented market.

Figure 58: Annual Change in Housing Benefit Claimant is in the Private Rented Sector by Local Authority (Source: Department of Work and Pensions)

	2010-2011	2011-2012	2012-2013	2013-2014
Inner London				
Camden	-400	-270	-285	-180
City of London	0	-10	-23	-18
Hackney	1,080	20	-16	-223
Hammersmith and Fulham	120	-160	-151	-309
Haringey	1,360	490	85	-173
Islington	100	-140	-251	-139
Kensington and Chelsea	70	-480	-431	-267
Lambeth	670	-20	-53	-274
Lewisham	1,530	20	-4	-414
Newham	-570	1,450	299	-203
Southwark	670	-60	-59	-425
Tower Hamlets	340	-100	-338	-120
Wandsworth	400	50	-164	-98
Westminster	1,090	-490	-1,567	-726
Inner London Total	**6,470**	**320**	**-2,968**	**-3,569**
Outer London				
Barking and Dagenham	910	490	172	160
Barnet	1,300	550	424	721
Bexley	560	390	75	-23
Brent	2,030	760	381	-20
Bromley	430	250	78	-189
Croydon	1,150	820	136	-62
Ealing	1,600	770	336	519
Enfield	1,950	1,270	464	266
Greenwich	760	300	237	-13
Harrow	700	430	371	318
Havering	610	230	209	175
Hillingdon	640	550	353	-37
Hounslow	520	360	138	256
Kingston upon Thames	410	180	137	-129
Merton	2,870	-70	118	-483
Redbridge	740	510	-226	320
Richmond upon Thames	60	30	-37	44
Sutton	350	330	177	51
Waltham Forest	1,040	-30	-47	-756
Outer London Total	**18,590**	**8,160**	**3,496**	**1,118**
LONDON TOTAL	**25,060**	**8,470**	**545**	**-2,450**

3.89 The picture across London reflects a broad pattern whereby out London boroughs (e.g. Redbridge, Hounslow) have an increase in the number of housing benefit claimants; conversely, inner London Boroughs (e.g. Southwark, Westminster) have seen a reduction in claimant numbers.

3.90 The SHMA household survey responses from private sector tenants in receipt of housing benefit in Camden show levels of housing benefit received from under £100 per monthly to over £1,000, with just over half receiving £1,000 or more. This is as might be expected given the level of private sector rents in Camden and limited availability of social housing.

Figure 59: **Monthly Housing Benefit Received of Those Renting Privately in Camden (including other Private Rent and Living Rent Free) and in Receipt of Housing Benefit (Source: SHMA Household Survey 2014. Note: these figures are based on 42 responses and should be treated with caution.)**
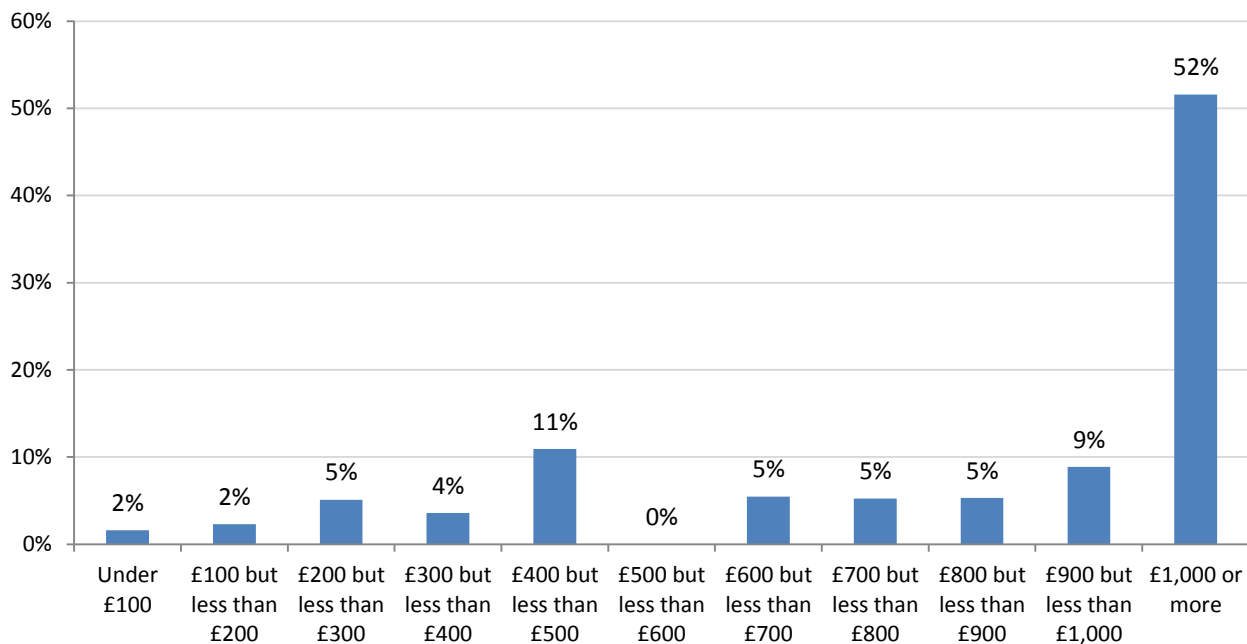
3.91 Of those renting privately and in receipt of housing benefit, 36% reported that that had been affected by the recent welfare reforms or changes to state benefits.

3.92 Further analyses of the data identified that around three quarters of those households that reported being affected by recent welfare reforms said that they were affected by the introduction of the LHA; 21% of private renters who receive housing benefit have had or anticipate difficulty paying rent compared to 14% who do not receive housing benefit. Whilst this provides a reasonable indication of the typical effects of welfare benefit reforms, the figures should be treated with caution given the number of respondents affected.

Figure 60: **Affected by Government's Recent Welfare Reforms/Changes to State Benefits of Those Renting Privately in Camden (including other Private Rent and Living Rent Free) and in Receipt of Housing Benefit (Source: SHMA Household Survey 2014. Note: these figures should be treated with caution due to small sample sizes)**
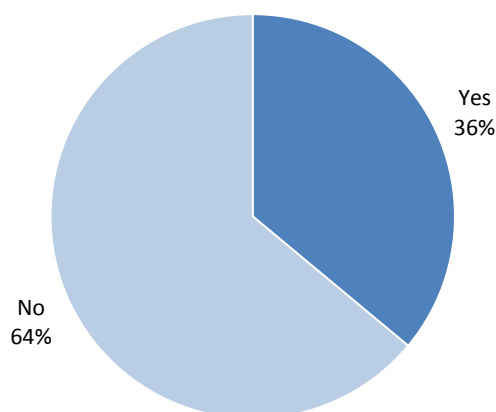
Spare Room Subsidy or 'Bedroom Tax'

3.93 The Benefit Cap limits the amount of benefits a household can receive to £500 a week for couples or lone parents, and £350 a week for single adult households. The benefits included within calculation of the Benefit Cap are numerous and include the following benefits:

> *Bereavement Allowance, Carer's Allowance, Child Benefit, Child Tax Credit, Employment and Support Allowance (unless you get the support component), Guardian's Allowance, Housing Benefit, Incapacity Benefit, Income Support, Jobseeker's Allowance, Maternity Allowance, Severe Disablement Allowance, Widowed Parent's Allowance.*

3.94 Before the cap, there was no upper limit on benefit claims, with 300 of the highest claiming families getting over £10 million in benefits every year. Nationally, the Government highlights how 'The benefit cap continues to provide an incentive to work, with over 22,000 people who had their benefits capped moving into work'[25].

3.95 One reform issue which has had Parliamentary scrutiny is the Spare Room Subsidy or 'Bedroom Tax'. A DWP Select Committee Report (2014)[26] highlighted data on the impact of Bedroom Tax across the UK. It showed that 2.4% of households in London were affected:

Figure 61: Bedroom Tax: Work and Pensions Committee (March 2014)

Region	Households affected	Households affected per 10,000	Estimated loss pa (£m)
North East	50,000	440	30
North West	110,000	370	80
Yorkshire and Humberside	80,000	360	50
West Midlands	60,000	260	40
East Midlands	50,000	210	40
East of England	40,000	210	20
London	**80,000**	**240**	**90**
South East	40,000	110	30
South West	30,000	130	20
Scotland	80,000	340	50
Wales	40,000	310	20

3.96 In the first six months of 'Bedroom Tax' the Committee noted:

> » 6% of affected households moved to avoid the new rule
>
> » However, a shortage of housing prevents moves in many areas
>
> » 22% of those still affected were still registered for a transfer
>
> » Most affected households have not moved, and of these about half have rent arrears as a result

3.97 In addition:

> » Councils are making full use of Discretionary Housing Payments (DHPs) to help tenants adjust to the change, but practice varies.

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[25] https://www.gov.uk/government/news/benefit-cap-thousands-move-into-work-or-off-housing-benefit
[26] http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72002.htm

» There are concerns whether current DHP provisions are appropriate for disabled tenants living in adapted homes.

» Landlords have incurred extra costs for rent arrears, welfare support, rent collection, arrears management and repairs linked to more transfers.

3.98 Recent data is shown below. The trend in numbers of households affected by the Benefit Cap in Camden and Islington show how c.520 households are affected across the two boroughs. In January 2015, both had around 260 affected households. However, the trend is for the number of households affected to reduce.

Figure 62: Benefit cap – No of Households affected (Source: CLG)
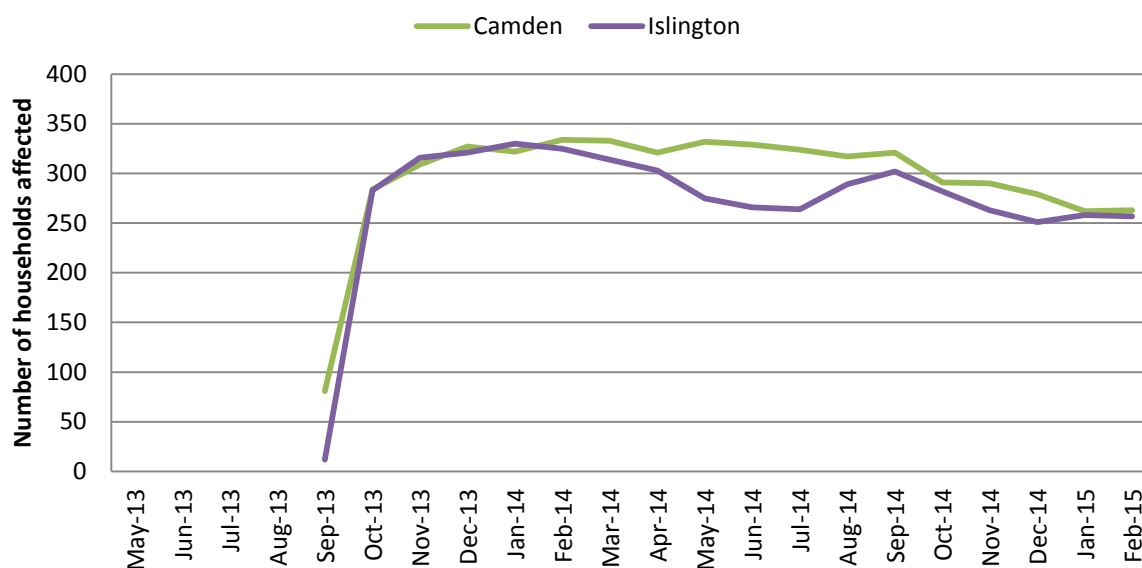
Discretionary Housing Payments

3.99 In 2014/15, the Government contributed £165 million to Discretionary Housing Payments (DHP) funding. DHPs are awards that can be made by local authorities (LAs) to Housing Benefit claimants who are experiencing financial difficulty with housing costs. £800 million of funding for Discretionary Housing Payments has been allocated over the next 5 years in the Summer Budget 2015.

3.100 The Government have published some data regarding Mid-Year returns from LA's[27] showing the position for April-September 2014. Not all LA's submitted a return to Government, but, of those LAs that did, the majority have reported spending less than 50% of their central government allocation of DHP funding at the mid-year point.

3.101 By considering each of the categories for DHP award across Camden and Islington, it is possible to get some insight into the impact of Welfare Reform.

3.102 Spend for the Mid-Year point in 2013-14 in Camden was £647,934 (49%) against an allocation of £1,310,624 for 2014/15. For Islington the spend was £751,347 (56%) against an allocation of £1,342,269 for 2014/15.

3.103 The chart below shows most DHP payments are made to social tenants affected by the spare room subsidy. Next most common are payments to alleviate the Benefit Cap. There are some payments for LHA reforms and some for a combination of different reform items.

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[27] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389060/use-of-DHPs-apr-to-sept-2014.pdf

Figure 63: Value of DHP payments – 2013-14 (Source: CLG)
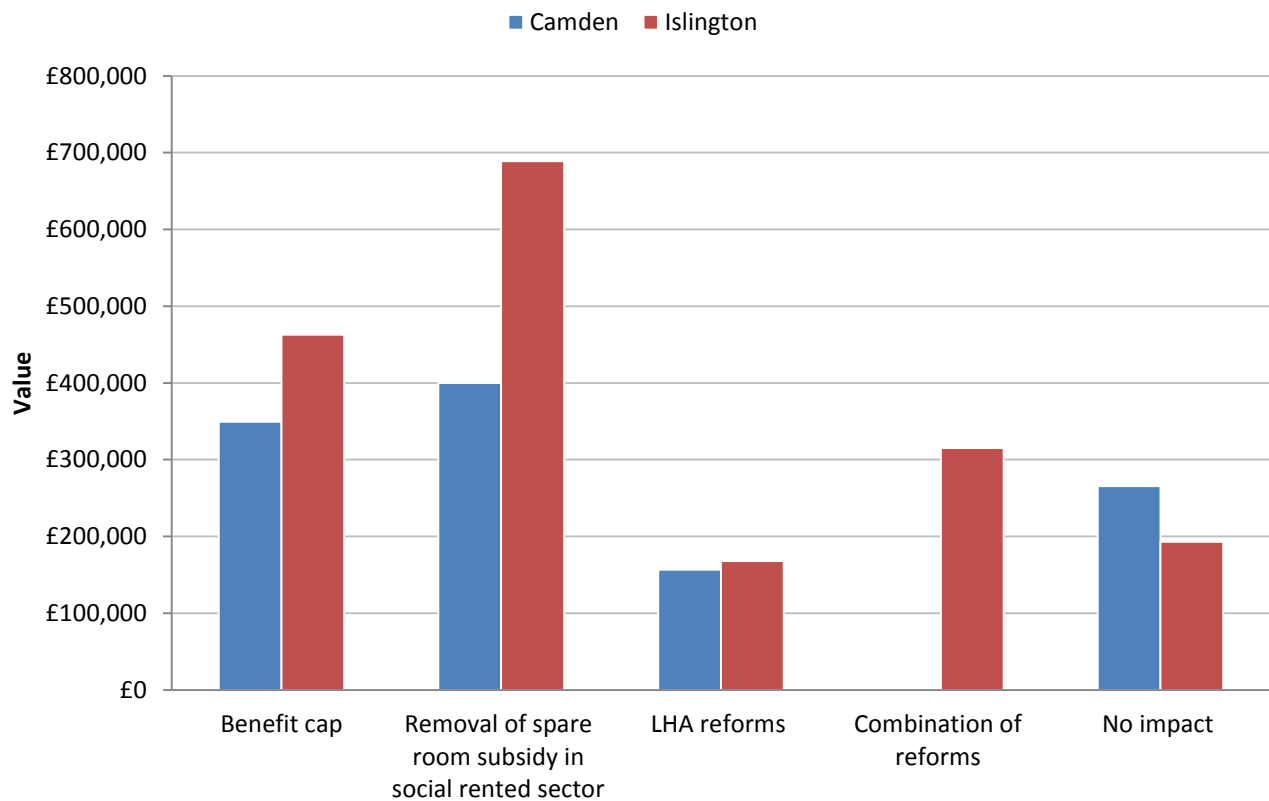
3.104 Some data is also available for the year end of 2013-14 (but not 2014-15) for the number of DHP awards made, and this shows that most awards, again, were made regarding the Spare Room Subsidy (although this issue only affects Social Rent).

Figure 64: Number of DHP payments – Year end 2013-14 (Source: CLG)
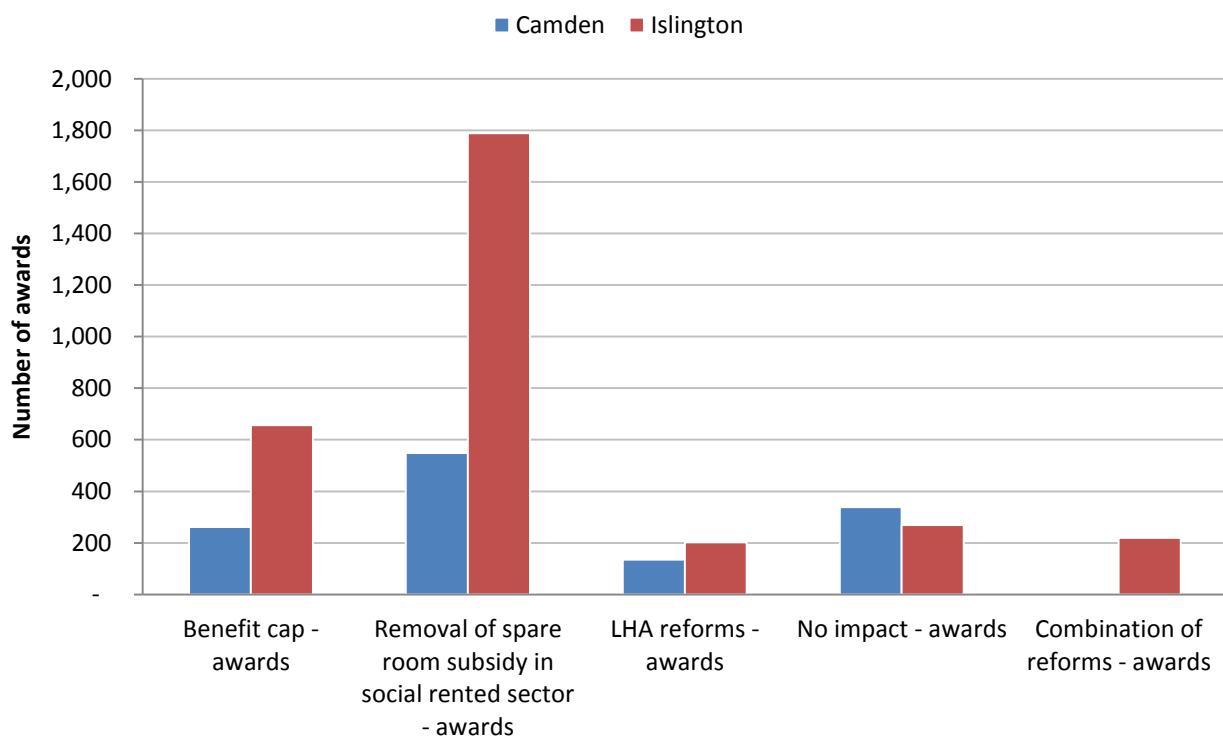
3.105 The reasons why these awards were made are varied and are not always due to Welfare reform:

» Help secure and move to alternative accommodation (e.g. rent deposit)

» Help with short-term rental costs until the claimant is able to secure and move to alternative accommodation

» Help with short-term rental costs while the claimant seeks employment

» Help with on-going rental costs for disabled person in adapted accommodation

» Help with on-going rental costs for foster carer

» Help with short term rental costs for any other reason

3.106 The SHMA household survey found that 12.5% of current households have been affected by the changes. It is of course possible that many households affected by the changes have already left the area prior to 2014. Of the households affected by welfare reform, 3.2% of all households have been affected by changes to housing benefit and 0.3% of all households by the bedroom tax.

Figure 65: Impact of Welfare Reform (Source: Camden and Islington Household Survey 2014. Note: Some Households Affected by More than 1 Change)

Welfare Change Impact	Percentage of all households
Housing Benefit (LHA)	3.2%
Child Benefit	2.2%
Council Tax Benefit	1.8%
Child Tax Credit	1.4%
Disability Living Allowance	1.3%
Employment and Support Allowance	1.2%
Working Tax Credit	1.0%
Income Support	0.9%
Pensions	0.8%
Job Seekers Allowance	0.5%
Bedroom Tax/Spare Room Subsidy	0.3%

3.107 While these do not appear to be enormous figures, they do still represent around 7,000 households across the two local authorities. It is also the case that many other households will have been affected by other welfare reforms which will have reduced their total household income, particularly non-working households who are also affected by the total benefit cap. Given the further changes planned for the welfare system it is likely that more households will be affected with the result that there will be higher movement in the social housing stock due to the bedroom tax and fixed term tenancies, while more households who receive housing benefit in the private rented sector will have to look outside the boroughs for properties which are more affordable.

Summer Budget 2015

3.108 In addition, the Summer Budget 2015 and the Autumn Statement (November 2015)[28] introduced new Welfare Reforms which will be phased in and will not affect any claimants until April 2016 at the earliest, with many changes affecting only new claimants. Although the impact of these changes is not yet known, key changes affecting housing include:

  » Four year freeze to certain working age benefits (except pensioner benefits, DLA, PIP which will not be frozen.)

  » The Summer Budget 2015 also introduced a four-year freeze to local housing allowance rates

  » Lowering the benefit cap to £23,000 in London and £20,000 elsewhere

  » Universal credit claims will be limited to two children from April 2017 (with some exceptions)

  » Removing entitlement to housing support for those aged 21 or under (with some exemptions),

  » Changing support for mortgage interest into a loan

3.109 As an almost immediate response to these changes a leading London Registered Provider, Genesis, announced that they would no longer be seeking to deliver any further social rent or affordable rent homes. Instead, they would be focusing their development strategy on homes for sale, market rent and shared ownership. Genesis noted that the financial incentives to provide social rent and affordable properties in London have been diluted with resources being diverted to helping households in to home ownership.

3.110 The Summer Budget 2015 and the Autumn Statement (November 2015) introduced a raft of new policy approaches which seem likely to introduce a number of innovations as well as changing further the consensus on who affordable housing, in particular, is for. The main changes are:

  » Right to buy for housing association tenants

  » Reducing rents in social housing by 1% a year for 4 years

  » 'Pay to stay'; social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required to pay higher rents

  » Review the use of lifetime tenancies in social housing

3.111 The implications of these recent changes are not known, although several themes have emerged regarding the direction of travel:

  » Continuing emphasis on Home ownership as the tenure of aspiration: home ownership has been declining in recent years, and current policy is focussed on innovations to support households into home ownership via a range of policy options such as Low Cost Home Ownership (LCHO) products and Right to Buy for housing association tenants. The GLA housing investment programme 2015-18 also includes more emphasis on LCHO products. LCHO is discussed in Chapter 6 under Low Cost Home Ownership.

  » Changing perceptions regarding the purpose of affordable housing: a consensus has held for many years that affordable housing should target households in housing need. However, increasingly

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[28] https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents/spending-review-and-autumn-statement-2015

  • Housing benefit for new social housing tenants capped at LHA levels from April 2016
  • Extension of shared accommodation rate to single people under 35 living in social housing

debate has shifted to how affordable housing can support the needs of the economy by housing workers as well as those in need. The GLA Housing Strategy 2014 considers that *'more priority needs to be focused on the working households that are the backbone of the economy, but who cannot afford to meet their housing aspirations in the capital' (s3.1).*

> » Affordable housing as a short term housing option for most households: Budget proposals indicate a changed thinking about Affordable housing as a 'home for life'. A combination of disincentives (the 'Pay to Stay' Budget proposal for high earning tenants, and the review of Lifetime tenancies) indicate that, for all but the most needy (e.g. highly disabled), affordable tenancies will provide limited temporary assistance for most households who need it.

> » Risk to Volume of affordable housing delivery: One major issue is that, currently, those who deliver new affordable homes (registered providers and local authorities) are assessing the combined impacts of Budget proposals on their ability to develop new homes and manage existing stock. Risks to revenue streams from the reduction in rents formula, tenants feeling the impact of Welfare reform and Right to Buy, mean many providers need to retest their Business Plans. Early indicators are that the reforms mean many providers will see their financial capacity to support new home delivery curtailed; the scale and extent of this is not yet known. At the same time, grant rates are also likely to decline further

3.112 Other topics currently being discussed by various relevant commentators and 'thinktanks' (including those with good relations with Government) highlight other ideas and innovations being discussed:

> » Continuing support for new build private rented schemes which offer long term housing options for Londoners.

> » Continuing support for self-builders.

> » Interest in options for products which can help older people downsize from family homes e.g. bungalows.

> » Working existing assets creatively: while much has been made of the need to regenerate disadvantaged estates (e.g. high-rise social housing estates), there is also interest in redeveloping existing non-disadvantaged affordable housing estates to increase densities and volumes of homes and replace them with lower rise, but higher density mixed communities. This was set out in a joint report with Create Streets, but has also been pushed by Lord Adonis and the IPPR.

> » A generally negative view of housing associations, particularly in the light of the substantial reserves some providers have generated.

> » A commitment to boost housebuilding, partly supporting this by releasing publicly owned land.

> » Affordable housing tenancies which last either 5 year or 15 years as a fixed term, using the flexibility in the Localism Act 2011, unless households have very high housing need (e.g. severely disabled).

Summary of Welfare Reform

3.113 The overall impact of welfare reform on the housing markets of Camden and Islington should be seen in the context of changes which occurred before reform took place. Between 2001 and 2011 the level of home ownership declined in both boroughs. While both boroughs have large existing housing social housing stocks, the impact of right to buy sales has seen the size of these stocks being reduced with new dwelling delivery not keeping pace with losses from the stock. Meanwhile, the private rented sector has grown

significantly in both boroughs, with the majority of the growth focused upon those households who meet their own housing costs.

3.114 The impact of on-going welfare reform is likely to see even fewer benefit recipient household in the boroughs. Meanwhile, the potential for a higher number of right to buy sales from Registered Provider properties will potentially see even fewer households have their needs met in the social rented sector. The overall impact of these changes is that there is likely to be an on-going growth in the private rented sector for households who can afford to meet their own rents including growth in the number of houses in multiple occupation.

3.115 The impact of welfare reform is likely to enhance a number of these existing changes. These include:

» Social rent and affordable rent will become increasingly difficult to deliver in Central London due to changes to the level of rents which can be charged and grant funding systems. This issue is largely beyond the control of the councils;

» The level of need for social rent will not decline as many households cannot afford existing social rents, placing greater pressure on the existing social housing stock to meet the needs of those who cannot afford to live in any other tenure. This also means that there is a potential displacement of households in need of affordable housing to other areas;

» The potential introduction of right to buy for Registered Provider properties will see further losses for the social housing stock;

» The impact of welfare reform on turnover in the social housing stock is uncertain. While, the impact of the bedroom tax/spare room subsidy encouraged more households to downsize, the lack of alternative accommodation and greater long-term incentive to exercise right to buy may see fewer households move overall.

» The freezing of LHA rates for 4 years and reductions in the benefit cap to £23,000 per annum for non-working households will make it harder for households to be able to afford to remain in the private rented sector. Again this is likely to see the displacement of households in need of affordable housing to other areas;

» High house prices will see owner occupation rates continue to decline unless supported by a growth in right to buy sales;

» The major area of growth in the housing market in Camden and Islington is likely to continue to be in the private rented sector with more houses in multiple occupation and households who are meeting their own housing costs; and

» The growth in the private rented sector and changes in government policy open up wider opportunities to provide more shared ownership and LCHO dwellings.

Starter Home Initiative

3.116 Though not a welfare reform as such, it is also important to note the Starter Home initiative. The NPPF identifies that local authorities should seek to *"widen opportunities for home ownership"* (paragraph 50). Given this context, the Housing and Planning Bill 2015 contains proposals to further this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Bill includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.

3.117 The Bill defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (of £450,000 in Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy.

3.118 The SHMA household survey allows an analysis of saving for a deposit in two age bands which are relevant to the Starter Homes initiative for first time buyers aged under 40. Here, the two bands; 16-34 and 35-49, age discussed separately as one contains solely people age under 40 and one contains those under and those over 40.

3.119 Of 16 to 34 year old survey respondents, 31% were in social rented housing and 55% in private rented. Of those aged 35 to 49, 38% were in social rented and 32% in private rented.

Figure 66: Tenure by Age of Respondents in Camden (Source: SHMA Household Survey 2014)
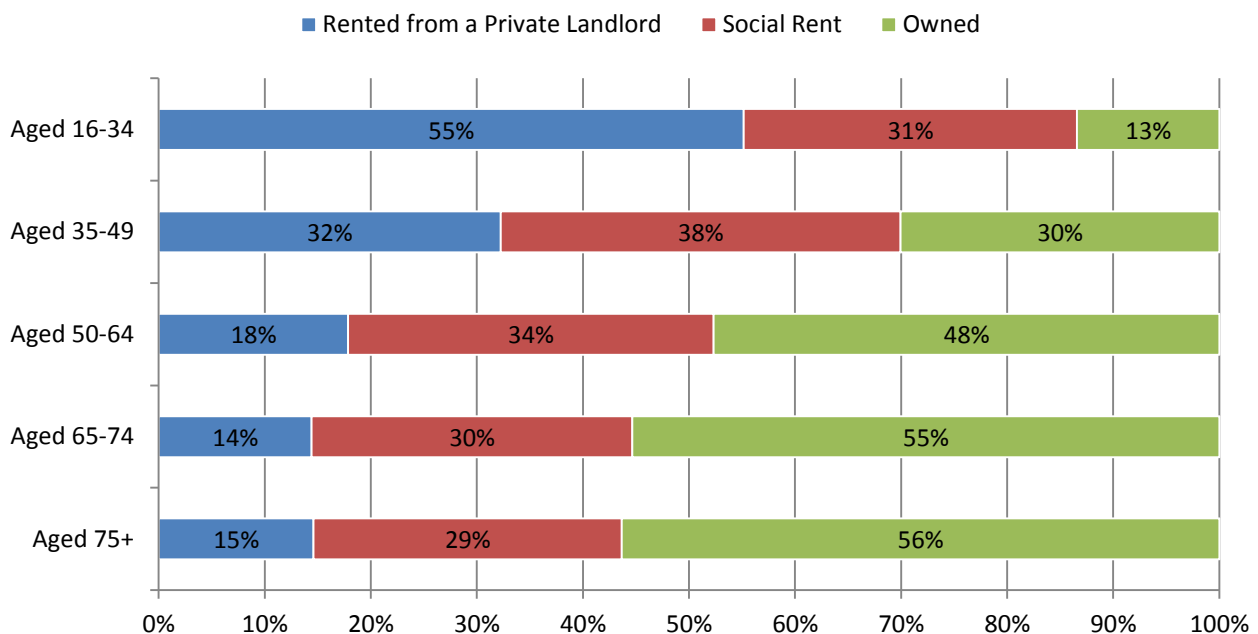
3.120 Of those aged 16 to 34, 24% reported having savings to fund a deposit compared to 22% of those aged 35 to 49.

3.121 The proposed cap on Starter Homes in London is £450,000, for which a 5% deposit would be £22,500 and a 10% deposit £45,000. Among households in social and private rented properties who reported having savings to fund a mortgage deposit, a total of 67% of the 16-34 age group reported having savings of £20,000 or over and 41% reported having savings of £40,000 or over. Of the 35-49 age group, 61% reported having savings of £20,000 or over and 32% reported having savings of £40,000 or over. These figures suggest higher incomes than might be expected, but could include possible sources of funds such as loans or gifts from family, particularly for younger households.

Figure 67:   Savings to Fund a Deposit for a Mortgage on a Property – All Rented Tenures in Camden & Islington (Source: SHMA Household Survey 2014)
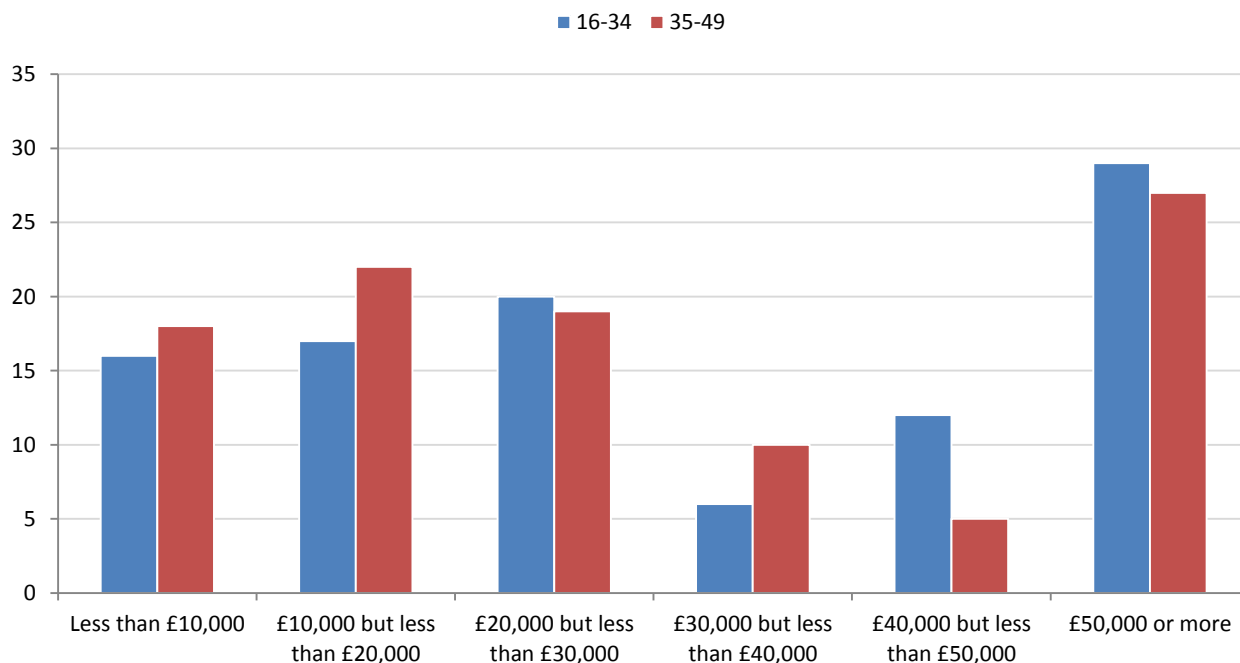
Conclusions

3.122 The largest housing tenure in Camden is private rent (34.0% of dwellings), and this has increased its relative share by over 6% between 2001 and 2011. This is significantly higher than for all London on average and reflects long-term trends with fewer households living in social rent.

3.123 Real house prices in Camden are currently significantly above long-term average trends and out of line with the rest of London. Affordability worsened in the period 2001-08 (when there was an increase in real house prices), improved between 2008 and 2009, but has since risen back to new peak levels. Rents in Camden have also risen sharply in recent years at a rate which is above that of inflation.

3.124 For Camden, overcrowding increased over the 10-year period 2001-11. The percentage of overcrowded households has increased from 29.8% to 32.5% using the Census room occupancy standard. When considered by tenure, overcrowding has reduced by 102 households in the social rented sector, increased by 245 households in the owner occupied sector with the largest growth in the private rented sector where the number has increased from 9,847 to 14,076, a growth of 4,229 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 38.8% to 42.4%.

3.125 The number of sharing households increased from 2,273 to 3,326 over the 10-year period 2001-11, an increase of 116%. The number of multi-adult households living in the area increased over the same period, by 31%. 96% of this growth occurred in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs.

3.126 Welfare Reform is affecting the ability of Camden to meet its housing needs. In the year 2010-2011, inner London saw a rise of 6,470-households receiving housing benefit in the private rented sector. However, there has been a marked change in the pattern of housing benefit in the private rented sector claimants since the welfare reform changes were first introduced in 2011. Inner London boroughs have consistently

seen a reduction in the number of claimant households. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available. This implies that Inner London boroughs such as Camden will be displacing those in need of affordable housing and that there is no real possibility of them being accommodated in the private rented sector.

4. Demographic Projections
The starting point for Objectively Assessed Need

4.1   The first step in the Objective Assessment of Need is a demographic process to derive housing need from a consideration of population and household projections.

4.2   Planning Practice Guidance published in March 2014 places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections.

> *Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.*
>
> *The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.*
>
> **Planning Practice Guidance (March 2014), ID 2a-015**

> *The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.*
>
> **Planning Practice Guidance (March 2015), ID 2a-016**

4.3   Given this context, Figure 68 sets out the 2012-based **household** projections together with previous household projections that CLG has produced for Camden. The projections have varied over time, with the most recent 2012-based projections showing a projected growth of around 1,290 households each year over the 25-year period 2012-37, a rate comparable with the previous 2008-based projection.

Figure 68: CLG Household Projections (Source: CLG Household Projections)

CLG Household Projections	10-year period			25-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
2012-based	2012-22	14,200	1,420	2012-37	32,300	1,290
Interim 2011-based	2011-21	17,400	1,740	-	-	-
2008-based	2008-18	15,000	1,500	2008-33	34,000	1,360

4.4   The CLG 2012-based household projections project forward over the normal 25-year period and supersede both the 2008-based household projections (which projected a household growth of 1,360 per year from 2008-33) and the interim 2011-based household projections (which projected growth of 1,740 per year from 2011-21). The differences are largely due to changes in the ONS population projections on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).

Population Trends

4.5   Figure 69 shows the current and historic mid-year **population** estimates and Census estimates for Camden since 1981.   The data shows that Camden's population was relatively stable throughout the 1980s. However, over the 20-year period since 1991, Camden has seen a relatively consistent growth in their population, which increased by around 40,000 (22%) during this period.

Figure 69:   Camden official population estimates for the period 1981-2014 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)
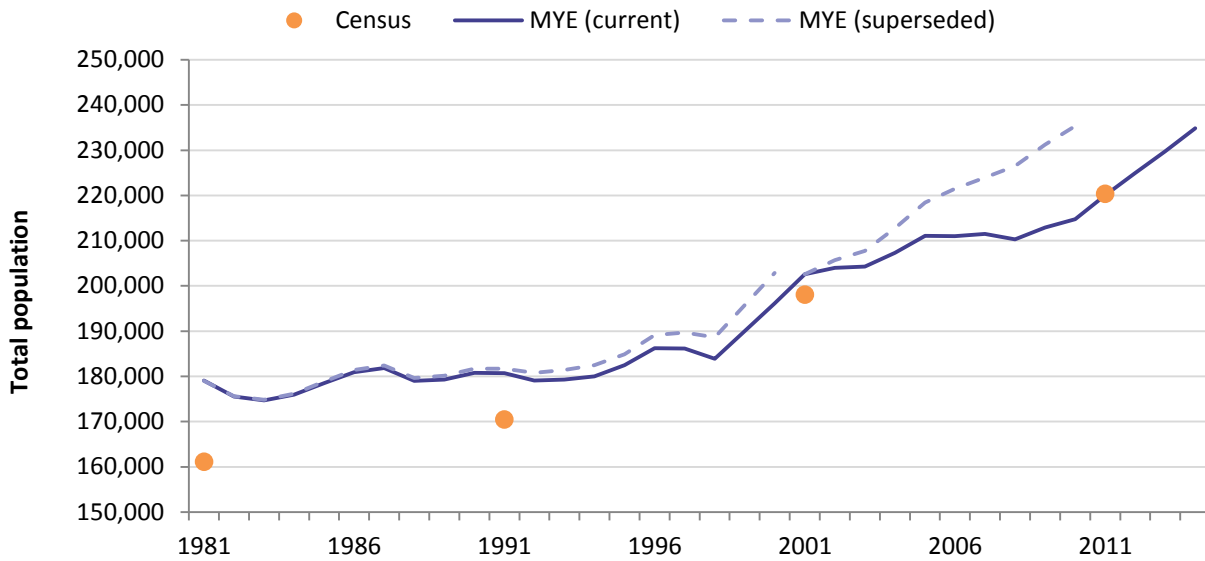
Figure 70:   Annual net change in population of Camden based on official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)
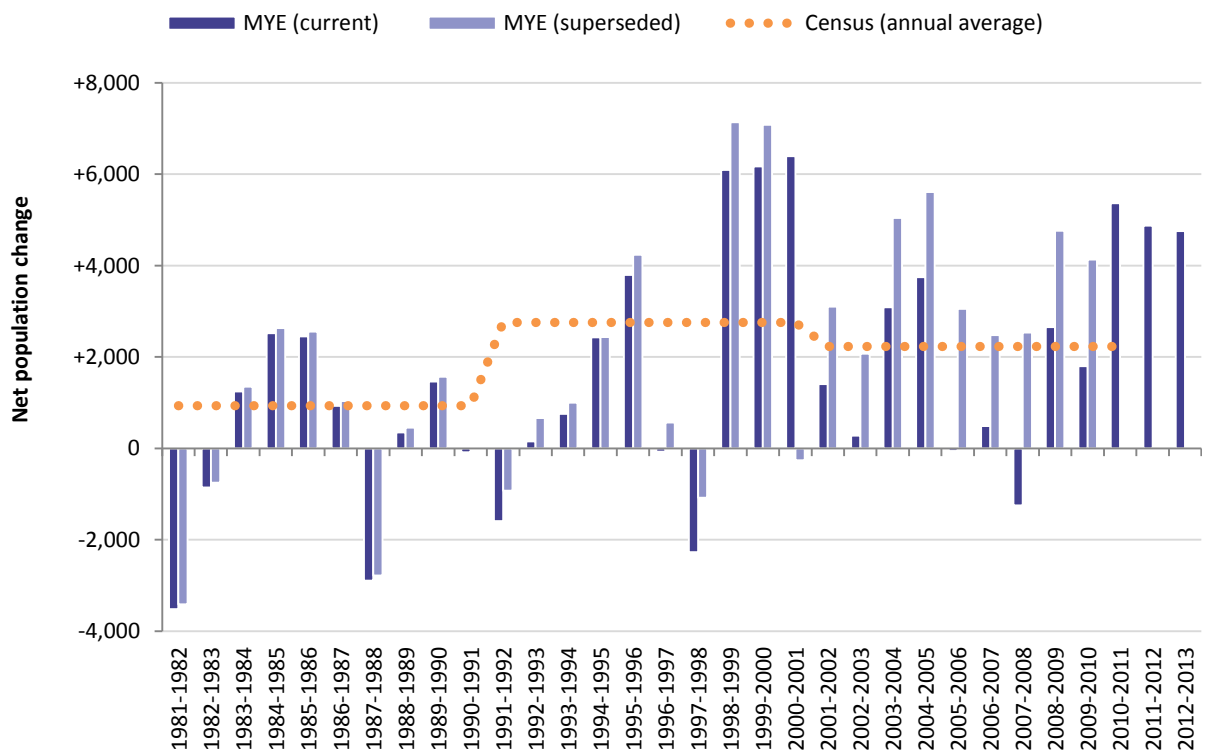
Components of Population Change

4.6   Changes in the population can be broadly classified into two categories:

» Natural change in the population (in terms of births and deaths); and

» Changes due to migration, both in terms of international migration and also moves within the UK.

4.7   Figure 71 illustrates the annual components of change data for Camden, together with the total change in population recorded by the estimates. It is evident that natural change now contributes around 2,000 additional persons each year; however migration and other changes vary much more, with significant net in-migration to be seen between 1998 and 2001, and again since 2010.

4.8   Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration, and it is recognised that the impact of international migration has been particularly difficult to measure; and although current estimates have been improved, some historic data can be unreliable.

4.9   Given that the ONS consider the population estimates in 2001 and 2011 to be more robust than the component of change data from year-to-year, an "accountancy" adjustment is factored into the components of change to correct this data and ensure that it reconciles with the population estimates for the two Census years. Therefore, in addition to the known population flows, an element of "**Unattributable Population Change**" (UPC) is included in these figures to ensure that this data reconciles with population estimates for the two Census years.

4.10 The impact of removing this adjustment for the periods 2001-02 to 2010-11 is also illustrated on the chart. The original estimate of growth (prior to the adjustment) was 38,800 persons over the 10-year period, whereas the final estimate more than halved this to a growth of 17,500 persons. This illustrates the difficulties associated with measuring population in Inner London boroughs, and given this context it is important to treat more recent Mid-Year Estimates (published since the 2011 Census) with some caution.

Figure 71:   Camden components of population change (Source: ONS Mid-Year Population Estimates, revised)
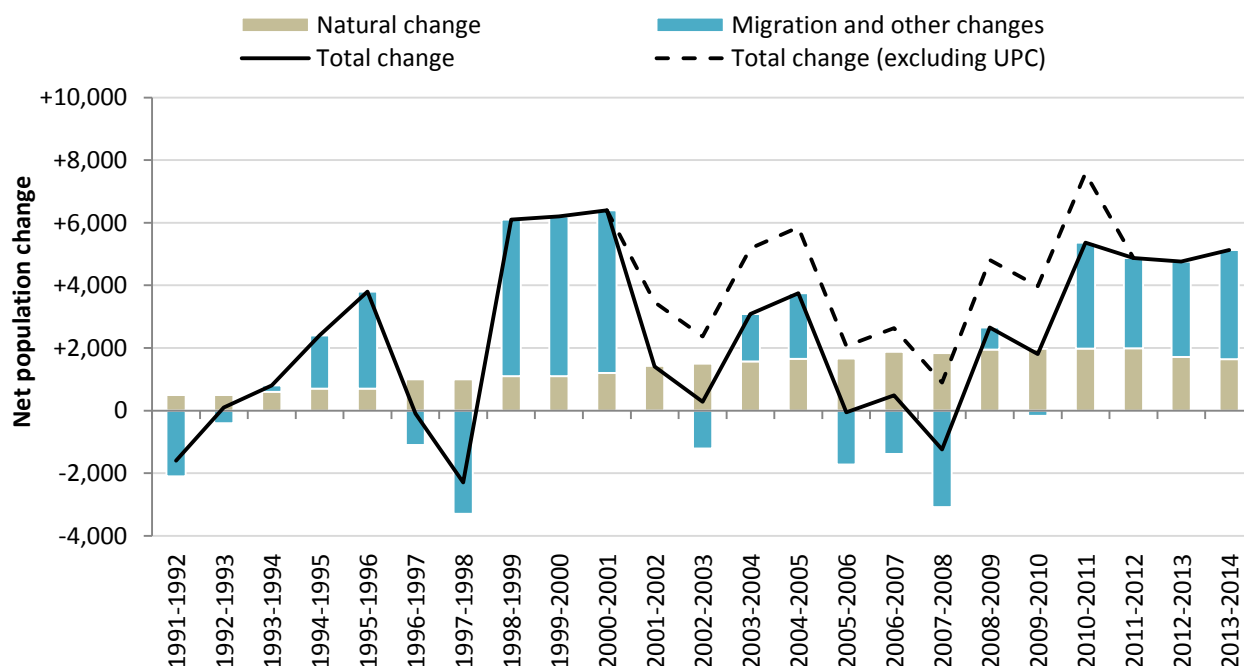
Population Projections

4.11 Population trends provide the basis for future population projections. Figure 72 show the outputs from the latest (2012-based) ONS Sub National **Population** Projections together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2012-based projections follow a similar trajectory to the 2008-based and 2010-based projections, albeit from a lower starting point in Camden.

Figure 72:   ONS Mid-Year Estimates and Sub-National Population Projections for Camden (Source: ONS. Note: There were methodological changes to the migration assumptions between the 2008-based and subsequent SNPP. Household projections were not produced for the 2010-based SNPP)
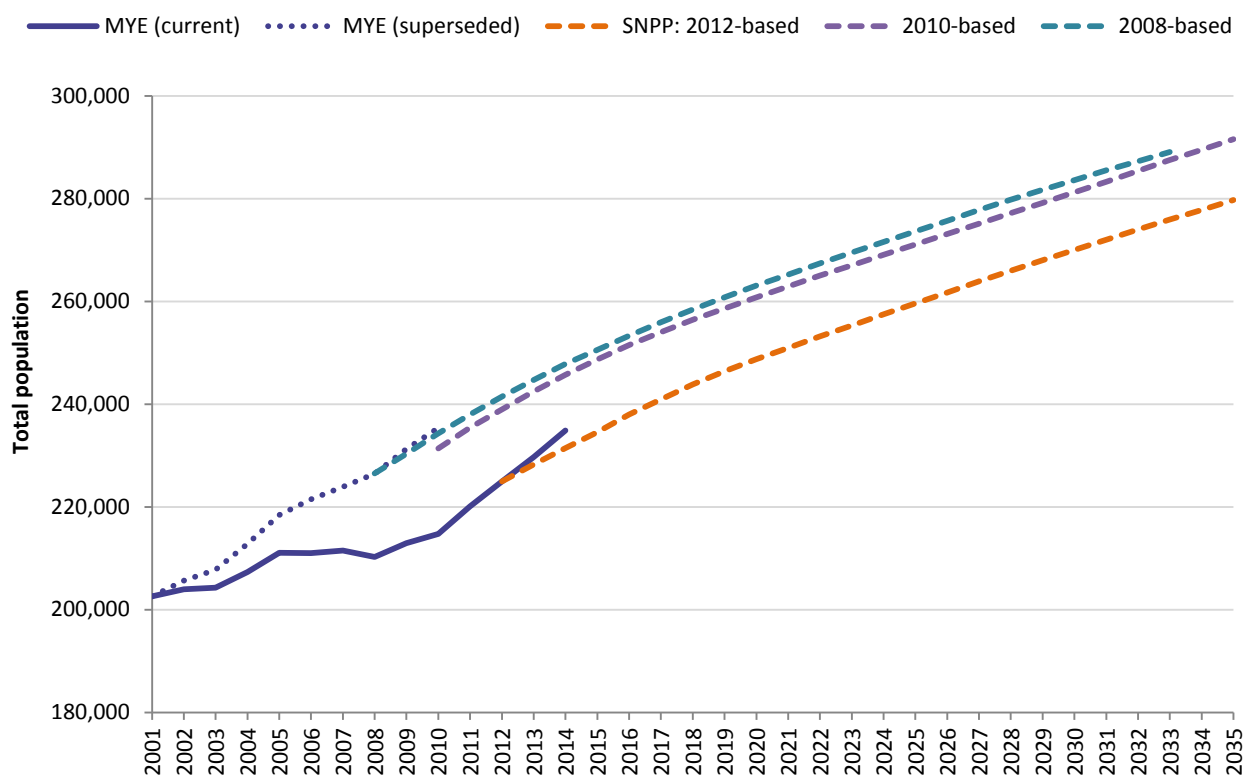
4.12 Differences in the projected increase in population between the different projections are largely associated with the **assumed migration rates**, which are based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth. There were also methodological changes to the migration assumptions between the 2008-based and 2010-based figures.

Projections based on Local Circumstances

4.13 Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates … Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance 2014, paragraph 17

4.14 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

> *"To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. … The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward."*

4.15 This issue has also been reinforced in PAS advice to Local Authorities[29], where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

> *"For migration the base period is only five years:*
> - *Makes the official projections very unstable*
> - *And recent projections lock in the recession"*

4.16 The second version of the PAS OAN technical advice note (July 2015)[30] has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

> *"In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS's five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable."*

4.17 The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning (April 2015)[31].

> *"The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. … A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections."*

4.18 The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)[32]:

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[29] "SHLAA, SHMA and OAN aka 'Pobody's Nerfect'", PAS presentation at Urban Design London (July 2015)
http://learningspace.urbandesignlondon.com/course/view.php?id=339
[30] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d
[31] "Making sense of the new English household projections", Town and Country Planning (April 2015)

"3.6 Migration. The demographic model used in the SHMNA (sic) and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS' Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing."

4.19 On balance, we consider that:

» Short-term trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.

» Longer-term trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using long-term migration trends as the basis for our analysis.**

GLA Population Projections

4.20 The GLA also produces population projections for London boroughs, which focus on the demographic issues that are particularly relevant to the London region. Figure 73 shows the three variant scenarios from the 2013-round projections and the two scenarios from the 2014-round projections.

Figure 73: GLA population estimates and projections for Camden the period 2001-2041 (Source: GLA)

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32 https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf
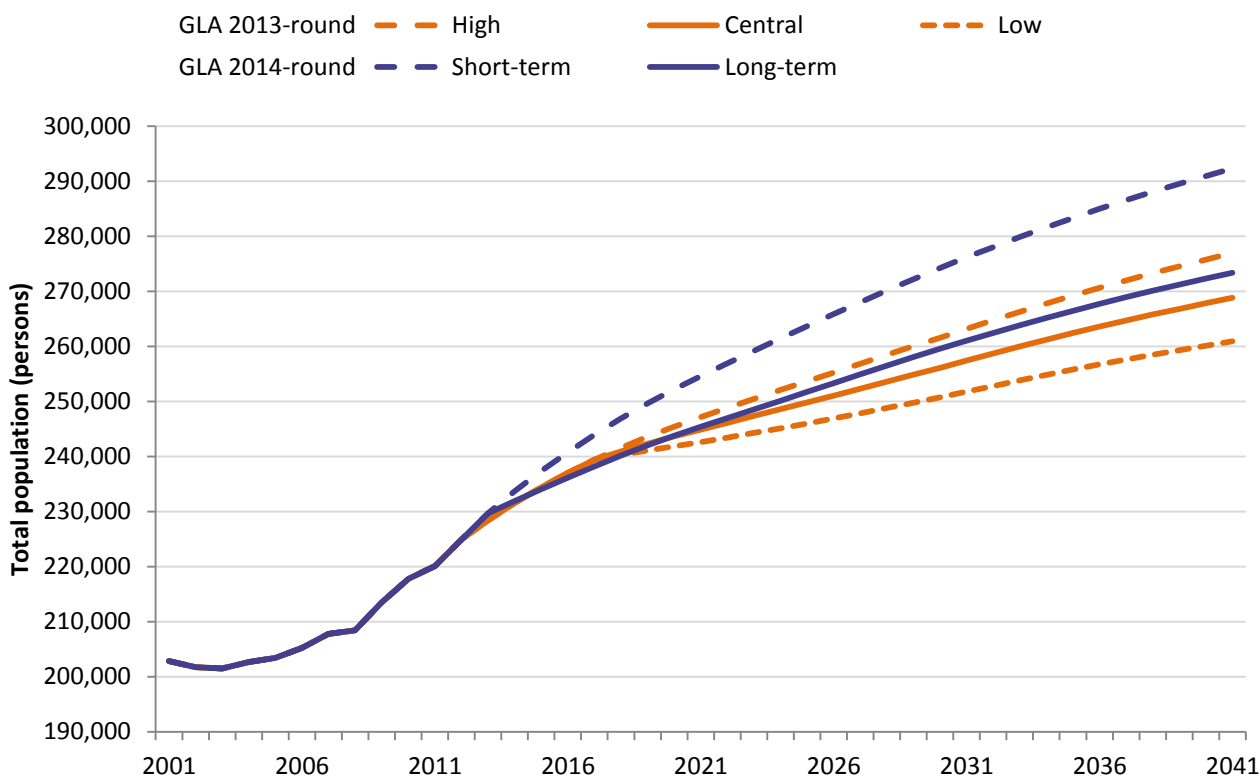
4.21   The GLA London-wide SHMA which informed the Further Alterations to the London Plan (FALP) was based on the 2013-round projections, and favoured the scenario based on the "Central variant" assumptions. This assumed short-term migration trends would persist for the initial 5-year period of the projection (2012-17); however for later years of the projection, it was assumed that domestic migration outflows would increase by 5% and inflows would reduce by 3% to reflect longer-term trends.

4.22   The GLA has since published 2014-round projections based on population estimates to mid-2013 with two scenarios for future years – one based on short-term migration (taking trends for the 5-year period 2008-13) and the other based on long-term migration (taking trends for the 12-year period 2001-13). The GLA 2014-round long-term migration scenario is the nearest equivalent to the 2013-round "Central variant" and now provides the most appropriate demographic starting point for establishing OAN for London boroughs.

Projected Population Age Profile

4.23   The GLA 2014-round population projection based on long-term migration trends identified that the Camden population was likely to increase from 236,200 persons to 261,100 persons over the 15-year period 2011-36; a 15-year increase of 24,900 persons, equivalent to an average of around 1,700 persons each year. Figure 74 and Figure 75 show the projected change in population by 5-year age band for the 15-year Plan period 2016-31.

4.24   The number of persons in most age groups is projected to increase, although there is a projected decline in persons aged 25 to 34 and children aged under 10. The population aged 35-49 is projected to increase by 3,900 persons, which accounts for 16% of the overall growth; however the population aged 50 or over is projected to increase by 18,400 persons, almost three quarters (74%) of the overall growth, with a quarter of the overall growth (6,200 persons) being people aged 75 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 74:   Camden population projections 2016-31 by 5-year age cohort based on GLA 2014-round long-term migration (Note: All figures presented unrounded for transparency)

Age	Total Population		Net change 2016-31	Percentage of net change
	2016	2031		
Aged 0-4	13,150	12,992	-158	-0.6%
Aged 5-9	12,233	12,178	-55	-0.2%
Aged 10-14	10,568	11,714	+1,146	4.6%
Aged 15-19	12,499	14,502	+2,003	8.0%
Aged 20-24	24,091	25,482	+1,391	5.6%
Aged 25-29	26,735	25,688	-1,047	-4.2%
Aged 30-34	24,881	24,181	-700	-2.8%
Aged 35-39	20,697	21,039	+342	1.4%
Aged 40-44	16,665	18,382	+1,717	6.9%
Aged 45-49	15,127	16,951	+1,824	7.3%
Aged 50-54	12,955	15,553	+2,598	10.4%
Aged 55-59	10,514	13,529	+3,015	12.1%
Aged 60-64	8,695	12,060	+3,364	13.5%
Aged 65-69	8,472	10,285	+1,813	7.3%
Aged 70-74	6,587	8,035	+1,448	5.8%
Aged 75-79	4,901	6,460	+1,559	6.3%
Aged 80-84	3,596	5,612	+2,016	8.1%
Aged 85+	3,800	6,418	+2,618	10.5%
Total	236,166	261,061	+24,894	100.0%

Figure 75: Camden population projections 2016-31 by 5-year age cohort based on GLA 2014-round long-term migration
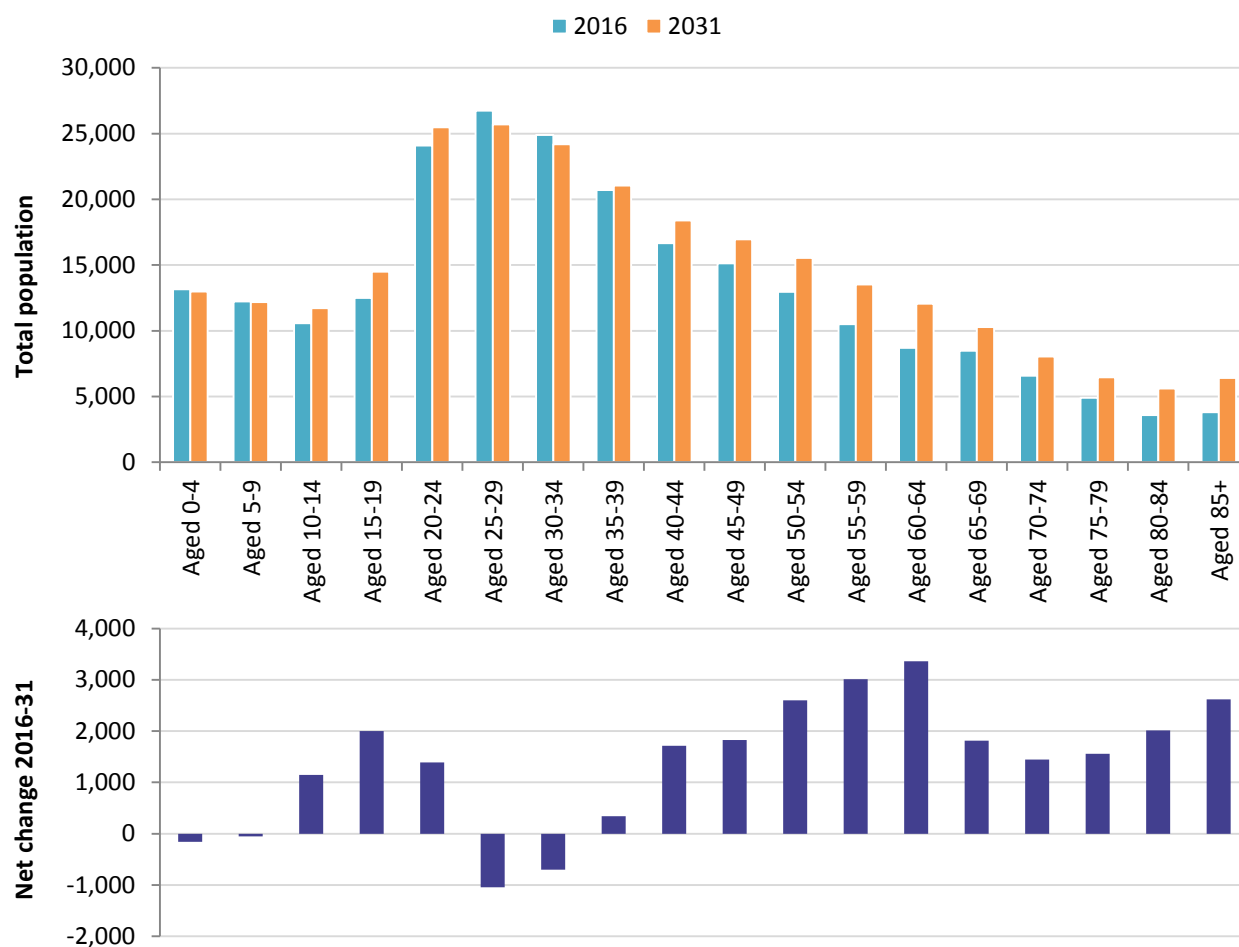
Household Projections

Household Population and Communal Establishment Population

4.25   Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments (institutional population). The methodology used by the GLA is consistent with the CLG approach[33]:

> *"For the household projections, the assumption is made that the institutional population stays constant at 2011 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s. The rationale here is that ageing population will lead to greater level of population aged over 75 in residential care homes that would not be picked up if levels were held fixed but holding the ratio fixed will."* (page 12)

4.26   It will be important to recognise the projected growth of population aged 75 or over living in communal establishments when establishing the overall housing requirement. Given that the population projections have already established the total population aged 75 or over, a consequence of the assumed increase in institutional population for these age groups is fewer older people being counted in the household population. This affects the projected household growth for the area. It is therefore necessary to plan for

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[33] Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

the increase in institutional population, as this will be additional to the projected household growth; although the council will need to consider the most appropriate types of housing in the context of future plans for delivering care and support for older people.

4.27 As previously noted, the population in older age groups is projected to increase substantially during the Plan period, and Chapter 7 of the SHMA provides further analysis of the range of different types of housing required specifically for older people.

Household Representative Rates

4.28 Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as "household representatives" or "heads of household". The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.

4.29 The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

> "Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census … this can only be truly assessed once the 2011 Census results are available."

4.30 The CLG 2012 based household projections technical document confirmed the findings (page 24):

> "At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census."

4.31 Prior to the publication of CLG 2012 based household projections, Inspectors had been keen to avoid perpetuating any possible "recessionary impact" associated with the lower formation rates suggested by the interim data. Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 incorporate far more data from the 2011 Census and provide data for the 25-year period 2012-37 based on long-term demographic trends. The household representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

4.32 Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) considered the CLG households projections in an article published in Town and Country Planning (December 2014):

> "Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011."

4.33 It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the 2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

4.34 The 2012-based projections supersede both the 2008-based household projections and the interim 2011-based household projections and were used by the GLA for the 2014-round projections. The changes since 2008 were anticipated and these reflect real demographic trends, and therefore these should not be adjusted further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

4.35 Figure 76 shows the household projections based on the three variant scenarios from the 2013-round projections and the two scenarios from the 2014-round projections[34]. As previously noted, the 2013-round "Central variant" provided the basis for the GLA region-wide SHMA that informed the FALP. The GLA 2014-round long-term migration scenario is the nearest equivalent to the 2013-round "Central variant" and now provides the most appropriate demographic starting point for establishing OAN for London boroughs.

Figure 76: GLA household estimates and projections for Camden the period 2011-2041 (Source: GLA)

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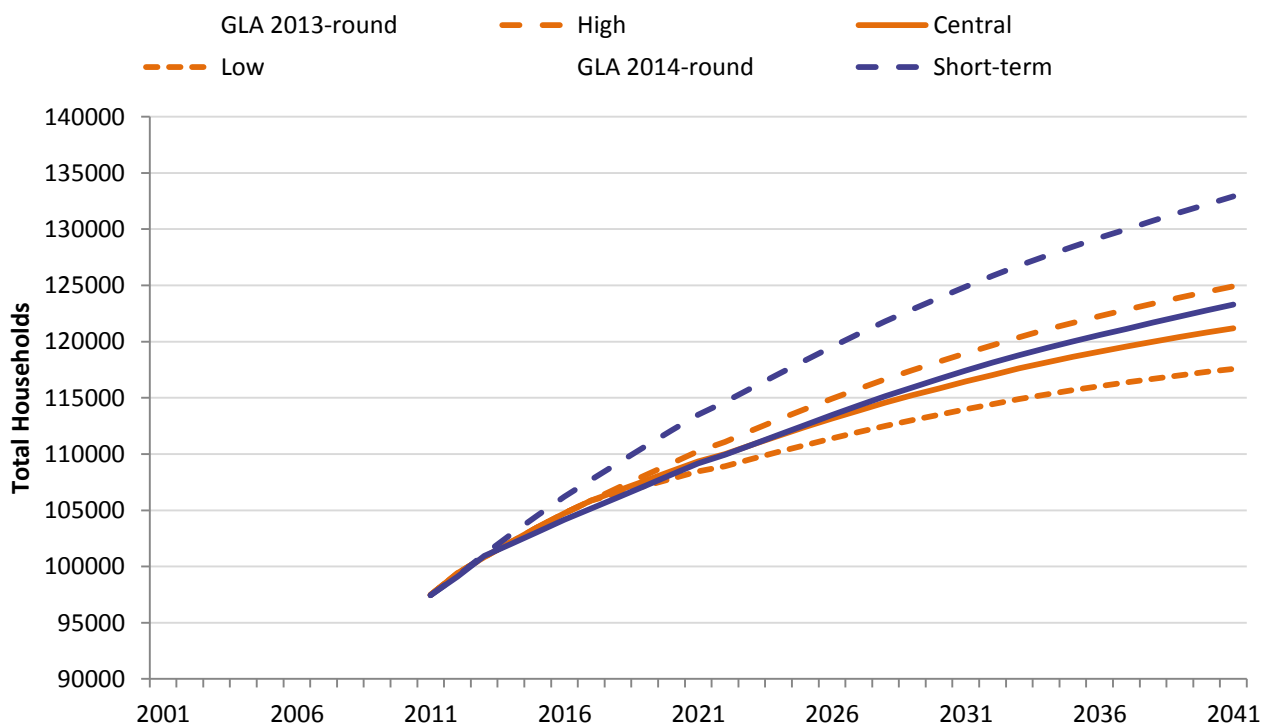
[34] The 2014 round GLA household projections were updated in December 2015 after the analysis for this report was completed.

4.36 Given this context, Figure 77 sets out the range of household projections that CLG and GLA have produced for Camden over recent rounds of projections over 10 and 25 year period to mirror CLG household projections.

Figure 77: CLG Household Projections (Source: CLG Household Projections)

Household Projection	10-year period			25-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
CLG						
2012-based	2012-22	14,200	1,420	2012-37	32,300	1,290
Interim 2011-based	2011-21	17,400	1,740	-	-	-
2008-based	2008-18	15,000	1,500	2008-33	34,000	1,360
GLA						
2014-round Long-term trend	2011-21	11,700	1,170	2011-36	23,200	930
2014-round Short-term trend	2011-21	16,100	1,610	2011-36	31,800	1,270
2013-round Low	2011-21	11,000	1,100	2011-36	18,500	740
2013-round Central	2011-21	11,900	1,190	2011-36	21,750	870
2013-round High	2011-21	12,800	1,280	2011-36	24,750	990

4.37 It is clear that the projections have varied over time, with the projected increase in households in Camden ranging from 1,300 up to 1,700 additional households each year in the CLG figures.

4.38 The GLA projections indicate that the last 5 years for London have seen high levels of net migration and that a return to longer-term trends would see this figure being reduced. On this basis, the GLA figures show trends with the growth in household numbers being higher in the first part of the projections and then falling away after 2021. The 2013-round Central and Low projections see lower household growth because of the assumption of lower migration to London. The 2014-round projections using long-term trends for migration are typically lower than both the CLG-2012 based and GLA short-term trend migration models.

Establishing Overall Housing Need based on Household Projections

4.39 Using the GLA household projections, we can establish the projected number of additional households. On the basis of long-term migration trends, household numbers in Camden are projected to increase by 13,255 households over the 15-year period 2016-31, an average of 884 per year[35]. Whilst this projection is lower than the CLG 2012-based household projection (1,329 p.a.)[36], as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

4.40 To estimate overall housing need, it is necessary to take account of vacancies and second homes. We have based this estimate on the proportion of dwellings without a usually resident household identified by the 2011 Census, which identified a rate of 5.0% for Camden. Providing for an increase of 13,255 households

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[35] The figures of 13,255 and 884 are derived from the GLA 2014 long term trend data which shows higher rates of change between 2011 and 2016, then lower rates of change between 2016 and 2031. The earlier period of 2011 to 2016, showing higher rates of change, is prior to the Local Plan Period.

[36] The figure 1,329 is based upon the time period 2016-2031 from CLG 2012 based household projections. These projections show lower growth in period 2011-2016 than the GLA projections, but higher rates of subsequent growth.

yields a housing need of 13,953 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 930 dwellings per year.

Conclusions

4.41 PPG identifies that the *"starting point estimate of overall housing need"* is the CLG 2012-based household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across Camden will increase by 19,928 over the 15-year Plan period 2016-31, an average of 1,329 per year.

4.42 The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

4.43 The GLA 2014-round household projections consider scenarios based on both long-term and short-term migration trends. On the basis of long-term migration trends, household numbers in Camden are projected to increase by 13,255 households over the 15-year period 2016-31, an average of 884 per year. Whilst this projection is lower than the CLG 2012-based household projection (1,329 p.a.), as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

4.44 **Providing for an increase of 13,255 households yields a housing need of 13,953 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 930 dwellings per year.**

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

5.1   A key objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in Camden the future plan period. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the local planning authorities before establishing the final Housing Requirement.

> *The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*
>
> **Planning Practice Guidance (PPG), paragraph 4**

5.2   Figure 78 sets out the process for establishing the housing number for Camden. It starts with a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings.

Figure 78:   Process for establishing a Housing Number for Camden (Source: ORS based on NPPF and PPG)

Starting Point Estimate — **Household Projections** produced by CLG

Demographic issues
Are there any known problems with local data?
Do we need to take account of any anomalies?
What period should be used for population trends?
Has housing delivery suppressed formation rates?

Adjusted Estimate — **Household Projections** based on local circumstances

Implications of the household projections
Will there be enough workers for planned jobs?
Do Market Signals show worsening trends?
What is the 'backlog' of unmet need for housing?

Policy Off Housing Need — **Objectively Assessed Need**

Planning and policy considerations
What are the planning constraints?
Can overall housing needs be met within the HMA?
Can the affordable housing needed be delivered?

Policy On Housing Target — **Housing Requirement**

Duty to Co-operate discussions
Will other LPAs help address any unmet needs?
Are there any unmet needs from other HMAs?

National Context for England

5.3 Before considering the process for Camden, it is useful to consider the national housing needs produced by running the process with national figures. This provides a benchmark against which to compare any adjustments to Camden housing needs.

5.4 The NPPF requires Local Planning Authorities to "ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area" and "identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change" (paragraphs 47 and 159).

5.5 PPG further identifies that "household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth" (paragraphs 15-16).

Household Growth

5.6 The 2012-based CLG household projections show that the number of households in England will increase from 22.3 million to 27.5 million over the period 2012 to 2037. This represents a growth of 5.2 million households over 25 years, equivalent to an annual average of 210,000 households each year, and this provides the starting point estimate of overall housing need for England.

5.7 It should be noted that the annual average of 210,000 households is already much higher than current housing delivery: CLG data for April 2013 to March 2014 identifies that construction started on 133,900 dwellings and 112,400 dwellings were completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by 57% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

5.8 The 2012-based CLG household projections are based on the ONS 2012-based sub-national population projections. These projections identify an average net gain of 151,600 persons each year due to international migration, and a net loss of 6,400 persons each year from England to other parts of the UK. Therefore, the 2012-based projections are based on net migration averaging 145,100 persons each year.

5.9 However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2012-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth.

5.10 As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS routinely consider migration based on trends for the 10-year period 2001-11. On this basis, our trends are based on a period when net migration to England averaged 211,200 persons each year: 66,100 persons higher than assumed by the 2012-based SNPP, which represents an additional 29,000 households each year based on CLG average household sizes. Therefore, the approach taken for establishing migration based on

longer-term trends would increase household growth for England from 210,000 households to 239,000 households each year on average.

Market Signals

5.11   The NPPF also sets out that *"Plans should take account of market signals, such as land prices and housing affordability"* (paragraph 17) and PPG identifies that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals"*.

5.12   The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators *"demonstrate un-met need for housing"* and that *"longer term increase in the number of such households may be a signal to consider increasing planned housing numbers"* (ID 2a-019).

5.13   The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.

5.14   Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families in England over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.

5.15   Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2012-37 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 242,500 each year.

Converting to Dwellings

5.16   Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 242,500 households would require the provision of **253,400 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2012-37 and represents a 1.1% increase in the dwelling stock each year.

5.17   This takes account of household growth based on CLG 2012-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market

signals through providing for the growth of concealed families; and takes account of vacant and second homes.

5.18   Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 253,400 dwellings requires current housebuilding rates to increase by 89%** (based on dwelling starts in 2013-14).

5.19   Development industry campaigners (such as Homes for Britain[37]) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)[38]. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families exceeds this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for Camden

5.20   The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Camden. Our approach for this section follows the format of the national context, but with specific reference to the Camden. Essentially, therefore, this section is concerned with:

»   CLG 2012-based household projections (the starting point);

»   GLA 2014-round household projections;

»   Market signals, incorporating an uplift for concealed families;

»   Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.

5.21   In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

5.22   The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across Camden will increase by 19,928 over the 15-year Plan period 2016-31, an average of 1,329 per year.

5.23   However, the notes accompanying the CLG Household Projections explicitly state that:

> *"The 2012-based household projections are linked to the Office for National Statistics 2012-based sub-national population projections.* ***They are not an assessment of housing need*** *or do not take account of future policies, they are an indication of the likely increase in households given the* ***continuation of recent demographic trends***.*"*

5.24   The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high

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[37] http://www.homesforbritain.org.uk
[38] http://webarchive.nationalarchives.gov.uk/+/http:/www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

GLA Household Projections

5.25 The GLA 2014-round household projections consider scenarios based on both long-term and short-term migration trends. On the basis of long-term migration trends, **household numbers in Camden are projected to increase by 13,255 households over the 15-year period 2016-31, an average of 884 per year.** Whilst this projection is lower than the CLG 2012-based household projection (1,329 p.a.), as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

5.26 The SHMA has identified that the baseline household projections should be increased by 319 households (which equates to a need for 336 dwellings) to take account of **concealed families**[39] (223 households) and **homeless households**[40] (96 households) that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 13,574 households over the 15-year Plan period. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. To estimate overall housing need, it is necessary to take account of vacancies and second homes. We have based this estimate on the proportion of dwellings without a usually resident household identified by the 2011 Census, which identified a rate of 5.0% for Camden. **Providing for an increase of 13,574 households and including a 5.0% rate for second homes yields a baseline housing need of 14,299 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 953 dwellings per year.**

Employment Trends

5.27 While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

> *Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.*
>
> *Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.*
>
> **Planning Practice Guidance (March 2014), ID 2a-018**

5.28 As noted in Chapter 2, it is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London. A lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA; consistent with the London Plan.

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[39] See Chapter 3; Concealed and Sharing Households, Figure 48
[40] See Chapter 3; Homeless Households and Temporary Accommodation, Figure 53

Market Signals

5.29 As previously noted, PPG suggests that *"household projections should be adjusted to reflect appropriate market signals"* where there is a *"worsening trend in any of these indicators"* (ID 2a-019 to 020).

5.30 The analysis presented in chapter 3 identified that house prices in Camden were notably higher than the national average, and had also increased more rapidly over the last 5 years. Consequently, affordability as measured by lower quarter house prices to earnings remains under pressure, with a multiplier of 13.6 times earnings. Similarly, market rents are almost double the national average and have also increased at a faster pace – an increase of over a quarter (27%) over the last 4 years compared to 11% across England.

5.31 On this basis, it is evident that housing market indicators relating to price consistently identify significant housing market pressures in Camden. Of course, these pressures are not unique, but are evident throughout London and the surrounding counties; but the pressures identified in Camden are particularly acute. Given this context, it seems unlikely that an increase in housing supply in Camden in isolation would affect house prices and affordability – but it seems evident that the borough should contribute to the increase in housing needed.

5.32 Considering the housing market indicators relating to quantity: the 2011 Census identifies that almost a third of all households (32.5%) are overcrowded, although this was similar to the situation at the time of the 2001 Census. This is notably higher than the national rate, which was around 9% in 2011. Furthermore, the 2011 Census identified around 1,100 concealed families living in Camden; and P1E monitoring data identifies that the number of homeless households housed by the council in temporary accommodation has consistently been over 500 households. The rate of development in the borough over the 10-year period 2001-11 was marginally below the national rate for England (7.2% cf. 8.3%). On balance, it seems likely that a higher level of housing delivery would have led to a larger increase in the number of households living in the area; so housing delivery has probably restricted household growth.

5.33 There is no definitive guidance on what level of uplift is appropriate, however PPG notes:

> *In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.*
>
> *Market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.*
>
> **Planning Practice Guidance (March 2014), ID 2a-020**

5.34 The PAS Objectively Assessed Need and Housing Targets Technical Advice Note (July 2015) says that *"where the evidence suggest moderate under-provision…the projected housing need might be increased by 10%"*. All of the market signals – including those relating to price and those relating to quantity – suggest that there are clearly housing pressures in Camden, so the response to market signals needs to represent an uplift of more than 10%.

5.35 The National Housing and Planning Advisory Unit (NHPAU) considered the extent to which housing delivery in London would need to increase to address affordability at the time. The bottom of the proposed housing supply range (based on household projections) suggested average annual net additions of 33,800 dwellings for the London region, whereas the upper end of the proposed range (which sought to respond to affordability issues) suggested average annual net additions of 42,600 dwellings – an uplift of 8,800 dwellings per year, equivalent to 26%.

5.36 Nevertheless, PPG expressly cautions against attempting "to estimate the precise impact of an increase in housing supply" given the inherent uncertainty involved. This uncertainty is also recognised by the NHPAU report[41], which warns that (Appendix A, para 46):

> "Some caution is required here. The re-balancing of supply implied by these results could conceivably have effects not captured in the Model. For example, a step change of this magnitude could have an impact on prices through moderated expectations. Also the ripple effect could be weaker than exhibited under current conditions."

5.37 Therefore, it is probably reasonable to consider an uplift of at least 10% but no more than 26% for Camden.

5.38 On balance, we would propose an increase of 20% on the housing need based on household projections, which would include a response to suppressed household formation. It is important to recognise that any uplifts applied when establishing housing need can have a cumulative impact. This was noted by the Inspector examining the County Durham Plan in his interim views (para 42):

> "…affordable housing need and market signals are amongst several factors, including future employment, which could lead to an upward adjustment in the housing need suggested by the DCLG projections. Given the significant upward adjustment already brought about by the jobs target, I consider any further upward adjustment in respect of affordable housing need and market signals would result in a calculation of OAN that is not grounded in realism in respect of associated population levels."

5.39 The compound impact of adjustments was also noted by the Inspector examining the Cornwall Local Plan in his interim views:

> "3.21 Any uplift on the demographic starting point such as the 7% addition for second/holiday homes that I am requiring (see below) would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified. A very substantial uplift would raise the same concerns as I set out above in relation to market signals, but some further uplift should still be carefully considered by the Council."

5.40 **An uplift of 2,793 dwellings is therefore proposed as an appropriate response to market signal indicators[42].** The overall housing need should be increased by 336 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 2,457 dwellings is needed to deliver the overall uplift of 2,793 dwellings that has been identified.

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[41] "Meeting the housing requirements of an aspiring and growing nation: taking the medium and long-term view. Advice to the Minister about the housing supply range to be tested by Regional Planning Authorities", NHPAU June 2008
[42] This figure is derived by taking the baseline housing need figure of 14,299 (para 5.26), minus the number of dwellings required for concealed households of 336 then applying a 20% uplift. The sum is: 14,299 – 366 = 13,963 x 20% = 2,793

Housing Backlog

5.41   The Planning Advisory Service Good Plan Making Guide[43] identifies that the SHMA should *"re-set the clock"* and provide a new baseline assessment of all housing need. However, the SHMA must take account of 'backlog': any unmet need for housing that exists at the start of the plan period.

> *"Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be 'double counting'. Make sure however that the Strategic Housing Market Assessment takes account of 'backlog' which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope."* (page 49)

5.42   This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at the start of the new Plan period. However, it is also important to recognise that the GLA household projections that inform the SHMA have identified all housing need from a baseline date of 2013, whereas the base date for the Local Plan will be 2016. It is therefore necessary to identify the extent of any under-provision during the period 2013-16 based on the housing need identified by the SHMA, as this will also represent an unmet need for housing at the start of the new Plan period.

5.43   Housing completions recorded to date, together with numbers currently forecast for the remainder of this period, suggest that housing delivery is likely to total 1,779 self-contained dwellings and 2,734 bedspaces in communal establishments (mainly student accommodation) during this period (Figure 79). The Council will need to review this figure once the dwelling completions for 2015-16 are known.

Figure 79:   Housing completions recorded and forecast dwelling trajectory for the period 2013-16 (Source: LA Annual Monitoring Data and Forecast Dwelling Trajectories)

	Housing Need based on Household Growth	Housing Delivery		
		Self-contained dwellings	Communal establishment bedspaces	TOTAL
2013-14	1,115	401	1,216	1,617
2014-15	1,154	439	1,083	1,522
2015-16	1,124	939	435	1,374
TOTAL 2013-16	3,393	1,779	2,734	4,513

5.44   Based on the GLA 2014-round household projections, the SHMA identified a need for 3,393 dwellings over the 3-year period 2013-16, between the base date for the household projections and the base date for the Plan. This is higher than the number of self-contained dwellings delivered; however lower than the total housing supply counted by the GLA, which includes bedspaces[44].

5.45   The GLA household projections do not assume any change in the communal establishment population aged under 75. Therefore, all growth in the population aged under 75 forms part of the household population – so there is a disconnect between the way in which the GLA establish the level of housing need (based on household projections) and count housing supply in the context of bedspaces in communal establishments.

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[43] http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf
[44] The London Development Database equates 1 student bedspace with one dwelling, and all monitoring of total homes includes student bedspaces

5.46 It is therefore difficult to conclude whether or not there should be any backlog of housing need counted. Based on the delivery of self-contained housing, there is would be a backlog of 1,614 dwellings (3,393 less 1,779 = 1,614) likely to have built up during the 3-year period 2013-16 that will need to be addressed during the 15-year Plan period 2016-31. Nevertheless, based on the GLA housing supply monitoring, Camden has delivered more housing supply than the housing need identifies (a supply of 4,513 units compared to a housing need of 3,393 based on household growth).

Conclusions

5.47 The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 19,928 over the 15-year Plan period 2016-31, an average of 1,329 per year. However, on the basis of long-term migration trends, the GLA 2014-round projections identify that **household numbers across the study area are likely to increase by 13,255 households over the 15-year Plan period 2016-31, an average of 884 households per year.**

5.48 We have identified that the baseline household projections should be increased by 319 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 13,574 households over the 15-year Plan period. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 13,574 households yields a baseline housing need of 14,299 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 953 dwellings per year.**

5.49 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market problems. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.

5.50 The evidence from planned jobs and workers needs to be considered across the Greater London HMA, and the GLA region-wide SHMA did not identify a need to increase housing supply on this basis.

5.51 **An uplift of 2,793 dwellings is proposed as an appropriate response to the market signal indicators.** The overall housing need has already been increased by 336 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 2,457 dwellings is needed to deliver the overall uplift of 2,793 dwellings that has been identified.

5.52 On this basis, the baseline housing need of 14,299 dwellings is increased by 2,457 dwellings. This increase provides the overall uplift of 2,793 dwellings needed in response to market signals, and also addresses any backlog of housing that may need to be counted. **This yields an overall total of 16,756 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 1,117 dwellings per year.** This represents an uplift of 20% on the baseline household projections.

5.53 Figure 80 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 80: Full Objectively Assessed Need for Housing in Camden 2016-31

Stage	Households	Dwellings
Demographic starting point CLG household projections 2016-31	**19,928**	**20,991**
Adjustment for long-term migration trends GLA 2014-round long-term migration trend (2001-13)	-6,673	-7,028
Baseline household projections taking account of local circumstances	**13,255**	**13,963**
Adjustment for suppressed household formation rates Concealed families and homeless households	+319	+336
Baseline housing need based on demographic projections	**13,574**	**14,299**
Further adjustments needed in response to market signals 2,457 dwellings needed (in addition to the 336 dwellings for concealed families and homeless households) to deliver the overall uplift of 2,793 dwellings proposed	-	+2,457
Full Objectively Assessed Need for Housing 2016-31	**-**	**16,756**

5.54 Of course, it is important to remember that *"establishing future need for housing is not an exact science"* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

5.55 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Camden to be 16,800 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 1,120 dwellings per year. This <u>includes</u> the Objectively Assessed Need for both Market and Affordable Housing.**

5.56 This is the average number of dwellings needed every year over the 15-year period 2016-31 and represents an annual 1% increase in the dwelling stock across the borough (consistent with the 1% growth required across England to deliver 253,600 dwellings annually).

The Plan-making Process

5.57 The SHMA has established the Full Objectively Assessed Need for Housing in Camden to be 16,800 dwellings over the 15-year Plan period 2016-31, however this figure will need to be tested through the statutory Plan-making process.

5.58 This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that "housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply" (paragraph 30). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

> *"Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.*

> *"However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.*

> *"Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council's approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments."*

5.59 Camden is currently preparing a Local Plan for the period 2016-31. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new Plan period; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the Local Plan will be the mechanism through which the SHMA evidence will be assessed against environmental and wider policy constraints, such as Green Belt, to identify a sustainable and deliverable plan requirement. The Local Plan will also consider the spatial distribution of the OAN across the borough.

6. Housing Mix and Tenure

Establishing the mix of market and affordable housing

6.1   This chapter considers the need for affordable housing, taking into account homeless households, concealed households, overcrowded households and other households living in unsuitable housing that cannot afford their own home. Newly forming households are then considered. It also provides initial estimates of the size mix of affordable housing required, affordable rents, shared and low cost home ownership and households with specific needs.

6.2   Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.

6.3   Chapter 5 of the SHMA established the Full Objectively Assessed Need for Housing in Camden to be 16,800 dwellings over the 15-year Plan period 2016-31. Planning Practice Guidance (PPG) sets out what current and future trends should be explored to break the OAN down by tenure, which is done in this chapter, and by other factors, which are covered in Chapter 7:

> *Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:*
>
> » *the proportion of the population of different age profile;*
>
> » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
>
> » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
>
> » *the tenure composition of housing.*
>
> *This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

6.4   In accordance with PPG, details of the current housing stock size and tenure composition are provided in Chapter 3 Housing Tenure and Housing Stock; see Figure 22 to Figure 25. Details of the current and future age profile and types of household in Camden are given in this chapter

Age profile and types of household

6.5   Figure 81 summarises the total number of households in 2016 and 2031 based on the GLA 2014-round household projections in terms of the age of household representatives, together with the change in the number of households in each category over the 15-year Plan period 2016-31[45].

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[45] The corresponding population projections for Camden are shown in Figure 74

Figure 81: Total projected households for 2016 and 2031 and summary of 15-year change by age of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	5,100	19,200	23,800	19,800	14,700	11,400	6,900	3,200	104,100
2031	5,000	15,900	25,200	22,200	19,600	14,600	9,600	5,300	117,400
TOTAL CHANGE 2016-2031	-100	-3,300	+1,400	+2,400	+4,900	+3,200	+2,700	+2,100	+13,300

6.6 The trend-based household projections identified a growth of 13,255 households based on the long-term migration scenario, which yielded a housing need of 13,950 dwellings. Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to market signals and address a likely backlog of housing provision prior to the start of the Plan period.

6.7 The Full Objectively Assessed Need (OAN) was established to be 16,800 dwellings over the 15-year Plan period 2016-31. Providing a larger number of homes will yield a higher number of households than suggested by the trend-based projections; a further 2,700 households over the 15-year Plan period. Therefore, the total household growth is likely to be almost 16,000 additional households.

6.8 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. Whilst the increase in people aged 65+ represented almost two fifths of the overall population growth (38%), the increase in households aged 65+ represents three fifths (60%) of the trend-based growth: 7,900 households out of the 13,300 total. Nevertheless, many of these older households will already be established and living in existing homes in Camden. They will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.

6.9 Figure 82 shows the projected number of households in each cohort, showing their age in both 2016 and 2031. For example, there were 13,300 households aged 20-29 in 2016 and these same households would be aged 35-44 by 2031. The trend-based projection identified that total number of households aged 35-44 in 2031 would be 25,200; therefore an extra 11,900 households, partly due to new household formations and partly due to net migration.

6.10 Based on the cohort analysis, it is apparent that around 32,500 extra households aged under 45 (in 2031) will be likely to form in Camden over the 15-year Plan period 2016-31. This includes 15,600 households aged 25-34 and 11,900 households aged 35-44 (although some of those aged 35-44 in 2031 may have already formed households by 2021, at which time that they were also aged 25-34).

Figure 82: Total projected households for 2016 and 2031 and summary of 15-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
Age in 2016	< 10	10-19	20-29	30-39	40-49	50-59	60-69	70+	
Age in 2031	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	-	300	13,300	23,300	21,600	17,400	13,000	15,200	104,100
2031	5,000	15,900	25,200	22,200	19,600	14,600	9,600	5,300	117,400
TOTAL CHANGE 2016-2031	+5,000	+15,600	+11,900	-1,100	-2,000	-2,800	-3,400	-9,900	+13,300

6.11 We previously noted that the overall trend-based growth was 13,300 households over the 15-year Plan period 2016-31, which is lower than the number of new households forming. Nevertheless, the 32,500 extra household aged under 45 are offset against a reduction of 19,200 households aged 45 or over (in 2031). Most of this reduction is due to household dissolution following death (although some will also be due to net migration):

» 15,200 households were aged 70+ in 2016, who would be aged 85+ in 2031 if they had survived;

» The projected number of households aged 85+ in 2031 is 5,300, which represents a reduction of 9,900 households whose existing homes would be vacated.

6.12 Whilst the increase in overall households is largely amongst those aged 65+, we can therefore conclude that most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be more than double the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

6.13 Figure 83 shows the Census 2011 breakdown by household type. Over 40% of households consisted of one person with a further 23% being couples[46] without dependent children. Couples with dependent children accounted for 14% with lone parents, either with or without dependent children, for 12%.

Figure 83: Household type (Source: Census 2011 – Table DC4408EW)
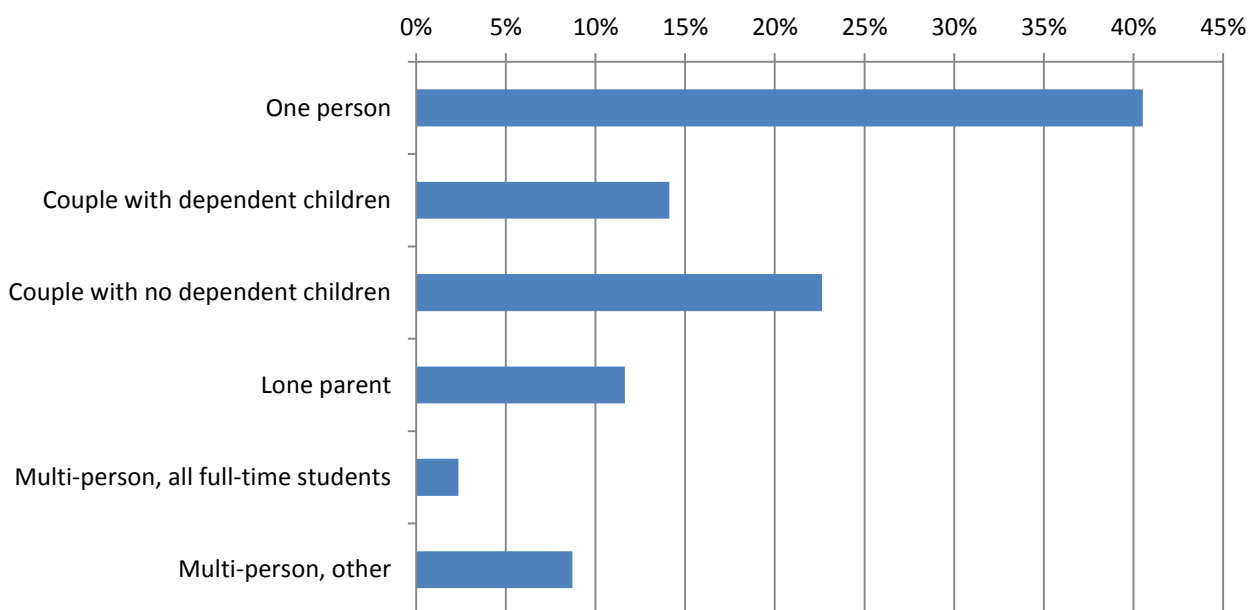
6.14 Figure 84 shows the Census 2011 breakdown of households by dependent children. Over half (55%) of households have no dependent children. Of the 21,524 families with dependent children, 9,877 (20% of all households) had one dependent child, 7,468 (15% of all households) had two dependent children and 4,179 (9% of all households) had three or more dependent children.

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[46] Couples with or without children includes mixed and single sex couples who are married or living together

Figure 84: Household size measured by the number of dependent children (Source: Census 2011 – Table DC1114EW)

■ No dependent children   ■ 1 dependent child
■ 2 dependent children   ■ 3+ dependent children
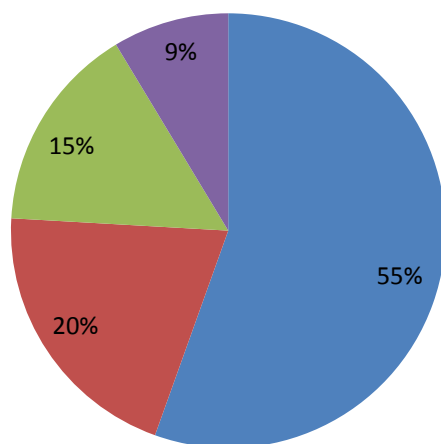
Identifying Affordable Housing Need

6.15   Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.

6.16   PPG notes that affordable housing need is based on households *"who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market"* (paragraph 22) and identifies a number of different types of household which may be included:

> ***What types of households are considered in housing need?***
>
> *The types of households to be considered in housing need are:*
>
> »   *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
>
> »   *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
>
> »   *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
>
> »   *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
>
> »   *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*
>
> **Planning Practice Guidance (March 2014), ID 2a-023**

6.17 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):

» Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.

» The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.

» Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

Past Trends and Current Estimates of the Need for Affordable Housing

Housing Register Data

6.18 The local authority **housing register** and **transfer lists** are managed through a Choice based letting system Households apply for a move via the scheme and 'bid' for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

6.19 Figure 85 shows the trend in households on the housing register over the period since 2001:

6.20 Overall, the trends show that the number of households registering for affordable housing has increased over the last decade. This is despite the criteria for joining the housing registers in all areas having recently changed as a result of policy changes following the Localism Act. Only people with a local connection now qualify for the housing register, and people with adequate financial resources (including owner occupiers) are no longer included. However, this does not appear to have reduced the waiting list in Camden to date.

Figure 85: Number of households on LB Camden housing register 2001-14 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)
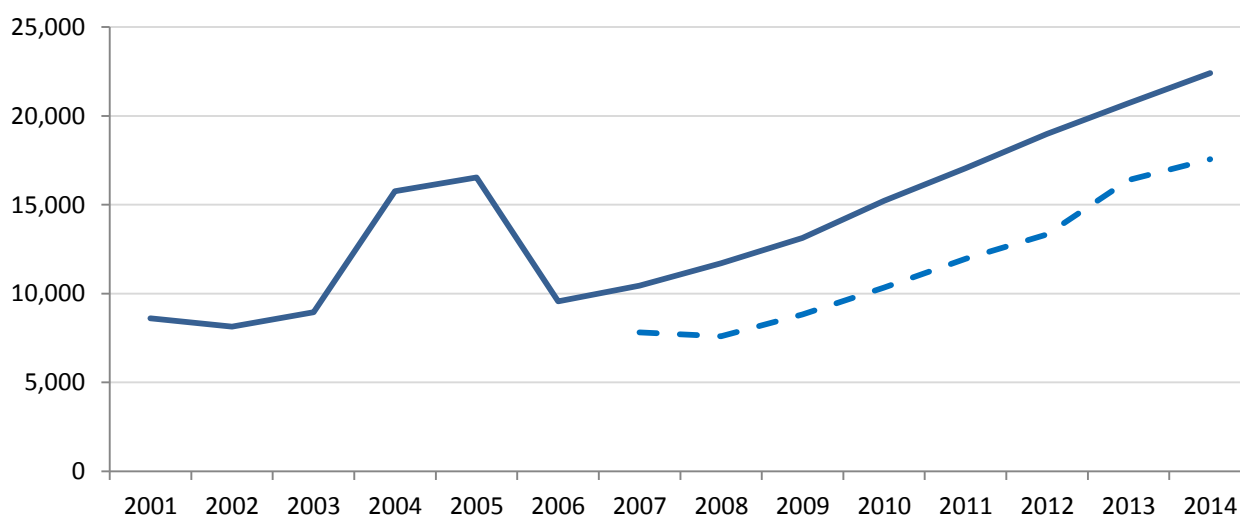
6.21 Figure 85 also show the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

» Legally homeless;

» Living in unsatisfactory housing (as defined by the Housing Act 2004);

   » Need to move on medical/welfare grounds; or

   » Need to move to a particular area to avoid hardship.

6.22 Figure 86 provides further detailed information for 2014. The number of households with a reasonable preference in 2014 was 17,555.

Figure 86:   Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG)

	2014
Total households on the housing waiting list	22,409
Total households in a reasonable preference category	**17,555**
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	1,437
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	5,477
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	12,141
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,401
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	392

6.23 Nevertheless, we previously estimated that there were around 7,600 overcrowded households in Camden, based on the bedroom standard[47] – but 12,141 people were recorded by the housing register in 2014 as currently *"occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions"*. To calculate affordable housing needs we have used the estimate of 7,600 households who are overcrowded and excluded owner occupiers, as many owner occupiers will not qualify for affordable housing even if they are overcrowded.

6.24 When considering the types of household to be considered in housing need, the PPG also identified *"households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ"* and *"households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move"*. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted with a reasonable preference. However, there were 1,401 people registered *"who need to move on medical or welfare grounds, including grounds relating to a disability"* and 392 households *"who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)"*.

Households Unable to Afford their Housing Costs

6.25 The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

   Plan makers … will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market **(ID 2a-022, emphasis added)**

---

[47] See Figure 47

> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of … those that <u>cannot afford their own homes</u>. Care should be taken to avoid double-counting … and to <u>include only those households who cannot afford to access suitable housing in the market</u>* **(ID 2a-024, emphasis added)**
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households <u>unable to buy or rent in the market area</u>*
> **(ID 2a-025, emphasis added)**
>
> **Planning Practice Guidance (March 2014)**

6.26 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in Camden

6.27 Figure 87 shows the trend in the number of housing benefit claimants in Camden

Figure 87: Number of claimants in receipt of housing benefit in Camden by tenure (Source: DWP)
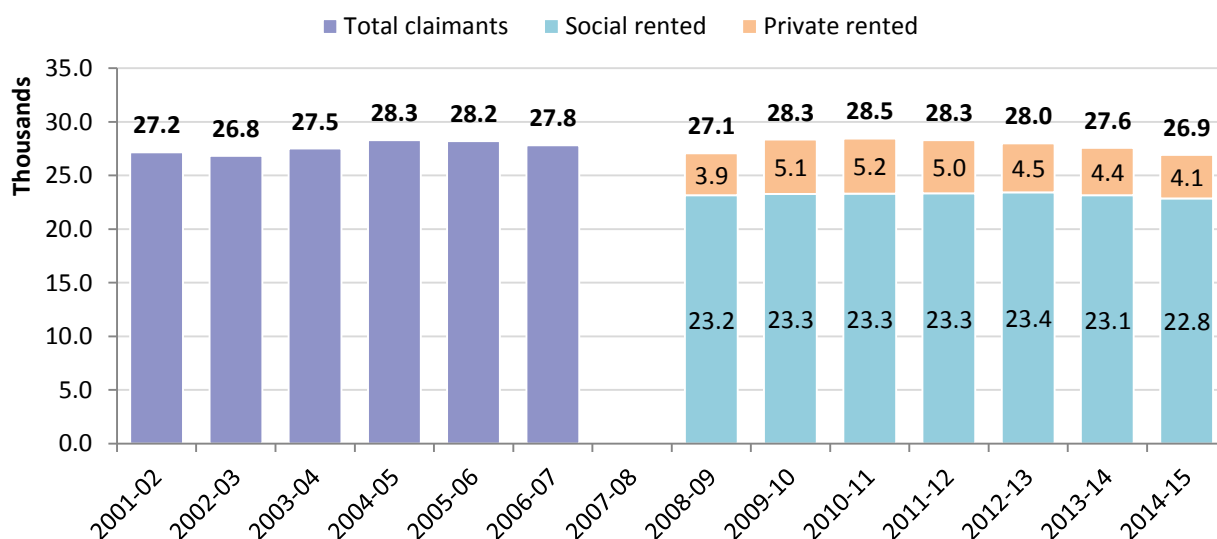
6.28 The number of housing benefit claimants in Camden increased from 27,154 to 27,800 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 130 families. The number of claimants reached 28,450 in 2010-11, therefore a slightly faster growth of around 160 families each year on average over the period from 2006-07. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by about 1,300 families.

6.29 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from around 23,200 to 23,400 over the period 2008-09 to 2012-13 – an increase of 300 families (1%); however over the same period the number of claimants in private rented housing increased from 3,900 to 4,500 families – an increase of 600 families (16%).

6.30 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in Camden. Indeed, it is likely that many households

applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so not all will necessarily need affordable housing, though many may prefer this type of housing if it were available.

6.31 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

6.32 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.

6.33 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

> *How should affordable housing need be calculated?*
>
> *This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.*
>
> **Planning Practice Guidance (March 2014), ID 2a-022**

Current Unmet Need for Affordable Housing

6.34 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

> *How should the current unmet gross need for affordable housing be calculated?*
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:*
>
> » *the number of homeless households;*
>
> » *the number of those in priority need who are currently housed in temporary accommodation;*
>
> » *the number of households in overcrowded housing;*
>
> » *the number of concealed households;*
>
> » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
>
> » *the number of households from other tenures in need and those that cannot afford their own homes.*

> *Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*
>
> **Planning Practice Guidance (March 2014), ID 2a-024**

6.35 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on a reference point of March 2011). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

6.36 Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

6.37 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2011.

6.38 It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

6.39 Our analysis counts the needs of all households living in overcrowded rented housing when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Unlike other low-income households, students are not eligible for welfare payments (such as housing benefit) and would not be allocated affordable housing; therefore student households are also excluded from the assessment of affordable housing need. Of course, the needs of student households are properly included within the assessment of overall housing needs.

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

6.41 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

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

6.43 The needs of these households are counted when establishing the OAN for affordable housing and they also add to the OAN for overall housing, as concealed families are not counted by the CLG or GLA household projections.

6.44 Figure 88 sets out the assessment of current affordable housing need for Camden.

Figure 88: Assessing current unmet gross need for affordable housing for Camden (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 53, page 60)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	96		96
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	501		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	54	54	
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households (see Figure 48, page 57)			
Growth in concealed families with family representatives aged under 55	223		223
Overcrowding based on the bedroom standard (see Figure 47, page 56)			
Households living in overcrowded private rented housing	1,722		
Households living in overcrowded social rented housing	4,825	4,825	
Other households living in unsuitable housing that cannot afford their own home (see Figure 86, page 105)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,401	173	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	392	53	
TOTAL	**9,214**	**5,113**	**319**

6.45 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are a total of **9,214 households currently in affordable housing need in Camden who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible) and includes those who currently live in social housing which does not meet their needs of these households,

6.46 Figure 88 shows a supply of 5,113 households who currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding, but also including smaller numbers of those who are currently in social housing and who need to move on medical ground or who need to move to a particular locality in the Borough. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 4,101 households** (9,214 less 5,113 = 4,101)

who currently need affordable housing and do not currently occupy affordable housing in Camden (although a higher number of new homes may be needed to resolve all of the identified overcrowding). This number includes 319 households that would not be counted by the household projections (see Paragraph 5.26). There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.

6.47 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 3,772 households (4,101 - 319) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

6.48 In terms of establishing **<u>future</u>** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

> ### *How should the number of newly arising households likely to be in housing need be calculated?*
>
> *Projections of affordable housing need will need to take into account <u>new household formation</u>, the proportion of <u>newly forming households unable to buy or rent</u> in the market area, and an <u>estimation of the number of existing households falling into need</u>. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.*
>
> **Planning Practice Guidance (March 2014), ID 2a-025**

6.49 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

6.50 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

6.51 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

6.52 PPG identifies that *"projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need"* (ID 2a-025). PPG also emphasises that

"Care should be taken … to include only those households who cannot afford to access suitable housing in the market" (ID 2a-024).

6.53 The emphasis here is very different to the previous 2007 SHMA Practice Guidance (now withdrawn), which identified that (page 42):

> *"A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their gross household income"*

6.54 Given this context, previous housing needs assessments based on the superseded SHMA guidance counted all households where market rent would exceed 25% of their gross household income as needing affordable housing, even though many such households would in practice spend a higher proportion of their income on rent in order to access market housing. As a consequence, the level of affordable housing need identified by such historic assessments was often very high.

6.55 The PPG identifies that it is only the needs of those households who cannot afford to buy or rent housing in the market area that should be counted when assessing affordable housing need; and, unlike the previous SHMA guidance, the PPG does not suggest an income multiplier. In assessing the ability of households to afford, the Model considers **data published by DWP about housing benefit claimants alongside detailed housing tenure information from the 2011 Census** based on the following assumptions:

» Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so; and

» Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system.

However, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts. Reasons for the differing proportions between ages include factors such as the number of people aged 25-34 who are renting in shared accommodation without welfare support, compared to the number of people in older age groups may require welfare support to live in self-contained accommodation. This example is illustrated by the jump in those aged 25-34 and unable to afford market housing from couples with no dependent children to couples with 1 or more dependent children. Similarly, other household types aged under 25 years are typically student households, while older groups are more likely to be those who are in receipt of housing benefit to support them in the private rented sector. Therefore, the percentages of households that are unable to afford market housing shown in Figure 89 are calculated separately for each household type and age group.

Figure 89: Assessing affordability for Camden by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

Percentage <u>unable</u> to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	19%	17%	39%	56%	56%	54%
Couple family with no dependent children	13%	5%	11%	28%	29%	36%
Couple family with 1 or more dependent children	39%	40%	33%	36%	32%	44%
Lone parent family with 1 or more dependent children	76%	89%	84%	80%	76%	65%
Other household type	9%	18%	36%	55%	51%	39%

6.56 The affordability assessment used by the Model is relatively stringent insofar as it is only households that would be eligible for welfare support that are counted within the identified affordable housing need. There are likely to be other households who are spending more than 25% of their gross income (and sometime much more than this proportion), but who are not eligible for welfare support in relation to their housing. The Model's assessment therefore focusses on those **households with the most acute needs**, and a broader affordability assessment would probably identify a greater number of households needing affordable housing. **The Model therefore identifies a minimum level of affordable housing need based on current trends.**

Components of Projected Household Growth

6.57 PPG identifies that the CLG household projections *"should provide the starting point estimate for overall housing need"* (ID 2a-015) and that *"the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth"* (ID 2a-016). However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a *"gross annual estimate"* (ID 2a-025) suggesting that *"the total need for affordable housing should be converted into annual flows"* (ID 2a-029).

6.58 The demographic projections from the GLA developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods. Figure 90 shows the individual components of annual household growth over a 15 year period, with the first period containing 5 years.

Figure 90: Components of average annual household growth for Camden by 5-year projection period (Source: ORS Housing Model. Note; Figures may not sum due to rounding)

	Annual average for 5-year periods			Annual average 2016-31
	2016-21	2021-26	2026-31	
New household formation	3,165	3,170	3,245	3,193
Household dissolution following death	897	904	942	914
Net household growth within Camden	**2,268**	**2,266**	**2,303**	**2,279**
Household migration in	9,741	9,535	9,405	9,560
Household migration out	11,004	10,942	10,920	10,955
Net household migration	**-1,263**	**-1,407**	**-1,515**	**-1,395**
Total household growth	**1,005**	**859**	**788**	**884**

6.59 Over the initial 5-year period (2016-21) the model shows that:

» There are projected to be 3,165 new household formations each year; but this is offset against 897 household dissolutions following death – so there is an **average net household growth of 2,268 households** locally in Camden

» There are also projected to be 9,741 households migrating to Camden offset against 11,004 households migrating away from the area – which yields **a decrease of 1,263 households attributable to net migration;**

» The total household growth is therefore **projected to be 1,005** (2,268 minus 1,263 = 1,005) **households each year** over the initial 5-year period of the projection.

6.60 During the course of the full projection period, net household growth in Camden is projected to be higher in the early part of the projection period than in the later years. This is despite gross household formation being projected to increase, due to a larger number of households projected to dissolve over the projection period and lower in-migration being projected.

6.61 Over the 15 year period 2016-31, total **household growth averages 884 households** each year with an average annual net growth of 2,279 households within Camden and a net loss of 1,395 households based on migration.

Change in Household Numbers by Age Cohort

To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 3,165 new households projected to form in Camden each year over the period 2016-21 (Figure 90) alongside the detailed information about household affordability (Figure 89).

6.62 Figure 91 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 91: Annual change in household numbers in each age cohort for Camden by age of HRP (Source: ORS Housing Model)
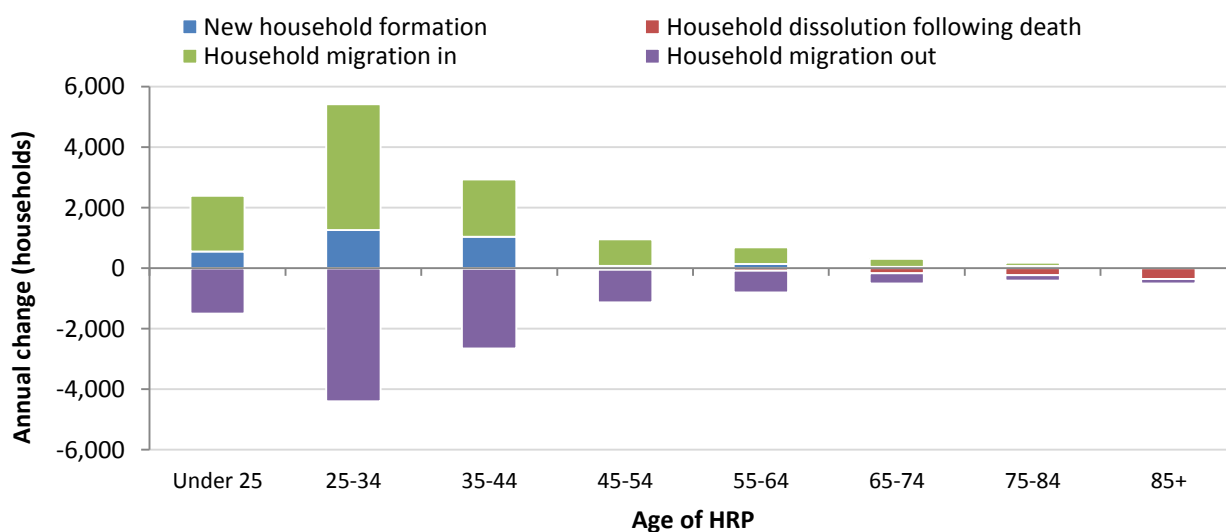
6.63 Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.

6.64 The Model identifies that 35% of all newly forming households are unable to afford their housing costs, which represents 1,093 households each year (Figure 92). The Model shows that 34% households migrating to the area are unable to afford, but this represents 3,318 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 4,411 new households each year who are unable to afford their housing costs.**

Figure 92: **Affordability of new households for Camden over the initial 5-year period 2016-21 (Source: ORS Housing Model)**

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,165	2,072	1,093	35%
Households migrating in to the area	9,741	6,423	3,318	34%
All new households	**12,906**	**8,495**	**4,411**	**34%**

6.65 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting *"total available stock from total gross need"* (paragraph 29), **but this over-simplifies what is a very complex system**.

6.66 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

» Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;

» Similarly, not all households that are unable to afford housing are allocated affordable housing;

» Some will choose to move to another housing market area and will therefore no longer require affordable housing.

6.67 **In these cases, and others, the gross need will need adjusting.** The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

6.68 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **897 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 46% are unable to afford market housing: most living in affordable housing.

6.69 When considering **households moving away** from Camden, the Model identifies that an average of 11,004 households will leave the area each year. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted.

6.70 Figure 93 summarises the total household growth. This includes the 4,411 new households on average each year who are unable to afford their housing costs, but offsets this against the 4,323 households who

will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Camden (as they have moved to live elsewhere).

Figure 93: Components of average annual household growth for Camden 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,165	2,072	1,093	35%
Households migrating in to the area	9,741	6,423	3,318	34%
All new households	**12,906**	**8,495**	**4,411**	**34%**
Household dissolutions following death	897	481	416	46%
Households migrating out of the area	11,004	7,097	3,907	36%
All households no longer present	**11,901**	**7,578**	**4,323**	**36%**
Average annual household growth 2016-21	**+1,005**	**+916**	**+88**	**9%**

6.71 Overall, the Model projects that household growth will yield a net increase of 88 households on average each year (over the period 2016-21) who are unable to afford their housing, which represents 9% of the 1,005 total household growth for this period.

Projecting Future Needs of Existing Households

6.72 PPG also identifies that in addition to the needs of new households, it is also important to estimate *"the number of existing households falling into need"* (ID 2a-025). Whilst established households that continue to live in Camden will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 937 established households fall into need each year** in Camden. This represents a rate of 9.5 per 1,000 household falling in to need each year.

6.73 Finally, whilst the PPG recognises that established households' circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households' circumstances can improve and lift them out of need**. For example:

» When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).

» Figure 89 showed that 19% of single person households aged under 25 in Camden could not afford housing, compared to 13% of couples of the same age; and for those aged 25 to 34, the proportions were 17% and 5% respectively.

» Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

» Figure 89 showed that 89% of couple families with dependent children aged 25 to 34 in Camden could not afford housing, compared to 84% of such households aged 35 to 44.

6.74 Given this context, it is clear that **we must also recognise these improved circumstances can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **561 households improve each year** such

that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 5.7 per 1,000 household climbing out of need each year.

6.75 Therefore, considering the overall changing needs of existing households, **there is an average net rounded increase of 375 households** (937 less 561 = 375) **who need affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

6.76 Figure 94 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 94: Components of future affordable housing need for Camden 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,165	2,072	1,093	35%
Households migrating in to the area	9,741	6,423	3,318	34%
All new households	**12,906**	**8,495**	**4,411**	**34%**
Household dissolutions following death	897	481	416	46%
Households migrating out of the area	11,004	7,097	3,907	36%
All households no longer present	**11,901**	**7,578**	**4,323**	**36%**
Average annual household growth 2016-21	**+1,005**	**+916**	**+88**	**9%**
Existing households falling into need	-	-937	937	100%
Existing households climbing out of need	-	561	-561	0%
Change in existing households	**-**	**-375**	**375**	**-**
Average annual future need for market and affordable housing 2016-21	**+1,005**	**+541**	**+463**	**46%**

6.77 Overall, there is a projected need from **4,411 new households who are unable to afford their housing costs** (1,093 newly forming households and 3,318 households migrating to the area) each year; however, **4,323 households will either vacate existing affordable housing or will no longer need affordable housing** in Camden (as they have moved to live elsewhere) **thereby reducing the new need to a net total of 88 households.**

6.78 Considering the needs of existing households, there are 937 households expected to fall into need each year, but this is offset against 561 households whose circumstances are projected to improve. There is, therefore, an **average net increase of 375 existing households that need affordable housing each year.**

6.79 Based on the needs of new households and existing households, there is a projected increase of 463 households each year on average for the initial period 2016-21 who will need affordable housing (88 plus 375 = 463).

6.80 Using the approach outlined above for the initial 5-year period of the projection, the Model also considers the need for affordable housing over the 15-year period 2016-31. The Model identifies that **the number of households in need of affordable housing will increase by 5,850 households over the period 2016-31**, equivalent to an annual average of 390 households per year. This represents 44.1% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

6.81 Figure 95 brings together the information on assessing the unmet need for affordable housing in 2016, and the future affordable housing need arising over the 15-year period 2016-31.

Figure 95: Assessing total need for market and affordable housing in Camden (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 88, page 109)			
Total unmet need for affordable housing	-	9,214	9,214
Supply of housing vacated	3,782	5,113	8,895
Overall impact of current affordable housing need	**-3,782**	**4,101**	**319**
Projected future housing need 2016-31			
Newly forming households	31,282	16,619	47,902
Household dissolutions following death	7,356	6,357	13,713
Net household growth within Camden HMA	**23,926**	**10,262**	**34,189**
Impact of existing households falling into need	-16,334	+16,334	-
Impact of existing households climbing out of need	+11,030	-11,030	-
Impact of households migrating to/from the area	-11,211	-9,716	-20,927
Future need for market and affordable housing 2016-31	**+7,412**	**+5,850**	**+13,262**
Total need for market and affordable housing			
Projected impact of affordable housing need in 2016	-3,782	+4,101	+319
Future need for market and affordable housing 2016-31	+7,412	+5,850	+13,262
Total need for market and affordable housing	**+3,630**	**+9,951**	**+13,581**
Average annual need for housing	242	663	905
Proportion of need for market and affordable housing	**27%**	**73%**	**100%**

6.82 Figure 88 estimated there to be **9,214 households in need of affordable housing in 2016**. However, as 5,113 of these already occupied an affordable home, our previous conclusion was therefore a net need from 4,101 households (9,214 less 5,113 = 4,101) who need affordable housing and do not currently occupy affordable housing in Camden.

6.83 The 15-year projection period 2016-31 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 5,850 households over the period 2016-31**, alongside an increase of 7,421 households able to afford market housing.

6.84 Overall, there will be a **need to provide additional affordable housing for 9,951 households** over the period 2016-31. This is equivalent to an average of **663 households per year**. This represents 73% of the demographic growth for Camden based on GLA 2014-round long-term migration trends.

6.85 The overall need for additional household growth for demographic change is 13,262 households plus a further 319 for concealed households, giving a total of 13,581. This figure is consistent with those presented in paragraphs 5.25 and 5.26.

6.86 Any losses from the current stock (such as demolition or clearance) would increase the number of affordable dwellings needed by an equivalent amount.

Housing Mix: Size and Tenure

6.87 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted. Similarly, if the majority of couple households currently aged 55-64 and having no dependent children are under-occupying large homes, the model assumes this will continue to be the case for future couples aged 55-64 with no dependent children.

6.88 The model takes account of both overcrowded households who require to move to a larger dwelling and also under-occupying households who require to downsize. While Government polices such as those relating to the Spare Room Subsidy or Bedroom Tax are leading to more households downsizing, not all households will do so. Instead, we have modelled a gradual decline in the amount of under-occupation in the affordable housing sector. We would note that these figures do not include the potential impact of increased right to buy sales due to Registered Providers now being subject to this scheme or any consideration of the impact of Starter Homes being considered as affordable housing, as set out in the Draft Housing and Planning Bill 2015.

6.89 Overall, housing need for market housing comprises 6,600 additional homes; mainly three bedroom properties. Housing need for affordable housing comprises 10,200 homes, mainly two and three bedroom properties. This need for larger (three bedroom) housing reflects the assumption that the current needs of all overcrowded households in rented housing will be addressed over the Plan period. If larger homes are not provided to alleviate overcrowding, many households will continue to occupy their smaller homes – so these properties will not be vacated, and there will continue to be pressure from new households applying to live in 1- and 2-bedroom properties. The total need is the same as the OAN shown in Figure 80 and includes adjustments for market signals.

Figure 96: **Market and affordable housing mix for Camden 2016-31 (Note: Figures may not sum due to rounding)**

	Housing Need		TOTAL CHANGE 2016-31
	2016	2031	
MARKET HOUSING			
1 bedroom	18,200	19,200	**1,000**
2 bedrooms	19,500	21,900	**2,400**
3 bedrooms	20,400	23,100	**2,700**
4+ bedrooms	8,700	9,100	**400**
Total Market Housing	66,700	73,300	6,600
AFFORDABLE HOUSING			
1 bedroom	15,500	15,900	**400**
2 bedroom	13,200	17,000	**3,900**
3 bedrooms	11,100	14,700	**3,600**
4+ bedrooms	3,200	5,500	**2,300**
Total Affordable Housing	42,900	53,100	10,200
TOTAL	109,600	126,400	16,800

Relative Need and Other Considerations

6.90 This Housing Needs Assessment identifies need in line with the definitions of the NPPF. Therefore, it only considers whether households are in need and does not distinguish between relative levels of need. However, along with many authorities, Camden prioritise the allocation of social housing based upon relative need. Therefore, while there is an identified shortfall in affordable homes of all sizes in terms of meeting the housing needs of priority groups, the shortage relative to supply is likely to be greatest for larger (3-bedroom+) family homes. The reasons for this are summarised below:

» Most households who require a 1-bedroom property are in a relatively low level of need and are generally adequately housed. Those who require family sized accommodation are not mostly adequately housed, often living in very overcrowded conditions.

» Some of the need identified for 1-bedroom properties will be met through the private rented sector (with housing benefit support), and for many single people house-shares will provide an adequate alternative to 1-bed accommodation.

» Analysis indicates that the introduction of a benefit cap from April 2013 as part of the government's wider welfare reform measures will further impact on the affordability of accommodation in the private rented sector, with larger households (mainly families with children) predicted to face the most serious difficulties in paying their rent. 3-bed plus private rented sector housing in Camden is typically unaffordable for many people on benefits.

» The model works on the presumption that all of the new housing required will be built, however in reality it is unlikely that the level of affordable completions could be raised sufficiently to meet all identified need over the period of Camden's housing strategy or its local development plan. Furthermore, the figures derived through the assessment relate to a 24 year period. A significant requirement for smaller units has been identified, largely attributed to the projected growth in smaller households over the longer term.

6.91 Taking these factors into account, a pragmatic approach Camden may wish to consider is to prioritise future provision towards larger, family accommodation in the short to medium term, to ensure those in most acute need can be housed.

Future Policy on Housing Benefit in the Private Rented Sector

6.92 The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a national policy decision which is not in the control of the Council. The Summer 2015 Budget introduced a four-year freeze to local housing allowance rates together with changes to the benefit cap, however this typically affects the amount of housing benefit paid rather than the number of households (although there were eligibility changes for those aged under 21).

6.93 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

6.94   The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

6.95   To sensitivity test this position, Figure 97 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If households are no longer able to afford to live in private rented housing (or the supply of such housing reduces) then there is likely to be an increased demand for affordable housing, as illustrated below.

Figure 97:   Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-31
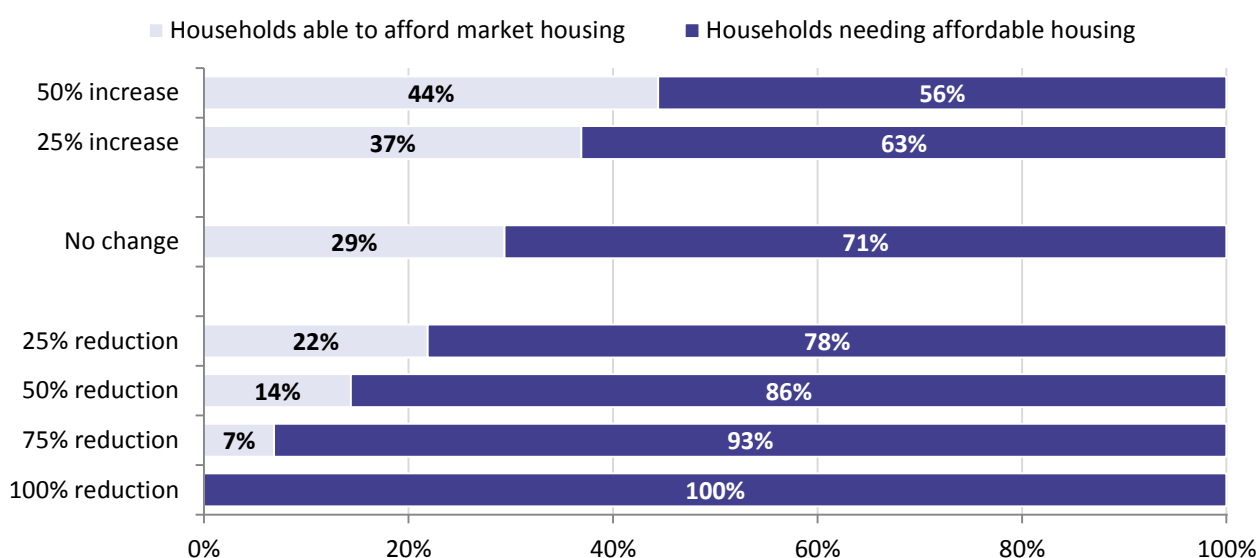
6.96   If no households were to receive housing benefit support in the private rented sector, all of the growth in household numbers would need affordable housing. This would need all 16,800 of the overall housing need to be provided as affordable housing over the 15-year Plan period 2016-31. Nevertheless, as discussed in Chapter 3, changes to the welfare system could affect future household behaviour; with fewer households able to afford their housing costs living in the borough, and greater numbers seeking housing elsewhere.

6.97   Figure 95 identified that a net total of around 9,700 households unable to afford their housing costs would leave the borough based on existing trends. If the welfare changes lead to more households unable to afford their housing costs leaving the borough, the number of households counted within the assessment of affordable housing need would also reduce.

Affordable Housing Tenures

6.98 Within the overall need of 10,200 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.

Rented Housing

6.99 Figure 98 sets out the weekly rents for different property sizes in each of the area. This includes:

» Median private rent;

» Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget);

» Affordable rent, based on 80% of the median private rent; and

» Target social rent.

Figure 98: Weekly rent thresholds (Source: Valuation Office Agency; Homes and Communities Agency, 2014)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)	Target Social Rent
1 bedroom	£348.60	£260.60	£278.90	£93.30
2 bedrooms	£448.20	£302.30	£358.50	£106.70
3 bedrooms	£647.40	£354.50	£517.90	£119.90
4+ bedrooms	£846.40	£417.00	£677.20	£135.40

6.100 It is evident that for all property sizes, the median private rent is the highest and target social rent is the lowest; however, unlike in most other areas, Affordable Rent (based on 80% of median market rent) is higher than the maximum LHA. The Welfare Bill requires social landlords to reduce their rents by 1% every year for four years, whilst LHA rates generally increase in line with CPI (although they were updated by a fixed 1% in 2014/15 and 2015/16); so together these changes will typically reduce the "gap" for existing Affordable Rent properties. However the rent for new properties is based on market rents; so if market rents increase faster than the maximum LHA, it is very likely that new Affordable Rent properties would have rents that are higher than the LHA where rent is set at 80% of the median.

6.101 The Local Housing Allowance Guidance Manual (April 2014)[48] confirms that *"the LHA arrangements apply to HB customers in the deregulated private sector only"*; so the LHA rate does not apply to Affordable Rent, and households are currently able claim housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so based on their circumstances). However, whilst housing associations could set rents above the maximum LHA, many operate a rent policy where rent levels must be within the LHA for the area concerned – partly due to perceived risks of future welfare reforms (which could change the rules) but also to keep properties as affordable as possible.

6.102 This is particularly relevant as households claiming out-of-work benefits are subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons) which affects the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £23,000 per year (in London) and this lower rate will affect more households. Nevertheless, households that qualify for

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[48] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324708/lha-guidance-manual.pdf (para 1.070)

Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

6.103 There is emerging evidence of significant numbers of households being affected by the cap on benefits with significant effects on their ability to pay for housing. A July 2015 report from Citizens Advice reported that between April 2013 and February 2015, 58,690 households had been affected nationally, and estimated that 110,000 households would be affected by lowering the cap to £23,000 (higher than the £20,000 announced in the July 2015 Budget)[49].

Low Cost Home Ownership

6.104 In addition to affordable housing for rent, a range of Low Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership.

6.105 Figure 99 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices:

> » 40% equity share purchased by the occupier;
>
> » 10% of the equity purchased is available as a deposit;
>
> » Mortgage costs base based on a 30-year repayment mortgage at 6.25% interest;
>
> » Rent based on 1.5% of the retained equity paid each year[50]; and
>
> » Service charge of £10 per week.

6.106 Based on this model, it is evident that the weekly costs are generally similar to the equivalent median private rent: marginally lower for 1-bed properties (£330 cf. £349) but marginally higher for all other property sizes.

Figure 99: Shared ownership costs 2015 (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week. Source: property values based on currently available properties with a range of estate agents)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	465,000	186,000	18,600	239.51	80.26	10.00	329.77
2 bedrooms	710,000	284,000	28,400	365.70	122.55	10.00	498.24
3 bedrooms	1,000,000	400,000	40,000	515.07	172.60	10.00	697.67
4+ bedrooms	1,400,000	560,000	56,000	721.09	241.64	10.00	972.74

6.107 Figure 100 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. It would appear that costs would generally be higher than the LHA, but could be less expensive than median private rents for all property sizes based on a 30% equity share, and for 1-bed properties up to a 40% equity share. There may also be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership. This would help *"widen opportunities for home ownership"* (NPPF paragraph 50), but would be in addition to the need to deliver 10,200 affordable homes in Camden over the 15-year Plan period 2016-31.

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[49] https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Benefit%20Cap%20Impact%20Assessment%20%281%29.pdf
[50] In the shared ownership model currently promoted in the HMA, rent is based on 1.0% of the retained equity; however Registered Providers have identified that a higher rent is needed due to viability issues

Figure 100: Total weekly costs for shared ownership 2015 based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in green are lower than the equivalent maximum LHA, cells in orange are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent)

Total Weekly Cost £	Property Value	Equity Share					
		25%	**30%**	**35%**	**40%**	**45%**	**50%**
1 bedroom	465,000	260.02	283.27	306.52	329.77	353.02	376.27
2 bedrooms	710,000	391.75	427.25	462.75	498.24	533.74	569.24
3 bedrooms	1,000,000	547.67	597.67	647.67	697.67	747.67	797.67
4+ bedrooms	1,400,000	762.74	832.74	902.74	972.74	1,042.74	1,112.74

Household Affordability

6.108 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in Camden. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group to be able to afford any type of affordable housing product.

6.109 Figure 101 illustrates the affordability of households needing affordable housing by property size based on the assumption that up to 35% of gross household income (excluding housing benefit) is available for housing costs. The model effectively compares the income profile of households in affordable housing need, both now and projected to be in the future, against the cost of affordable housing products in Camden. This identifies those able to afford Affordable Rent and target rent (all without housing benefit subsidy) and those that would need financial support to afford target rent.

Figure 101: Affordability of households needing affordable housing by property size 2016-31 (Note: Weekly costs based on data in Figure 98 and Figure 99)
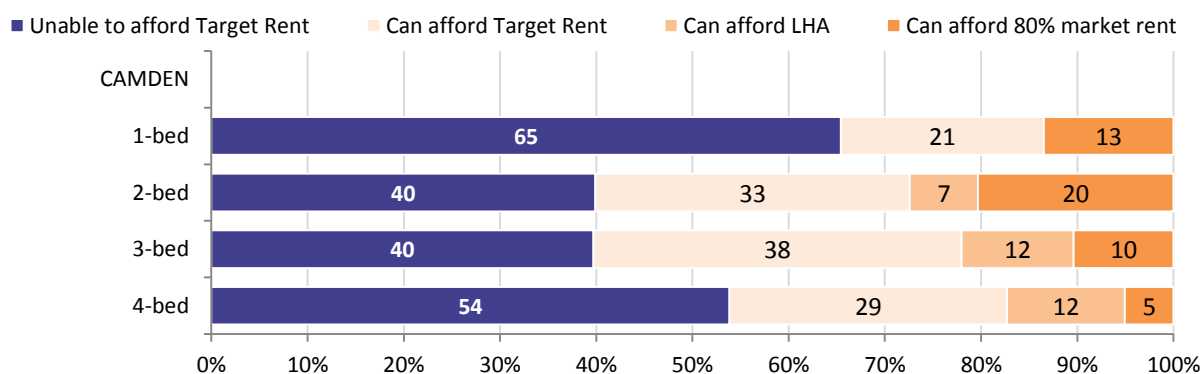
6.110 Figure 102 sets out the affordable housing mix, which identifies that approaching half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed: 4,400 households (43%) based on up to 35% of income being spent on housing costs

6.111 Providing new affordable rented housing based on Target Social Rents would enable a further 4,400 households to pay their rent without housing benefit support that could not afford to do so if new housing was provided as Affordable Rent (based on 80% of median private rent). If new affordable rented housing was provided with Affordable Rents, these households would continue to depend on housing benefit. Only

around 2,300 households in need of affordable housing (13%) could afford Affordable Rent at LHA (without housing benefit support) with only 1,300[51] able to afford at 80% of market rent (at current levels).

Figure 102: Affordable housing mix by household affordability to 2016-2031 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Target Rent	Can afford Target Rent	Can afford Affordable Rent		TOTAL
			At LHA	At 80% market rent	
1 bedroom	290	90	-	60	**400**
2 bedrooms	1,540	1,260	270	780	**3,900**
3 bedrooms	1,420	1,370	420	370	**3,600**
4+ bedrooms	1,250	670	280	120	**2,300**
TOTAL	**4,500**	**3,400**	**1,000**	**1,300**	**10,200**

Establishing Affordable Rent Levels to meet Affordable Housing Need

6.112 A key issue for an area such as Camden is how affordable rents can help to meet the needs of those households who cannot afford to meet their own housing costs. Across much of England, affordable rents set at 80% of market rents provide rented accommodation which is very close to the cost of social rents. In these areas we do not have to consider social rent and affordable rent as two different products because the rents associated with them are similar and they serve to meet the needs of the same households.

6.113 However, in Camden there is a significant difference between potential affordable rents and social rents. Figure 103 shows median weekly rents in Camden over the past 3 years. The GLA region-wide SHMA assumed that households could rent a 4 bedroom property in London at less than £250 per week, while it is currently the case in Camden that the median rent for a 4 bedroom property is £750 per week.

Figure 103: Median Weekly Rent Values in Camden (Source: Valuation Office Agency)

	1 Apr 2011 to 31 Mar 2012	1 Apr 2012 to 31 Mar 2013	1 Apr 2013 to 31 Mar 2014
1 bedroom	£330	£330	£330
2 bedrooms	£450	£440	£420
3 bedrooms	£570	£600	£580
4+ bedrooms	£700	£800	£750

6.114 Figure 104 shows potential affordable rents in Camden by bedroom size using a range of rents from 80% of market rent down to 50% of market rents. This shows that even at 50% of market rents, a 4 bedroom property will still cost around £380 per week. In the context of benefit caps of £500, this is likely to be unaffordable for non-working households. Even when 35% of gross income is allocated to rent, an income of nearly £40,000 would be required to afford a 1 bedroom affordable rent property at 80% market rents.

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[51] The numbers in Figure 102 are cumulative from right to left, so we first assess if the households can afford 80% market rent, then the LHA rate and then Target Rents

Figure 104: Potential Affordable Rent costs and associated income based on 35% of income spent on rent

	80% market rent		70% market rent		60% market rent		50% market rent	
	Weekly Rent	Annual Income	Weekly Rent	Annual Income	Weekly Rent	Annual Income	Weekly Rent	Annual Income
1 bedroom	£260	£39,300	£230	£34,400	£200	£29,500	£170	£24,600
2 bedrooms	£340	£50,100	£290	£43,800	£250	£37,500	£210	£31,300
3 bedrooms	£460	£69,100	£410	£60,500	£350	£51,800	£290	£43,200
4+ bedrooms	£600	£89,400	£530	£78,200	£450	£67,000	£380	£55,900

6.115 From the above calculations it is clear that Affordable Rent properties in Camden set at 80% of market rents are generally unaffordable to households who are unable to afford market housing. As the previous analysis demonstrated, only 1,300 households identified as needing affordable housing are likely to be able to afford the necessary costs (without housing benefit support) over the 15-year Plan period 2016-31; fewer than 100 households each year.

6.116 Overall, this leaves a complicated position for Affordable Rent in areas such as Camden where market rents are so much higher than social rents. If Affordable Rents are set at 80% of market rents, it is unlikely that many households identified as unable to afford market housing would be able to afford this housing. Instead, it is likely that the product would provide an alternative housing option for working households who are finding it difficult to afford full market rents and who are unlikely to be able to afford to buy in the borough. Affordable Rent set at LHA would provide for an additional 1,000 households, but significant problems would remain as Affordable Rent set at LHA would be too expensive (without housing benefit subsidy) for almost 80% of households in need of affordable housing.

6.117 This clearly leaves the question of how the needs of those households unable to afford market housing (many of whom are unable to afford target social rent) will be met in the borough. Beyond the existing social housing stock and current housing benefit in the private rented sector, there would appear little prospect of sufficient new supply to meet needs that would arise from current trends. It seems likely that there will be a continued displacement of needs to other boroughs and less expensive areas outside London.

Meeting the Identified Affordable Housing Need

6.118 The SHMA has identified a substantial need for affordable housing in Camden. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.

6.119 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.

6.120 PPG identifies that Councils should also consider *"an increase in the total housing figure"* where this could *"help deliver the required number of affordable homes"*; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

> *The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes. (Paragraph 029)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

6.121 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings[52] (paragraphs 3.20-21):

> *"National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*
>
> *Any uplift on the demographic starting point … would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified."*

6.122 Given that the identified OAN already incorporates an uplift of 20% for Camden on the baseline household projections; this will contribute to increasing the supply of affordable homes through market housing led developments. The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

6.123 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. Increasing the supply of housing remains a key Government priority, and a series of new initiatives have been launched in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

- » **Affordable Homes Programme:** the flagship HCA/GLA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England

- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward

- » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities

- » **Empty Homes programme**

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[52] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf

» **Estate Regeneration Programme:** often creating mixed tenure communities

» **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

Affordable Housing Delivery History

6.124 It is helpful to consider the future GLA Affordable Homes Programme (AHP) in the context of the historic delivery of various affordable programmes since 2008/09 and the changing balance between various investment 'products'[53]:

» There has been a decline of social rent delivery and increase in affordable rent delivery as a proportion of the investment programme, as new funding and investment priorities establish themselves. The GLA (previously HCA) London investment programme has shifted considerably since the introduction of the affordable rent 'product'. Social rent delivery has fallen significantly. London-wide, social rent delivery in recent years is largely from residual schemes in historic programmes rather than new investment; registered providers report that, while they attempt to deliver social rent, this is becoming increasingly difficult for viability reasons.

» Camden has seen social rent fall to 50 units delivered in 2014/15 from a peak of 342 in 2012/13, while affordable rent had increased to 213 units in 2014/15.

» Although affordable home ownership has delivered new homes between 2008/14, the numbers in recent years are lower than peak years[54]. 79 intermediate rent homes were delivered in Camden in 2008/2014. Affordable home ownership delivered 369 homes in Camden between 2008/14.

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[53] Other sources of affordable delivery will also contribute to affordable supply
[54] 'Open Market Homebuy' had some effect while it was in operation in 2008/09 and 2009/10.

Figure 105: HCA/GLA Housing programme – Camden (Source: GLA)
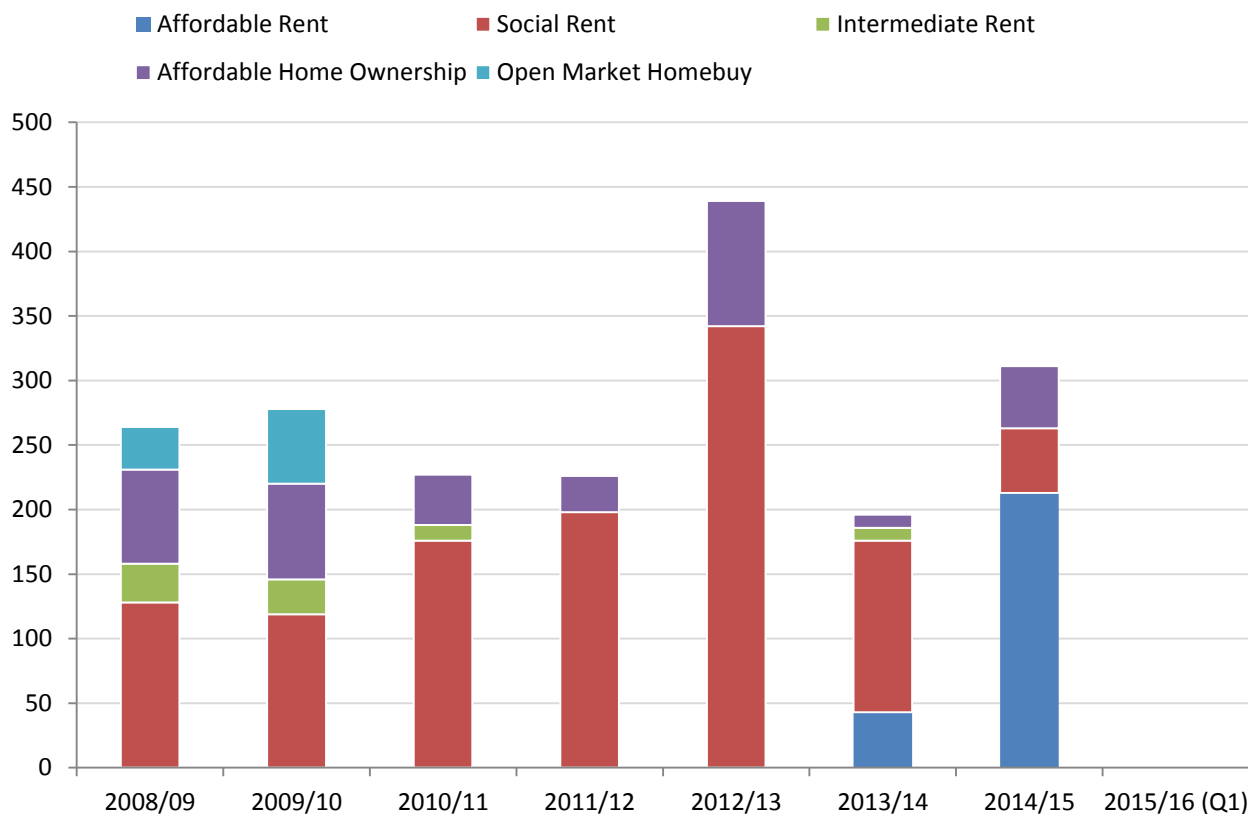
GLA Affordable Housing Programme (AHP) 2015-18

6.125 The GLA AHP seeks to deliver 45,000 affordable homes over the 2015-18 investment period[55], however the shape of GLA investment priorities has changed the balance between 'products' within the programme. There is continued emphasis on affordable rent (albeit with some change in rent arrangements) and low cost home ownership (LCHO) 'products; with a mix of a 40% intermediate and 60% affordable rented homes.

Intermediate Housing

6.126 40% of the total AHP 2015-18 is invested in the Intermediate housing programme. This is primarily about flexible low cost home ownership products (shared ownership, shared equity, rent-to-save etc). The intermediate housing programme has delivered 22,000 intermediate homes since 2008.

6.127 Eligibility for these homes is based on:

» Incomes: £66,000 per annum, or £80,000 per annum where a family buying a three bed or larger home.

» Households that live or work in London, with priority in the first instance being given to members of the armed forces and those in social rented housing.

» Households that are first time buyers or are existing occupiers of intermediate housing.

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[55] https://www.london.gov.uk/priorities/housing-land/draft-london-housing-strategy; https://www.london.gov.uk/priorities/planning/london-plan/further-alterations-to-the-london-plan

6.128 Over the longer term, the ambition is to double the number of homes for low cost home ownership (marketed as First Steps) by 2020, and double again by 2025.

Affordable Rent

6.129 60% of the total GLA AHP is for the Affordable rent programme. However, the programme is then split 50:50 between 'Capped' and 'Discounted' rent homes:

» 50% 'Capped' rent homes; half of the GLA AHP will be homes 'capped' at 50% of market rents.

Target groups: aimed at meeting the needs of a range of households including downsizers, households affected by estate regeneration and those in need of long-term support.

» 50% 'Discounted' rent homes: the other half of the GLA AHP will be homes with 'discounted' market rents, set at the lower of up to 80 per cent of market rent or the local housing allowance.

Target groups: households unaffected by the total benefit cap, primarily aimed at low income working households. While 'discounted' rent is not an intermediate rented product, it is aimed at helping low income working households who would otherwise face higher rents in the private rented sector and could therefore also be more reliant on housing benefit to meet their housing costs.

6.130 Overall, the 2015-2018 Programme is designed to boost the number of LCHO homes delivered as well as support working households more explicitly. This trend seems likely to continue in future allocations and programmes.

Other affordable housing considerations

6.131 As well as Government initiatives, there are a series of innovations proposed by other bodies, each aiming for Government support. Appendix B provides a summary of recent and current initiatives.

6.132 There are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns. **Registered Providers** Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further. **Stock rationalisation by Registered Providers** The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation. **Extension of Right to Buy (RTB) to Registered Providers** The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development. The Autumn 2015 Housing Bill contain proposals which are likely to act as further constraints on affordable housing delivery, although the full implications of these are not clear.	**Councils building more new homes** Many Councils are now trying to bring new rental schemes forward following reform of the HRA system. **New 'for profit' providers** Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers. **Custom Build** Custom build homes are self-build homes facilitated in some way by a developer. Applications to the HCA Custom Build Serviced Plot (CBSP) Loan Fund (£150m over 6 years; £22.5m pa) can be made by Developers, For Profit Registered Providers, Community Land Trusts and Community Groups. Community Land Trusts may deliver Affordable Housing using the CBSP Fund, and they aim to deliver 3,000 new homes by 2020 (or c.600 p.a. in England 2015-2020)[56]. **Co-operative Housing** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.

6.133 Given the substantial need for affordable housing identified across Camden, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area.

6.134 The Government sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher. The role of the private rented sector and the Government's measures to support it are discussed in Chapter 7.

Conclusions

6.135 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 319 households to take account of concealed families and homeless households that would not be captured by the household projections.

6.136 The housing mix analysis identified a need to provide additional affordable housing for 9,951 households over the 15-year Plan period 2016-31 (an average of 663 per year). This would provide for the current

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[56] http://www.communitylandtrusts.org.uk/what-is-a-clt/about-clts

unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

6.137 Providing sufficient affordable housing for all of those households assumed to live in the private rented sector with housing benefit support would increase the need such that all dwellings provided would need to be affordable housing. It is important to recognise that, in this unlikely scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

6.138 The evidence presented in this chapter shows that households in affordable need in Camden typically cannot meet the cost of affordable rent housing without the aid of housing benefit support and that for most households shared ownership is only cheaper than market rent with an equity share of 30% or less for all property sizes with the exception of 1 bedroom properties.

7. Needs for all types of housing
Identifying the needs of different household groups

7.1 The NPPF identifies that sustainable development should lead to improvements in the quality of the built environment which contribute to *"improving the conditions in which people live"* and *"widening the choice of high quality homes"*.

> *Pursuing sustainable development involves seeking positive improvements in the quality of the built, natural and historic environment, as well as in people's quality of life, including (but not limited to):*
>
> » *Making it easier for jobs to be created in cities, towns and villages;*
>
> » *Moving from a net loss of bio-diversity to achieving net gains for nature;*
>
> » *Replacing poor design with better design;*
>
> » *Improving the conditions in which people live, work, travel and take leisure; and*
>
> » *Widening the choice of high quality homes.*
>
> **National Planning Policy Framework (NPPF), paragraph 9**

7.2 Section 6 of the Framework (paragraphs 47-55) sets out the policies for *"Delivering a wide choice of high quality homes"*.

7.3 The Framework states that Local Plans should meet the *"full, objectively assessed needs for market and affordable housing in the housing market area"* (paragraph 47) and identifies that local planning authorities should seek to *"deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities"* and plan for the *"needs of different groups"*:

> *To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:*
>
> » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
>
> » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
>
> » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*
>
> **National Planning Policy Framework (NPPF), paragraph 50**

7.4 On this basis, this chapter considers the needs of different household groups and the way in which differing needs may affect the types of housing that should be provided in the area. The analysis seeks to understand the housing circumstances and needs of different types of households in Camden and Islington, and the information provides details about a wide range of different household groups.

7.5 Where possible, information is presented about the housing occupied by each group – in terms of property size, property type and tenure; as well as information about the proportion of households in receipt of housing benefit by tenure. This draws on relevant information from the SHMA household survey, based on a total of 3,000 interviews undertaken in Autumn 2014.

7.6 Affordability for various housing products is also shown, where possible, which is also based on data from the SHMA household survey. This approach differs from the affordability analysis in the previous chapter of the SHMA, which is based on secondary data about the population as a whole. This provides the most robust analysis for all households, but it is not possible to profile the affordability of different types of households in this way due to the limitations of the data. Although the approach used is different, the analysis still provides a useful context for understanding those households most likely to be able to afford market housing and those likely to need social rented housing or another affordable housing product.

7.7 The affordability for each group is presented in a chart showing what percentage of the group in question can afford a property of the size needed across different tenures and types of housing; however, it this does not consider the accessibility of the different housing options (for example, whilst a household may be able to afford home ownership, they may not be able to access a mortgage due to lacking existing equity or sufficient savings). These are: **Home Ownership**, by owner occupation, shared ownership at 50%, and shared ownership at 25%, and; **Rent**, by market rent, bedsit or room, and social rent. These standard tenures and types are repeated for each group. The affordability of a bedsit or room has been assessed for all households in each group that includes some single people regardless of the size of property needed. In many cases, a bedsit or room may not be appropriate, but the chart will show what proportion of that group can afford a bedsit or room. This is because it is useful to be able to compare the affordability of these small and less expensive housing options against other, possibly more appropriate, options. Where the chart shows that any particular housing tenure and type is affordable, this should not be taken to imply that it is also appropriate.

7.8 The assumptions behind the affordability figures are: **Home Ownership** assumes four times the joint income of survey respondents and partner, where applicable, along with taking into account any savings or equity that was recorded in the survey. **Rent** assumes that spending 30% of household income on rent is affordable. **Shared Ownership** is based on ring fencing the rental income prior to calculating the affordability needed for the mortgage. In order to buy a 50% share, households must be able to afford 57% of the equity, and in order to buy a 25% share, households must be able to afford 35% of the equity. The additional amount of 7% on a 50% share and 10% on a 25% share is to cover the rent.

7.9 It is important to recognise that there will inevitably be less certainty about any information about different household groups than when considering all households in Camden, and this is particularly the case when considering relatively smaller household groups. Given this context, the information in these profiles should be treated with care and used alongside other evidence whenever possible. The household survey data is analysed for Camden and Islington together. This approach strengthens the results at the specific group level, and is more robust than considering the results in the individual boroughs separately. There is no evidence that the needs of any of the specific groups which has been analysed by affordability will be different between the two boroughs.

The Private Rented Sector (PRS)

7.10   The English Housing Survey (EHS) 2013-14[57] identified that 19% (4.4 million) of households were renting from a private landlord, almost double the rate of 11% a decade earlier in 2003-04. The EHS also shows that households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 21% in 2003-04. Owner occupation in this age group dropped from 59% to 36% over the same 10 year period.   Figure 19 shows that in Camden, the PRS grew by 6% between the 2001 and 2011 Census compared to 10% in Islington and 9% in London. At the same time, both social rent and ownership declined (by 4.3% and 2.0% respectively in Camden). Figure 22 shows that in Camden, the pattern between the 2001 and 2011 Census has changed from that seen in the previous twenty years. Between 1981 and 2001, the largest growth was in owner occupation, with social rented and private rented each growing by a similar number. Since 2001, growth has been almost entirely in the private rented sector. Figure 19 shows that by 2011, 34% of Camden households lived in private rented housing, compared with 28.3% in Islington and 26.4% in London.

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

   » Increasing demand from more households;

   » Recent reductions in incomes (in real terms);

   » Affordability of owner occupation reducing;

   » Changing Bank lending practices: the number of Buy-to-Let (BTL) mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First-time Buyers (c.25,000); and

   » Pensions reform: pension drawdowns invested in BTL property.

7.12   The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032[58]. On this basis, the number of households renting privately could double again over the next twenty years.

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

> ***The private rented sector***
>
> *Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

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[57] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report
[58] http://news.rla.org.uk/rpi-rent-revolution/

7.14 Policy by both Government and Local Authorities is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[59] (including the Build to Rent investment scheme[60]). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2015[61], and the Forward by the Minister stated:

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

7.15 The policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending. However, as previously discussed in chapter 3, there have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector.

7.16 A Government task force was established in 2013 to encourage and support build-to-let investment[62]. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:

» **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale[63], particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.

» **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.

» **Local Enterprise Partnerships** are another potential source of new build PRS homes[64]. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.

» **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.

[59] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment
[60] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence
[61] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf
[62] https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector
[63] http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsidiary/7009701.article
[64] https://www.gov.uk/government/publications/growing-places-fund-prospectus

7.17   National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.

7.18   It is therefore important for local authorities to consider the role of the private rented sector at a local level and recognise the way in which private rented housing will continue to provide housing options for households unable to afford their housing costs in future. Nevertheless, local authorities need to understand the range of different households in their areas that currently rent from private landlords and consider their policy responses accordingly.

The Role of the Private Rented Sector in Camden and Islington

7.19   This section considers the characteristics of households renting privated in Camden and Islington. The Census 2011 showed 73% of private renting households were classed as either a single person or a single household. Of the 27% classed as 'Other household types', 6.6% were full time students. In the SHMA household survey, 74% of private rented dwellings were occupied by single family households, including single people and lone parents, with the remaining 26% being shared.

7.20   A large majority of privately renting households that are one family unit occupy 1 and 2 bedroom properties (81%) with a further 9.1% occupying a bedsit or room, all much higher than the average for all households. The remaing 9.9% occupy 3 or 4 bedroom properties, with none having 5+ bedrooms. Just over one in six of these families receive housing benefit support.

7.21   Predominantly, private renting house sharers and households in multiple occupation occupy 2 or 3 bedroom properties (73.6%), with a further 18.5% occupying 4 bedrooms. Only 3% receive housing benefit support, which could reflect a mix of factors such as young working people sharing and restrictions on HB for younger people, though it must be noted that not all these households will be younger people.

Figure 106: Existing Housing Mix for Private Rent (Source: SHMA Household Survey)

Property Size	Single family households	Multi-adult households and HMOs
Bedsit or room	9.1%	0.0%
1 bedroom	50.8%	7.9%
2 bedrooms	30.2%	39.9%
3 bedrooms	7.3%	33.7%
4 bedrooms	2.6%	18.5%
5+ bedrooms	0.0%	0.0%
TOTAL	**100%**	**100%**
With housing benefit support	16%	3%
Without housing benefit support	84%	97%

7.22   Most privately renting households that are one family unit could afford social rent (77%), 15% could afford an owner-occupied property of the size needed, and over half (54%) could afford shared ownership at 25%. Only 40% can afford a market rent property of the size required compared to 71% that can afford a bedsit or room. Taking into account that only 16% receive HB support and the predominance of smaller properties occupied, this suggests that some of these households are occupying smaller properties than they need and it is probable there is some overcrowding. Some households may be cutting back on other essentials to pay the rent. The affordability of a bedsit or room has been assessed for all self-contained private rent

households, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all self-contained private rent households.

7.23   There may be potential for shared ownership to meet the needs of many of these households. More (54%) can afford shared ownership at 25% than can afford market rent (40%) for a property of the size needed. Taking account of the 15% who could afford owner-occupation, leaves shared ownership as a relevant tenure for around 39% (assuming that the households who could afford owner-occupation remain in the private rented sector through choice rather than lack of access to mortgage funding). Further research would be needed to assess this option properly.

Figure 107: Housing Product Affordability for Self-Contained Private Rent Households (Source: SHMA Household Survey)
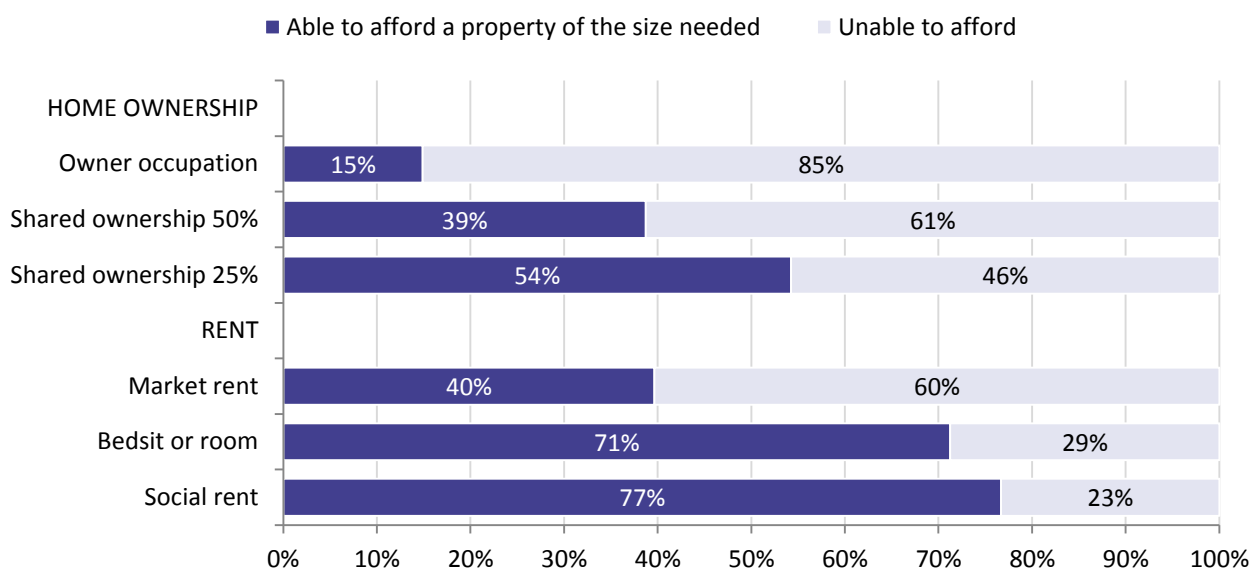
7.24   Nine out of ten private rented house sharers and households in multiple occupation could afford a social rented property of the size needed, 46% could afford shared ownership at 25%, and 4% owner-occupation, though it is unlikely that many would choose or be able to switch to either form of ownership as a shared household. Only 65% can afford market rent for a property of the size needed, which suggests that some may be occupying smaller properties than they need or may be cutting back on other essentials to pay the rent. However, the same percentage, only 65%, can afford a bedsit or room.

7.25   The affordability of a bedsit or room has been assessed for all house sharers and households in multiple occupation, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all house sharers or households in multiple occupation; the figure is included only for comparison.

Figure 108: Housing Product Affordability for Private Rented Households that are House Share/In Multiple Occupation (Source: SHMA Household Survey)

■ Able to afford a property of the size needed   ▪ Unable to afford

	Able to afford	Unable to afford
HOME OWNERSHIP		
Owner occupation	4%	96%
Shared ownership 50%	17%	83%
Shared ownership 25%	46%	54%
RENT		
Market rent	65%	35%
Bedsit or room	65%	35%
Social rent	89%	11%
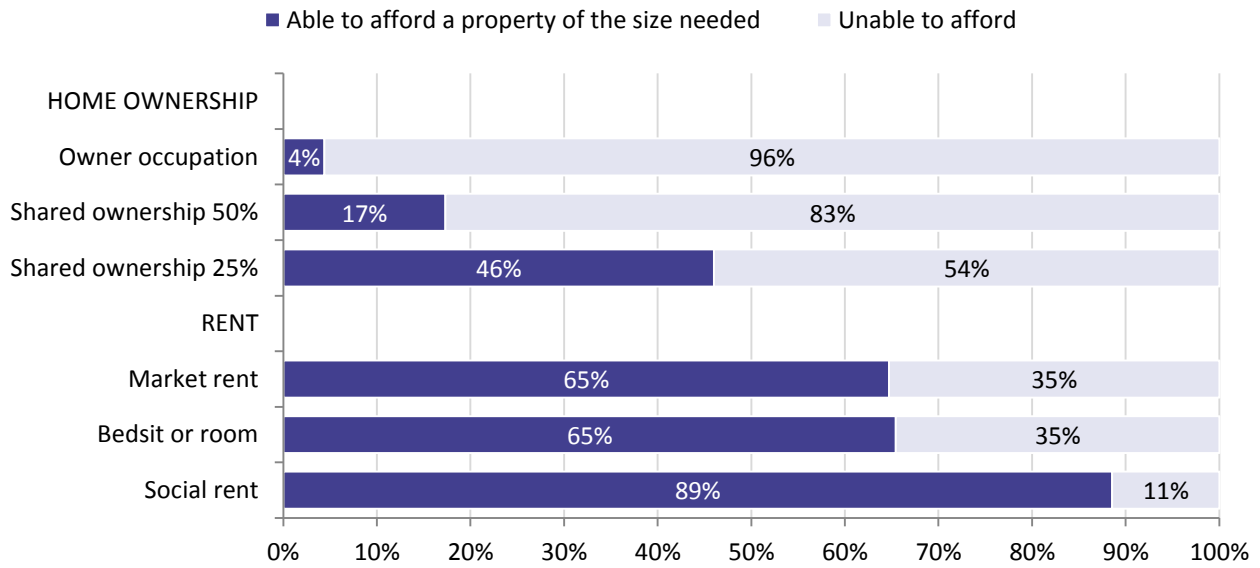
People Wishing to Build their Own Homes

7.26 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

> **People wishing to build their own homes**
>
> *The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

7.27 Over half of the population (53%) say that they would consider building their own home[65] (either directly or using the services of architects and contractors); but it is likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.

7.28 The attractiveness of self-build is primarily reduced costs; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

7.29 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)[66] redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.

7.30 The University of York study ran a small qualitative survey including 22 self-builders along with an e-survey which was used alongside the Building Societies Association survey of 2011. The survey data; *"reveal that effective demand for current self-build is from older, 'empty nest', existing homeowners on higher incomes (Building Societies Association, 2011)"* and; *"The current self-build sector is serving demand at the higher end of the housing market"*. This leads to one emerging theme of the study being that; *"A major challenge is to improve access amongst less affluent groups at a time when the mortgage market is constrained"*.

7.31 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act[67] 2015 has now placed a duty on local planning authorities to:

» Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;

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[65] Building Societies Association Survey of 2,051 UK consumers 2011
[66] https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2
[67] http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html

    » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and

    » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

7.32 The Housing and Planning Bill 2015 proposes to amend and add to the Self-Build and Custom Housebuilding Act, 2015 and requires local authorities to grant "sufficient suitable development permission" of serviced plots of land to meet the local demand based on the register. Key points in the Bill are:

    » The register of prospective custom builders can be in two parts with the first part being eligible prospective custom builders and the second part being those who do not meet the eligibility criteria;

    » The demand from the first part of the register will be taken into account in granting sufficient suitable development permission of serviced plots of land for self-build and custom build;

    » Demand from the second part of the register would not have to be taken into account in considering whether there were suitable development permissions granted, though it would need to be considered in respect of planning, housing and land disposal duties;

    » A serviced plot of land has access to a public highway and connections for electricity, water and waste water, or they can be provided.

7.33 Government funding[68] is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission.

7.34 The London Strategic Housing Market Assessment 2013[69] (London SHMA) reviews the potential for self-build housing in London and indicates self build provides only 4% of new homes in England, and possibly as little as 2.1% in London, typically on small infill sites, end of terrace spaces, backland sites, gardens, garages and small industrial sites. Based on records of completed new-build housing schemes involving a single new home, the London SHMA estimates that self-build output in London from 2009 to 2013 amounted to between 1.9% and 3.5% of the total. The London SHMA notes a survey that has indicated 13% of Londoners appear to be researching self-build (similar to the national average) but only 2% are actively working towards acquiring a site, submitting a planning application or starting construction work.

7.35 In May 2012 a Self-Build Portal[70] run by the National Custom and Self Build Association (NCaSBA) was launched. Figure 109 shows the current registrations from groups and individuals looking for land in the HMA on the 'Need-a-Plot' section of the portal. Whilst there is clearly some interest in self-build across the area, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year.

[68] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf
[69] London Strategic Housing Market Assessment 2013 https://www.london.gov.uk/file/15571/download?token=q4aeX4gP – pages 95-98
(sourced from https://www.london.gov.uk/what-we-do/planning/london-plan/london-plan-technical-and-research-reports)
[70] http://www.selfbuildportal.org.uk/

Figure 109: Group and Individual Registrations currently looking for land in and around Camden on the 'Need-a-Plot' Portal (Source: NCaSBA, October 2015. Note: Green flags represent solo plots wanted, brown flags represent group plots wanted and blue flags represent group or solo plots wanted)
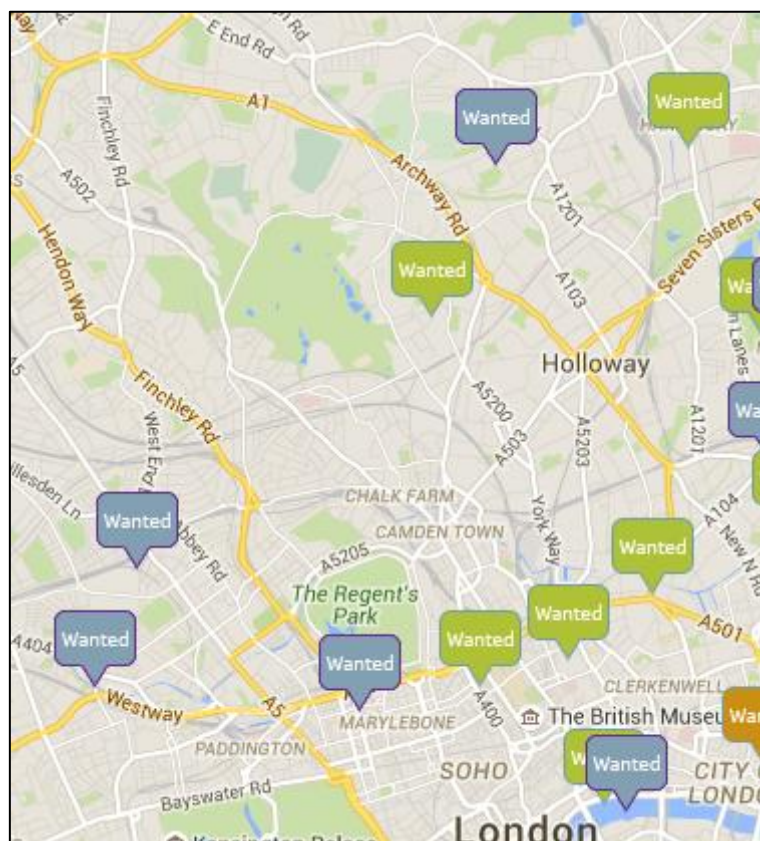
7.36   Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will make a significant contribution locally to meeting housing need in its current form, as evidenced by the London SHMA (2013) and Draft Camden Local Plan 2015. Nevertheless, the Councils should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act (if they have not already done so).

7.37   Overall, the evidence supports limited demand for self-build. However, this may under-estimate actual demand. A survey to ascertain levels of demand for self-build could be undertaken in future; however it would be important to ensure that appropriate questions are designed that can effectively separate aspiration from effective market demand.

Family Housing

Lone Parent Families

7.38 This section considers Lone Parent households with dependent and/or non-dependent children.

7.39 Predominantly, lone parent households occupy social rented housing with 56.5% in social housing being in 2 and 3 bedroom properties, followed by 12.9% in 1 bedroom and a further 7.7% in 4 bedroom. A higher or much higher proportion of lone parent families occupy these type of properties than for all households. In total, 77.1% occupy social rented properties compared to 11.7% in private rented and 10.6% in owner-occupied properties. Taking all tenures together, over 70% of lone parent families occupy 2 or 3 bedrooms (43.6% and 26.5% respectively).

Figure 110: Existing Housing Mix for Lone Parent Households (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.7%	0.0%	0.7%
1 bedroom	-	1.2%	0.0%	5.1%	12.9%	19.2%
2 bedrooms	0.1%	2.3%	0.5%	4.8%	35.9%	43.6%
3 bedrooms	2.0%	2.6%	0.1%	1.1%	20.6%	26.5%
4 bedrooms	0.8%	0.7%	-	0.0%	7.7%	9.1%
5+ bedrooms	0.9%	-	-	-	-	0.9%
TOTAL	**3.8%**	**6.8%**	**0.6%**	**11.7%**	**77.1%**	**100%**
With housing benefit support	-	-	-	8%	51%	58%
Without housing benefit support	-	-	-	6%	36%	42%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.40 Just over half of lone parent households can afford social rented housing of the size required (51%), with about a fifth (22%) being able to afford market rent of the size required. About one in seven can afford shared ownership at 25% and one in eight can afford owner-occupation. The affordability of a bedsit or room has **not** been assessed for lone parent households as it is considered that a bedsit or room would never be appropriate for a lone parent.

Figure 111: Housing Product Affordability for Lone Parent Households (Source: SHMA Household Survey)

Legend: ■ Able to afford a property of the size needed   ■ Unable to afford

	Able to afford	Unable to afford
HOME OWNERSHIP		
Owner occupation	12%	88%
Shared ownership 50%	12%	88%
Shared ownership 25%	15%	85%
RENT		
Market rent	22%	78%
Social rent	51%	49%
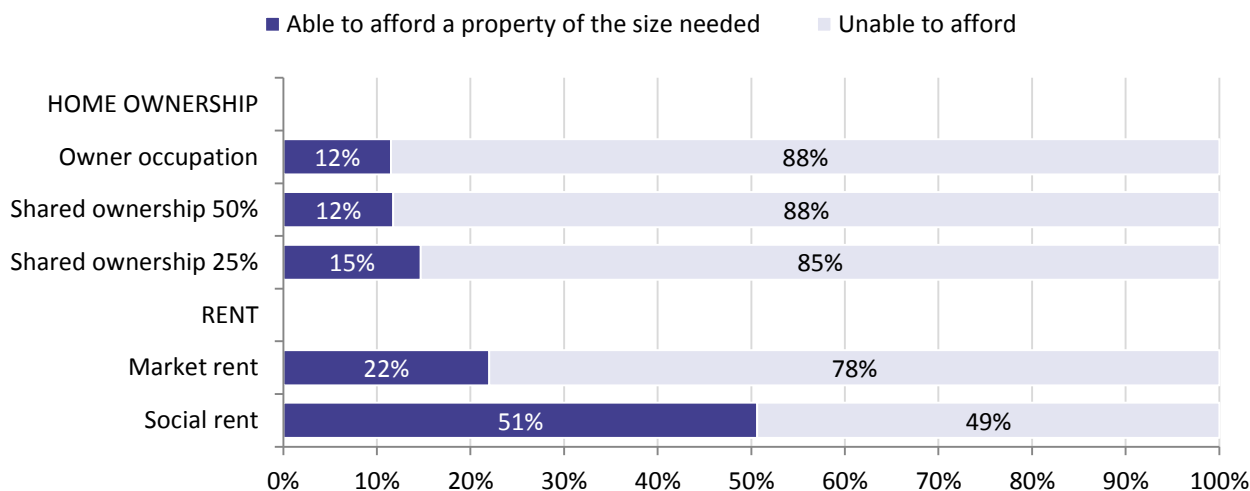
7.41 The owner-occupation market is roughly balanced with respect to lone parent households. The proportion in owner-occupation (10.6%) is close to the 12% who can afford an owner-occupied property of the size needed, and two thirds of those in owner-occupation occupy 2 or 3 bedroom properties. This is in line with the proportion of lone parent families who occupy 2 and 3 bedroom properties in any tenure. Assuming that there is some correlation between those living in owner-occupied properties and those who can afford owner-occupation, then the main housing (as opposed to economic) intervention to take on this portion of the market appears to be providing cheaper properties to buy to increase the number of families who can afford it.

7.42 Shared ownership is under provided or under utilised by lone parent households; either more is required or the tenure requires increased promotion. Only 0.6% occupy shared ownership properties, yet at 25% ownership, 15% of lone parent households could afford a shared ownership property of the size needed. If the 12% who can afford owner-occupation are removed, then for at least 3% shared ownership is a relevant tenure.

7.43 The private rented sector appears to be roughly balanced. While 22% of lone parent families could afford a private rented property of the size needed, 12% can also afford (and 10.6% live in) owner-occupation, leaving private rented as a relevant tenure for around 10% to 12%. This compares with the 11.7% who occupy private rented properties. Over half of those in private rented properties receive housing benefit support.

7.44 The major tenure required by lone parent households is social rented properties. It is notable that only 51% can afford a social rented property of the size required. For almost half (49%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households may not be able to afford a property of the required size. Of lone parent households, 51% are in social rented and receive housing benefit support.

Other Families with Children

7.45 This section considers households with dependent and/or non-dependent children excluding Lone Parent Households.

7.46 The most common tenure occupied by households of families with children excluding lone parent families is social rented, with 37.3% in 2 and 3 bedroom social rented properties, followed by 4.0% in 4 bedroom properties. A higher proportion of families with children[71] occupy these type of properties than for all households. In total, 47.2% occupy social rented properties compared to 16.4% in private rented and 35.7% in owner-occupied properties, including a total of 19.8% in owner-occupied 4+ bedrooms; much higher than the average for all households. Taking all tenures together, over 65% of families with children occupy 2 or 3 bedrooms. Another 8.4% having 5+ bedrooms, much higher than average.

Figure 112: Existing Housing Mix for Households with Children excluding Lone Parent Households (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.2%	0.4%	0.7%
1 bedroom	-	1.2%	0.0%	3.9%	3.5%	8.6%
2 bedrooms	0.8%	4.2%	0.6%	7.6%	22.4%	35.7%
3 bedrooms	4.5%	5.2%	0.1%	3.3%	16.9%	30.0%
4 bedrooms	8.8%	2.6%	-	1.3%	4.0%	16.7%
5+ bedrooms	8.4%	-	-	-	-	8.4%
TOTAL	**22.5%**	**13.2%**	**0.7%**	**16.4%**	**47.2%**	**100%**
With housing benefit support	-	-	-	4%	32%	36%
Without housing benefit support	-	-	-	21%	43%	64%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.47 Just over three quarters of families with children can afford social rented housing of the size required (76%), with over half (53%) being able to afford market rent. Over half can afford shared ownership at 25% and two fifths can afford owner-occupation.

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[71] Please read 'other families with children' as 'families with dependent or non-dependent children, excluding lone parent families'.

Figure 113: Housing Product Affordability for Households that are Other Families with Children (Source: SHMA Household Survey)
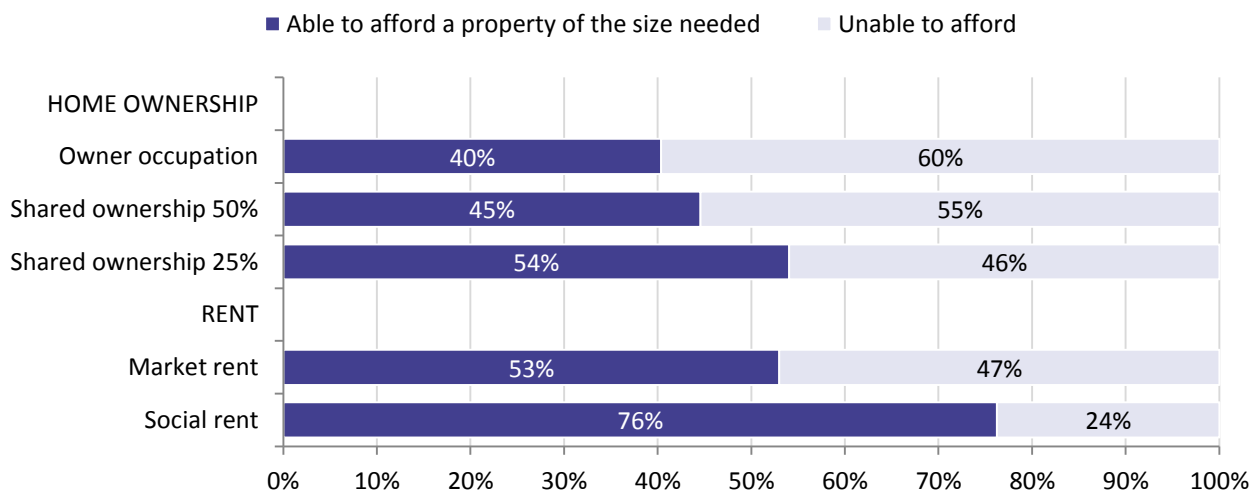
7.48 The owner-occupation market is roughly balanced with respect to families with children. The proportion in owner-occupation (35.7%) is approaching the 40% who can afford an owner-occupied property of the size needed, with a large proportion occupying 4 or 5+ bedroom properties. Assuming that there is some correlation between those living in owner-occupied properties and those who can afford owner-occupation, then the main housing (as opposed to economic) intervention to take on this portion of the market appears to be providing cheaper properties to buy to increase the number of families who can afford it.

7.49 Shared ownership is under provided or under utilised by families with children; either more is required or the tenure requires increased promotion. Only 0.7% occupy shared ownership properties, yet at 25% ownership, 54% of these households could afford a shared ownership property of the size needed, about the same as could afford market rent. If the 40% who can afford owner-occupation are removed, then for at least 14% shared ownership is a relevant tenure.

7.50 The private rented sector appears to be a less affordable option for families with children when compared to shared ownership at 25%. Though the tenure appears to be broadly balanced, there could be a question of affordability for some of those living in private rented properties. While 53% of these households could afford a private rented property of the size needed, 40% can also afford (and 35.7% live in) owner-occupation, leaving private rented as a relevant tenure for around 13% to 17%. This compares with the 16.4% who occupy private rented properties. The difference between these two figures could indicate households living in properties which they cannot afford, or households who could afford owner-occupation, but choose private rented. The low proportion of households who receive housing benefit support suggests comparatively few are unable to afford the properties they rent.

7.51 The major tenure required by families with children is social rented properties. It is notable that only 76% can afford a social rented property of the size required. For almost a quarter (24%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households may not be able to afford a property of the required size. Of families with children households, 32% are in social rented and receive housing benefit support.

Working-age Households without Children

7.52 This section considers households aged under 65 who are not living with dependent children.

7.53 The largest proportion of working age households without children live in the private rented sector (45.0%), which is higher than the average for all households for all private rent property sizes except 5+ bedrooms. More live in 1 and 2 bedroom properties and this is the case across other tenures; owner-occupation, social rent, and shared ownership. Around four fifths of the 27.4% in owner-occupied properties live in flats or maisonettes and 16.7% of all working age households without children are in 1 bedroom social rent.

Figure 114: Existing Housing Mix for Working Age Households (without children) (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	3.6%	1.7%	5.4%
1 bedroom	-	6.0%	0.5%	18.7%	16.7%	41.9%
2 bedrooms	1.2%	10.2%	0.3%	13.6%	4.8%	30.1%
3 bedrooms	2.1%	4.4%	0.1%	6.0%	2.0%	14.6%
4 bedrooms	1.8%	0.6%	-	3.2%	1.4%	7.1%
5+ bedrooms	1.1%	-	-	-	-	1.1%
TOTAL	**6.2%**	**21.2%**	**0.9%**	**45.0%**	**26.7%**	**100%**
With housing benefit support	-	-	-	5%	15%	19%
Without housing benefit support	-	-	-	59%	22%	81%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.54 Four fifths of working age households without children can afford social rented housing (78%), with just over half (52%) being able to afford market rent of the size required. Shared ownership at 25% is affordable to 57% and a third can afford owner-occupation. More (77%) can afford a bedsit or room than can afford a larger private rented property (as implied by 'of the size they need'). The affordability of a bedsit or room has been assessed for all working age households without children regardless of the size of property needed because this group will include some single people. As explained above, this should not be taken to suggest that a bedsit or room is appropriate for all working age households without children, the figure of 77% includes those who can afford a larger property alongside those who can only afford a bedsit or room, but that is a property of the size needed.

Figure 115: Housing Product Affordability for Working Age Households (without children) (Source: SHMA Household Survey)
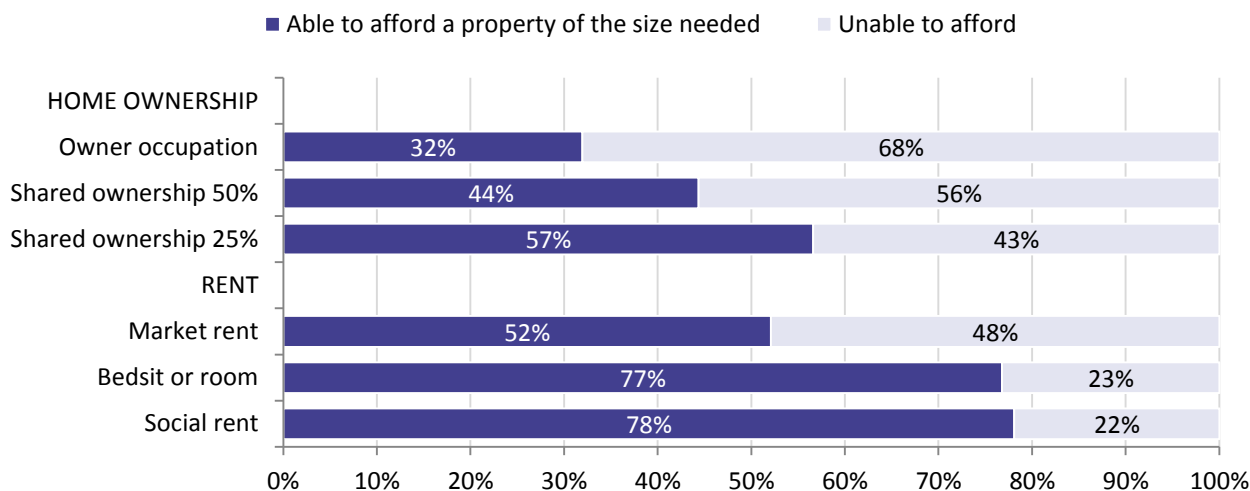
7.55 More working age households without children can afford owner-occupation than live in the tenure; 32% can afford and 27.4% live in owner-occupied properties. The high proportion in flats or maisonettes may reflect factors such as life stage and market price.

7.56 Shared ownership is under provided or under utilised by working age households without children. Only 0.9% occupy shared ownership properties, yet at 25% ownership, 57% of these households could afford a shared ownership property of the size needed. Taking account of the 32% who can afford owner-occupation and 27.4% who live in it, then shared ownership is a relevant tenure for around 25% to 30%. Promotion of shared ownership to these households might encourage them to consider it as an option.

7.57 The private rented option may be the tenure of choice for some of these households for reasons such as allowing flexibility for employment, with 45% living in the tenure and 52% able to afford a property of the size needed. Taking account of the 32% who can also afford (and 27.4% who live in) owner-occupation, leaves private rented as a relevant tenure for around 20% to 25%. However, this measure is based on an assumption that most households will choose owner-occupation where they are able, whereas comparatively large numbers of working age households without children may choose private rented. This conclusion is supported by the fact that 12 times as many of these private renters *do not* receive housing benefit support as do receive HB support.

7.58 Social rented is the third most lived in tenure for working age households without children, with higher than average proportions in bedsits or 1 bedroom properties. While a large majority (78%) can afford a social rented property of the size required, 22% cannot and two in five existing tenants receive housing benefit support. The main conclusion which should be drawn from these figures is that there is a need for social rented housing for working age households without children. For more than one in five, social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size.

Households from BME Groups

7.59 As at the Census 2011, the largest BME group in Camden was White Other, comprising 19% of the population, with the second being Asian (including all South Asian and South Asian British ethnicities) at 16.1%, with lower proportions of Black (8.2%) and Mixed Race (5.6%). This differs from London where the largest BME group is Asian (18.5%) followed by Black (13.3%) then White Other (12.6%). Across England, the largest BME group is Asian, though the overall proportion, at 7.8%, is lower than in Camden or in London.

Figure 116: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)
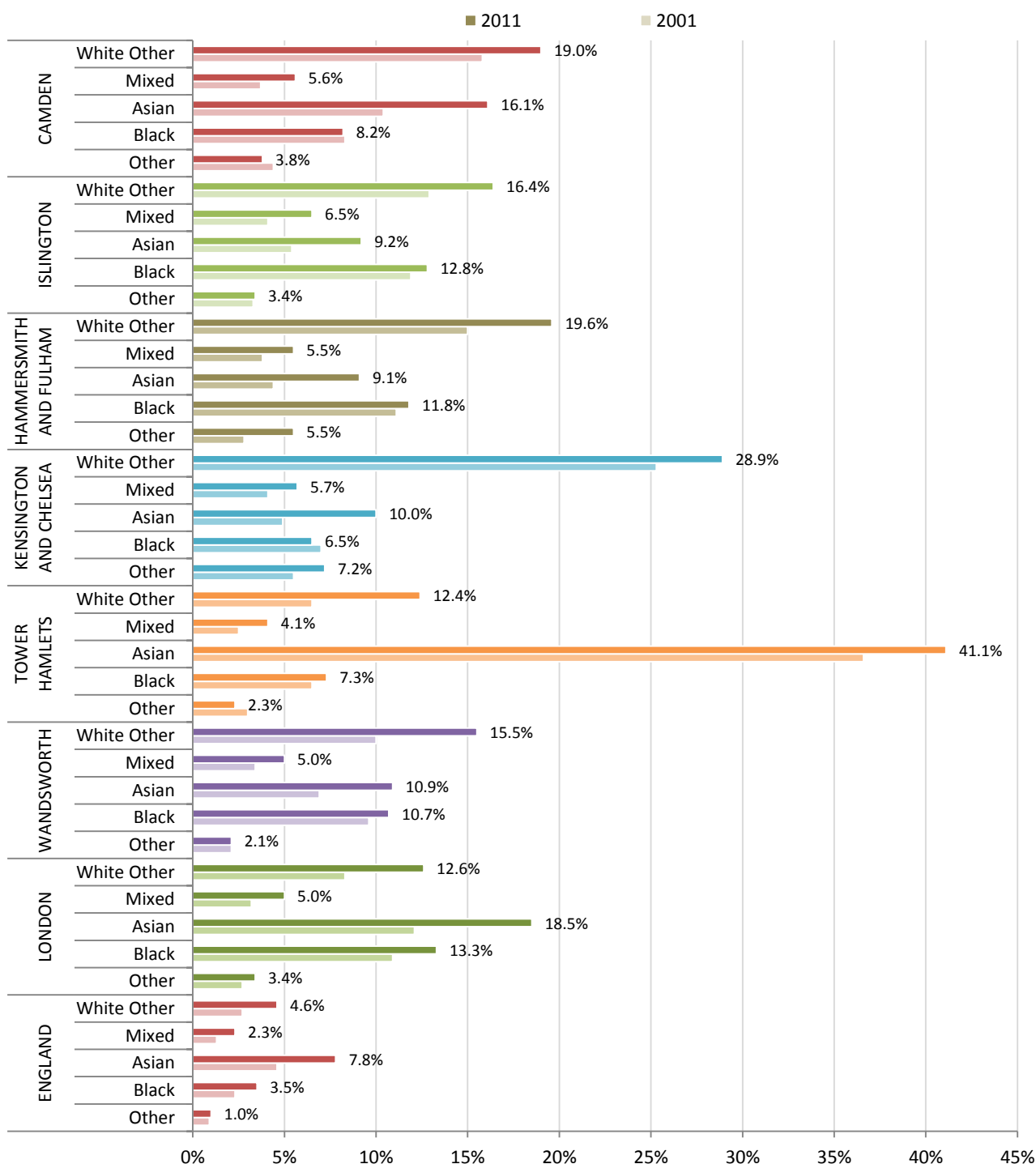
7.60 The number of people from a minority ethnic group has increased by 10.1% (Camden) and 10.7% (Islington); this is a lower rate than comparator authorities. The increase is mainly driven by the Asian and White Other groups.

Figure 117: Change of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)

BME Group	White Other	Mixed	Asian	Black	Other	Total
Camden	+3.2%	+1.9%	+5.7%	-0.1%	-0.6%	+10.1%
Islington	+3.5%	+2.4%	+3.8%	+0.9%	+0.1%	+10.7%
London	+4.3%	+1.8%	+6.4%	+2.4%	+0.7%	+15.6%
England	+1.9%	+1.0%	+3.2%	+1.2%	+0.1%	+7.4%

Figure 118: Existing Housing Mix for Black and Minority Ethnic Group Households (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	3.1%	1.4%	4.5%
1 bedroom	-	3.4%	0.2%	13.1%	14.7%	31.4%
2 bedrooms	1.2%	6.2%	0.3%	10.1%	16.5%	34.3%
3 bedrooms	1.9%	3.4%	0.0%	4.1%	9.9%	19.3%
4 bedrooms	1.9%	1.2%	-	1.7%	4.1%	8.9%
5+ bedrooms	1.6%	-	-	-	-	1.6%
TOTAL	6.7%	14.1%	0.5%	32.2%	46.5%	100%
With housing benefit support	-	-	-	6%	28%	34%
Without housing benefit support	-	-	-	34%	31%	66%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.61 The largest proportion of Black and Minority Ethnic Group (BME) households occupy social rented housing, with 31.2% in 1 and 2 bedroom properties, followed by 9.9% in 3 bedroom and a further 4.1% in 4 bedroom. A higher proportion of BME households occupy these type of properties than for all households. In total, 46.5% occupy social rented properties compared to 32.2% in private rented and 20.8% in owner-occupied properties. Taking all tenures together, just over 65% of BME households occupy 1 or 2 bedrooms, with 31.4% in 1 bedroom and 34.3% in 2 bedroom properties. A higher proportion occupy private rented accommodation than the average for all households.

7.62 Just over two thirds of BME households can afford social rented housing (67%), with about two fifths (39%) being able to afford market rent of the size required, and 42% being able to afford shared ownership at 25%. A quarter of BME households can afford owner-occupation. More (53%) can afford a bedsit or room than can afford a larger private rented property (as implied by 'of the size they need'). The affordability of a bedsit or room has been assessed for all BME households regardless of the size of property needed because this group will include some single people and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all BME households; the figure of 53% includes those who can afford a larger property alongside those who can only afford a bedsit or room, but that is a property of the size needed.

Figure 119: Housing Product Affordability for Black and Minority Ethnic Group Households (Source: SHMA Household Survey)

■ Able to afford a property of the size needed   ■ Unable to afford

	Able to afford	Unable to afford
HOME OWNERSHIP		
Owner occupation	25%	75%
Shared ownership 50%	32%	68%
Shared ownership 25%	42%	58%
RENT		
Market rent	39%	61%
Bedsit or room	53%	47%
Social rent	67%	33%

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%
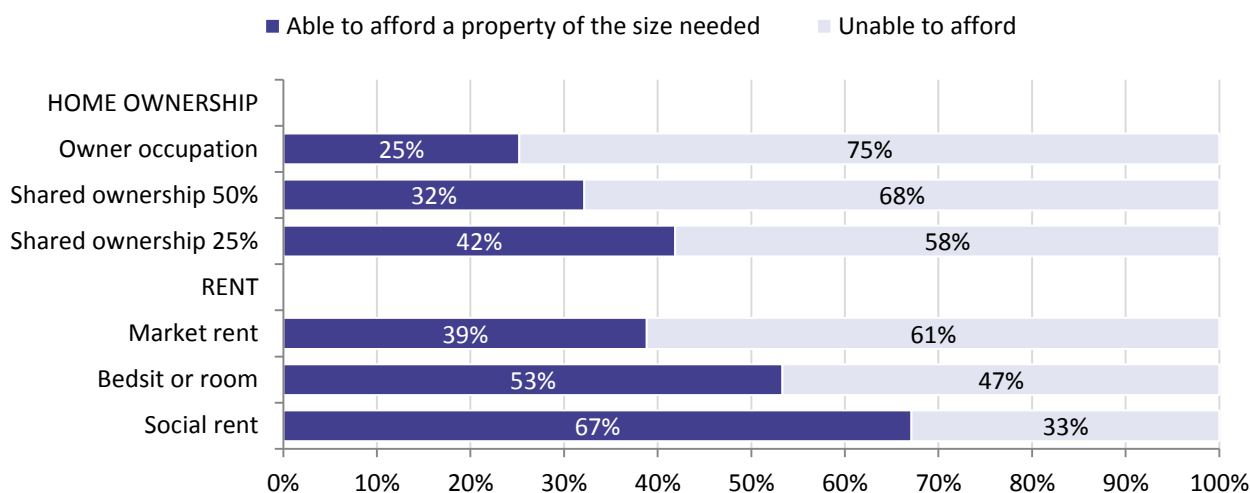
7.63   There are fewer BME households in owner-occupied properties than the other larger groups considered in these profiles. The proportion in owner-occupation (20.8%) is a little lower than the 25% who can afford an owner-occupied property of the size needed, and most of these households are in flats or maisonettes.

7.64   Shared ownership is under provided or under utilised by BME households; either more is required or the tenure requires increased promotion. Only 0.5% occupy shared ownership properties, yet at 25% ownership, 42% of BME households could afford a shared ownershp property of the size needed. If the 25% who can afford owner-occupation are removed, then for at least 17%, shared ownership is a relevant tenure.

7.65   There are more BME households living in the private rented sector than the average for all households (32.2%). The majority of these do not receive housing benefit support. In fact, there are almost six times as many private rented tenants who *do not* receive HB support than who do receive HB support. This suggests that few are unable to afford the properties they rent. While 39% of BME households could afford a private rented property of the size needed, 25% can also afford (and 20.8% live in) owner-occupation, leaving private rented as a relevant tenure - on this measure - for around 15% to 20%.

7.66   The largest tenure required by BME households is social rented properties. It is notable that only 67% can afford a social rented property of the size required. For the remaining third (33%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size. Approaching half of BME households in social rented properties receive housing benefit support.

7.67   There is a notably high proportion of BME households in 1 or 2 bedroom properties; 65.7% in total. This high proportion is reflected across all tenures, but particularly in private rent and social rent.

Housing for Young People

Young people aged 16-24

7.68 This section considers households aged 16 to 24.

7.69 Predominantly, young people households occupy the social rented (55.5%) and private rented (43.0%) sectors with the remaining small proportion in owner-occupied flats or maisonettes. The proportions of young people households in 4 bedroom social rented properties (19.1%) and private rented properties (7.9%) are much higher than the average for all households. There are also higher than average proportions in 1 to 3 bedroom properties in private rent and 1 and 2 bedrooms in social rent.

Figure 120: Existing Housing Mix for Young People Households (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.0%	0.0%	0.0%
1 bedroom	-	0.0%	0.0%	15.9%	13.4%	29.3%
2 bedrooms	0.0%	0.5%	0.0%	14.9%	15.0%	30.5%
3 bedrooms	0.0%	0.9%	0.0%	4.3%	8.0%	13.2%
4 bedrooms	0.0%	0.0%	-	7.9%	19.1%	27.0%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	**0.0%**	**1.5%**	**0.0%**	**43.0%**	**55.5%**	**100%**
With housing benefit support	-	-	-	2%	23%	25%
Without housing benefit support	-	-	-	39%	36%	75%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.70 Approaching two thirds of young people households can afford social rented housing (63%), with about two fifths (38%) being able to afford market rent of the size required and 40% a bedsit or room, and in the case of young people households, these two categories will overlap with a bedsit or room being the size required for many single young people. While a bedsit or room will be an appropriate size for many young people, the affordability of a bedsit or room has been assessed for all young people households regardless of the size of property needed. Fewer than one in five can afford shared ownership at 25% and only 2% can afford owner-occupation. We would stress that each dwelling type is only considered for the households it is suitable for, so single persons are considered for bedsits, but households with children are assumed to need larger units.

Figure 121: Housing Product Affordability for Young People Households (Source: SHMA Household Survey)

Legend: ■ Able to afford a property of the size needed   ■ Unable to afford

Category	Able to afford	Unable to afford
HOME OWNERSHIP		
Owner occupation	2%	98%
Shared ownership 50%	12%	88%
Shared ownership 25%	18%	82%
RENT		
Market rent	38%	62%
Bedsit or room	40%	60%
Social rent	63%	37%
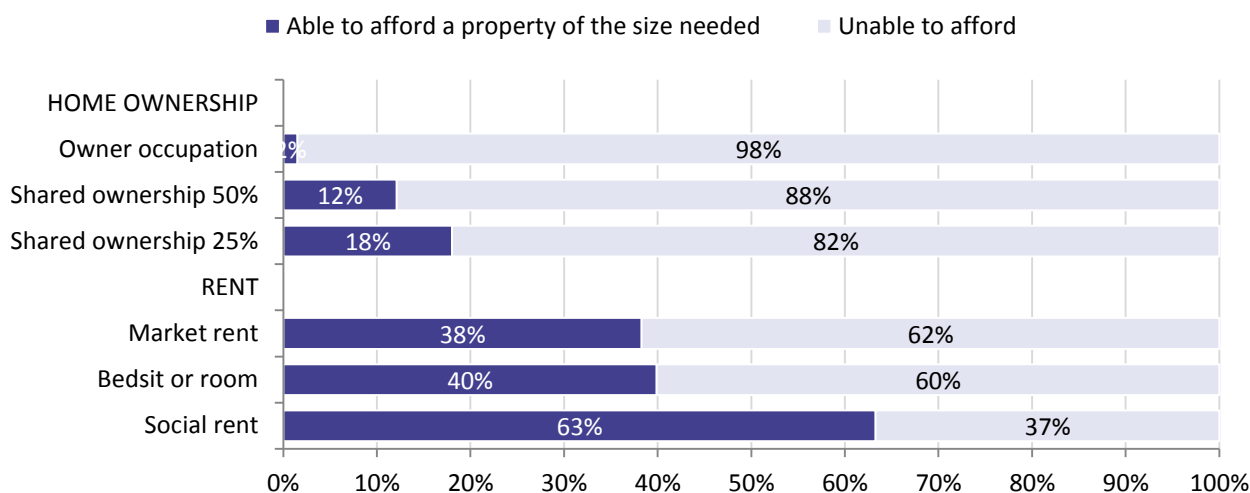
7.71   Most young people households who can afford owner-occupation are buying; 1.5% live in owner-occupied properties, 2% can afford owner-occupation. This could include some who are living in a property being bought by or with the help of family.

7.72   There is no current identifiable market for shared ownership for young people households. There may be many reasons for this such as choice by the households or allocation criteria. However, 18% could afford shared ownership at 25% and it might be possible to promote the tenure.

7.73   The private rented sector appears to be roughly balanced with 40% being able to afford a bedsit or room, 38% able to afford market rent for the size of property needed, and 43% living in the sector. Only 2% of all young people households live in private rented and receive housing benefit support; less than one in twenty of those living in the tenure. The picture of affordability, tenure and size of property supports a view of a considerable amount of sharing accommodation, predominantly by working young people.

7.74   The proportion of larger properties suggests sharing is common in social rented properties, though this would not be consistent with usual housing allocation practices in the sector. Around two fifths of those in social rent receive housing benefit support. Only 63% can afford a social rented property of the size required. This raises a concern about the Affordable rent tenure being more expensive than social rent. For 37%, social rented, or private rented with HB, will be the only options and even then it might be expected that those households will not be able to afford a property of the required size.

People under 35 reliant on housing benefit at the shared accommodation rate

7.75   This section considered households aged under 35 and in receipt of Housing Benefit, Living as Single Person Household or as part of a Multi-Adult Household.

7.76   For these households, the options are limited to two tenures; private rent, which accounts for 14.4% of the accommodation occupied, and social rent which accounts for the remaining 85.6%. The largest proportion of these households live in 1 bedroom social rented (75.8%). The remainder occupy 1 bedroom private rented accommodation or a bedsit or room, with 4.4% living in 2 bedroom social rented properties.

Figure 122: Existing Housing Mix for Households under 35 Reliant on Housing Benefit at Shared Accommodation Rate (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	8.3%	5.4%	13.7%
1 bedroom	-	0.0%	0.0%	6.1%	75.8%	81.9%
2 bedrooms	0.0%	0.0%	0.0%	0.0%	4.4%	4.4%
3 bedrooms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4 bedrooms	0.0%	0.0%	-	0.0%	0.0%	0.0%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	**0.0%**	**0.0%**	**0.0%**	**14.4%**	**85.6%**	**100%**
With housing benefit support	-	-	-	14%	86%	100%
Without housing benefit support	-	-	-	0%	0%	0%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

Figure 123: Housing Product Affordability for Households under 35 Reliant on Housing Benefit at Shared Accommodation Rate (Source: SHMA Household Survey)
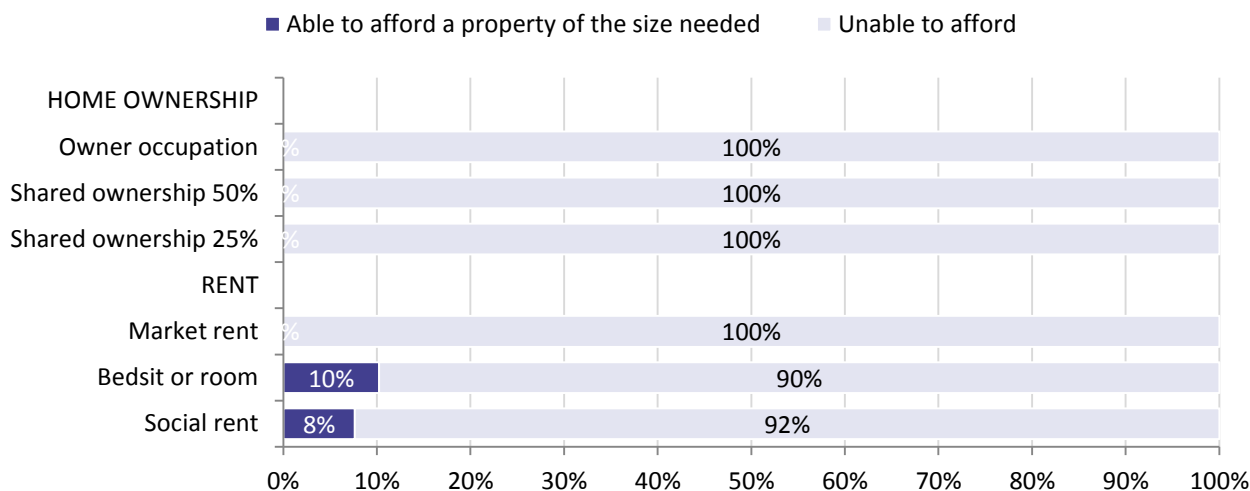
7.77 Options for households under 35 reliant on HB at shared accommodation rate are limited by the level of benefit. Only 10% can afford a bedsit or room, leaving 90% reliant entirely on receipt of HB. While a bedsit or room will be an appropriate size for many single people under 35, the affordability of a bedsit or room has been assessed for all single people under 35 reliant on HB regardless of the size of property needed. By definition, the need is for bedsits and 1 bedroom properties in the private and social rented sectors.

Housing for Older People

7.78 This section considers households with all members aged 65 or over. Data from the SHMA household survey is combined data for Camden and Islington, while data from other sources relates to Camden alone, unless otherwise stated.

Figure 124: Existing Housing Mix for Older People Households (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.5%	1.2%	1.7%
1 bedroom	-	6.7%	0.2%	6.5%	19.1%	32.4%
2 bedrooms	5.2%	10.9%	0.0%	3.7%	12.9%	32.7%
3 bedrooms	7.5%	7.3%	0.1%	1.2%	5.1%	21.1%
4 bedrooms	6.6%	0.8%	-	0.8%	0.6%	8.8%
5+ bedrooms	3.2%	-	-	-	-	3.2%
TOTAL	**22.5%**	**25.6%**	**0.3%**	**12.7%**	**38.9%**	**100%**
With housing benefit support	-	-	-	8%	39%	46%
Without housing benefit support	-	-	-	17%	37%	54%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.79 The largest tenure among older people households is owner-occupation at 48.1%. A much higher proportion than the average for all households are in 2 or 3 bedroom owner-occupied houses, with higher than average proportions in 1 to 3 bedroom flats and 4 bedroom houses. A larger proportion are in owner-occupied flats or maisonettes, which may in part reflect specialist provision such as sheltered housing for lease or outright sale. Social rent is the second largest tenure (38.9%). About half of older people households in social rented properties have 1 bedroom with just under a third having 2 bedrooms. Again this may in part reflect purpose built or designated housing such as sheltered housing. Just over half of older people households in social rented properties receive housing benefit support. A significant minority live in private rented properties (12.7%).

7.80 Approaching two thirds of older people households can afford social rented housing (63%), with half (50%) being able to afford market rent of the size required and three quarters (74%) being able to afford a bedsit or room. Just over half can afford shared ownership at 25% and almost half can afford owner-occupation. The affordability of a bedsit or room has been assessed for all older people, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for older people.

Figure 125: Housing Product Affordability for Older People Households (Source: SHMA Household Survey)

Legend: ■ Able to afford a property of the size needed   ■ Unable to afford

	Able to afford	Unable to afford
HOME OWNERSHIP		
Owner occupation	49%	51%
Shared ownership 50%	50%	50%
Shared ownership 25%	52%	48%
RENT		
Market rent	50%	50%
Bedsit or room	74%	26%
Social rent	63%	37%
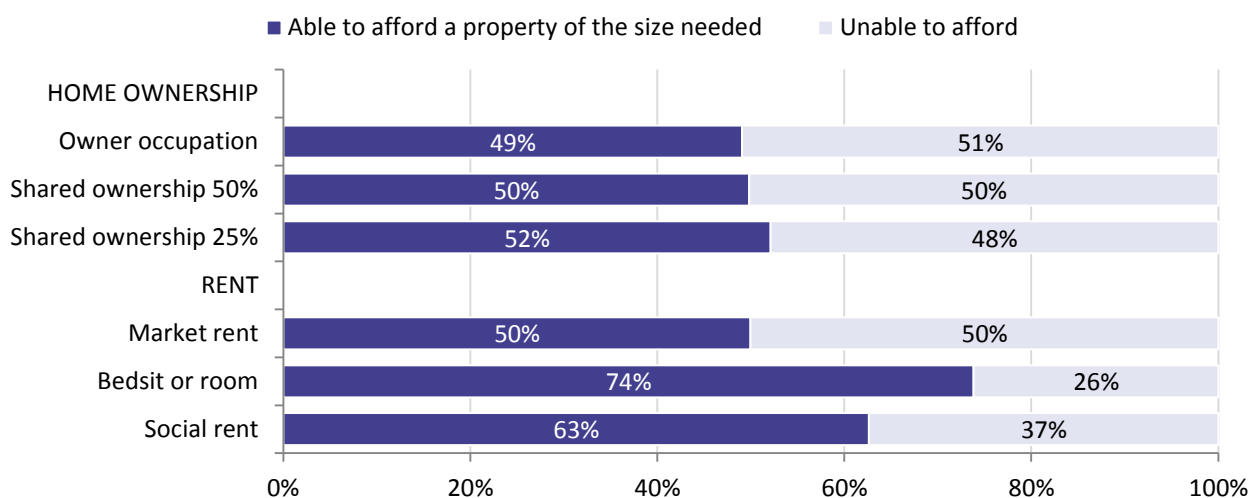
7.81 The owner-occupation market is roughly balanced with respect to older people households. The proportion in owner-occupation (48.1%) compares to the 49% who can afford an owner-occupied property of the size needed. This does not necessarily mean that the number who can afford owner-occupation equals the number who are in owner-occupied properties, as some will have been able to afford properties in the past, who would be unable to afford at current prices. The proportions of older people households in 3+ bedroom properties suggests a level of under occupation. For example, 10.6% of all older people households live in 4+ bedroom owner-occupied properties.

7.82 Considered as a proportion of all tenures, shared ownership is under provided or under utilised by older people households. However, assuming that most older people households in owner-occupation own outright or took out a mortgage some years ago, moving to shared ownership may not be a desireable option for many. This may change over time if the tenure increases in size, although staircasing may mean that by the age of 65+ many shared owners would own the properties outright. Currently, only 0.3% occupy shared ownership properties. At 25% ownership, 52% of older people households could afford a shared ownership property of the size needed, but 49% can afford (and 48% live in) owner-occupation, leaving shared ownership as a relevant tenure for 3% to 4% of older people households. Limited access to mortgages for older people means that many who are renting in the PRS or in social housing currently would be unable to access home ownership unless they have access to capital from another source such as savings.

7.83 More older people households than might be expected live in the private rented sector given the proportions who can afford an owner-occupied property of the size needed. Of the 12.7% who occupy private rented properties, about a third receive housing benefit support.

7.84 Social rented properties form the second major tenure for older people households, with 38.9% living in the tenure and 63% being able to afford a property of the size needed. However, for 37%, social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size. Just over half of older people households living in social rented properties receive housing benefit support. The number of older people households in larger social rented properties - 5.1% of all are in social rented 3+ bedrooms - suggests some under occupation. The 12.9% of all older people households in 2 bedroom social rented also suggests some under occupation, but the level is difficult to assess.

7.85   The results of the SHMA survey can be considered in the context that Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.6m by 2037[72] for the over 60s, and from 1.4m (2012) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

> ### Housing for older people
>
> *The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over … Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under occupied.*
>
> *The future need for older persons housing broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care and, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

7.86   The population projections based on long-term migration trends identified that the Camden population was likely to increase from 238,215 persons to 261,062 persons over the 15-year period 2016-31; a 15-year increase of 22,847 persons. The population in older age groups is projected to increase substantially during the Plan period, with two fifths of the overall population growth (8,981 persons) projected to be aged 65 or over and a quarter projected to be 75 or over (5,962 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to need accessible housing.

7.87   The SHMA household survey identified that among older households (where all residents were aged 65+), 42% include a household member with a long standing illness, disability or infirmity; and 32% of all older households have a household member with a long standing illness, disability or infirmity which affects their housing requirements.

Figure 126: Members of Household With Longstanding Illness, Disability or Infirmity That Affects Housing Requirements– Older Households (All 65+) in Camden (Source: SHMA Household Survey 2014)

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[72] http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2012-based-projections/stb-2012-based-npp-principal-and-key-variants.html#tab-Changing-Age-Structure
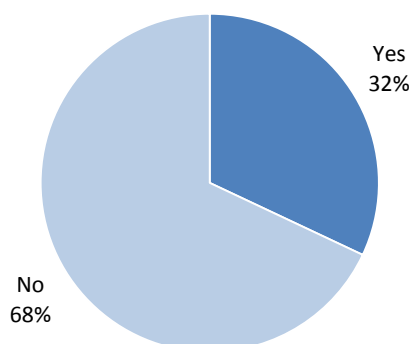
7.88　The data below is from the most recently available Elderly Accommodation Council data (a recommended data source in previous iteration of PPG pre 2015 revision). This indicates a considerable supply of nearly 2,000 specialist homes in Camden as well as just over 400 Care home beds in the Borough. Islington figures are also presented for reference.

Figure 127: Existing Specialist Housing Supply (Source: EAC 2013[73])

	Camden	Islington
HOUSING UNITS		
Owned	47	61
Local Authority Rented	870	31
RSL Rented	1,082	934
TOTAL HOUSING UNITS	**1,999**	**1,026**
CARE HOME BEDS		
Nursing Care		
Private accommodation	160	391
Local Authority	0	0
Voluntary sector	20	135
Residential Care		
Private accommodation	46	0
Local Authority	146	0
Voluntary sector	34	0
TOTAL CARE HOME BEDS	**406**	**526**

7.89　The Older People housing options considered in this section follow the definitions in the 2012 *Housing Our Ageing Population* report (HAPPI2)[74]. This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements were modelled using the Housing LIN methodology (2012)[75]. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

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[73] *The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". It is important to note that a considerable proportion of housing intended for older people falls outside this definition, and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' **are included**.*

[74] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

[75] www.housinglin.org.uk/housinginlaterlife_planningtool

Figure 128: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012

	Demand per 1,000 persons aged 75+		
	Owned	Rented	TOTAL
Extra care	30	15	45
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20
Conventional Sheltered Housing	-	60	60
Dementia	-	6	6
Leasehold Schemes for the Elderly (LSE)	120	-	120

7.90 Based on the growth in population aged 75+ identified across the population projection scenarios (an increase from 12,527 persons in 2016 to a population of 18,489 in 2031), the table below identifies the potential requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, the toolkit suggests a significant need for LSE schemes.

Figure 129: Additional Modelled Demand for Older Person Housing in Camden (Source: Housing LIN Toolkit)

	Owned	Rented	TOTAL
Additional Modelled Demand for Older Person Housing 2016-31			
Extra care	179	89	268
Sheltered 'plus' or 'Enhanced' Sheltered	60	60	120
Conventional sheltered housing to rent	-	358	358
Dementia	-	36	36
Leasehold Schemes for the Elderly (LSE)	715	-	715
TOTAL	**954**	**543**	**1,497**

7.91 The toolkit identifies future need for almost 1,500 specialist older person housing units of various types over the 15-year period 2016-31; however almost half of this need (48%, 715 dwellings) is for LSE housing.

7.92 The London Plan allocates benchmark figures to boroughs for 'specialist housing for older people'[76]. The annualised figures for Camden for 2015 – 2015 are: 65 private sale; 20 intermediate sale; 15 affordable rent. These figures are for 10 year to 2025, but for comparison, allocating the same figures over 15 years would give totals of: 975 private sale; 300 intermediate sale; 225 affordable rent. While the London Plan figures are split into three categories and the Housing LIN into two categories, the totals over 15 years are comparable: 1,500 in the London Plan, compared to 1,497 from the Housing LIN.

7.93 Older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future year. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

7.94 As a consequence, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.

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[76] https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/London%20Plan%20March%202015%20%28FALP%29%20-%20Annexes.pdf

7.95 PPG identifies that *"assessments should set out the level of need for residential institutions (Use Class C2)"* (ID 2a-021). Planning Practice Guidance for Housing and Economic Land Availability Assessment also states the following in relation to housing for older people:

> **How should local planning authorities deal with housing for older people?**
>
> *Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.*
>
> **Planning Practice Guidance (March 2015), ID 3-037**

7.96 It is important to recognise that the identified OAN does not include the projected increase of institutional population and which is a consequence of the CLG approach to establishing the household population[77], which assumes *"that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s"* on the basis that *"ageing population will lead to greater level of population aged over 75 in residential care homes"*.

7.97 The Councils will therefore need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply. **If bedspaces in residential institutions in Use Class C2 are counted within the housing supply, then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN).** If these bedspaces are <u>not</u> counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.

7.98 More generally, it is important that the need for specialist older person housing is considered in partnership with other agencies, in particular those responsible for older person support needs. It is also important to consider other factors and constraints in the market:

» **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;

» **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme;

» **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated;

» **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly LA Supporting People Teams and the Health Service; and

» **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

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[77] Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Households with Specific Needs

7.99 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

> ### Households with specific needs
>
> *There is no one source of information about disabled people who require adaptations in the home, either now or in the future.*
>
> *The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.*
>
> *Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

7.100 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have *"other, more severe, walking difficulty"* above the Lower Mobility Component (which is for supervision outdoors).

7.101 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill.

7.102 Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *"not all of the people included within these counts will require adaptations in the home"*.

7.103 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:

» Widening doors and installing ramps;

» Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;

» Providing a heating system suitable for needs; and

» Adapting heating or lighting controls to make them easier to use.

7.104 Local data about DFGs was published by CLG in Live Table 314[78], and this indicated that 59 DFGs were funded in the study area in 2010/11 at an average cost of £5,458. However PPG notes that whilst patterns of DFG applications *"provide an indication of expressed need"* it cautions that this could *"underestimate need"*. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

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[78] Table 314 has now been discontinued by CLG

7.105 As previously noted, the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)[79]. This introduces three categories of dwellings:

> » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
>
> » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
>
> » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

7.106 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

> *Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.*
>
> *To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.*
>
> **Planning Practice Guidance (March 2015), ID 56-007**

7.107 The population projections based on long-term migration trends identified an increase of 2,500 persons aged 85 or over, just over a tenth of the total increase over the period 2016 to 2031. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing. The Minor Alterations to the London Plan 2015[80] 'Housing Standards Review Evidence of Need' considers various strands of evidence and concludes: "*the current requirement for all new housing to be Lifetime Homes compliant is superseded with a requirement in Policy 3.8 for 90 per cent of new housing to be 'accessible and adaptable' dwellings, reflecting the optional Building Regulations access requirements under M4(2)*". **Given this context, the evidence supports the need for at least 90 per cent of dwellings to meet Category 2 requirements, providing that this does not compromise viability.** This approach has been adopted in Local Plans elsewhere.

7.108 The CLG guide to available disability data[81] (referenced by PPG) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). It is also important to recognise that these proportions are likely to increase over the period to 2031 in the context of the larger numbers of older people projected to be living in the area. The Minor Alterations to the London Plan 2015 'Housing Standards Review Viability Assessment' notes that the current London Plan target is for 10% of homes to be designed to be wheelchair accessible or easily adaptable standard and states that; *"The MALP updates this by requiring 10% of units to meet Building Regulations optional requirement M4(3) – 'wheelchair user dwellings'"*. However, the

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[79] http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1
[80] https://www.london.gov.uk/what-we-do/planning/london-plan/minor-alterations-london-plan/minor-alterations-london-plan-2015
[81] https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data

'Housing Standards Review Evidence of Need' references the survey carried out for the Review and notes the example of a London Borough which has built *"10 per cent wheelchair user dwellings across tenures for many years "whilst still retaining a waiting list of people who require this type of accommodation""*. From this, the evidence base concludes that; *"10 per cent is required as a minimum to meet demand"*. **The evidence therefore supports the need for 10% of market and affordable housing to meet Category 3 requirements.** This recognises the changing demographics of the area and also provides an element of choice for households that need wheelchair user dwellings now as well as those households considering how their needs may change in future. The evidence also supports the need for affordable dwellings in Category 3 to be fully wheelchair accessible, that is; readily useable by a wheelchair user at the point of completion.

Housing support needs due to long standing illness, disability or infirmity

7.109 This section considered the housing needs of people with a long standing illness, disability or infirmity who may need support alongside housing. The housing tenure needs are considered below. Firstly, this is put within the context of their support needs more generally. Figure 130 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

7.110 The key projected increases are relatively similar for a range of groups, ranging from people with disabilities to refugees and rough sleepers. This may mean that additional specialist housing provision is needed, although any provisions should be on the basis of a local appraisal.

Figure 130: Estimates of Vulnerable People Needs 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit[82])

Client Group	Camden				Islington			
	Estimated Number of People		Change 2011-21		Estimated Number of People		Change 2011-21	
	2011	2021	Number of People	% Change	2011	2021	Number of People	% Change
People aged under 18 in need								
Teenage parents	286	335	49	*+17.1%*	327	318	-9	*-2.8%*
Young people aged 16-17	29	33	4	*+13.8%*	26	26	0	*0.0%*
People aged 18-64 in need								
Alcohol misuse	972	1,178	206	*+21.2%*	957	1,119	162	*16.9%*
Learning disabilities	429	519	90	*+21.0%*	415	490	75	*18.1%*
Mental health problems	912	1,106	194	*+21.3%*	1,067	1,260	193	*18.1%*
Offenders	544	659	115	*+21.1%*	636	751	115	*18.1%*
Moderate physical or sensory disability	249	299	50	*+20.1%*	234	277	43	*18.4%*
Serious physical or sensory disability	66	79	13	*+19.7%*	60	72	12	*20.0%*
Refugees	32	38	6	*+18.8%*	37	44	7	*18.9%*
Rough sleepers	11	13	2	*+18.2%*	12	15	3	*25.0%*
Single homeless with support needs	696	844	148	*+21.3%*	814	961	147	*18.1%*

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[82] Housing for Older People is dealt with separately in Figure 129

7.111 The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for the SHMA to determine these figures in isolation. Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need.

7.112 There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of Welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. On this basis, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Camden's residents.

7.113 This section considers households with a member who has a long standing illness, disability or infirmity of any sort, including substance abuse, that affects their housing requirements.

7.114 Predominantly, households who require support due to a long standing illness, disability or infirmity occupy social rented housing with 50.2% in 2 or 3 bedroom properties, followed by 19.6% in 1 bedroom and a further 3.4% in 4 bedroom properties. Almost two thirds of these households receive housing benefit support. A higher or much higher proportion of these families occupy these type of properties than for all households. In total, 74.9% occupy social rented properties compared to 11.0% in private rented and 14.1% in owner-occupied properties, the majority of owner-occupiers being in flats or maisonettes.

Figure 131: Existing Housing Mix for Households with Housing Support Needs Due to a long standing illness, disability or infirmity including substance abuse (Source: SHMA Household Survey)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.9%	1.7%	2.7%
1 bedroom	-	3.5%	0.0%	3.4%	19.6%	26.5%
2 bedrooms	1.8%	3.2%	0.0%	3.2%	28.1%	36.3%
3 bedrooms	1.2%	2.5%	0.0%	2.9%	22.1%	28.7%
4 bedrooms	1.2%	0.7%	-	0.5%	3.4%	5.8%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	4.2%	9.9%	0.0%	11.0%	74.9%	100%
With housing benefit support	-	-	-	5%	61%	66%
Without housing benefit support	-	-	-	8%	26%	34%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households. Darker cells show where the proportion is much higher than average.

7.115 Under half of households requiring support due to a long standing illness, disability or infirmity can afford social rented housing (45%), with less than a quarter (22%) being able to afford market rent of the size required and a third being able to afford a bedsit or room. About one in five can afford shared ownership at 25% and one in seven can afford owner-occupation. The affordability of a bedsit or room has been assessed for all households with housing support needs due to a long standing illness, disability or infirmity,

regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all such households.

Figure 132: Housing Product Affordability for Households with Housing Support Needs due to a long standing illness, disability or infirmity including substance abuse (Source: SHMA Household Survey)
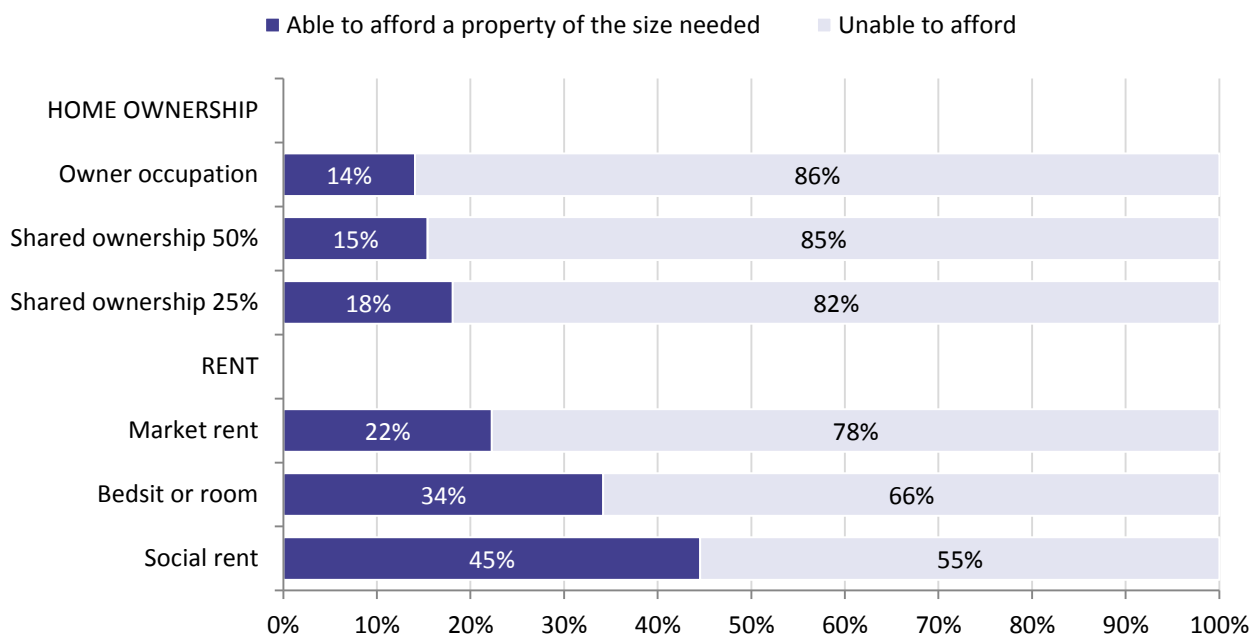
7.116 The owner-occupation market is broadly in balance with respect to households requiring support due to a long standing illness, disability or infirmity, with 14.2% living in owner-occupied properties and 14% able to afford an owner-occupied property of the size needed.

7.117 According to the affordability figures, shared ownership is a realistic option for a small proportion of these households, with 18% able to afford at 25% shared ownership. Taking account of the 14% able to afford owner-occupation suggests shared ownership is relevant to around 4%. Currently, none live in shared ownership properties.

7.118 While 22% of these households requiring support could afford a private rented property of the size needed, 14% can also afford owner-occupation, leaving private rented as a relevant tenure for around 8%. This is lower than the 11.0% living in the tenure, which suggests a possible affordability problem. Over 60% of those tenants do not receive housing benefit support.

7.119 The major tenure required by these households is social rented properties. It is notable that only 45% can afford a social rented property of the size required. For just over half (55%), social rented, or private rented with HB, will be the only options, and there will also be affordability difficulties for a larger proportion of households, as demonstrated by the 61% currently in social rented properties and receiving housing benefit support.

Service Families

7.120 Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.

7.121 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and *"Laying the Foundations: A Housing Strategy for England 2011"* (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel "additional preference" (higher priority) for the allocation of social housing since 2009, this "additional preference" **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the "*Housing Act 1996*" who have urgent housing needs.

7.122 *"The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012"* and the *"Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012"* both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.

7.123 Mandatory Disabled Facilities Grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *"The Nation's Commitment: Cross Government Support to our Armed Forces, their Families and Veterans"* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.

7.124 Considering service families in Camden and Islington, Figure 133 shows the number of residents employed in the Armed Forces. There were a total of 161 service personnel living in Camden at the time of the 2011 Census; most living in households, but with 38 living in communal housing.

Figure 133: Camden and Islington residents employed in the Armed Forces by LA (Source: 2011 Census)

	Camden	Islington	TOTAL
Usual residents employed in the Armed Forces			
Living in a household	123	73	196
Living in a communal establishment	38	2	40
TOTAL	**161**	**75**	**246**
Percentage of population aged 16+	*< 0.1%*	*< 0.1%*	*< 0.1%*

7.125 This represents less than 0.1% of the population of Camden aged 16 or over, therefore service families are relatively small in number in the area. It is unlikely that the needs of these families would impact on the overall level of housing need identified for Camden and Islington, but the Councils will need to ensure that arrangements are in place to properly address the needs of service families in the area.

Gypsies and Travellers

7.126 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

> *This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.*
>
> **Planning Policy for Traveller Sites, August 2015, paragraph 1**

7.127 The London Borough of Camden commissioned a separate Gypsy and Traveller and Travelling Showpeople Accommodation Assessment 2014 covering the period 2013-2031. This was completed in 2014 and is published on the Council's website[83]. This section of the SHMA does not amend or review the findings of the 2014 Accommodation Assessment, but it does set out the relationship between the Accommodation Assessment and the OAN figure identified in the SHMA.

7.128 An April 2015 High Court Judgement, '*Wenman v SSCLG and Waverley Borough Council*', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

> *"42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the requirement to "identify, and update annually, a supply of specific deliverable sites sufficient to provide five years' worth of sites against their local set targets" (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they "identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing".*
>
> *"43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting."*

7.129 Along with retaining the requirement for local authorities to assess their own needs for Gypsies and travellers, PPTS, August 2015, paragraph 10(a) retains the requirement to: *"identify and update annually, a supply of specific deliverable sites sufficient to provide 5 years' worth of sites against their locally set targets"*.

7.130 The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN;

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[83] http://www.camden.gov.uk/ccm/cms-service/stream/asset/;jsessionid=3F279E9C347DAA9C28B35A23433EA1D3?asset_id=3283187&

therefore any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.

7.131 This also means that any land supply for pitches and plots should be counted towards the general 5-year land supply as the needs they are addressing are included within the housing OAN.

7.132 It should be noted that PPTS, August 2015, sets out a new definition of Gypsies and Travellers who are to be included in the Gypsy and Traveller Accommodation Assessment (GTAA) which is on the basis of having a travelling lifestyle without reference to ethnicity:

> *Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily, but excluding members of an organised group of travelling showpeople or circus people travelling together as such.*
>
> **Planning Policy for Traveller Sites, August 2015, Annex 1**

7.133 This definition conflicts with the Housing Act (2004) definition used in the PPTS 2012. However, DCLG have stated that the Government will, when parliamentary time allows, seek to amend primary legislation to clarify the duties of local authorities to plan for the housing needs of their residents. This should bring the Housing Act definition in line with the PPTS definition.

7.134 Gypsies and Travellers who fall outside this definition will not necessarily be assessed in a GTAA and will need to be assessed separately because Romany Gypsies and Irish Travellers are recognised as having a protected characteristic under the Equality Act 2010 and culturally suitable accommodation should be provided. Camden's Gypsy and Traveller and Travelling Showpeople Accommodation Assessment 2014 proceeded on the basis of PPTS 2012 and did not exclude Gypsies and Travellers that might now fall outside the PPTS 2015 definition.

Appendix A
Glossary of Terms

Definitions

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

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

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

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

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

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

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

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

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

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

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

>> an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

>> a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;

>> a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

    »   a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

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

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

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

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

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

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

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

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

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

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

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

Acronyms and Initials

BME   Black and Minority Ethnic

CLG   Department for Communities and Local Government

DWP   Department of Work and Pensions

FALP   Further Alterations to the London Plan

GLA   Greater London Authority

HMA   Housing Market Area

HMO   House in Multiple Occupation

LA   Local Authority

LHA   Local Housing Allowance

NPPF   National Planning Policy Framework

ONS   Office for National Statistics

ORS   Opinion Research Services

PPG   Planning Practice Guidance

PRS   Private Rented Sector

RSL   Registered Social Landlord

SAR   Share Accommodation Rate

SHMA   Strategic Housing Market Assessment

Appendix B
Government and Other Recent Housing Initiatives

Initiative	Overview
Twenty First Century Garden Suburbs (TCPA)	Promoting the concept of Garden Cities as an approach to development in a contemporary context[84]:
City Villages (IPPR)	This initiative, proposed by IPPR[85], a leading 'thinktank', has a London focus on LA landholdings (including existing Council housing schemes). Essentially, it's based on leveraging existing sites to increase housing densities, type and mix, as well as adding in commercial retail and transport development to build sustainable and viable communities.
Community Custom Build	Community custom (or self-build) projects are relatively small scale (c.5 to 15 units[86]) and provide opportunities to local groups to develop skills and obtain a secure home. Recent example groups include unemployed people, ex-service personnel and young people (as well as family housing)[87]. Particularly suited to small infill sites in both rural and urban settings. Funding is diverse; HCA grant, gifted land, charitable funds etc. Examples include Circle 33's in Walthamstow[88] and GLA "Build your own home – the London way"[89].
New Methods of Construction: Modular Build	Modular construction or factory methods are often based on timber frame. Registered providers are keen on the approach citing benefits as *"advantages in terms of build quality, speed of delivery, construction, health and safety energy-in-use, whole-life carbon footprint and reduced transportation"* along with cost[90]. This may mean advantages in affordable housing delivery. Mainstream developers are less keen (*"modern methods of construction have 'not been embraced by the mainstream developer market")*.
Community Land Trusts and Community-led Bodies: Community Land Trusts	An alternative vision of ownership, where land is owned by a CLT, and affordable home ownership is developed then sold leasehold to local people, often with prices reflecting local incomes. There are currently 170[91] CLTs, mostly in rural areas, but London examples include Brixton Green92 and East London CLT, and a number of proposed CLTs such as Hackney Downs CLT.
Community Land Trusts and Community-led Bodies: Community Development of New Housing	Community development of new housing is supported by the Localism Act 2011. Developers are encouraged to involve local communities at pre-applications stage on major schemes, while Councils are encouraged to favour schemes that have been designed in collaboration with communities. The main device for community led involvement is via a Neighbourhood Plan, led either by a Parish Council or a neighbourhood forum[93]. CLG support Community-led design[94] and provide funding via the Design Council[95]. Local communities can also seek a 'community right to build order' to develop small scale housing schemes and other facilities, thus retaining development benefits for the community (e.g. affordable housing). Examples of community right to build include: » Totnes Community Development Society: a disused dairy converted to housing for older people in partnership with McCarthy & Stone. Seed corn funding through the HCA Community Led Project support Funding[96]. (NB this fund fully committed at time of writing) » Brixton Green Community Trust: a Community Right to Build Order to develop up to 300 affordable 1 to 4 bedroom rented flats, owned by a new community trust. Part funding through "Build your own home the London way[97].

[84] http://www.tcpa.org.uk/pages/creating-garden-cities-and-suburbs-today-a-guide-for-councils.html
[85] http://www.ippr.org/publications/city-villages-more-homes-better-communities
[86] http://www.communityselfbuildagency.org.uk/faq.html#what-is-the-ideal-size-for-a-community-self-build-group
[87] http://www.communityselfbuildagency.org.uk/projects/ongoing-projects.html
[88] http://www.selfbuildportal.org.uk/walthamstow-social-rent
[89] http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/build-your-own-home-the-london-way
[90] http://www.insidehousing.co.uk/development/social-landlords-increase-use-of-offsite-methods/7008558.article
[91] http://www.theguardian.com/society/2014/jun/25/community-land-trusts-uk-housing-crisis-east-london-mile-end
[92] http://www.brixtongreen.org/brixton-green-overview/
[93] http://www.planningportal.gov.uk/inyourarea/neighbourhood/
[94] https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/community-led-design

Initiative	Overview
Community Land Trusts and Community-led Bodies: Community Development of Unused Sites	A Community Right to Reclaim Land (i.e. Land owned by local authorities or a number of other public bodies), when a site is assessed as unused (by the Communities Secretary), and thus subject to a disposal notice. This gives community groups an opportunity to acquire the land. However, land is usually sold on the open market and any opportunity for community groups may be limited for this reason.
Community Land Trusts and Community-led Bodies: Communities Bringing Empty Homes Back into Use	Bringing empty homes back into use remains a key objective for national policy. "Laying the Foundations; a Housing Strategy for England (November 2011)" included £100m to *'tackle long-term empty properties which would not come back into use without additional financial intervention.'* Community and Voluntary Groups can apply for programme funding *'through either or both the* ***Empty Homes Community Grant Fund*** *(EHCGF) or the* ***Homes and Communities Agency funding route.'*** Fund criteria require proposals to have LA support and to help meet local priorities or strategies to deal with empty homes. Two main routes to bring empty properties back into use are listed: *'Although there is no fixed delivery model, it is anticipated that providers may secure properties through two main routes which will enable applicants to take a legal interest in the property, and therefore be the landlord:* » *The first route is on a lease (and repair) basis – i.e. properties are leased for a defined period from the property owner and at the end of that period the property reverts to the long-term owner.* » *The second is on a purchase and repair basis – i.e. where the applicant purchases the property and becomes the long-term owner.'* Example: two schemes which use EHCGF funding to refurbish property and develop local skills and employment prospects are • People Housing and Social Enterprise Scheme (Phases), a South London-based charity and Social Enterprise, and; • Centrepoint who aim to bring 54 empty properties back into use in the north east and Yorkshire). Both schemes provide training for people to renovate the properties themselves working with skilled staff possibly in partnership with a commercial builder. The **New Homes Bonus** also provides a funding mechanism to bring empty properties back into use and has had some success so far in Camden (61) and Islington (757) between 2011-16.
Renting Alternatives: Longer Tenancy Agreements to Increase Certainty	Replacing Assured Shorthold Tenancies with longer term tenancies to give tenants more security and stability. While this approach is directed at the private rented sector, RP's have responded too. Genesis HA, a registered provider, lets market rent homes at Stratford Halo: *'Renting from Genesis means you can enjoy more security and more stability with tenancies available for up to 5 years on most of our properties. Our standard tenancy period is 1 year, but you can also take a tenancy for 2, 3, 4 or even 5 years subject to availability..'*[98] The London Housing Strategy 2014 says *'All those developing purpose-built private rented sector homes under the Build-to-Rent fund will be expected to offer an option of longer tenancies.'*[99] While this form of tenancy will not in itself provide more homes, it could help reduce churn in private rent and, possibly, affordable rented sectors.
Renting Alternatives: Means-tested Rents	A scheme where Rents are set using a personalised means-tested model based on income. The affordability criteria applied is that rents should not exceed 40% of household income. Example: Dolphin Living (a charity, not an RP, who *"aim to deliver 1,000 new affordable rental homes by 2020"*[100]) manage the New Era estate, Hackney, using an alternative rent model to provide affordable private renting for low income households without state subsidy. Dolphin Living manage another estate where rents are 33% of local market rent compared to up to 80% for Affordable Housing. Critiques of this approach question whether the model can be rolled out on a large scale and is sustainable[101].

[95] http://www.designcouncil.org.uk/knowledge-resources/guide/design-neighbourhood-planning
[96] http://atmostotnes.org/the-project/the-agreement-weve-reached/
[97] http://www.brixtongreen.org/
[98] https://www.genesishahomes.org.uk/for-rent/stratford-halo-3/#guide
[99] https://www.london.gov.uk/priorities/housing-land/draft-london-housing-strategy
[100] http://www.dolphinliving.com/about-us
[101] http://www.insidehousing.co.uk/analysis-and-data/analysis/a-new-era-for-affordable-rents/7008738.article?adfesuccess=1

Initiative	Overview
Renting Alternatives: Rent to Buy	Rent to buy and rent to save schemes grant tenants the opportunity to buy the property, usually once every five years[102]. One scheme is RentPlus: • new build homes purchased by institutional investors and leased on to a housing association for 20 years. Let to tenants on a 5 year tenancy at affordable rents with an option to buy at five year intervals (initially with a gifted 10% deposit). All sales receipts are recycled. • Applicants are restricted to working people on Waiting Lists who aspire to buy[103]. Arguably, the approach can increase numbers of affordable housing as rent to buy properties have higher value (closer to closer to shared ownership) and so complement affordable delivery. Rent to buy homes can be ensured through S106 agreement.

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[102] https://www.sharetobuy.com/firststeps
[103] http://rentplus-uk.com/how-does-it-work/

Appendix C

SHMA Household Survey: Profile of Respondents

The SHMA household survey was carried out in Autumn 2014. The survey comprised 3,006 interviews the main or joint homeowner or tenant, with the sample split equally between Camden and Islington. This appendix presents the demographic and social-economic profile of respondents to the survey in Camden. Quotas were set to ensure the survey was representative in terms of age, gender and housing tenure (owned or rented).

Demographic profile of respondents

All 1,503 respondents gave their **age group**. The grouping can be classified, broadly, as likely to be; students (16-24), working age (25-34, 35-49, and 50-64), retired (65-74, 75-84, and 85+). In the survey, 5% were aged 16 to 24, 77% aged 25 to 64, and 18% aged 65 or over.

Figure 134: Age profile of survey respondents in Camden (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)
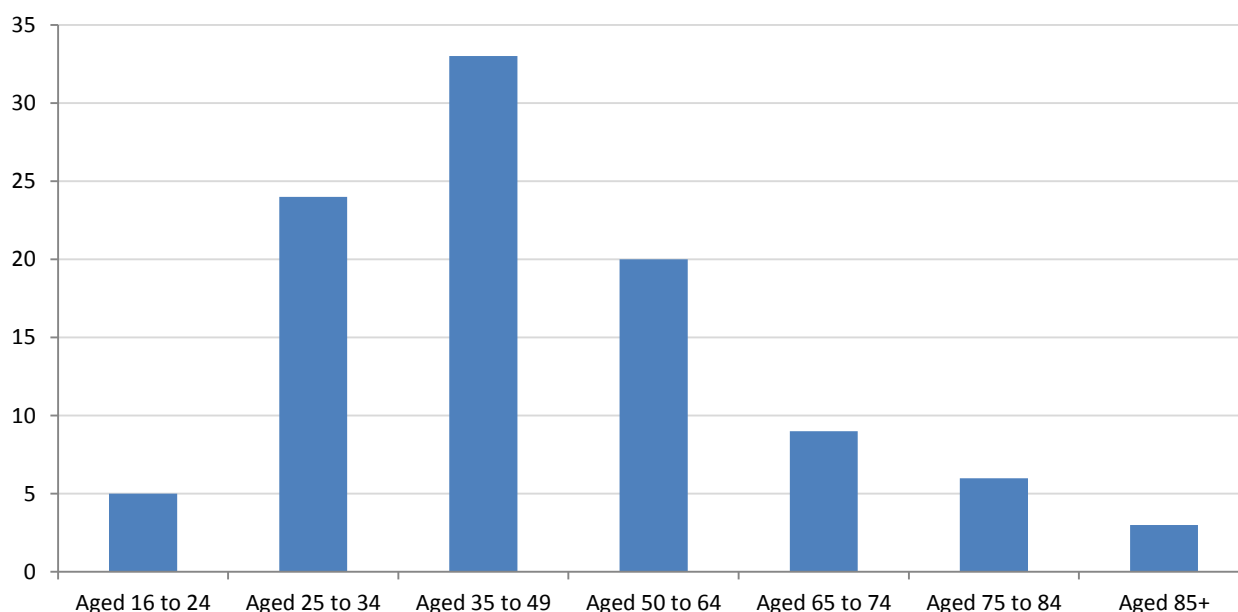
All respondents gave their **gender** and the weighted distribution was an even split of 50% male to 50% female.

All respondents gave the **tenure (owned or rented)** they occupy. Thirty two percent owned properties either with or without a mortgage, 34% rented from the Council or a housing association, and 30% from a private landlord, with 3% living rent free. There were small numbers of people in two other tenures; "Owned: Other owned", and "Both Part rent and part mortgage (shared ownership)". Together, these made up less than 1% of respondents.

Figure 135: Tenure profile of survey respondents in Camden (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)
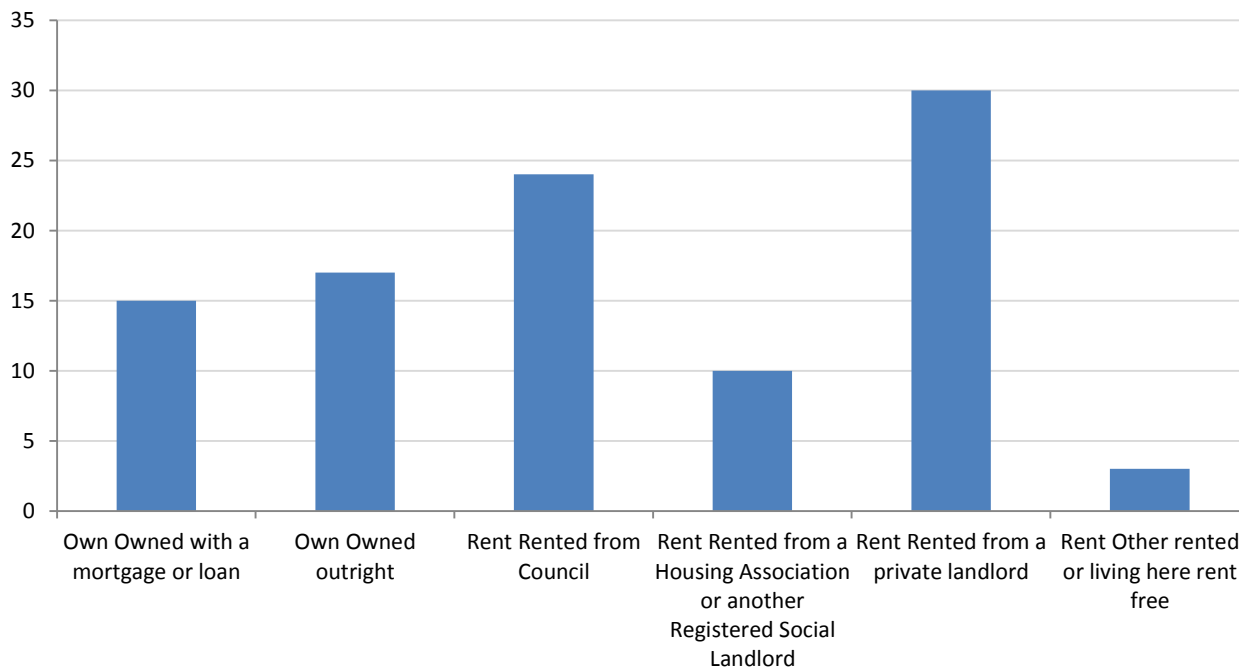
A total of 1,462 gave their **ethnic group**. Just under half (49%) identified as White British, 4% as White Irish and 21% as White Other. Those identifying as South Asian ethnicities; Asian, Asian British or Asian Other, accounted for 11%, with a further 1% identifying as Chinese. The Black ethnicities; Black, African, Caribbean and Black British, accounted for 6%. All mixed race ethnicities taken together accounted for 4% and 2% identified as Arab. Too few people identified as "Black/African/Caribbean/Black British - Any other Black/African/Caribbean background" to include as a category in the chart.

Figure 136: Ethnicity of survey respondents in Camden (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)
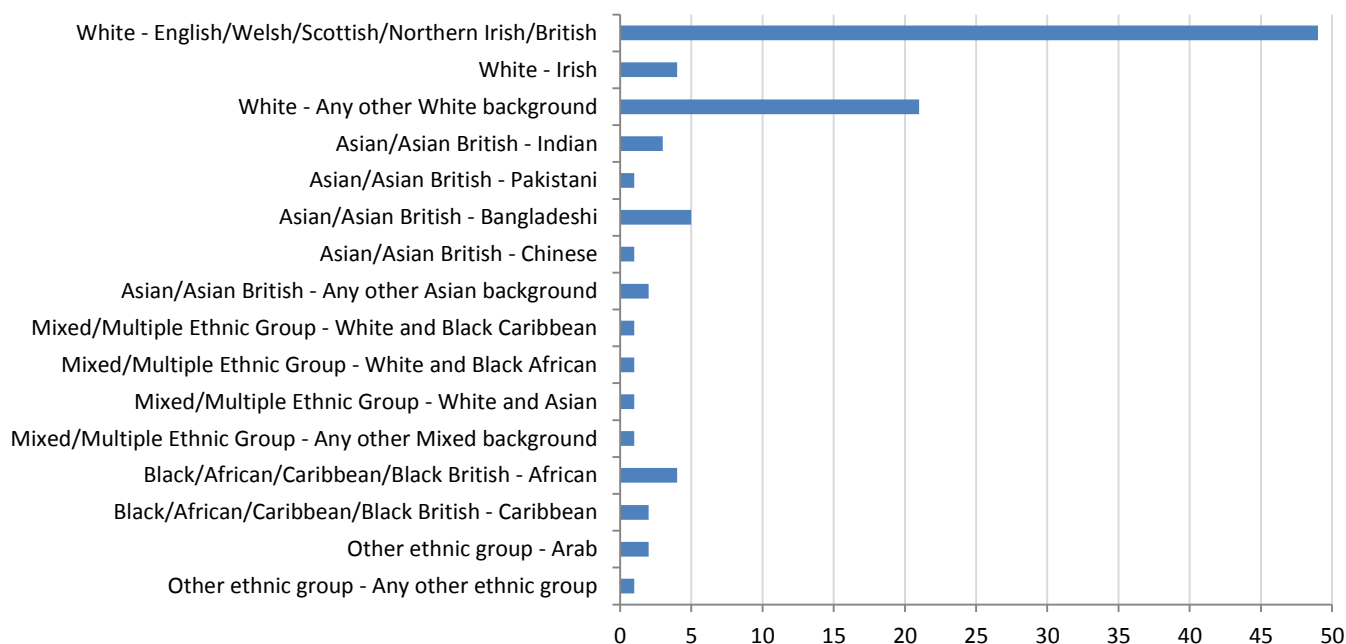
A total of 1,494 respondents answered the question about **Long Term Limiting Illness, Disability or** Infirmity, with 25% of households having a household member with a limiting illness, infirmity or disability. Among those households, the most commonly reported were "A condition which substantially limits one or more basic physical activities such as walking, climbing stairs, lifting or carrying" (46%) and "A long-term illness" (46%). Notably, mental health problems were reported in 22% of the households and a further 2% dementia compared with 8% learning difficulty and 15% sensory impairment.

Figure 137: Long term illness, disability or infirmity of survey respondents in Camden (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)

Appendix D
Table of Figures