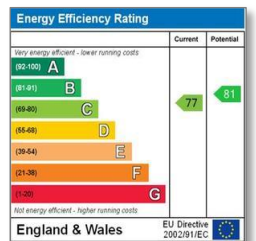




London Borough of Tower Hamlets Strategic Housing Market Assessment Update

Report of Findings

May 2017





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Executive Summary

Summary of Key Findings and Conclusions

Introduction

1. The National Planning Policy Framework (NPPF)¹ 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).
2. In 2014, ORS undertook the London Borough of Tower Hamlets Strategic Housing Market Assessment 2014. The overall size and tenure mix from the Tower Hamlets SHMA 2014 is shown in Figure 1. This again was derived from applying the methodology used in the Greater London SHMA 2013 and showed a need for 66.5% of the total housing need to be for affordable housing.

Figure 1 Overall Size Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	1,800	1,400	11,500	14,700
2 Bedrooms	5,400	300	9,900	15,600
3 Bedrooms	8,500	400	11,400	20,300
4 Bedrooms	3,700	500	3,400	7,600
Total	19,400	2,500	36,300	58,300

3. While the Tower Hamlets SHMA 2014 followed the methodology for the Greater London SHMA 2013, this update does not follow it so specifically. This is because PPG on the assessment of housing and economic development needs was published in March 2014 and has been updated in March 2015. ORS have chosen to follow our more general methodology used across the country, rather than that used in the in Greater London SHMA 2013 to be consistent with best practice.
4. The area where the largest divergence between the methodologies occurs is in the area of size and tenure mix. The Greater London SHMA 2013 sought to allocate an affordable dwelling to every single person who was believed to want one. However, this is not standard practice across the country, so it has not been followed in this study. The impact of this change is to reduce the need for smaller dwellings across Tower Hamlets as fewer single persons are assumed to occupy dwellings on their own.
5. We would also note that the Housing White Paper, “Fixing our broken housing market’ was published in February 2017. One change flagged in the White Paper is a change in definition for

¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

affordable housing to include Starter Homes at 20% discounts of market prices and also Build to Rent with rents to remain at 20% below market prices. Build to rent does not affect the need for affordable homes because the rents would be similar to Affordable Rents, just on the private sector not with a registered provider

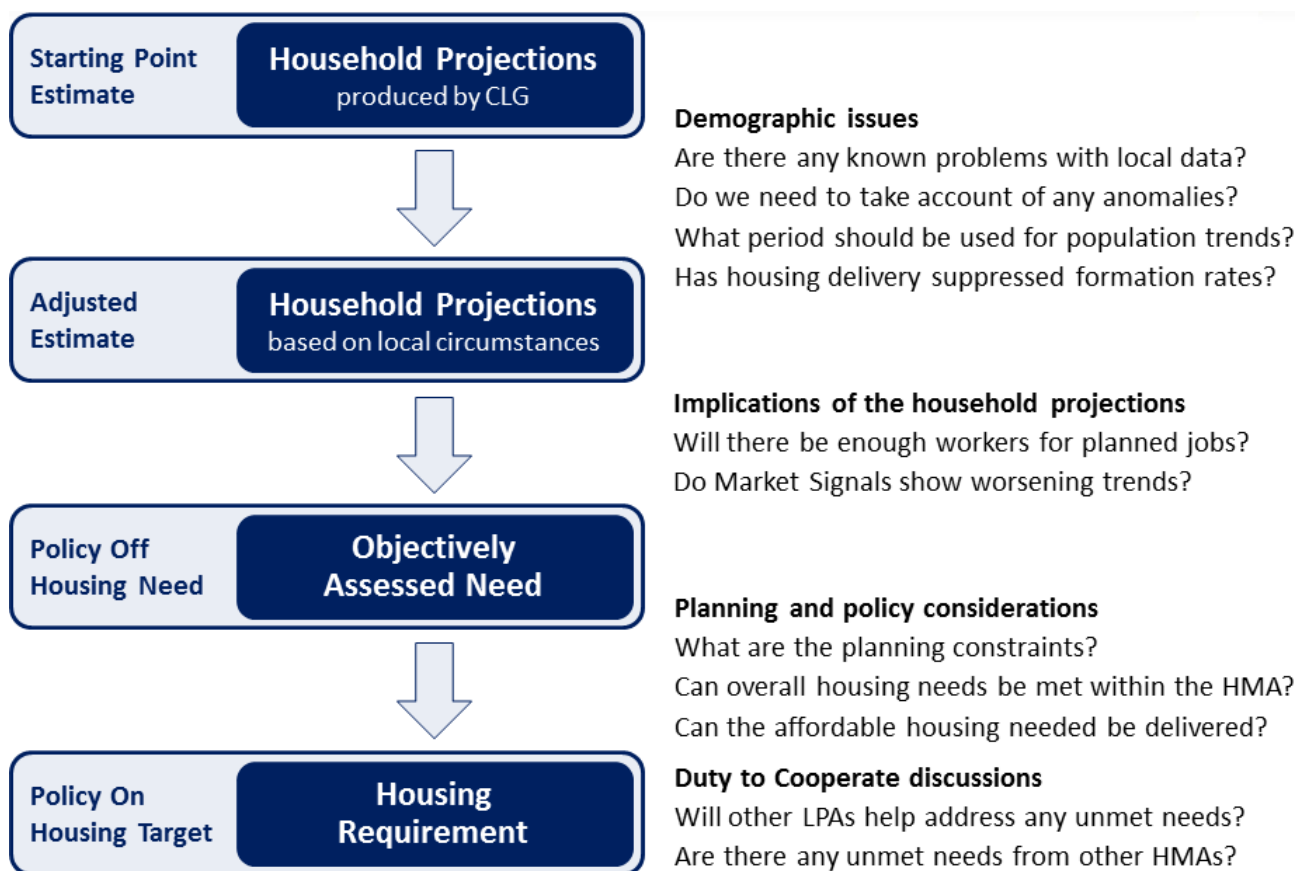
6. However, the inclusion of Starter Homes in a wider definition of affordable housing will require a fundamental revision of who is considered to be in affordable housing need because the current definition is based upon who can afford market housing, not owner occupied housing. Therefore, if the Government proceed to include Starter Homes in the definition of affordable housing products, they will also need to count many more households as being in affordable housing need than is currently the case because all non owning households who wish to purchase Starter Homes will need to be included.

Calculating Objectively Assessed Needs

7. Figure 2 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 Councils before establishing the final Housing Requirement.

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

Figure 2: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



Household Projections

8. PPG identifies that the “starting point estimate of overall housing need” is the CLG 2014-based household projections, and the latest published data is the 2014-based projections covering the period 2014-39. These projections suggest that household numbers across Tower Hamlets will increase by 50,717 over the 15-year period 2016-31, an average of 5,072 per year.
9. The ONS 2014-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 2009-2015. 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.
10. The GLA 2015-interim population projections provide scenarios based on short-term, long-term and central trend, with the central trends model using migration data from 2005-15 to project forward.
11. Based on this data, household numbers in Tower Hamlets are projected to increase by 36,933 households over the 15-year period 2016-31, an average of 2,462 per year. Whilst this projection is lower than the CLG 2014-based household projections, this scenario is based on migration trends reverting to long-term norms. As such it gives the most reliable and appropriate demographic projection for establishing future housing need and is also consistent with the methodology used in the FALP.

12. Providing for an increase of 36,933 households yields a housing need of 38,712 dwellings over the 15-year period 2016-31, equivalent to an average of 2,580 dwellings per year.

Affordable Housing Need

13. The SHMA update has undertaken a comprehensive analysis of the existing unmet need for affordable housing. There are estimated there to be 10,129 households in need of affordable housing in Tower Hamlets in 2016. However, as 6,067 of these already occupied an affordable home, our previous conclusion was therefore a net need from 4,062 households who need affordable housing and do not currently occupy affordable housing in Tower Hamlets.
14. 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 16,860 households over the period 2016-31, alongside an increase of 20,074 households able to afford market housing.
15. Overall, there will be a need to provide additional affordable housing for 20,922 households over the period 2016-31. This is equivalent to an average of 1,395 households per year. This represents 55% of the demographic growth for Tower Hamlets.
16. These figures are significantly lower than those set out in Tower Hamlets SHMA 2014 where 66.5% of the total need was for affordable housing. There are three principal reasons for this change.
 - » This study does not allocate all single persons seeking a dwelling to an affordable property reflecting the government policy of restricting housing benefit for under 35s to the shared accommodation rate;
 - » This study uses a more stringent definition of affordability based upon the take up of housing benefit and current social housing letting policies, as set out in the most recent update of the PPG. This sees fewer households being counted as being unable to afford to meet their housing costs; and
 - » The OAN in this study is higher, so the affordable housing need is a smaller percentage of a larger number.
17. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount. Meanwhile any vacant dwellings returned to use would count as part of the supply necessary to meet the need for affordable housing.

Need for Older Person Housing

18. The SHMA has identified that the institutional population is likely to increase by 107 persons aged 75 years over the period 2016-31. This increase in institutional population is a consequence of the CLG approach to establishing the household population³, 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”.

³ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

19. Whilst these additional 107 persons aged 75 or over living in communal establishments are not counted as part of the OAN; an allowance is made for the dwellings that would be vacated by many of these people. Not all would vacate dwellings, as some will have a partner or other family remaining in the home; but further analysis of the data (assuming no growth in the institutional population) shows that housing need based on the household projections would be 90 dwellings higher if the additional bedspaces were not provided – so it is important to take account of these needs.
20. Housing and planning policy in Tower Hamlets seeks to keep households in their own homes for longer and therefore, it is likely that additional nursing and care homes will not be provided. If that is the case then the needs of the additional older persons will need to be factored in to the housing requirements for the area as part of the Local Plan process.

Market Signals

21. 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”.
22. The SHMA has considered the Market Signals for Tower Hamlets 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 much higher than the national average, with a lower quartile price of £350,000, compared to England’s £142,000 (based on 2015-16 values). The current price in Tower Hamlets is also higher than the Greater London average but lower than its comparator areas;
 - » **Rents:** for average private sector rents in 2015-16, Tower Hamlets is above the national average. It is at a similar rate to the Greater London average, however, it is lower than the average rents in comparator areas;
 - » **Affordability:** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently ‘worse’ in Tower Hamlets than across England as a whole (11.1x cf. 7.0x). However it is better than the Greater London average and its comparator areas;
 - » **Overcrowding:** (in terms of Census occupancy rates) shows that 34.8% of households in the study area are overcrowded based on an objective measure, which is much higher than England (8.7%). It is also higher than the Greater London average and the comparator areas. However, the proportion of overcrowded households has increased at a lower rate over the last 10 years than England and Greater London;
 - » **Rate of development:** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 31.4%, which is much higher than England (8.3%), Greater London (8.7%) and the comparator areas.
23. Given this context, it is apparent that the indicators generally indicate that housing market pressure in Tower Hamlets is generally significantly worse than the national average. This suggests that the level of Objectively Assessed Need for Tower Hamlets should be higher than suggested by household projections.

24. Given the relative market signal indicators for Tower Hamlets it would seem to be reasonable to consider an uplift of at least 20% for Tower Hamlets as the area experiences housing market pressures which are in line with other areas of London.

The Effects of Brexit

25. The Report does not consider the implications for the SHMA arising from the UK's decision to leave the EU (June 2016), primarily as the implications are still unknown.
26. Arguably, the key factor which would affect SHMAs is migration – both national and international. If migration levels were to fall following Brexit, and/or if recent migrants were to leave the UK, then this may influence population trends significantly enough to mean revision of OAN is necessary. However, any change in migration pattern is still uncertain, even if Brexit events were to move quickly. Even then, it will still be some time before the ONS needs to revise estimates for population growth. As these estimates underpin CLG household formation projections (the first 'building block' for SHMA assessment of OAN), then it may be yet further time before Brexit driven SHMA revisions are necessary.
27. Therefore, our present view is that there is no need to revise SHMA outputs to model for a Brexit impact.

Conclusions

28. We have calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is necessary to address housing market problems. This takes account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends and the GLA household projections; responds to suppressed household formation, responds to market signals; and takes account of vacant and second homes.
29. Based upon the information set out above, Figure 3 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing (unrounded figures).

Figure 3: Full Objectively Assessed Need for Housing across Tower Hamlets 2016-31

Stage	Tower Hamlets	
	HOUSEHOLDS	DWELLINGS
HOUSEHOLDS		
Demographic starting point CLG household projections 2016-36	50,717	(53,162)
Baseline household projections GLA 2015-interim 'Central Variant' 2016-31	36,934	(38,715)
DWELLINGS		
Allowance for transactional vacancies and second homes Based on dwellings without a usually resident household		1,780
Housing need based on Household projections		38,715
Adjustment for suppressed household formation rates	1,418	1,462
Baseline housing need based on demographic projections		40,177

In response to market signals		
Dwellings needed (in addition to the adjustment for concealed families and homeless households to deliver the overall 20% uplift proposed)		20% of 38,715 = 7,743 7,743 – 1,462 = 6,281
Full Objectively Assessed Need for Housing 2016-31		46,458
Average Annual Need for housing 2016-31		3,097

30. The “starting point” estimate for OAN is the CLG household projections. These projections suggest that household numbers across the study area will increase by 50,717 households over the 15-year period 2016-31. Nevertheless, the GLA 2015-interim household projections Central trend is the relevant baseline. On the basis of the GLA 2015 based interim- Central trend a need is established for 36,934 households.
31. 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. An uplift of 20%, representing an increase of 7,743 dwellings (equivalent to 7,387 households), is proposed in response to market signals. This should include the increase of 1,418 households (1,462 dwellings) that needs to be applied to take account of concealed families and homeless households not captured by the household projections; so a further uplift of 6,281 dwellings is needed in addition to the 1,462 to achieve the full 20% uplift. The uplift of 6,281 dwellings is applied only to the market sector because it represents the market signal response.
32. Based upon long-term trend migration projections the SHMA therefore identifies the Full Objective Assessed Need for Housing in Tower Hamlets to be 46,500 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 3,100 dwellings per year. This includes the Objectively Assessed Need for Affordable Housing of 21,100 dwellings over the same period, equivalent to an average of 1,407 dwellings per year.

1. Introducing the Study

Background to the project and wider policy context

Government Policy

- ^{1.1} 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

- ^{1.2} 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

- 1.3 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.
- 1.4 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 note⁴.
- 1.5 In 2014, ORS undertook the London Borough of Tower Hamlets Strategic Housing Market Assessment 2014. This current study can therefore be seen as an update to the Tower Hamlets SHMA 2014. We would note that some elements of the Tower Hamlets SHMA 2014 have not been updated including sections relating to Service Personnel, Self-build and Minority Ethnic Groups.
- 1.6 The Tower Hamlets SHMA 2014 identified that Tower Hamlets sits in a Housing Market Area with London Borough of Hackney. However, the Hackney and Tower Hamlets SHMAs were undertaken separately, but in a consistent manner. This update is only for Tower Hamlets.
- 1.7 The Tower Hamlets SHMA 2014 then reviewed the population and household growth across the borough and also market signals to help calculate the Objectively Assessed Need OAN for housing in the borough. The model used to calculate the OAN followed that used in the Greater London SHMA 2013.

⁴ Objectively Assessed Need and Housing Targets Second Edition (PAS, July 2015)

^{1.8} Figure 4 summarises the annual need from each source listed above over a 24 year period from 2011-35.

Figure 4: Annualised Summary of Household Projections and Backlog of Need for Tower Hamlets 2011-2035 (Source: GLA, CLG and ORS)

Source of Housing Need	Annual Figure
Household projection – GLA Central trend	2,212
Concealed households	128
Sharing Households	29
Homeless Households	12
Non-homeless household and those needing to move due to harassment	10
Total without Vacant Dwellings and Second homes	2,391
Additional allowance for vacant and second homes	37
Objectively Assessed Housing Need	2,428

^{1.9} Therefore, in summary, the OAN for Tower Hamlets following the methodology adopted in the GLA SHMA 2013 is 2,428 dwellings per annum. This methodology takes the GLA central trend household projection, adds in the extra households not contained within the projections (homeless, concealed etc.) and converts this into a number of dwellings by making an allowance for vacant and second homes. This is in principle the same methodology used in the current document, other than a further adjustment is subsequently added in response to market signals.

^{1.10} The overall size and tenure mix from the Tower Hamlets SHMA 2014 is shown in Figure 5. This again was derived from applying the methodology used in the Greater London SHMA 2013 and showed a need for 66.5% of the OAN to be affordable housing.

Figure 5 Overall Size Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	1,800	1,400	11,500	14,700
2 Bedrooms	5,400	300	9,900	15,600
3 Bedrooms	8,500	400	11,400	20,300
4 Bedrooms	3,700	500	3,400	7,600
Total	19,400	2,500	36,300	58,300

Tower Hamlets SHMA 2017 Update

^{1.11} The Strategic Planning Authority for London is the Greater London Authority. The GLA have produced a Greater London SHMA (2013), the Further Alterations to the London Plan (FALP) 2014 and the GLA's

Housing Supplementary Planning Guidance 2016; this study meets the requirements of these documents for SHMA purposes. A further updated Greater London SHMA is anticipated to be published in 2017.

- 1.12 However, while the Tower Hamlets SHMA 2014 followed the methodology for the Greater London SHMA 2013, this update does not follow it so specifically. This is because PPG on the assessment of housing and economic development needs was published in March 2014 and has been updated in March 2015. ORS have chosen to follow our more general methodology used across the country, rather than that used in the in Greater London SHMA 2013 to be consistent with best practice.
- 1.13 The area where the largest divergence between the methodologies occurs is in the area of size and tenure mix. The Greater London SHMA 2013 sought to allocate an affordable dwelling to every single person who was believed to want one. However, this is not standard practice across the country, so it has not been followed in this study. The impact of this change is to reduce the need for smaller dwellings across Tower Hamlets as fewer single persons are assumed to occupy dwellings on their own.
- 1.14 We would also note at the outset that this study that PGG at paragraph 22-29 covers affordable housing needs and it includes a number of significant changes since the 2007 SHMA Practice Guidance which underwrote previous assessment in Tower Hamlets. In particular the 2007 SHMA Practice Guidance defined affordability as, *'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.'*⁵
- 1.15 However, paragraph 22 of the 2014 PPG states that plan makers should only counting a household as being in need of affordable housing when they are, *'...households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.'*
- 1.16 There is a very clear distinction between these two definitions of affordability, with the 2007 SHMA practice guidance offering a very strict test of affordability based upon a fixed percentage of income spent on rents. Meanwhile, the 2014 PPG offers a much looser definition of affordability based upon not being able to afford market housing. In practice this change in emphasis has led to fewer households being considered as being in housing need based upon affordability.
- 1.17 Added to this effect, the Localism Act 2011 provided new opportunities for local authorities to reconsider their local housing needs, in particular their housing registers. Since 2011, housing registers across the country have typically fallen as local authorities have re-evaluated their policies locally.
- 1.18 The combined impact of these changes is that households who may have appeared to be in affordable housing need in an area in 2014 will now not appear to require affordable housing. This doesn't necessarily reflect a change in their circumstances, simply that definitional changes imply that households who were previously counted as being in affordable housing need are no longer counted as such.
- 1.19 We would also note that the Housing White Paper, "Fixing our broken housing market" was published in February 2017. One change flagged in the White Paper is a change in definition for affordable housing to include Starter Homes at 20% discounts of market prices and also Build to Rent with rents to remain at 20% below market prices. Build to rent does not affect the need for affordable homes because the rents would be similar to Affordable Rents, just on the private sector not with a registered provider
- 1.20 However, the inclusion of Starter Homes in a wider definition of affordable housing will require a fundamental revision of who is considered to be in affordable housing need because the current definition

⁵ Department of Communities and Local Government, Strategic Housing Market Assessments Practice Guidance Version 2, page 42.

is based upon who can afford market housing, not owner occupied housing. Therefore, if the Government proceed to include Starter Homes in the definition of affordable housing products, they will also need to count many more households as being in affordable housing need than is currently the case because all non owning households who wish to purchase Starter Homes will need to be included.

^{1.21} On this basis, this study should be seen as sitting between two points in time in terms of the modelling of affordable housing need. Past studies, including the Tower Hamlets SHMA 2014 have applied very strict affordability test to assess who requires affordable housing, while this study applies the much looser definition currently in force. However, it is likely that by April 2018 many more households who are not currently counted as being in affordable housing need will be added to the figures because of the move to include Starter Homes in the definition of affordable housing products.

Overview of the SHMA

^{1.22} The key objective of this SHMA was to establish the OAN for housing (both market and affordable) in Tower Hamlets, ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice. The OAN for housing will help inform the planning policies for the period 2016-31.

^{1.23} The SHMA methodology was based on secondary data, and the SHMA sought to:

- » Provide evidence of 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 the needs of boat dwellers.

^{1.24} 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 Tower Hamlets (including the overall balance between market and affordable housing) over the 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.

The Effects of Brexit

^{1.25} The Report does not consider the implications for the SHMA arising from the UK's decision to leave the EU (June 2016), primarily as the exit process is still unknown.

^{1.26} Arguably, the key factor which would affect SHMAs is migration – both national and international. If migration levels were to fall following Brexit, and/or if recent migrants were to leave the UK, then this may influence population trends significantly enough to mean revision of OAN is necessary. However, any change in migration pattern is still uncertain, even if Brexit events were to move quickly. Even then, it will still be some time before the ONS needs to revise estimates for population growth. As these estimates underpin CLG household formation projections (the first 'building block' for SHMA assessment of OAN), then it may be yet further time before Brexit driven SHMA revisions are necessary.

^{1.27} Therefore, our present view is that there is no need to revise SHMA outputs to model for a Brexit impact.

2. Demographic Projections

Process for Establishing Objectively Assessed Need

- 2.1 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.
- 2.2 Planning Practice Guidance 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, but has yet to be updated to reflect the publication of the 2014-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

- 2.3 Given this context, Figure 6 sets out the 2014-based and 2012-based **household** projections, together with previous household projections that CLG has produced for the HMA. It is clear that the projections have varied over time, with the projected increase in households in Tower Hamlets ranging from 1,513 up to 3,828 additional households each year. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 6: 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
2014-based	2014-24	38,280	3,828	2014-39	81,371	3,255
2012-based	2012-22	30,531	3,053	2012-37	68,489	2,740
Interim 2011-based	2011-21	32,783	3,278	-	-	-
2008-based	2008-18	16,860	1,686	2008-33	37,825	1,513

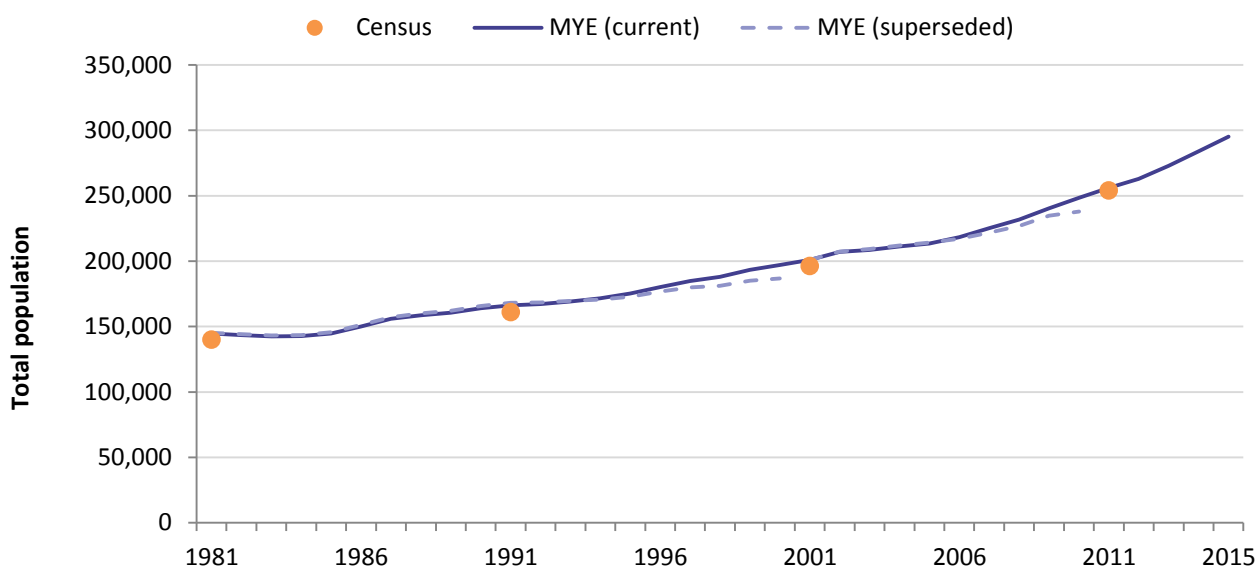
- 2.4 The CLG 2014-based household projections show an increase of 3,255 households each year over the 25-year period 2014-39, and a somewhat higher rate (3,828 p.a.) in the initial 10-year period. These figures project forward over the normal 25-year period and supersede the 2012-based household projections (which projected a household growth of 2,740 per year from 2012-37). The small differences are due to

changes in the ONS population projections (Figure 7) on which the CLG household projections are based and changes to household representative rates (considered later in this chapter).

Population Trends

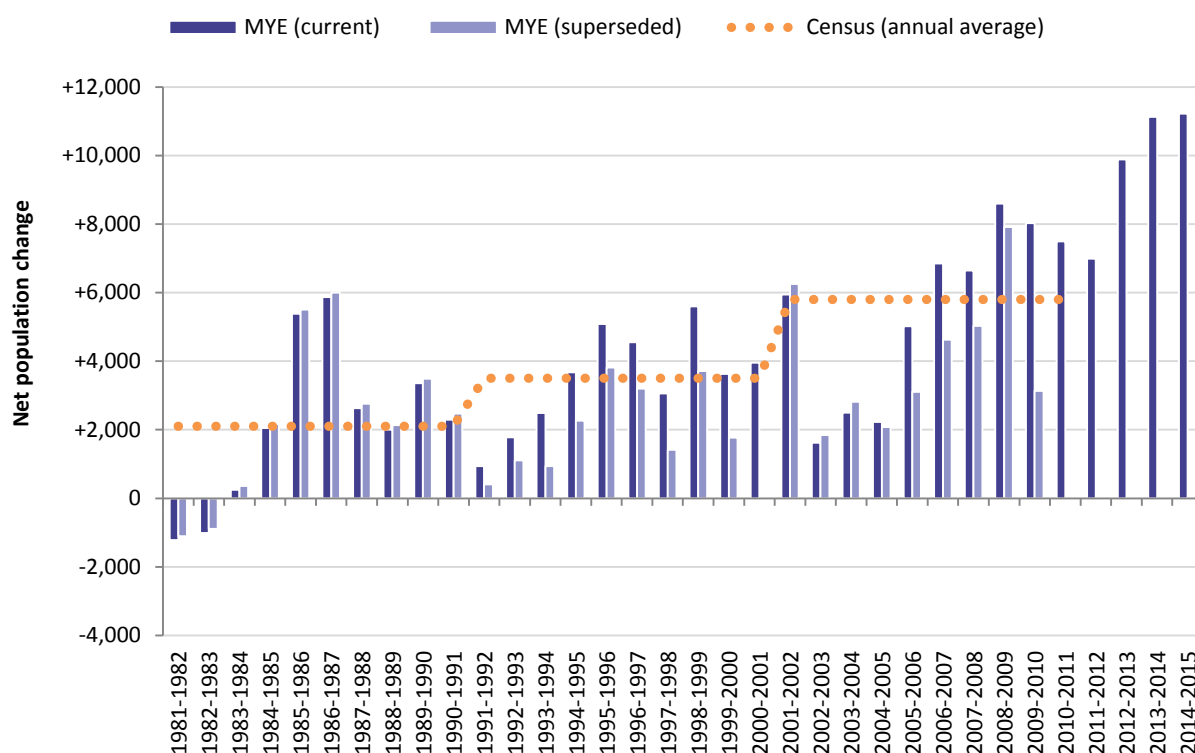
2.5 Figure 7 shows the current and historic mid-year population estimates and Census estimates for Tower Hamlet’s since the 1981 census established a population of 142,800. The data shows that Tower Hamlet’s estimated population has more than doubled since then to 295,200. This growth has mostly occurred since 2001, with an estimated increase of over 99,100 persons in this most recent period.

Figure 7: Tower Hamlets official population estimates for the period 1981-2015 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



2.6 Figure 8, overleaf, shows the current and superseded estimated annual population change in Tower Hamlet, which shows a clear rise in recent years.

Figure 8: Annual net change in population of Tower Hamlets 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

- 2.7 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.
- 2.8 Figure 9 illustrates the annual components of change data for Tower Hamlets, together with the total change in population recorded by the estimates. It is evident that natural change now contributes around 3,500 additional persons each year; however migration and other changes vary much more, with significant net in-migration to be seen since 2006.
- 2.9 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.
- 2.10 As an indication of the scale of potential problems with migration data, in July 2013, the House of Commons Public Administration Select Committee (PASC) published a report on Migration Statistics (HC 523, July 2013) (UDC3/A8). This report concludes that “Migration estimates based on the International Passenger Survey ... do not provide accurate estimates of international migration to and from local areas” (page 4).

2.11 Furthermore, the report cites views from other experts about the quality of this data (page 10):

Despite these recent improvements migration statistics are still not fully adequate for the task of producing robust population estimates or understanding patterns of migration (Royal Statistical Society)

The statistics on migration to and from the UK and its constituent parts are inadequate (British Society of Population Studies)

The international migration data are not fit for purpose (Royal Geographical Society)

2.12 Chapter 3 of the PASC report (pages 16-18) deals with local area migration estimates – i.e. estimates of international migration to and from local authority areas. The report quotes the Royal Statistical Society:

There is a continued problem with the quality and quantity of migration data available at a local level. Improvements have been made through the Migration Statistics Improvement Programme by allocating international migrants to local authority areas using administrative data, but the local-level estimates of migration are not robust, particularly for areas with high population turnover. For some local authority areas the Census has shown that the ONS population estimates have misrepresented the level of population growth, a problem caused by inaccurate internal and international migration estimates.

2.13 Furthermore, the report notes that the UK Statistics Authority has concluded:

The IPS sample size is too small to enable the production of reliable international migration estimates at a local authority level.

2.14 The chapter concludes (emphasis added):

The International Passenger Survey does not provide accurate estimates of international migration in local areas. The Census provides the most accurate data on the number and characteristics of migrants at the local level, but it is too infrequent to act as a routine source of data. The future of the Census is also uncertain. As the only reliable source of data on migrant populations in local areas, the potential loss of the Census is a concern. Accurate estimates of migration in local authorities must be available independent of the Census. The ONS should develop new sources of data on international migration that are robust enough to provide accurate estimates of annual migration flows to and from local authority areas, even if the Census continues.

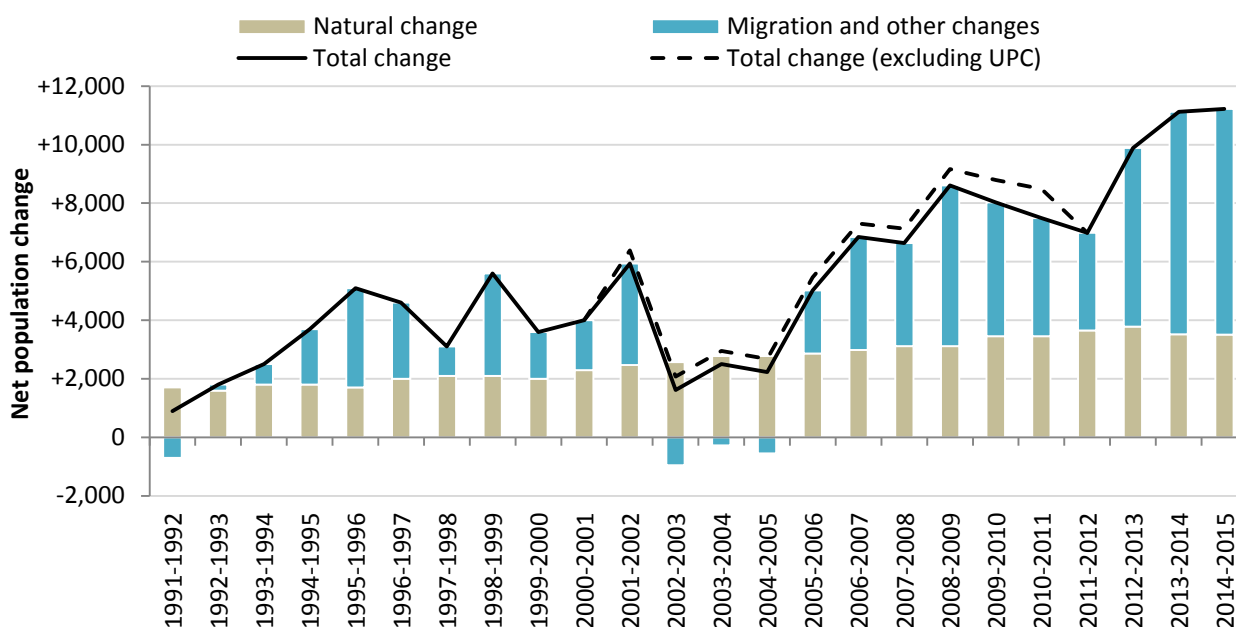
2.15 The ONS SNPP and CLG Household projections therefore provides a reasonable starting point for understanding local population projections (as the PPG recognises), however the PPG also clearly states that the starting point estimate of overall housing need may require adjustment to reflect factors affecting local demography (PPG, March 2014, para 015, emphasis added).

*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 ... The household projection-based estimate of housing need **may require adjustment to reflect factors***

affecting local demography and household formation rates which are not captured in past trends.

- 2.16 The differences between the reliable long-term trends in migration based on Census data and the future levels of migration that are projected are significant. As previously noted, this is partly due to the ONS SNPP projecting UK migration based on relatively short-term trends but also partly due to the projections not taking account of the corrections that ONS make to reconcile the MYE component of change data with the Census.
- 2.17 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.
- 2.18 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 60,400 persons over the 10-year period, whereas the final estimate lowers this to a growth of 54,900 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, as discussed below.

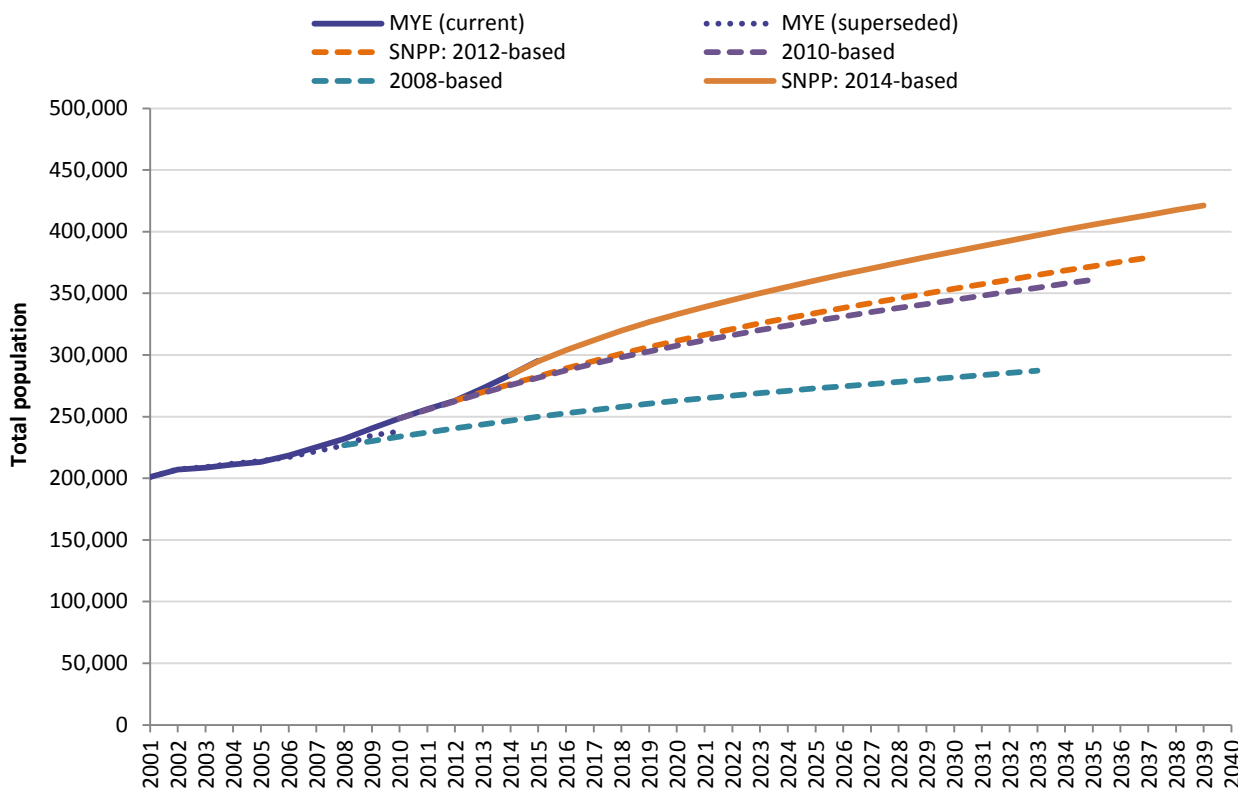
Figure 9: Tower Hamlets components of population change (Source: ONS Mid-Year Population Estimates, revised)



Population Projections

- 2.19 Population trends provide the basis for future population projections. Figure 10 show the outputs from the latest (2014-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 2014-based projections follow a higher trajectory than the 2008-based, 2010-based and 2012 based projections.

Figure 10: ONS Mid-Year Estimates and Sub-National Population Projections for Tower Hamlets (Source: ONS).
Note: Methodological changes were made by ONS to migration assumptions between the 2008-based and subsequent SNPP. Household projections were not produced for the 2010-based SNPP)



2.20 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

2.21 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

2.22 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."

- 2.23 This issue has also been reinforced in PAS advice to Local Authorities⁶, 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"*

- 2.24 The second version of the PAS OAN technical advice note (July 2015)⁷ 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."

- 2.25 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)⁸.

"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."

- 2.26 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)⁹:

"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

⁶ "SHLAA, SHMA and OAN aka 'Pobody's Nerfect'", PAS presentation at Urban Design London (July 2015)

⁷ <http://learningspace.urbandesignlondon.com/course/view.php?id=339>

⁸ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

⁹ "Making sense of the new English household projections", Town and Country Planning (April 2015)

⁹ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

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."

^{2.27} 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

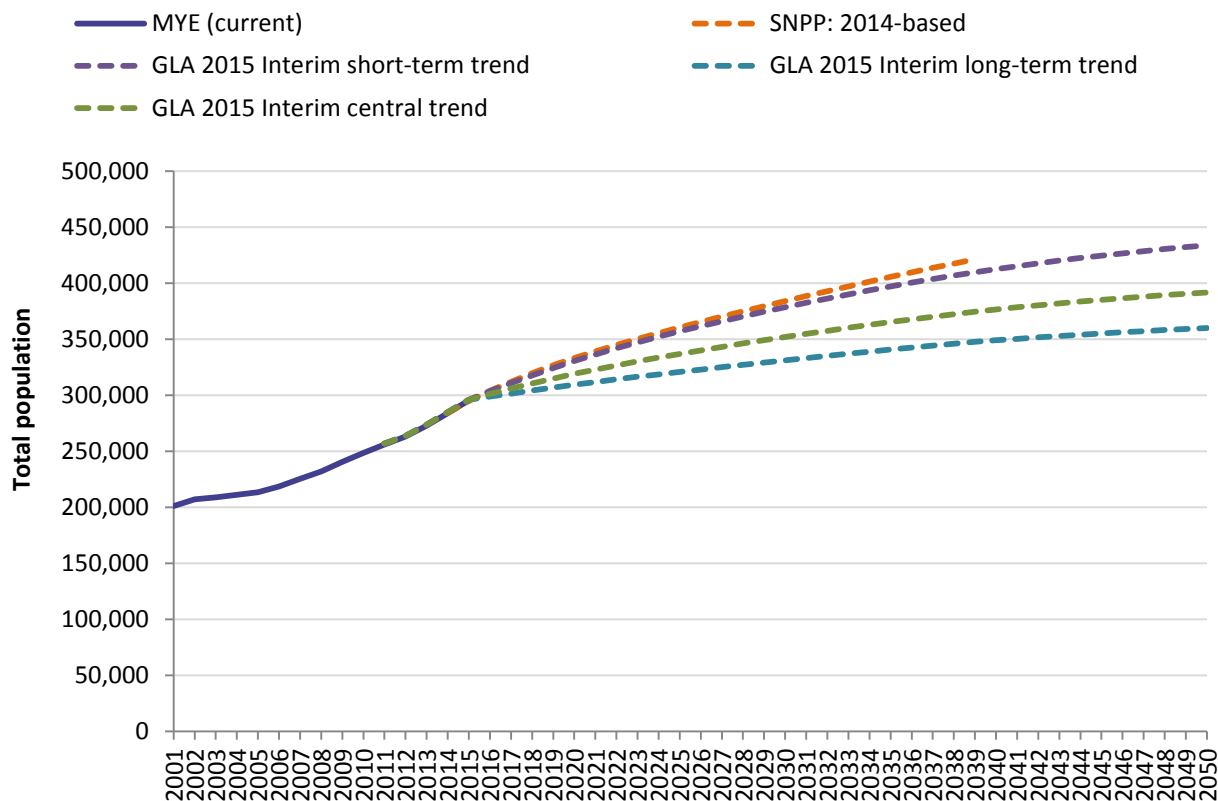
^{2.28} Whilst PPG identifies that the CLG household projections will normally provide the starting point estimate, in developing their Local Plans it is necessary for London Boroughs to ensure conformity with the Mayor's Spatial Development Strategy prepared by the Greater London Authority: The London Plan.

^{2.29} The London Plan is based on a region-wide SHMA produced by the GLA, and this is informed by household projections developed by the GLA. Given this context, the London Housing SPG (March 2016) advises that the GLA projections are more relevant to London boroughs when establishing housing need:

"Boroughs are advised to draw upon the most recent population and household projections developed by the GLA. (Paragraph 3.1.7)"

^{2.30} Given this context, whilst the CLG household projections will always provide the "starting point estimate", the GLA projections have been routinely accepted as the basis for establishing overall housing need for London boroughs as they focus on the demographic issues that are particularly relevant to the London region. Figure 11 shows the three variant scenarios from the latest 2015 based-interim projections alongside the most recent SNPP data.

Figure 11: GLA population estimates and projections for Tower Hamlets in the period 2001-2050 (Source: GLA)



- 2.31 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.
- 2.32 The GLA has since published further projections: The 2015-round projections were based on population estimates to mid-2014 with two scenarios for future years – one based on short-term migration (taking trends for the 5-year period 2009-14) and the other based on long-term migration (taking trends for the 12-year period 2002-14). Subsequent to this, the GLA has published 2015-interim projections based on population estimates to mid-2015 with three scenarios for future years – a short-term, long term and central variant scenario.
- 2.33 The GLA 2015 based-interim central variant migration scenario, which takes migration trends from 2005-15, is the nearest equivalent to the 2013-round “Central variant” and now typically provides the most appropriate demographic starting point for establishing OAN for London boroughs. Figure 12 summarises the various different projections for the 15-year period 2016-31.

Figure 12: Tower Hamlets population projections 2016-31 (Note: All figures presented unrounded for transparency) (Source: GLA, CLG)

	Total Population		Change 2016-31	
	2016	2031	Total	Annual average
GLA 2015 based- interim				
Short-term migration	303,564	382,413	78,849	5,257
Central variant	300,978	354,725	53,747	3,583
Long-term migration	298,656	333,054	34,398	2,293
GLA 2015-round				
Short-term migration	298,105	367,451	69,346	4,623
Long-term migration	290,632	328,273	37,641	2,509
ONS SNPP				
2014-based	303,900	388,400	84,500	5,633
2012-based	289,176	357,418	68,242	4,549
2010-based	287,500	348,000	60,500	4,033

- ^{2.34} It is evident that the 2015 based-interim central variant migration scenario projects that the population will increase by around 53,700 persons over the 15-year period 2016-31. This is significantly less than the growth projected by the short-term migration scenario and the 2014-based SNPP (increases of 78,849 persons and 84,500 persons respectively), but these are both based on 5-year migration which the GLA does not consider to be appropriate for planning housing in London. However, the central variant scenario (as used to set targets for the FALP) projects a significantly larger increase in population than the long-term migration scenario (increase of 34,400).
- ^{2.35} Given this context, on balance we believe that the most up to date GLA 2015 based-interim “Central variant” scenario provides the most plausible starting point for Tower Hamlets on the basis that it more accurately tracks migration trends than other scenarios and remains consistent with the methodology of the London Plan.

Projected Population Age Profile

- ^{2.36} The GLA 2015 based interim population projection “Central variant” scenario identified that the Tower Hamlet’s population was likely to increase from 310,000 persons to 354,700 persons over the 15-year period 2016-31; a 15-year increase of 53,700 persons, equivalent to an average of around 3,580 persons each year. This figure can be compared to an estimated population rise of around 5,800 persons per annum between 2001 and 2011. Figure 13 and

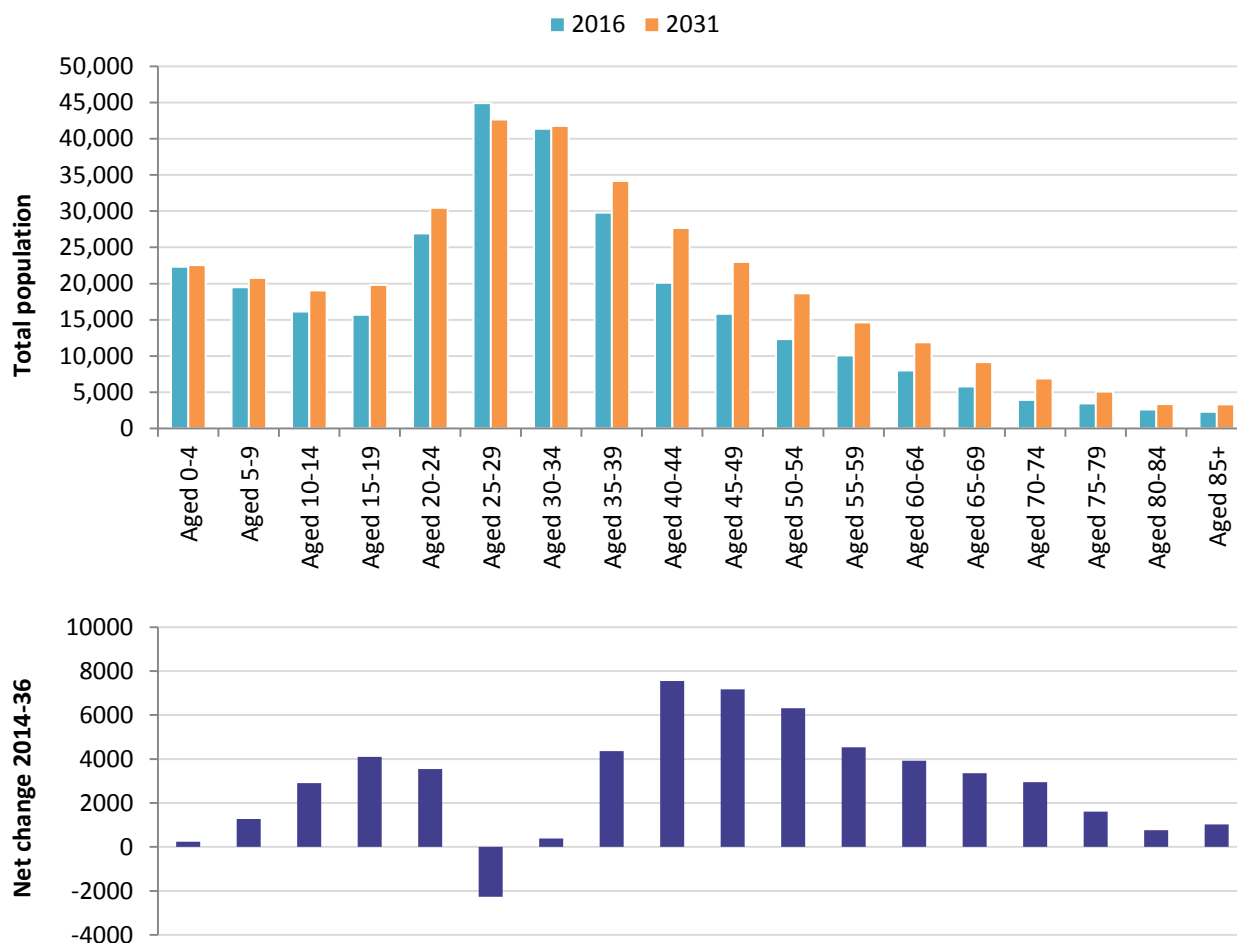
2.38 Figure 14 show the projected change in population by 5-year age band for the 15-year period 2016-31.

2.39 The population aged 50 or over projected to increase by around 24,500 persons (45.5% of the overall growth), with 6% of the overall growth (around 3,400 persons) being people aged 75 or over. Meanwhile, the population of 25-29 year olds is projected to fall. This reflects recent trends which have seen fewer younger migrants moving to Tower Hamlets, (however it should be noted that the 25-29 and 30-34 year old groups are still projected to remain the largest sector of the population by some margin). This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 13: Tower Hamlets population projections 2016-31 by 5-year age cohort based on GLA 2015 based-interim “Central variant” scenario (Note: All figures presented unrounded for transparency)

Age	Total Population		Net change 2016-31	Percentage of net change
	2016	2031		
Aged 0-4	22,327	22,562	235	0.4%
Aged 5-9	19,477	20,754	1,277	2.4%
Aged 10-14	16,126	19,037	2,911	5.4%
Aged 15-19	15,680	19,785	4,105	7.6%
Aged 20-24	26,905	30,447	3,542	6.6%
Aged 25-29	44,921	42,657	-2,265	-4.2%
Aged 30-34	41,375	41,762	387	0.7%
Aged 35-39	29,812	34,170	4,359	8.1%
Aged 40-44	20,098	27,654	7,556	14.1%
Aged 45-49	15,823	22,996	7,172	13.3%
Aged 50-54	12,345	18,652	6,307	11.7%
Aged 55-59	10,076	14,608	4,533	8.4%
Aged 60-64	7,980	11,906	3,925	7.3%
Aged 65-69	5,782	9,140	3,358	6.2%
Aged 70-74	3,929	6,873	2,944	5.5%
Aged 75-79	3,451	5,063	1,612	3.0%
Aged 80-84	2,596	3,359	763	1.4%
Aged 85+	2,275	3,301	1,026	1.9%
Total	300,978	354,725	53,746	100.0%

Figure 14: Tower Hamlets population projections 2016-31 by 5-year age cohort based on GLA 2015 based-interim “Central variant” migration



Household Projections

Household Population and Communal Establishment Population

2.40 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 approach¹⁰:

“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)

2.41 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

¹⁰ 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.

- ^{2.42} As previously noted, the population in older age groups is projected to increase substantially during the Plan period, and Chapter 6 of the SHMA provides further analysis of the range of different types of housing required specifically for older people. However, we would note that the figure for Tower Hamlets is 107 additional persons in Class C2 accommodation between 2016 and 2031, so the impact on the final housing requirement is relatively small.

Household Representative Rates

- ^{2.43} 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.
- ^{2.44} 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.”

- ^{2.45} 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.”

- ^{2.46} 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 incorporated far more data from the 2011 Census which has now been incorporated into the 2014-based household projections, which provide data for the 25-year period 2014-39 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).

- ^{2.47} 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

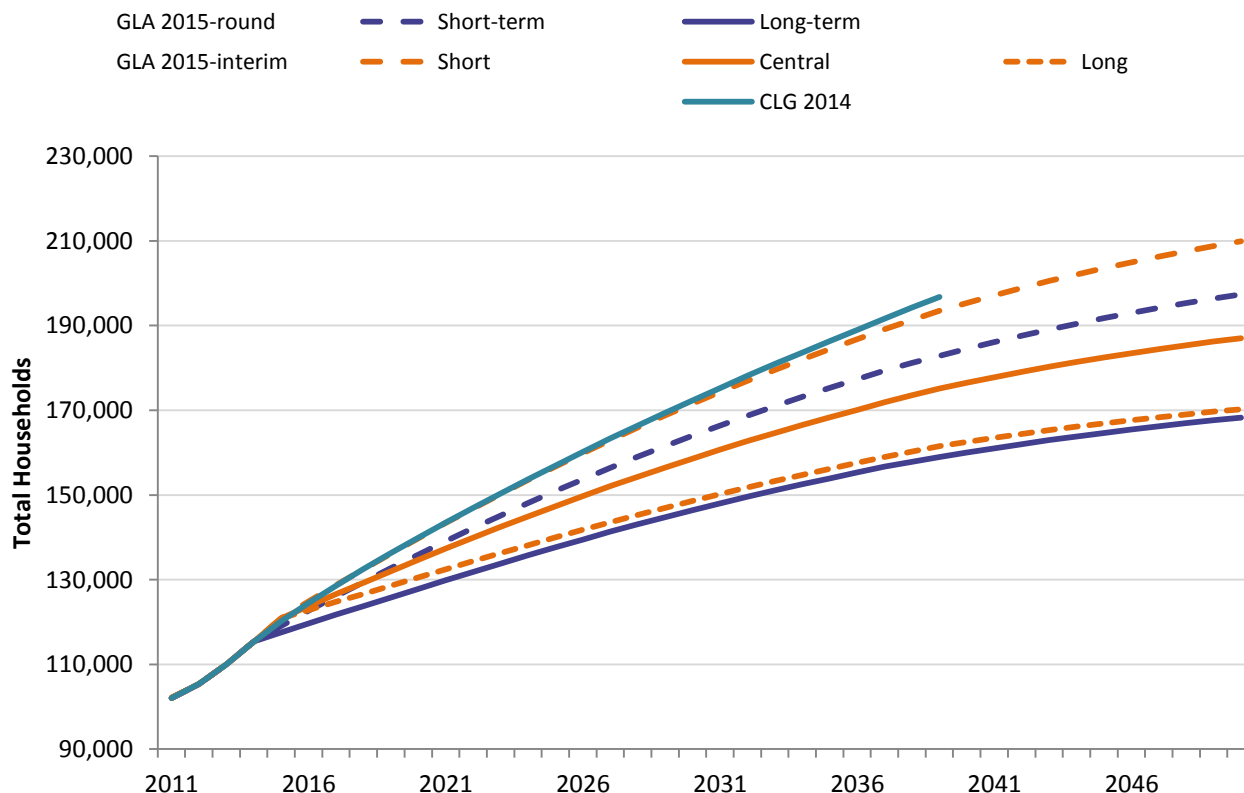
households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011."

- 2.48 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.
- 2.49 The 2014-based household projections supersede the 2012-based projections (which in turn superseded both the 2008-based projections and the interim 2011-based projections). The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these 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

- 2.50 Figure 15 shows the household projections based on the three variant scenarios from the 2015-interim projections and the two scenarios from the 2015-round projections along with the most recent CLG 2014 projection for comparison.

Figure 15: GLA + CLG household estimates and projections for Tower hamlets in the period 2011-2050 (Source: GLA, CLG)



- 2.51 Given this context, Figure 16 sets out the range of household projections that CLG and GLA have produced for Tower Hamlets over recent rounds of projections over 10 and 25 year period to mirror CLG household projections.

Figure 16: CLG and GLA Household Projections (Source: CLG and GLA Household Projections)

Household Projection	10-year period			15-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
CLG						
2014-based	2016-26	35,648	3,565	2016-31	50,717	3,381
2012-based	2016-26	29,137	2,914	2016-31	41,885	2,792
GLA 2015-interim <i>using CLG 2014-based headship rates</i>						
Short-term trend	2016-26	35,016	3,502	2016-31	49,452	3,297
Central trend	2016-26	25,996	2,600	2016-31	36,933	2,462
Long-term trend	2016-26	18,975	1,898	2016-31	27,407	1,827
GLA 2015-round <i>using CLG 2012-based headship rates</i>						
Short-term trend	2016-26	31,055	3,106	2016-31	43,738	2,916
Long-term trend	2016-26	19,831	1,983	2016-31	28,316	1,888
GLA 2014-round <i>using CLG 2012-based headship rates</i>						
Short-term trend	2016-26	26,588	2,659	2016-31	37,928	2,529
Long-term trend	2016-26	17,526	1,753	2016-31	25,498	1,700
GLA 2013-round Central variant with CLG 2011-interim based headship rates	2016-26	21,947	2,195	2016-31	30,104	2,007

- 2.52 It is clear that the projections have varied over time, with the projected increase in households in Tower Hamlets ranging from 2,792 up to 3,381 additional households each year in the CLG figures.
- 2.53 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. Due to their reliance on 5-year averages, the 2015-interim projection using the central variant scenario for migration is typically lower than both the CLG-2014 and 2012 based and GLA short-term trend migration models.

Establishing Overall Housing Need based on Household Projections

- 2.54 As previously noted, the GLA 2015 based interim “Central variant” scenario provides the most plausible starting point for population growth in Tower Hamlets.
- 2.55 Considering growth over the 15-year period 2016-31, the number of households is projected to increase by 36,933 which is equivalent to an average growth of 2,462 households per year. This projection is lower than the CLG 2014-based household projection for the same period, as this scenario is based on an

assumption that migration trends will revert to long-term norms as the country recovers from the recent recession. However, the projection is higher than the 2015-interim GLA Long-term trend model and is similar to the 2014-round GLA short term projection,

- ^{2.56} To estimate overall housing need, it is also 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 4.6% for Tower Hamlets. Providing for an increase of 36,933 households yields a housing need of 38,712 dwellings over the 15-year period 2016-31, equivalent to an average of 2,580 dwellings per year.
- ^{2.57} We would note that there is some evidence that vacancy rates are rising in Tower Hamlets due to the impact of the short-term letting market. This in turn may mean that dwellings built on the assumption that they would be occupied on a residential basis are being effectively used as alternatives to hotels, implying that the residential population of Tower Hamlets is not growing as quickly as projected.

Conclusions

- ^{2.58} PPG identifies that the “starting point estimate of overall housing need” is the CLG 2014-based household projections, and the latest published data is the 2014-based projections covering the period 2014-39. These projections suggest that household numbers across Tower Hamlets will increase by 50,717 over the 15-year period 2016-31, an average of 5,072 per year.
- ^{2.59} The ONS 2014-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 2009-2015. 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.
- ^{2.60} The GLA 2015-interim population projections provide scenarios based on short-term, long-term and central trend, with the central trends model using migration data from 2005-15 to project forward.
- ^{2.61} Based on this data, household numbers in Tower Hamlets are projected to increase by 36,933 households over the 15-year period 2016-31, an average of 2,462 per year. Whilst this projection is lower than the CLG 2014-based household projections, this scenario is based on migration trends reverting to long-term norms. As such it gives the most reliable and appropriate demographic projection for establishing future housing need and is also consistent with the methodology used in the FALP.
- ^{2.62} Providing for an increase of 36,933 households yields a housing need of 38,712 dwellings over the 15-year period 2016-31, equivalent to an average of 2,580 dwellings per year.

3. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 3.1 Before calculating the affordable housing needs for Tower Hamlets initial we would like to cover the link between affordable housing and the OAN because we consider this to be a central issue and the main source of the problems experienced by many Councils around affordable housing need.
- 3.2 Paragraph 47 of the National Planning Policy Framework identifies that local planning authorities should meet “*the full, objectively assessed needs for market and affordable housing*”. Furthermore, paragraph 159 of the Framework identifies that they should “*prepare a Strategic Housing Market Assessment to assess their full housing needs*” which identifies “*the need for all types of housing, including affordable housing*”.
- 3.3 There have been a number of Judicial Reviews of Planning Inspector decisions which have helped to clarify the relationship between the Full Objectively Assessed Need for housing and the need for Affordable Housing:

- **Satnam Millennium v Warrington BC Judgement**

Mr Justice Stewart surmised that “*The NPPF requires full affordable housing needs to be identified as part of the OAN*” before concluding that “*The assessed need for affordable housing was 477 dpa*” and “*This assessed need was never expressed or included as part of the OAN*” leading to the judgement that there had not been compliance with Policy.

- **Oadby and Wigston v Bloor Homes Judgement**

Mr Justice Hickinbottom concluded that “*on the basis of the SHMA, the Council was working to a purportedly policy off housing requirement figure of 80-100 dpa – but the SHMA itself assessed ... the full affordable housing need alone at a net 160 dpa*” and therefore this was inevitably a “*policy on*” figure.

- **Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd Judgement**

Mr Justice Dove stated “*At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing ... The Framework makes clear these needs should be addressed in determining the FOAN*”.

- 3.4 On this basis, it is clear that NPPF considers that the full, objectively assessed needs for housing will include the need for affordable housing and this is now supported by a sequence of High Court Judgements. Our view is that affordable housing need must be a component of the full, objectively assessed needs for housing. This view is consistent with the Framework and the High Court Judgements identified above, and forms the core of the analysis set out below.

Planning Practice Guidance for Affordable Housing Needs

- 3.5 In March 2014 the Government issued (PPG)¹¹ on the Assessment of Housing and Economic Development Needs (March 2014). This includes advice on how calculate affordable housing needs at ID 2a-022 to 029. ID2a-022 summarises the key steps required to calculated affordable housing needs:

How should affordable housing need be calculated?

Plan makers working with relevant colleagues within their local authority (e.g. housing, health and social care departments) 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.

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

- 3.6 The PPG approach largely reflects that in chapter 5 the 2007 CLG SHMA Practice Guidance:

“The first part of this chapter explains how to estimate the number of current and future households in housing need. It then looks at the available stock and requirements of existing affordable housing tenants for different sizes of properties. In so doing, the approach outlines how to develop an evidence base that can inform decisions about a range of policy responses to housing need, including: setting targets for affordable housing, changing allocations policies and using the private rented sector.” (page 40, SHMA Practice Guidance Version 2¹²)

- 3.7 The 2007 CLG SHMA Practice Guidance was in turn based on the approach set out in “Local Housing Needs Assessment: A Guide to Good Practice”, published by the Department for the Environment, Transport and the Regions (DETR) in 2000¹³. This presented “a basic needs assessment model which all local authorities should try to follow, so far as is practicable” (pages 21-22):

Table 2a: Outline of basic model

B: BACKLOG OF EXISTING NEED (times a quota)
plus
N: NEWLY ARISING NEED
minus
S: SUPPLY OF AFFORDABLE UNITS
equals
NET SHORTFALL (SURPLUS) affordable units per year

- 3.8 Given this context, it is evident that the key elements of the PPG approach reflect a long-established approach for assessing affordable housing need (PPG ID 2a-022 cf. DETR 2000 Table 2a):

¹¹ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

¹² “Strategic Housing Market Assessments Practice Guidance Version 2”, CLG 2007 (now rescinded)

¹³ “Local Housing Needs Assessment: A Guide to Good Practice”, DETR 2000 (now rescinded)

- » “This calculation involves adding together the current unmet housing need and the projected future housing need” → B: BACKLOG OF EXISTING NEED plus N: NEWLY ARISING NEED
- » “and then subtracting this from the current supply of affordable housing stock”
→ minus S: SUPPLY OF AFFORDABLE UNITS equals NET SHORTFALL (SURPLUS)

Assessing Affordable Housing Needs

3.9 The standard approach to modelling affordable housing needs that was originally set out in the 2000 DETR Guide to Good Practice and which is reflected by PPG at ID 2a-022 to 029 comprises:

- » A backlog of **current unmet need** for affordable housing, which includes:
 - Established households (who already live in market or affordable housing that is unsuitable for their needs); together with
 - Suppressed households (such as concealed families or homeless households) who need their own home; plus the
- » **Projected future housing need** for affordable housing (i.e. newly arising need), which is based on a proportion of future household growth; less the
- » **Supply of affordable housing.**

3.10 All of the established households counted as part of the current unmet need for affordable housing, and in moving to affordable housing they will vacate their existing dwelling – so no additional dwellings are needed and these needs will not add to the overall OAN. Nevertheless, these households moves will impact on the overall mix of housing needed.

3.11 By definition, the full OAN will include all projected household growth for the area – so any proportion of the growth where households need affordable housing will not add to the overall OAN.

3.12 The only households that would add to the overall OAN based on household projections would be suppressed households (such as concealed families or homeless households) that are not captured by the household projections. The needs of these households must be counted as part of the affordable housing OAN, and therefore they must also be included within the overall OAN.

3.13 Given this context, all households that need affordable housing will already be included within the household projections that inform the overall OAN (and will therefore not increase the overall OAN); except for suppressed households counted within the current unmet need for affordable housing.

3.14 The Planning Advisory Service Good Plan Making Guide¹⁴ clearly identifies that SHMAs must take account of any unmet need for housing that still exists at the start of the new plan period, which it describes as ‘backlog’. This includes “for example, the needs of the homeless and other households living in unacceptable accommodation”:

“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

¹⁴ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.” (page 49)

- 3.15 Therefore, the PAS Good Plan Making Guide confirms that the only households included within the affordable housing OAN that are not included within the household projections that inform the overall OAN have to be counted separately when establishing the overall OAN. On this basis, all households counted within the affordable housing OAN must also be counted within the overall OAN: affordable housing need will not add to the overall OAN.

Modelling Affordable Needs

- 3.16 In relation to assessing future need, PPG identifies needs should be assessed based on a “*gross annual estimate*” (ID 2a-025, emphasis added); however in establishing “*the total need for affordable housing*”, PPG identifies that the figure should be based on “*the total net need*” (ID 2a-029, emphasis added). The PPG suggests that this should be based on a calculation to “*subtract total available [affordable housing] stock from total gross need*” (ID 2a-029) – but not all households included within the total gross need will be allocated affordable housing, so it is important to consider this when deriving net need.
- 3.17 From a real-life perspective, any household that needs an affordable dwelling will also need a dwelling; but equally important, any household that does not need a dwelling will not need an affordable dwelling. Understanding this very simple concept is central to producing a robust needs assessment.
- 3.18 The basic approach to assessing affordable housing need set out at PPG ID 2a-022 to 029 covers five key groups of households: two relate to assessing current need (ID 2a-024) and three relate to assessing future need (ID 2a-025). The table below describes each of these groups and differentiates between their gross need and net need. It also sets out the impact that each group has on the assessment of affordable housing need and the full OAN.

Group	Description	Impact on needs assessment
Current needs of homeless and concealed households	These households should have a dwelling at the start of the Plan period, but they don't and they are unable to afford market housing.	The needs of these households should be counted as affordable housing need and also within the full OAN.
Current needs of existing households	These households have a dwelling at the start of the Plan period, but it isn't suitable for their needs (for example, due to overcrowding) and they are unable to afford market housing.	The needs of these households should be counted as affordable housing need, but as they already occupy a dwelling their need will not add to the full OAN.
Future needs of new households unable to afford: Newly forming households	<p>These new households are projected to form based on past trends, but they are unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing that are projected to dissolve (either as existing households combine or following death of all household members).</p> <p>Such households no longer need a dwelling, so they should also be discounted from the affordable housing need. It is important that this need is discounted regardless of whether or not the dissolving household previously occupied affordable housing.</p>	<p>The overall number of newly forming households and household dissolutions should be consistent with the household projections on which the full OAN is based.</p> <p>This will ensure that the affordable housing need is consistent with the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need for additional affordable housing.</p>
Future needs of new households	These new households are projected to move to the area based on past trends (in-migrant households), but they are	The overall number of in-migrant households and out-migrant households

<p>unable to afford: Migrant households</p>	<p>unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing that are projected to move away from the area (out-migrant households).</p> <p>Such households no longer need a dwelling in the area, so they should also be discounted from the affordable housing need. It is important that this need is discounted regardless of whether or not the out-migrant household previously occupied affordable housing.</p>	<p>should be consistent with the household projections on which the full OAN is based.</p> <p>This will ensure that the affordable housing need is consistent with the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need for additional affordable housing.</p>
<p>Future needs of existing households falling into need</p>	<p>These households have a suitable dwelling that they are able to afford, but their circumstances change such that their existing dwelling is no longer suitable and they are unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing whose circumstances improve such that they no longer need affordable housing.</p> <p>Such households will continue to occupy a dwelling in the area, but no longer need affordable housing. It is important that this affordable housing need is discounted regardless of whether or not the household occupied affordable housing.</p>	<p>The needs of these households should be counted as affordable housing need, but as they already occupy a dwelling their need will not add to the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need for additional affordable housing.</p>

- 3.19 It is appropriate to recognise that PPG does not explicitly state that the needs of dissolving households and out-migrant households that have been counted within the gross need for affordable housing should be discounted from the net need, regardless of whether or not the household ever occupied affordable housing. Nevertheless, such households will not need housing in the housing market area, so it stands to reason that they will no longer need affordable housing either – otherwise these households would be counted within the affordable housing need despite not being counted in the full OAN. Based on the simple concept above, any household that does not need a dwelling will not need an affordable dwelling – so these needs must be discounted when establishing the total need for affordable housing, which should be based on the “*total net need*” (ID 2a-029).
- 3.20 Similarly, PPG does not explicitly state that the needs of existing households climbing out of need should be discounted, regardless of whether or not the household ever occupied affordable housing. Nevertheless, PPG identifies that “*care should be taken ... to include only those households who cannot afford to access suitable housing in the market*” (ID 2a-024); so it is evident that the needs of households whose circumstances improve such that they can “*afford to access suitable housing in the market*” should not be included in the total need for affordable housing.
- 3.21 Given this context, it is important to recognise that PPG does not provide a framework which either could or should be applied mechanistically. Indeed, the PPG on housing and economic development needs states at the outset:

Can local planning authorities use a different methodology?

There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance.

Planning Practice Guidance (March 2014), ID 2a-005

- ^{3.22} There are a number of areas where PPG does not provide specific guidance; such as the need to consider commuting patterns when considering how employment trends are taken into account, and the need to consider vacancies and second homes when establishing housing need based on household projections. In this regard, in the *Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd* Judgement Mr Justice Dove stated:

41. The PPG does not provide any specific guidance on this point related to vacancies and second homes. That is to my mind unsurprising, as it could not begin to address every conceivable point which might arise in this exercise. However, I have no doubt that the inclusion of vacancies and second homes is an adjustment based on statistical data of a kind similar to those which are contemplated in the PPG. The absence of this issue from the PPG does not therefore dissuade me from the view which I have reached.

- ^{3.23} Whilst PPG does not provide any specific guidance about the treatment of households that no longer need housing in the housing market area that have been counted in the gross need for affordable housing, it is still appropriate to discount their needs from the affordable housing need.
- ^{3.24} We would note at the outset that at the time of writing the Government are considering changing the definition of affordable housing to include a wider range of Low Cost Home Ownership (LCHO) products which they are not subject to 'in perpetuity' restrictions or where the subsidy is recycled for alternative affordable housing provision. This would represent a fundamental revision of the definition of affordable housing. It is also likely to require a complete revision of PPG sections relating to affordable housing as changing the definition for the supply of affordable housing will also change the nature of households who qualify for affordable housing. Therefore, while affordable housing supply may rise under the new definitions, the number of households who qualify as being in affordable housing need will also rise.

Backlog of Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- ^{3.25} Local authorities hold data on the number of homeless households and those in temporary accommodation. In Tower Hamlets, the annual number of households accepted as being homeless and in priority need has seen a downward trend over the period 2006 to 2016. There were 789 such households in 2006 which reduced to 522 households by 2016, a net reduction of 267 households (Figure 17). The current annual rate represents 4.4 presentations per 1,000 households, which is higher than the equivalent rate for England (2.5 per 1,000).

- 3.26 There has also been a reduction in households living in temporary accommodation from Quarter 1 2006 to Quarter 1 2016 (net reduction of 680 households). Of the households in temporary accommodation in Quarter 1 2016, 100 were accommodated in bed & breakfast accommodation or hostels, 249 were accommodated in Local Authority or RSL Stock and a further 1,038 were in private sector leased stock or other. The 585 households in the other category were typically housed in annexes. There were no households accepted as homeless without temporary accommodation provided.

Figure 17: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2006 and March 2016)

		Tower Hamlets			England 2016
		2006	2016	Net change 2006-16	
Households in temporary accommodation	Bed and breakfast	125	100	-25	-
	Hostels	7	0	-7	-
	Local Authority or RSL stock	855	249	-606	-
	Private sector leased (by LA or RSL)	1,664	1,038	-626	-
	Other (including private landlord)	1	585	584	-
	TOTAL	2,652	1,972	-680	-
	<i>Rate per 1,000 households</i>	29.5	16.5	-13.0	3.1
Households accepted as homeless but without temporary accommodation provided		0	0	-	-

- 3.27 It is evident that statutory homelessness has not become significantly worse in Tower Hamlets over the period since 2006, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the council 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.
- 3.28 The Localism Act 2011, which amended the Housing Act 1996, gave Councils the power to discharge the main homelessness duty through offering a private rented sector tenancy. 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 2011 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.

Census Data: Concealed Households and Overcrowding

- 3.29 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

- 3.30 The number of **concealed families** living with households in Tower Hamlets increased from 1,739 to 2,323 over the 10-year period 2001-11 (Figure 18), an increase of 584 families (34%). The reason for the choice of the period 2001-11 is that it is a reasonable aim for a local authority to seek to return its housing market back to the conditions found in 2001.

Figure 18: Concealed families in Tower Hamlets by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	224	255	+31
Aged 25 to 34	416	696	+280
Aged 35 to 44	207	186	-20
Aged 45 to 54	182	263	+80
Sub-total aged under 55	1,028	1,400	+371
Aged 55 to 64	324	320	-3
Aged 65 to 74	344	355	+11
Aged 75 or over	43	248	+205
Sub-total aged 55 or over	711	923	+213
All Concealed Families	1,739	2,323	+584

3.31 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 584 families over the period 2001-11, almost two-thirds (64%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Sharing Households

3.32 The number of **sharing households** increased from 852 to 1,023 over the 10-year period 2001-11 (Figure 19). Sharing households have a very specific definition in that they have living accommodation within a dwelling which is only for their own access, but they share some facilities with other households. Effectively sharing households have rooms which lock, but where they share kitchens and or bathrooms with other households.

Figure 19: Shared Dwellings and Sharing Households in Tower Hamlets (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	312	312	-
Number of household spaces in shared dwellings	868	1,069	+201
All Sharing Households	852	1,023	+171
Household spaces in shared dwellings with no usual residents	16	46	+30

3.33 Figure 20 shows that the number of multi-adult households living in the area increased from 8,894 to 17,281 households over the same period, an increase of 8,387 (94%). 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 20: Multi-adult Households in Tower Hamlets (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	2,494	3,076	+582
Private rented	4,582	12,378	+7,796
Social rented	1,818	1,827	+9
All Households	8,894	17,281	+8,387

- 3.34 The growth in multi-adult households was focused 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 7,796 households (an increase from 4,582 to 12,378 households over the period) and this represents 93% of the total increase in multi-adult households living in the area.
- 3.35 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.
- 3.36 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).
- 3.37 We would also note the GLA have assessed separately the need for student households at a London wide level as part of the London plan (Mayor of London, London Plan, GLA, 2015, paragraph 3.52).

Overcrowding

- 3.38 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.”

- 3.39 In practice this implies that all open plan living studio flats are considered to be overcrowded, even if they have only one occupant, because they do not contain separate rooms.
- 3.40 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

- » A one person household is assumed to require three 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).

^{3.41} For Tower Hamlets, overcrowding increased from 22,986 to 35,235 households (an increase of 12,249) over the 10-year period 2001-11 (Figure 21). The percentage of overcrowded households has also increased from 29.3% to 34.8%. When considered by tenure, overcrowding has increased by 1,814 households in the owner occupied sector, reduced by 15 households in the social rented sector with the largest growth in the private rented sector where the number has increased from 4,073 to 14,523, a growth of 10,450 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 28.0% to 42.4%.

Figure 21: Proportion of overcrowded households 2011 for Tower Hamlets 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)	
	2001		2011		Net change 2001-11		2011	
	N	%	N	%	N	%	N	%
Tower Hamlets								
Owned	4,217	18.5%	6,031	22.4%	+1,814	+21%	2,502	9.3%
Private rented	4,073	28.0%	14,523	42.4%	+10,450	+52%	5,293	15.5%
Social rented	14,696	35.6%	14,681	36.6%	-15	+3%	8,810	22.0%
All Households	22,986	29.3%	35,235	34.8%	+12,249	+19%	16,605	16.4%
All Households								
ENGLAND	-	7.1%	-	8.7%	-	+23%	-	4.6%
Camden	-	29.8%	-	32.5%	-	+9%	-	11.7%
Islington	-	24.9%	-	29.1%	-	+17%	-	10.7%
Hammersmith and Fulham	-	25.2%	-	27.6%	-	+9%	-	12.2%
Greater London	-	17.3%	-	21.7%	-	+25%	-	11.3%

English Housing Survey Data

Overcrowding

^{3.42} 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.

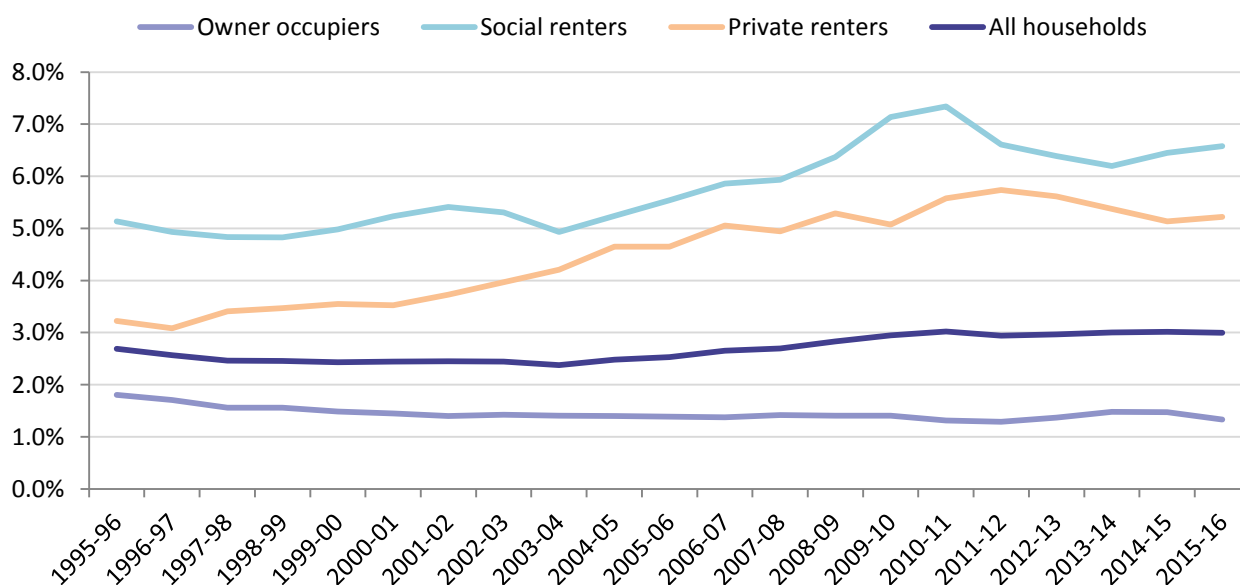
- 3.43 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach¹⁵ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share 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 are 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.”

- 3.44 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 22: 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)



- 3.45 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 Guidance¹⁶ 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).

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/595785/2015-16_EHS_Headline_Report.pdf

¹⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

3.46 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”*

3.47 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 Tower Hamlets, we can estimate overcrowding using the bedroom standard. Figure 23 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **1,544 owner occupied, 1,606 private rented and 5,684 social rented households were overcrowded** in Tower Hamlets in 2016. Student households have been excluded from this calculation given that their needs are assumed to be transient.

Figure 23: Estimate of the number of overcrowded households in Tower Hamlets 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	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
TOWER HAMLETS						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	2,502	6,031	5,293	14,523	8,810	14,681
Full-time student households [E]	570	1,173	3,475	6,424	698	844
Overcrowded households (excluding students) [F = D - E]	1,932	4,858	1,818	8,099	8,112	13,837
Estimate of overcrowded households based on the bedroom standard [G = C × F]	1,101	1,943	1,164	2,268	6,733	5,950
Estimate of overcrowded households in 2011 based on the bedroom standard (average)		1,522		1,716		6,341
EHS bedroom standard						
Change in overcrowding from 2011 to 2016		+1%		-6%		-10%
Estimate of overcrowded households in 2016 based on the bedroom standard		1,544		1,606		5,684

Housing Condition and Disrepair

3.48 The EHS also provides useful information about **housing disrepair**. 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.

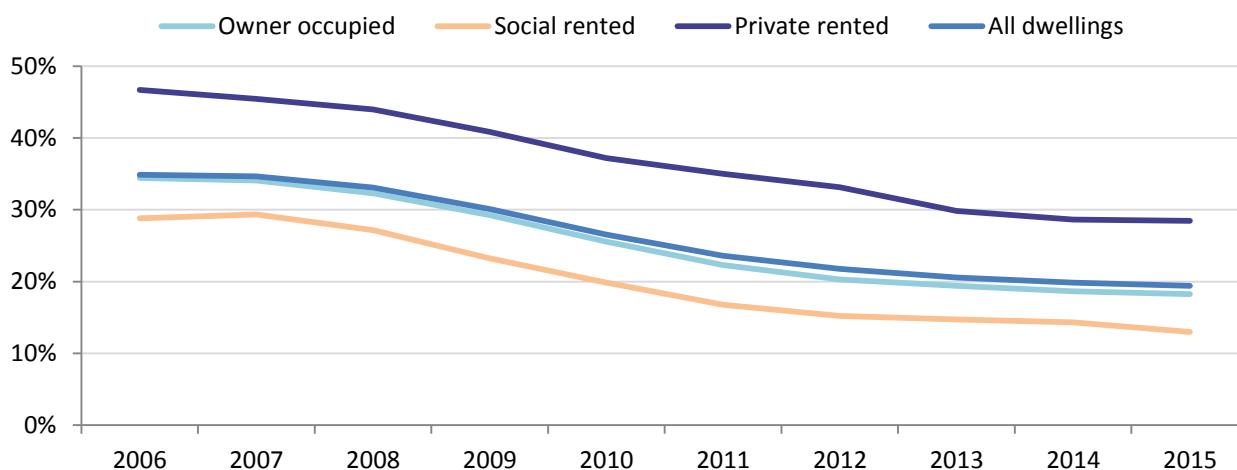
3.49 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- » 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).

3.50 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.

3.51 Figure 24 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 three-in-ten of the private rented sector (28.5%) 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 24: Trend in non-decent homes in England by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)

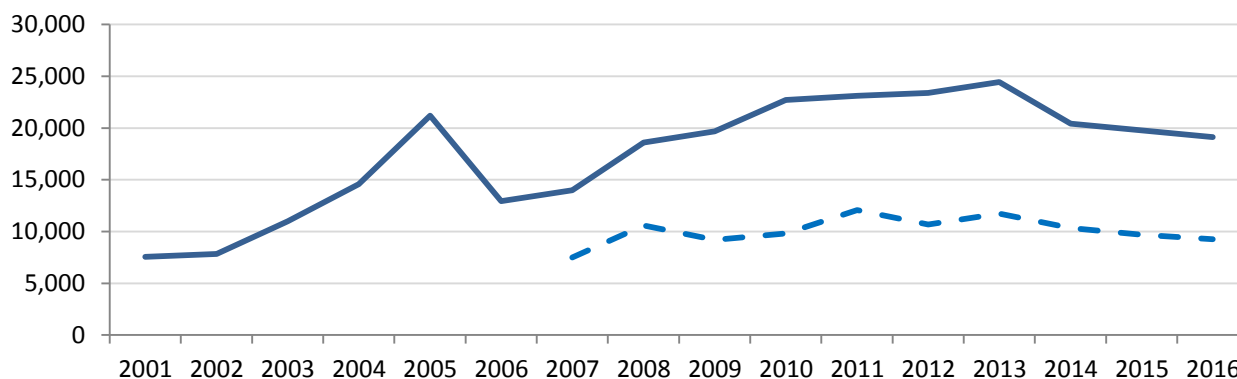


Housing Register Data

3.52 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.

3.53 Figure 25 shows the trend in households on the housing register over the period since 2001:

Figure 25: Number of households on LB Tower Hamlets housing register 2001-16 (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)



3.54 Overall, the trends show that the number of households registering for affordable housing has increased over the last decade. Nevertheless, the criteria for joining the housing registers in all areas have 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 – so the trends discussed above have to be understood in this context and number on the registers are falling.

3.55 Figure 25 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.

3.56 Figure 26 provides further detailed information for 2015 and 2016. The number of households in **reasonable preference categories** has also been subject to variation from year-to-year, although these have not always followed the trends in the overall number of households on the register. The number of households with a reasonable preference in 2015 was 9,676, dropping 4.4% to 9,246 in 2016. The number of households on the register dropped somewhat between 2015 and 2016 from 19,783 to 19,124, a smaller proportional decrease of 3.3% than the reasonable preference category. These differences are most likely due to changing allocation policy from 2013 onwards.

Figure 26: Number of households on the local authority housing register at 1st April 2015 and 2016 (Source: LAHS returns to CLG)

	Tower Hamlets	
	2015	2016
Total households on the housing waiting list	19,783	19,124
Total households in a reasonable preference category	9,676	9,246
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	2,007	1,972

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	147	141
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	9,113	8,746
People who need to move on medical or welfare grounds, including grounds relating to a disability	525	496
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)	0	0

- 3.57 The number of households recorded by the housing register as “*occupying insanitary or overcrowded housing or otherwise living in unsatisfactory conditions*” reduced marginally from 9,113 in 2015 to 8,746 in 2016. We previously estimated that there were around 8,834 overcrowded households in Tower Hamlets, based on the bedroom standard (Figure 23). Therefore, there are likely to be some households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.
- 3.58 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 within a reasonable preference category. Nevertheless, there were 496 people registered “who need to move on medical or welfare grounds, including grounds relating to a disability” and no 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

- 3.59 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)

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (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 unable to buy or rent in the market area (ID 2a-025, emphasis added)

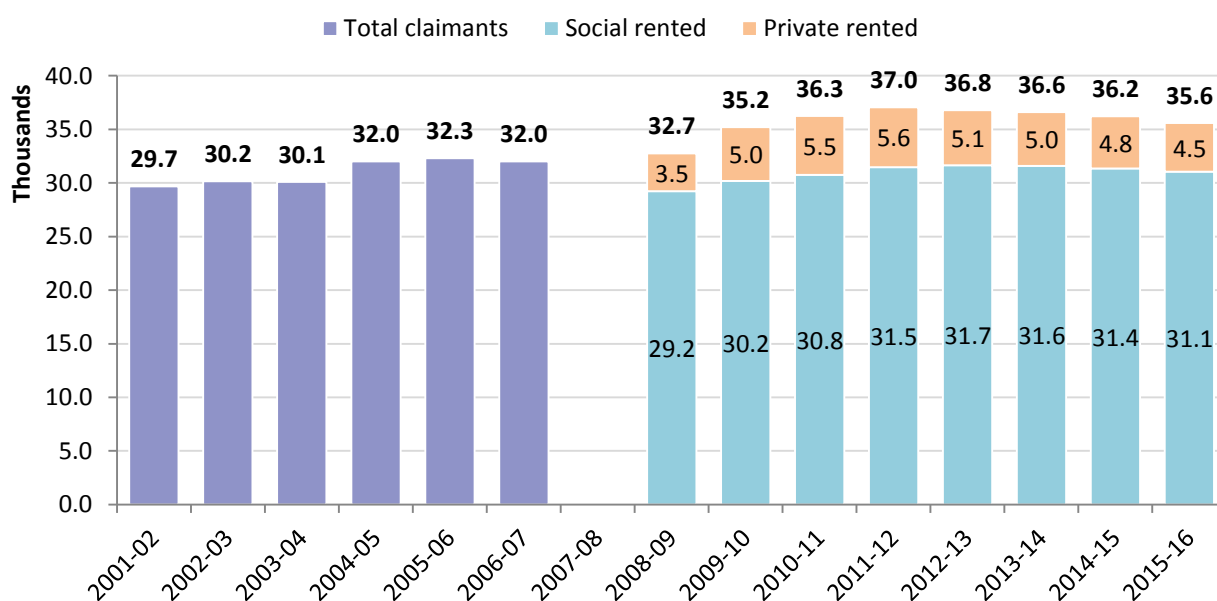
Planning Practice Guidance (March 2014)

3.60 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 area¹⁷. 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 Tower Hamlets

3.61 Figure 27 shows the trend in the number of housing benefit claimants in Tower Hamlets

Figure 27: Number of claimants in receipt of housing benefit in Tower Hamlets by tenure (Source: DWP)



3.62 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 29,200 to 31,100 over the period 2008-09 to 2015-16 – an increase of around 1,800 families (6%). Over the same period the number of claimants in private rented housing also increased from 3,500 to 4,500 families – an increase of 1,000 families (29%). These numbers are however lower than the peak of claimants in private rented housing in 2011-12 when 5,600 private rented families claimed housing benefit, and the peak of claimants in social rented housing in 2012-13 when 31,700 social rented families claimed housing benefit.

3.63 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the changes observed on the housing register in Tower Hamlets. 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.

3.64 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

¹⁷ This is not to suggest that the DWP data accounts for every family who cannot afford their housing costs as some will not claim and there are restrictions on entitlement.

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.**

- 3.65 This is one of the areas where this study varies from the Tower Hamlets SHMA 2014. The 2014 study used a measure of affordability base upon households spending no more than 25% of their income on housing costs. This figure was very low for London and therefore resulted in many households being considered to be in affordable housing needs even though they could not receive LHA and were meeting their own housing costs in private rent. Therefore, the model used for the current assessment will reduce the assessed level of affordable housing need compared to that used in the Tower Hamlets SHMA 2014.

Establishing Affordable Housing Need

- 3.66 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.
- 3.67 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

- 3.68 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

3.69 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 2016). 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

3.70 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.

3.71 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 2016.

3.72 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.

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

3.74 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).

3.75 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).

3.76 We would again emphasise that the Greater London SHMA 2013 assumed that all single persons seeking a dwelling were allocated an affordable property and that is not the case here. Instead, we have only included them if they have a reasonable preference for a property. This means that fewer existing single persons are counted in the affordable housing needs than in the Tower Hamlets SHMA 2014.

3.77 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.

3.78 Figure 28 sets out the assessment of current (2016) affordable housing need for Tower Hamlets.

Figure 28: Assessing current unmet gross need for affordable housing for Tower Hamlets (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 17)			
Currently in temporary accommodation in communal establishments (Bed and breakfast, Annexes or Hostels)	685		685
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	1,038		362
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	249	249	
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households (see Figure 18)			
Growth in concealed families with family representatives aged under 55	371		371
Overcrowding based on the bedroom standard (see Figure 23)			
Households living in overcrowded private rented housing	1,606		
Households living in overcrowded social rented housing	5,684	5,684	
Other households living in unsuitable housing that cannot afford their own home (see Figure 26)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	496	134	
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)	0	0	
TOTAL	10,129	6,067	1,418

3.79 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 **10,129 households currently in affordable housing need in Tower Hamlets 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).

3.80 Of these households, 6,067 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. 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 4,062 households (10,129 less 6,067 = 4,062) who currently need affordable housing and do not currently occupy affordable**

housing in Tower Hamlets (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

- 3.81 This number includes 1,418 households that would not be counted by the household projections. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households. We would note that many of these households are currently housed outside of the borough, but have been counted as being part of the affordable housing needs for Tower Hamlets because they have been housed under the responsibility of Tower Hamlets.
- 3.82 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 2,644 households (10,129 less 6,067 + 1,418) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 3.83 In terms of establishing **future** 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 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. 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

- 3.84 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.
- 3.85 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.
- 3.86 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

- 3.87 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” (paragraph 25); **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.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 3.88 The affordability percentages in Figure 29 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » 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;
 - » 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; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 29: Assessing affordability for Tower Hamlets by household type and age of household representative (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	34%	24%	34%	52%	62%	73%
Couple family with no dependent children	13%	9%	15%	33%	46%	58%
Couple family with 1 or more dependent children	63%	63%	65%	77%	66%	75%
Lone parent family with 1 or more dependent children	79%	99%	81%	78%	77%	82%
Other household type	11%	14%	35%	59%	64%	61%

Components of Projected Household Growth

- 3.89 PPG identifies that the CLG household projections “should provide the starting point estimate for overall housing need” (paragraph 15). **However, when considering the number of newly arising households likely to be in affordable housing need,** the PPG suggests a “*gross annual estimate*” (paragraph 25) suggesting that “*the total need for affordable housing should be converted into annual flows*” (paragraph 29).
- 3.90 The demographic projections developed by ORS 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.
- 3.91 Figure 30 shows the individual components of annual household growth over a 15 year period, with the first period containing 5 years.

Figure 30: Components of average annual household growth for Tower Hamlets by 5-year projection period (Source: ORS Housing Model. Note; Figures may not sum due to rounding)

	Annual average for 5- periods			Annual average 2016-31
	2016-21	2021-26	2026-31	
New household formation	4,875	5,308	5,495	5,226
Household dissolution following death	870	899	951	907
Net household growth within Tower Hamlets	4,006	4,409	4,544	4,320
Household migration in	11,660	11,847	12,115	11,874
Household migration out	12,937	13,761	14,459	13,719
Net household migration	-1,278	-1,914	-2,344	-1,845
Total household growth	2,728	2,495	2,200	2,474

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

- » There are projected to be 4,875 new household formations each year; but this is offset against 870 household dissolutions following death – so there is an **average net household growth of 4,006 households** locally in Tower Hamlets;
- » There are also projected to be 11,660 households migrating to Tower Hamlets offset against 12,937 households migrating away from the area – which yields a **decrease of 1,278 households attributable to net migration**;
- » The total household growth is therefore **projected to be 2,728** (4,006 minus 1,278 = 2,728) **households each year** over the initial 5-year period of the projection.

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

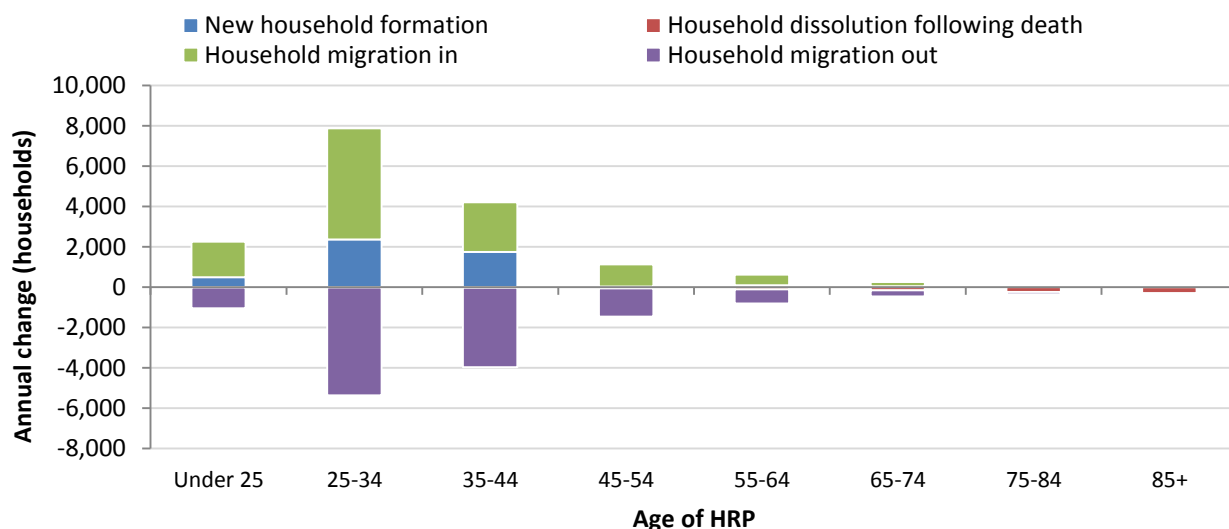
3.94 Over the 15 year period 2016-31, total **household growth averages 2,474 households** each year with an average annual net growth of 4,320 households within Tower Hamlets and a net loss of 1,845 households based on migration.

Change in Household Numbers by Age Cohort

3.95 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 4,875 new households projected to form in Tower Hamlets each year over the period 2016-21 (Figure 30) alongside the detailed information about household affordability (Figure 29).

3.96 Figure 31 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 31: Annual change in household numbers in each age cohort for Tower Hamlets by age of HRP (Source: ORS Housing Model)



3.97 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.

3.98 The Model identifies that 32% of all newly forming households are unable to afford their housing costs, which represents 1,570 households each year (Figure 32). The Model shows that a similar proportion of households migrating to the area are unable to afford (33%), but this represents 3,897 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 5,467 new households each year who are unable to afford their housing costs.**

Figure 32: Affordability of new households for Tower Hamlets 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	4,875	3,306	1,570	32%
Households migrating in to the area	11,660	7,763	3,897	33%
All new households	16,535	11,069	5,467	33%

3.99 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.**

3.100 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.

- 3.101 **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.
- 3.102 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **870 households are likely to dissolve** annually following the death of all household members. Many of these households will own their homes outright; however 65% are unable to afford market housing: most living in affordable housing.
- 3.103 When considering **households moving away** from Tower Hamlets, the Model identifies that an average of 12,937 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 Tower Hamlets it is appropriate that their needs are discounted.
- 3.104 Figure 33 summarises the total household growth. This includes the 5,467 new households on average each year who are unable to afford their housing costs, but offsets this against the 5,335 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Tower hamlets (as they have moved to live elsewhere).

Figure 33: Components of average annual household growth for Tower Hamlets 2016-31 (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	4,875	3,306	1,570	32%
Households migrating in to the area	11,660	7,763	3,897	33%
All new households	16,535	11,069	5,467	33%
Household dissolutions following death	870	303	567	65%
Households migrating out of the area	12,937	8,169	4,769	37%
All households no longer present	13,807	8,472	5,335	39%
Average annual household growth 2016-31	2,728	2,597	132	5%

- 3.105 Overall, the Model projects that household growth will yield a net increase of 132 households on average each year (over the period 2016-31) that are unable to afford their housing, which represents 5% of the 2,728 total household growth for this period.

Projecting Future Needs of Existing Households

- 3.106 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 Tower Hamlets 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 1,766 established households fall into need each year** in the Tower Hamlets.

This represents a rate of 12.3 per 1,000 household falling into need each year (based on average projected household numbers in the period 2016-31).

^{3.107} 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).
- » 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.

^{3.108} 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 **644 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 4.5 per 1,000 household climbing out of need each year (based on average projected household numbers in the period 2016-31).

^{3.109} Therefore, considering the overall changing needs of existing households, **there is an average net increase of 1,122 households** (1,766 less 644 = 1,122) **who need affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

^{3.110} Figure 34 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 34: Components of future affordable housing need for Tower Hamlets 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	4,875	3,306	1,570	32%
Households migrating in to the area	11,660	7,763	3,897	33%
All new households	16,535	11,069	5,467	33%
Household dissolutions following death	870	303	567	65%
Households migrating out of the area	12,937	8,169	4,769	37%
All households no longer present	13,807	8,472	5,335	39%
Average annual household growth 2016-21	2,728	2,597	132	5%
Existing households falling into need	-	-1,766	1,766	100%
Existing households climbing out of need	-	644	-644	0%
Change in existing households	-	-1,122	1,122	-
Average annual future need for market and affordable housing 2016-21	2,728	1,475	1,253	46%

^{3.111} Overall, there is a projected need from **5,467 new households who are unable to afford their housing costs** (1,570 newly forming households and 3,897 households migrating to the area) each year; however,

5,335 households will either vacate existing affordable housing or will no longer need affordable housing in Tower Hamlets (as they have moved to live elsewhere) thereby reducing the new need to a net total of 132 households.

^{3.112} Considering the needs of existing households, there are 1,766 households expected to fall into need each year, and this is offset against 644 households whose circumstances are projected to improve. There is, therefore, an **average net increase of 1,122 existing households that need affordable housing each year.**

^{3.113} Based on the needs of new households and existing households, there is a projected increase of 1,253 households each year on average for the initial period 2016-21 who will need affordable housing (132 plus 1,122 = 1,253).

^{3.114} 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 be 20,922 households over the period 2016-31**, equivalent to an annual average of 1,395 households per year. This represents 55.1% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

^{3.115} Figure 35 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 35: Assessing total need for market and affordable housing in Tower Hamlets (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Current need for affordable housing (see Figure 23)			
Total unmet need for affordable housing	-	10,129	10,129
Supply of housing vacated	2,644	6,067	8,711
Overall impact of current affordable housing need	-2,644	4,062	1,418
Projected future housing need 2016-31			
Newly forming households	54,232	24,006	78,238
Household dissolutions following death	4,808	8,817	13,625
Net household growth within Tower Hamlets	49,424	15,188	64,612
Impact of existing households falling into need	-31,218	31,218	
Impact of existing households climbing out of need	11,850	-11,850	
Impact of households migrating to/from the area	-9,983	-17,695	-27,678
Future need for market and affordable housing	20,074	16,860	36,934
Total need for market and affordable housing			
Overall impact of current affordable housing need	-2,644	4,062	1,418
Future need for market and affordable housing 2016-31	20,074	16,860	36,934
Total need for market and affordable housing	17,430	20,922	38,352
Average annual need for housing	1,162	1,395	2,557
Proportion of need for market and affordable housing	45.5%	54.6%	100.00%

^{3.116} Figure 28 estimated there to be **10,129 households in need of affordable housing in 2016**. However, as 6,067 of these already occupied an affordable home, our previous conclusion was therefore a net need

from 4,062 households who need affordable housing and do not currently occupy affordable housing in Tower Hamlets.

^{3.117} 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 16,860 households over the period 2016-31**, alongside an increase of 20,074 households able to afford market housing.

^{3.118} Overall, there will be a **need to provide additional affordable housing for 20,922 households** over the period 2016-31. This is equivalent to an average of **1,395 households per year**. This represents 55% of the demographic growth for Tower Hamlets.

^{3.119} Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

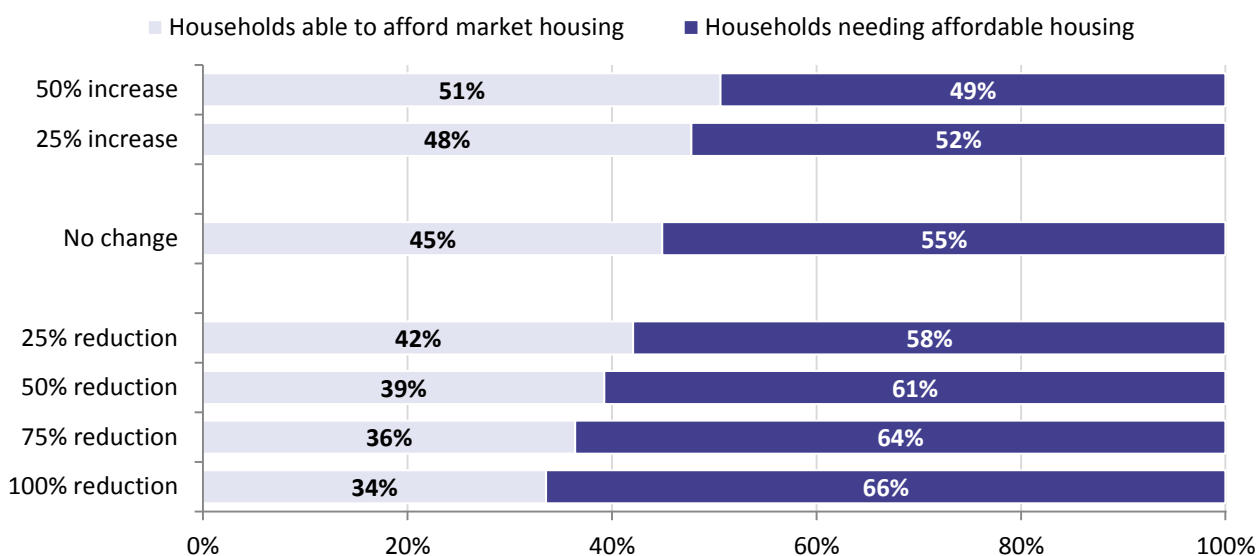
^{3.120} The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a national policy decision which 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).

^{3.121} It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and as such cannot count toward affordable housing supply. 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.

^{3.122} **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.**

^{3.123} To sensitivity test this position, Figure 36 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 36: 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 and associated number of affordable dwellings for Tower Hamlets



^{3.124} If no households were to receive housing benefit support in the private rented sector, most (66%) of the growth in household numbers would need affordable housing.

Conclusions

^{3.125} 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 1,418 households to take account of concealed families and homeless households that would not be captured by the household projections.

^{3.126} The housing mix analysis identified a need to provide additional affordable housing for 20,922 households (approximately 21,100 dwellings) over the 15-year period 2016-31 (an average of 1,395 per year), representing 55% of the demographic growth for Tower Hamlets. This would provide for the current 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.

^{3.127} Providing sufficient affordable housing for all of these households would increase the need to 66% of all dwellings, but it is important to recognise that, in this 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.

4. Market Signals

Considering the balance between housing need and supply

Defining Market Signals

- 4.1 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)

- 4.2 The Market Signals include:

- » Land and house prices;
- » Rents and affordability;
- » Rate of development; and
- » Overcrowding.

- 4.3 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.

- 4.4 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)

- 4.5 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 Tower Hamlets shares similar demographic and economic characteristics with Camden, Islington and Hammersmith & Fulham. Therefore, in considering market signals, we have considered these housing market areas as appropriate comparators and compared them against the study area.

- 4.6 We would note that market signals are typically assessed at the HMA, not local authority, level if there is more than one local authority in a HMA. Tower Hamlets is part of a BRMA with Hackney and would sit most naturally in a HMA with Hackney also. However, Hackney is not part of this SHMA and it would be inappropriate to be considering the housing figures in another borough without their involvement. However, ORS can confirm that if they were part of this project the findings below for Tower Hamlets would not be different.

House Prices and Affordability

- 4.7 House prices in the UK have been relatively volatile in the past 10 years. Prices increased by 8.7% in the 12 months to June 2016¹⁸; prices rose fastest in the East of England (14.3%), London (12.6%), and the South East (12.3%).
- 4.8 The average UK house price was £214,000 in June 2016 compared to the peak of the previous high of £190,000 in the three months August to October 2007, which was overtaken in 2014. Average house price trends 2006 - 2016 as demonstrated by the House Price Index (HPI) show the price divergence between London and the rest of the UK.

Figure 37: Annual house price rates of change, UK all dwellings 2004-2016 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

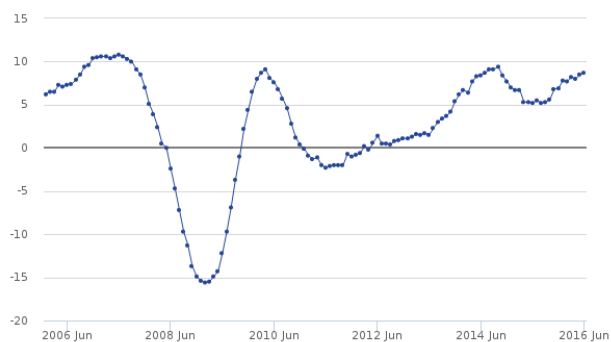
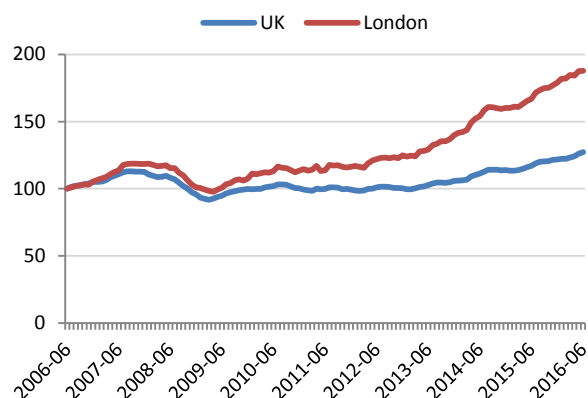


Figure 38: UK and London House Price Index 2008-2016 (Source: ONS)



- 4.9 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."

¹⁸ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2016>

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."

^{4.10} These concerns remain. The Financial Policy Committee (FPC) Financial Stability Report July 2016¹⁹ states:

***"The FPC is alert to risks arising from household indebtedness.** Survey evidence on the housing market has been difficult to interpret in recent months because of the impact of the pre-announced increase in stamp duty, which boosted activity in March and has dampened activity in April and May. Nevertheless, in advance of the referendum, there was evidence that uncertainty about the outcome was contributing to a slowdown in housing activity. For example, the May RICS survey of chartered surveyors reported a sharp decline in new buyer enquiries ... to their lowest level since 2008. In the period since the referendum, the average share price of the largest home construction firms has declined by 25%, compared with a 2% rise in the FTSE All-Share index"*

^{4.11} The FPC also states concern about the effects of rapid growth in the buy-to-let sector:

"The stock of buy-to-let lending grew by 12.3% in the year to 2016 Q1. Activity fell off sharply in April, such that buy-to-let mortgage lending for house purchase was 85% lower than in March."

^{4.12} The risk centres on the possibility of buy-to-let investments "amplifying cycles in the housing market as a whole" which "could put upward pressure on household indebtedness in an upswing and have an impact on consumption and broader economic activity in a downturn."

House Prices in Tower Hamlets

^{4.13} House price trends (2001-2016) are shown in Figure 39 and Figure 40 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.

^{4.14} It is clear that real house prices in Tower Hamlets rose sharply in the period 2001-2008 (from £172,088 to £289,496 at 2016 values, a real increase of 68%), in some periods at a higher rate than London.

¹⁹ <http://www.bankofengland.co.uk/publications/Pages/fsr/2016/jul.aspx>

Figure 39: House Price Trends: Lower Quartile Prices (Source: ONS)

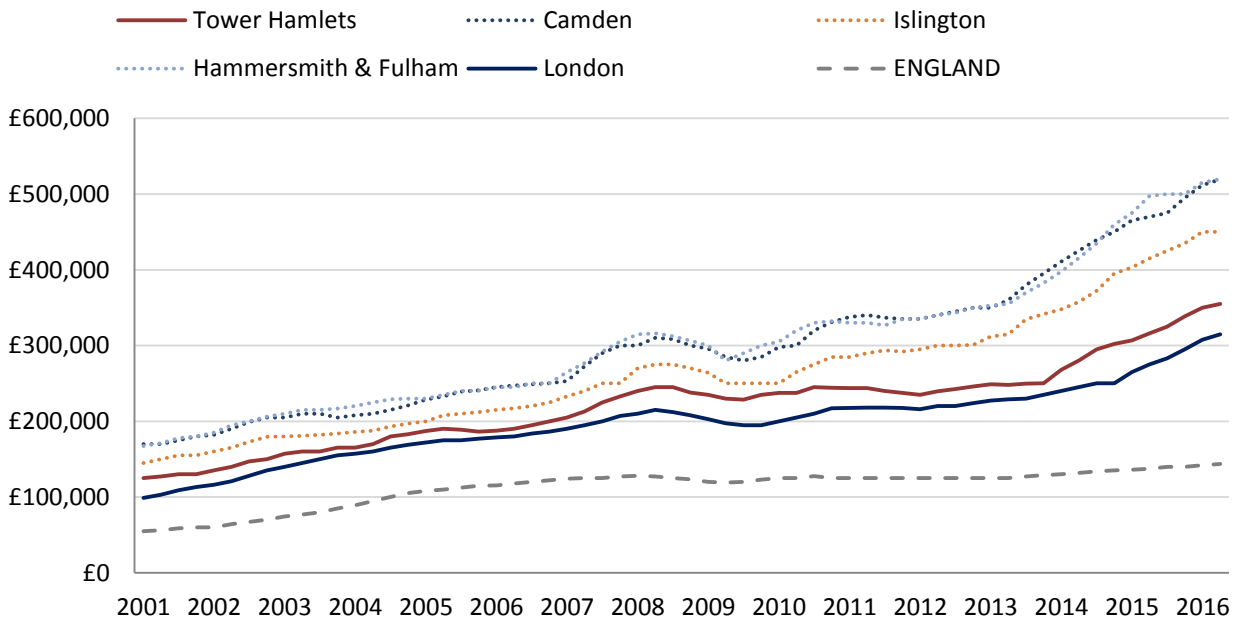
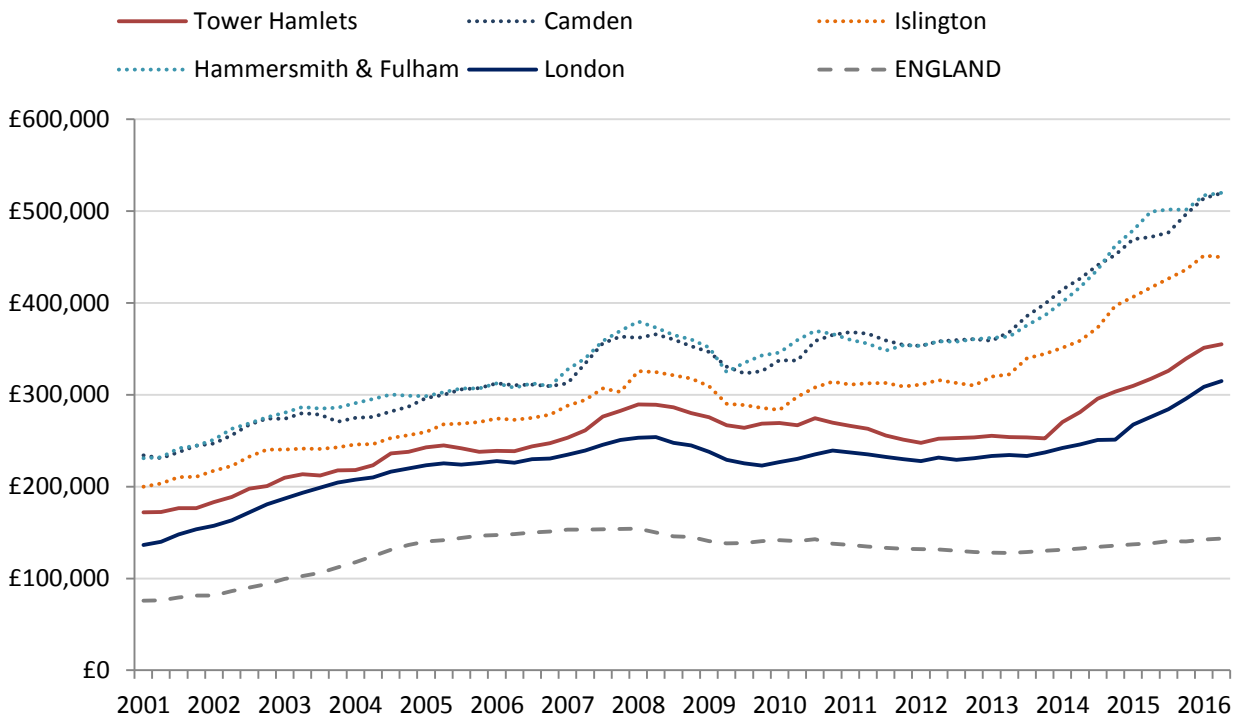
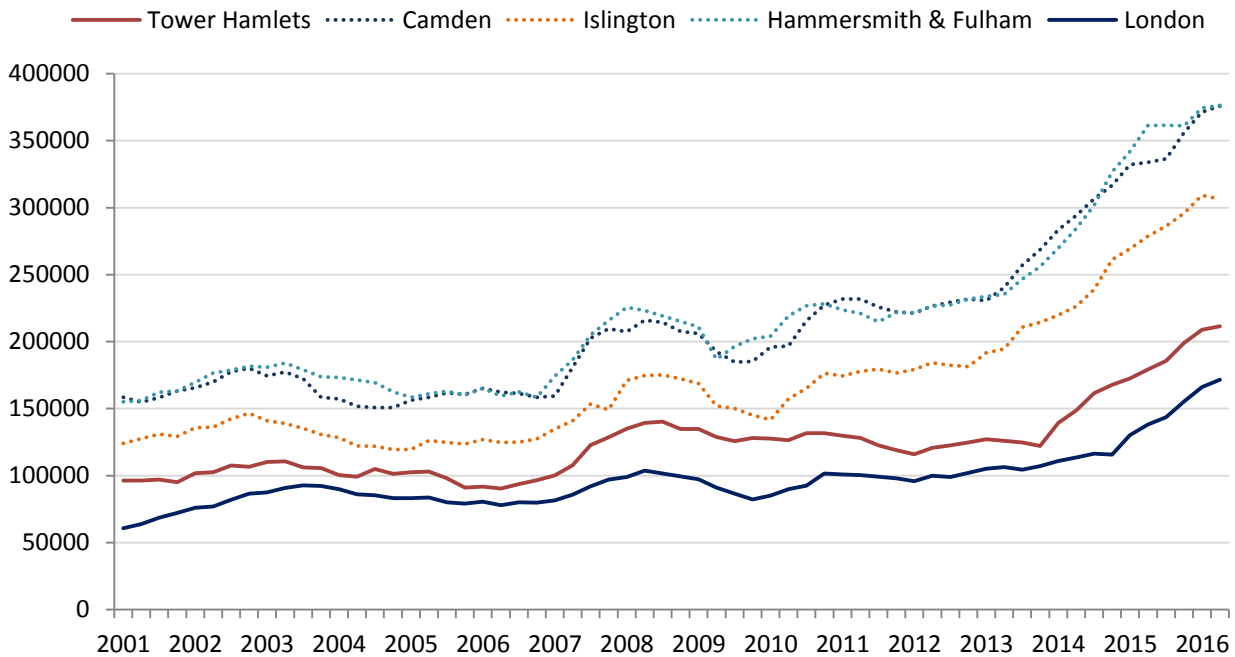


Figure 40: Real House Price Trends: Lower Quartile Prices adjusted to 2016 values using CPI (Source: ONS; Bank of England)



^{4.15} Figure 41 shows how real house prices in Tower Hamlets and the comparator areas have varied when compared with the English average. This shows that real house prices in Tower Hamlets are currently above the long-term average trends.

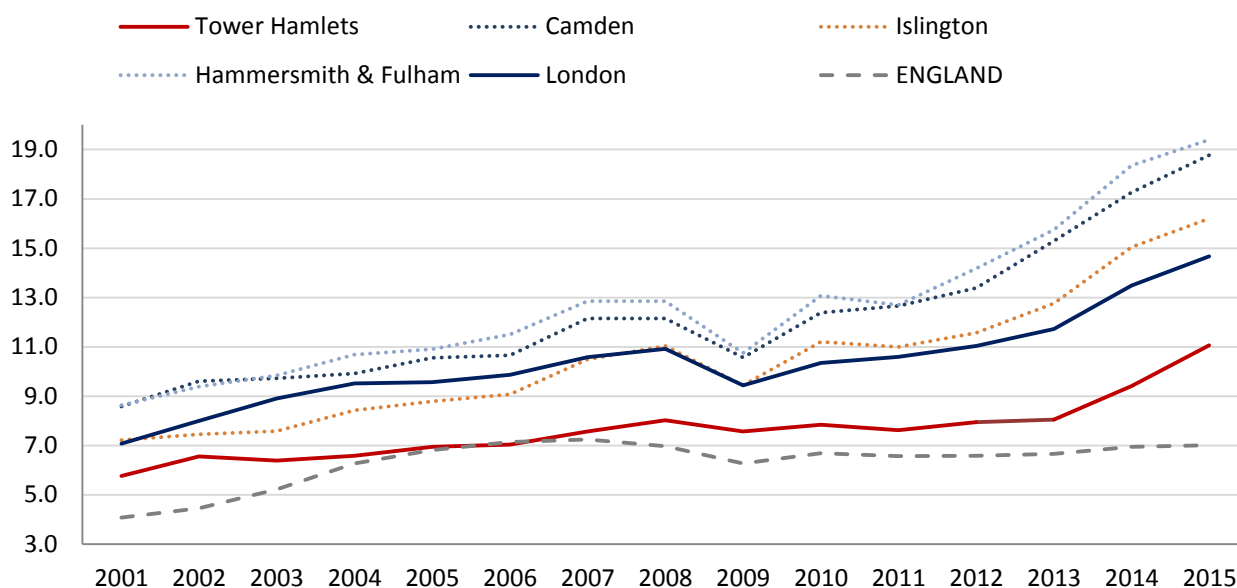
Figure 41: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2016 values using CPI (Source: ONS; Bank of England)



Affordability in Tower Hamlets

^{4.16} Figure 42 below shows the ratio of lower quartile house price to lower quartile earnings in Tower Hamlets between 2001 and 2015. This long term trend for Tower Hamlets 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 above its earlier 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 42: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: Ratios prior to 2013 are calculated using a different source of house price data, London figure derived using population weighted average of Local Authority data)



Private Rent

- 4.17 The English Housing Survey 2015-16²⁰ identified that 20% (4.5 million) of households were renting from a private landlord, up from 12% in 2005-06. Households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 24% in 2005-06. Owner occupation in this age group dropped from 56% to 38% over the same 10 year period.
- 4.18 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 2015²¹, 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.”*
- 4.19 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply²² (including the Build to Rent investment scheme²³).
- 4.20 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

²⁰ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

²² <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

²³ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending. However, Welfare Reform, particularly in how it affects the PRS, is also having an impact on those households who need Housing Benefit support to sustain their private tenancy; the long term implications of this are not yet known.

- 4.21 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.

Overcrowding

- 4.22 Overcrowding was considered in detail when establishing the need for affordable housing. PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (paragraph 19):

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.

- 4.23 These were also considered when establishing the need for affordable housing, and the overall housing number was 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 already 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.

Summary of Market Signals

- 4.24 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.

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

Figure 43: Summary of Market Signals – Tower Hamlets

		Tower Hamlets	Camden	Islington	Hammersmith & Fulham	London	England
INDICATORS RELATING TO PRICE							
House prices							
Lower quartile house price	2015- 16 value	£350,000	£512,000	£450,000	£515,000	£307,500	£142,000
	Relative to England	+146%	+261%	+217%	+263%	+117%	-
	2010-11 value	£243,900	£337,500	£285,000	£330,000	£217,500	£125,000
	5-year change	+44%	+52%	+58%	+56%	+41%	+14%

Rents							
Average monthly rent	2015- 16 value	£1,733	£2,285	£1,941	£1,886	£1,727	£820
	Relative to England	+111%	+179%	+137%	+130%	+111%	-
	2010- 11 value	£1,304	£1,757	£1,418	£1,454	£1,265	£694
	5-year change	+33%	+30%	+37%	+30%	+36%	+18%
Affordability							
Lower quartile house price to earnings	2015 ratio	11.1	18.8	16.2	19.4	14.7	7.0
	Relative to England	+58%	+167%	+131%	+176%	+109%	-
	2010 ratio	7.8	12.4	11.2	13.1	10.3	6.7
	5-year change	+41%	+52%	+45%	+48%	+42%	+5%
INDICATORS RELATING TO QUANTITY							
Overcrowding							
Overcrowded households	2011 proportion	34.8%	32.5%	29.1%	27.6%	21.7%	8.7%
	Relative to England	+298%	+272%	+232%	+216%	+148%	-
	2001 proportion	29.3%	29.8%	24.9%	25.2%	17.3%	7.1%
	10-year change	+19%	+9%	+17%	+9%	+25%	+23%
Rate of development							
Increase in stock	2001-11 change	31.4%	7.2%	16.4%	6.9%	8.7%	8.3%
	Relative to England	+276%	-14%	+96%	-18	+4%	-

4.26 On the basis of this data we can conclude:

- » **House Prices:** lower quartile prices are much higher than the national average, with a lower quartile price of £350,000, compared to England's £142,000 (based on 2015-16 values). The current price in Tower Hamlets is also higher than the Greater London average but lower than its comparator areas;
- » **Rents:** for average private sector rents in 2015-16, Tower Hamlets is above the national average. It is at a similar rate to the Greater London average, however, it is lower than the average rents in comparator areas;
- » **Affordability:** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in Tower Hamlets than across England as a whole (11.1x cf. 7.0x). However it is better than the Greater London average and its comparator areas;
- » **Overcrowding:** (in terms of Census occupancy rates) shows that 34.8% of households in the study area are overcrowded based on an objective measure, which is much higher than England (8.7%). It is also higher than the Greater London average and the comparator areas. However, the proportion of overcrowded households has increased at a lower rate over the last 10 years than England and Greater London;
- » **Rate of development:** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 31.4%, which is much higher than England (8.3%), Greater London (8.7%) and the comparator areas.

Conclusions on Market Signals

4.27 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” (paragraphs 19-20). Whilst rents have increased in all areas, house prices decreased between 2008 and 2010 before recovering. Consequently, affordability as measured by lower quarter house prices to earnings remains under pressure and higher than London as a whole. There are also relatively high levels of overcrowding in Tower Hamlets, so it is appropriate to consider an uplift to the household projection when establishing OAN in response to market signals. The indicators collectively show that circumstances in Tower Hamlets are generally worse than the London average (in some cases significantly so); so any uplift must be determined in this context.

4.28 There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

“It is very difficult to judge the appropriate scale of such an uplift ... Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.”

4.29 The PAS Objectively Assessed Need and Housing Targets Technical Advice Note (July 2015) supports this approach as a method to estimate the uplift and says that “where the evidence suggest moderate under-provision...the projected housing need might be increased by 10%”.

4.30 Given this context, it is apparent that the indicators generally indicate that housing market pressure in Tower Hamlets is generally significantly worse than the national average. This suggests that the level of Objectively Assessed Need for Tower Hamlets should be higher than suggested by household projections.

4.31 Given the relative market signal indicators for Tower Hamlets and the views of the Eastleigh Inspector and the Greater London SHMA, it would seem to be reasonable to consider an uplift of at least 20% for Tower Hamlets as the area experiences housing market pressures which are in line with other areas of London.

4.32 In terms of the 20% uplift that we have recommended this is consistent with responses that we have proposed across the country including:

- Cheshire East – 3%
- Bedford = 5%
- Luton and Central Bedfordshire = 10%
- Milton Keynes = 10%
- Stevenage and North Hertfordshire – 10%
- Buckinghamshire = 15%
- Outer North East London = 15%
- West Essex and East Herts = 20%
- Outer East London = 20%
- Camden = 20%

4.33 Of these figures, those for Cheshire East, Luton and Camden have been accepted through the Examination in Public of their Local Plans and the inspector’s report is due for the Stevenage Local Plan. The figures for Bedford, Central Bedfordshire and Uttlesford in West Essex have also been accepted at public inquiries in those areas.

4.34 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.

^{4.35} 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.

^{4.36} This is important because we have already noted that there are a total of 1,418 concealed and homeless households in Tower hamlets. These households add 3.8% to the household projections. We wish to stress that the proposed 20% uplift for Tower Hamlets incorporates the 3.8% adjustment and is not in addition to them.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

The Process for Assessing OAN

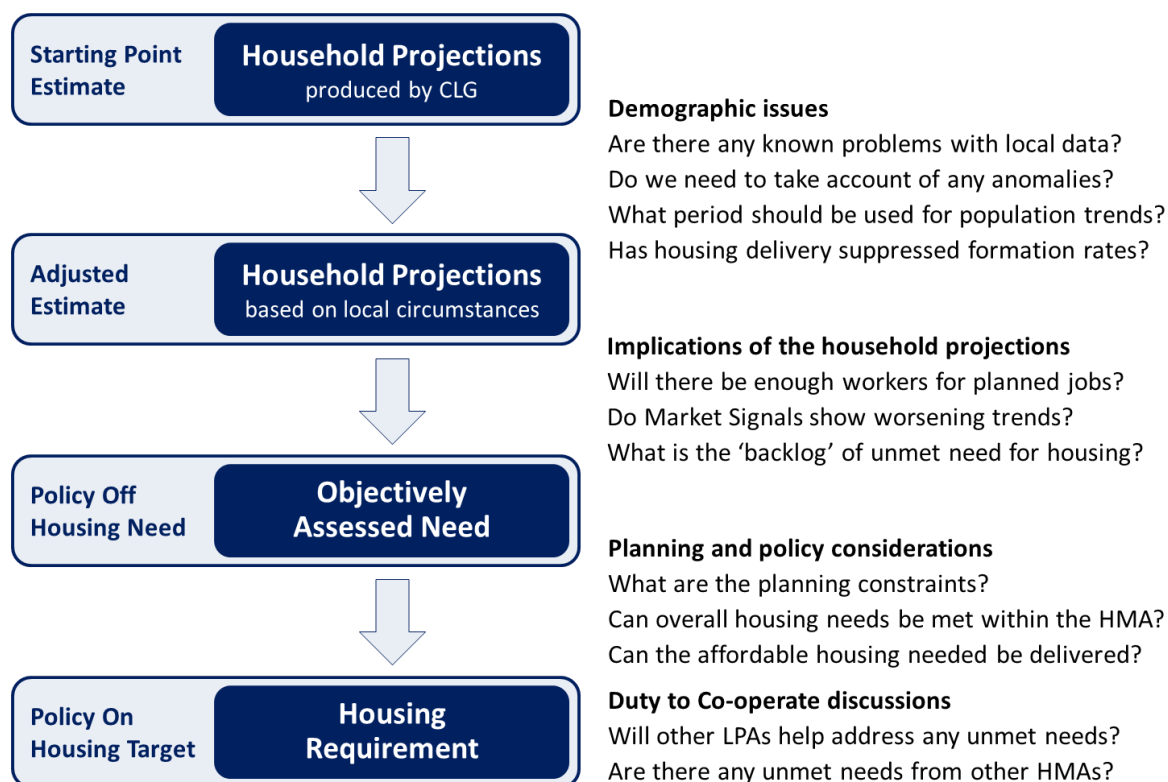
- 5.1 A key objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in Tower Hamlets' future plan period. It is important to recognise that the OAN does not take 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 44 sets out the process for establishing the housing number for Tower Hamlets. 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 44: Process for establishing a Housing Number for Tower Hamlets (Source: ORS based on NPPF and PPG)



Establishing Objectively Assessed Need for Tower Hamlets

5.3 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 Tower Hamlets. Our approach for this section follows the format of the earlier section, albeit with specific reference to Tower Hamlets. Essentially, therefore, this section is concerned with:

- » CLG 2014-based household projections (the starting point);
- » GLA 2015 based interim 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.

5.4 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

5.5 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. these projections suggest that household numbers across Tower Hamlets will increase by 50,717 over the 15-year Plan period 2016-31. However, the CLG household projections are not generally used in London as GLA figures are usually more relevant in order to ensure consistency between the boroughs and the London Plan.

GLA Household Projections

- 5.6 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. The GLA has since published 2015-round projections with two scenarios – one based on short-term migration trends and the other based on long-term migration. The GLA 2015-interim 'Central variant' scenario is the most up to date equivalent to the 2013-round 'Central variant' and now typically provides the most appropriate demographic starting point for establishing OAN for London boroughs.
- 5.7 Considering the borough-level household projections for Tower Hamlets, the GLA 2015-interim central variant migration scenario projects an increase of 36,933 households over the period 2016-31. This is based on a population growth of 53,747 (3,583 per year) As the Tower Hamlets Local Plan must be consistent with the London Plan, the growth identified by the GLA projections should be used to ensure consistency and this provides the starting point for establishing Objectively Assessed Need.
- 5.8 To estimate overall housing need, it is necessary to convert the household number to a dwelling number. Consistent with the GLA SHMA, this has been based on the number of long-term vacant homes in the area which was recorded to be 4.6% for Tower Hamlets based on census data. On this basis, providing for an increase of 36,933 households yields a baseline housing need of 38,713 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 2,581 dwellings per year.

Affordable Housing Need

- 5.9 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that overall housing need should be increased by 1,418 households in Tower Hamlets to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established an overall need of 10,129 households in need of affordable housing in 2016 in Tower Hamlets;
- 5.10 Figure 28 estimated there to be **10,129 households in need of affordable housing in 2016**. However, as 6,067 of these already occupied an affordable home, our previous conclusion was therefore a net need from 4,062 households who need affordable housing and do not currently occupy affordable housing in Tower Hamlets.
- 5.11 Overall, there will be a **need to provide additional affordable housing for 20,922 households in Tower Hamlets**. This would provide for the current 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. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Employment Trends

- 5.12 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 2014, paragraph 18

- 5.13 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.

Market Signals

- 5.14 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” (paragraphs 19-20). House prices, rents and affordability are all under pressure in Tower Hamlets and there are also higher levels of overcrowding – so it is appropriate to consider an uplift to the household projection when establishing OAN in response to market signals. The indicators collectively show that circumstances in Tower Hamlets are somewhat worse than across other areas of London; so any uplift must be determined in this context.
- 5.15 Given the relative market signal indicators for the area, the views of the Eastleigh Inspector and the Greater London SHMA, it would seem to be appropriate to consider an uplift of 20% as reasonable for Tower Hamlets.

Conclusions

Based upon the information set out above, Figure 45 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing (unrounded figures).

Figure 45: Full Objectively Assessed Need for Housing across Tower Hamlets 2016-31

Stage	Tower Hamlets	
	HOUSEHOLDS	DWELLINGS
HOUSEHOLDS		
Demographic starting point		
CLG household projections 2016-36	50,717	(53,162)
Baseline household projections		
GLA 2015-interim ‘Central Variant’ 2016-31	36,934	(38,715)
DWELLINGS		
Allowance for transactional vacancies and second homes		
Based on dwellings without a usually resident household		1,780
Housing need based on Household projections		38,715
Adjustment for suppressed household formation rates	1,418	1,462
Baseline housing need based on demographic projections		40,177

In response to market signals		
Dwellings needed (in addition to the adjustment for concealed families and homeless households to deliver the overall 20% uplift proposed)		20% of 38,715 = 7,743 7,743 – 1,462= 6,281
Full Objectively Assessed Need for Housing 2016-31		46,458
Average Annual Need for housing 2016-31		3,097

- 5.16 The “starting point” estimate for OAN is the CLG household projections, and the most reliable published CLG data for Tower Hamlets is the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 50,717 households over the 15-year period 2016-31. Nevertheless, the GLA 2015-interim household projections Central trend is the relevant baseline. On the basis of the GLA 2015 based interim- Central trend a need is established for 36,934 households. **Providing for an increase of 36,934 households yields a need for 37,104 dwellings over the 15-year period 2016-31, equivalent to an average of 2,473 dwellings per year.**
- 5.17 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.
- 5.18 An uplift of 20%, representing an increase of 7,743 dwellings (equivalent to 7,387 households), is proposed in response to market signals. This should include the increase of 1,418 households (1,462 dwellings) that needs to be applied to take account of concealed families and homeless households not captured by the household projections; so a further uplift of 6,281 dwellings is needed in addition to the 1,462 to achieve the full 20% uplift. The uplift of 6,281 dwellings is applied only to the market sector because it represents the market signal response.
- 5.19 The OAN includes the ‘backlog’ of unmet needs of homeless and other households living in unacceptable accommodation that exist in 2016 and identifies all needs arising over the 15-year period 2016-31, so there is no need to include any further ‘backlog’ of additional unmet need for housing at the start of new Plan period.
- 5.20 Of course, it is important to remember that “establishing future need for housing is not an exact science” (PPG paragraph 14). 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.
- 5.21 Based upon long-term trend migration projections the SHMA therefore identifies **the Full Objective Assessed Need for Housing in Tower Hamlets to be 46,500 dwellings over the 15-year Plan period 2016-31, equivalent to an average of 3,100 dwellings per year.** This includes the Objectively Assessed Need for Affordable Housing of 21,100 dwellings over the same period, equivalent to an average of 1,407 dwellings per year. These figures are rounded to avoid giving the impression of spurious precision.
- 5.22 This leaves the affordable housing need as being 45% of the total OAN. This is lower than the 54.6% set out in Figure 35 due to the additional market signals uplift being applied only to the need for market housing.
- 5.23 It is also lower than the 66.5% need for affordable housing identified in the Tower Hamlets SHMA 2014. There are three principal causes for this change.

- » This study does not allocate all single persons seeking a dwelling to an affordable property;
- » This study uses a different definition of affordability based upon the take up of housing benefit and current social housing letting policies. This sees fewer households being counted as being unable to afford to meet their housing costs; and
- » The OAN in this study is higher, so the affordable housing need is a smaller percentage of a larger number.

Housing Backlog

^{5.24} The Planning Advisory Service Good Plan Making Guide²⁴ 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)

^{5.25} This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that existed in 2016. Furthermore, given that the SHMA also identifies all new housing need from the baseline date of 2015, all needs arising over the 15-year period 2016-31. In the period 2015-16, the GLA Central Trends household projections assume that 2,994 dwellings were provided in Tower Hamlets while in practice 3,634 dwellings were delivered. Therefore, this sees a surplus of 640 dwellings from the base date of the SHMA to the start of the Local Plan.

Size and Tenure Mix

^{5.26} Figure 46 below shows the identified size mix for market and affordable housing in Tower Hamlets. This takes account of both overcrowded households who require a move to a larger dwelling and also under-occupying households who require downsizing. While Government policies 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.

^{5.27} The evidence points to a high need for 2 bedroom properties in the market sector along with 2 and 3 bedroom properties in the affordable sector. The main driver of this need in the affordable sector is the need to address overcrowded households in Tower Hamlets who require larger affordable housing. Meanwhile, in the market sector the need for 3 bedroom properties is by past trends for the type of dwellings occupied in Tower Hamlets and changing household types. In particular a growing number of households are projected to fall in to the Other Household Type category in that they do not contain a

²⁴ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

single family unit. These household typically occupy larger dwellings and the past growth in HMOs in Tower Hamlets has seen many larger dwellings being occupied by households which don't contain a single family.

5.28 As noted earlier, the overall affordable housing needs for Tower Hamlets have fallen since the SHMA 2014. In particular, the largest drop has been in the need for 1 bed affordable units. This is a direct result of the household projections showing a decreasing number of younger single person households and also derives from this study not following the GLA SHMA 2013 and assigning each single person who wants a property to a 1 bedroom affordable unit.

5.29 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 Housing and Planning Act.

Figure 46: Full Objectively Assessed Need for Housing; Size and Tenure Mix across Tower Hamlets for 2016-31 (Figures rounded to avoid giving a spurious impression of precision and totals may not sum for that reason)²⁵

	MARKET HOUSING	AFFORDABLE HOUSING	INTERMEDIATE HOUSING e.g. LCHO	TOTAL CHANGE 2016-31
TYPE OF HOUSING				
1 bedroom	7,800	4,500	300	12,600
2 bedrooms	12,300	5,800	800	18,900
3 bedrooms	6,000	5,600	700	12,300
4+ bedrooms	-700	3,200	200	2,700
TOTAL	25,400	19,100	2,000	46,500
	MARKET HOUSING	AFFORDABLE HOUSING	INTERMEDIATE HOUSING e.g. LCHO	TOTAL CHANGE 2016-31
TYPE OF HOUSING				
1 bedroom	30.7%	23.56%	15%	27.1%
2 bedrooms	48.4%	30.37%	40%	40.6%
3 bedrooms	23.6%	29.32%	35%	26.5%
4+ bedrooms	-2.8%	16.75%	10%	5.8%
TOTAL	100.0%	100.00%	100.00%	100.0%

5.30 National Planning Policy Framework March 2012 contains the following statements on the supply of new dwellings across all tenures.

- » **Affordable housing:** Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- » **Social rented housing** is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the GLA.

²⁵ The size and tenure mix would usually be split between flats and houses to provide a guide, but in reality it is recognised that most future housing developments in Tower Hamlets may necessarily be flats.

- » **Affordable rented housing** is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- » **Intermediate housing** is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.
- » Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

5.31 However, within London, we would note that at the time of writing there is a potential move away from Affordable Rents towards Living Rents in London. Instead of being based upon median rents, Living Rents are based upon the median income of an area and will also have an expectation of the household eventually purchasing a share of the property. These will still result in rents significantly above social target rents, but could be seen as an alternative to LCHO type dwellings. In Tower Hamlets, there will be both a local version of the scheme called the Tower Hamlets Living Rent and also the more general London Living Rent. The Tower Hamlets Living Rents are lower than those for London Living Rents in the borough.

5.32 We would also note that the Housing White Paper from February 2017 proposes to introduce two new forms of affordable dwellings in Build to Rent and Starter Homes. Build to Rent properties are currently suggested to have rents of at least 20% below market rents in perpetuity and therefore the rents will be close to those of Affordable Rents. Starter Homes are proposed to have a discount of at least 20% on market new build costs with a maximum price of £450,000 in London.

5.33 The Housing White Paper also proposes that at least 10% of all larger developments should be sold as discount affordable properties for sale. While in much of England this will imply shared ownership or Starter Home dwellings, in London the Living Rent scheme will also qualify as a new build affordable home for ownership.

5.34 It is possible to calculate the affordability of properties to households who require affordable housing.

5.35 In Figure 47 we have made the following assumptions:

- » Households can spend up to 33% of their gross incomes on rents in line with the assumptions behind the London Living Rent;
- » Target Social rents are set at the level of the London Affordable Target Rents in Tower Hamlets;
- » Tower Hamlets Living Rents are set at a level between London Affordable Target Rents and the London Living Rents;
- » London Living Rents are set at the average figure for Tower Hamlets derived from each of the ward levels set out by the GLA; and
- » Households who can afford London Living Rents effectively comprise the intermediate housing need.

5.36 The overall results clearly indicate that the vast majority of households who require affordable housing can only afford social housing if they receive housing benefit, others could afford social housing without

benefit, but would need housing benefit support to afford housing at Tower Hamlets Living Rents. Therefore, even though Tower Hamlets Living Rents are below both London Living Rents and Affordable Rents, the vast majority of households who require affordable housing will still not be able to afford to meet the costs of its rents.

- 5.37 A second category of need that can be identified is a group of nearly 10% of households who require affordable housing and have sufficient income to afford to meet the costs of London Living Rents. This group therefore can be considered as intermediate housing need and some of these households could meet their needs via Low Cost Home Ownership products such as shared ownership.

Figure 47: Affordability of Different Affordable Housing Products in Tower Hamlets (Source: ORS Housing Model. Note: figures may not sum due to rounding and figures marked– are less than 100 dwellings)

Dwellings	Affordable housing for rent			Intermediate housing need e.g. LCHO	TOTAL
	Can't afford London Affordable Target Rent without support	Able to afford London Affordable Target Rent, but unable to support TH living Rent	Able to afford TH living Rent but unable to afford London Living Rent	Able to afford London Living Rent	
Tower Hamlets (number of dwellings)					
1 bedroom	3,900	400	100	400	4,800
2 bedrooms	4,200	800	300	1300	6,600
3 bedrooms	3,700	900	400	1300	6,300
4 bedrooms	1,900	600	200	700	3,400
Total	13,700	2,700	1,000	3,700	21,100
Percentage of Total	64.9%	12.8%	4.7%	17.5%	100.00%

6. Needs of different groups

Addressing the need for all types of housing

The Private Rented Sector

- 6.1 The English Housing Survey (EHS) 2015-16²⁶ identified that 20% (4.5 million) of households were renting from a private landlord, almost double the rate of 12% a decade earlier in 2005-06. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 24% in 2005-06. Owner occupation in this age group dropped from 56% to 38% over the same 10 year period.
- 6.2 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.
- 6.3 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 2032²⁷. On this basis, the number of households renting privately could double again over the next twenty years.
- 6.4 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

National Context

- 6.5 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households

²⁶ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

²⁷ <http://news.rla.org.uk/rpi-rent-revolution/>

currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the recent recession.

- ^{6.6} DWP data shows that there were 1.0m such families in 2012-13 compared to 0.4m a decade earlier, although there were around 0.6m claimants in the sector throughout much of the 1990s (Figure 48). Nevertheless, the proportion of those renting privately in receipt of housing benefit has reduced from around a third to less than a fifth over the 15-year period 1993-94 to 2008-09, but increased to around a quarter following the recent recession (Figure 49).

Figure 48: Number of UK Benefit Claimants in receipt of housing benefit by tenure (Source: DWP)

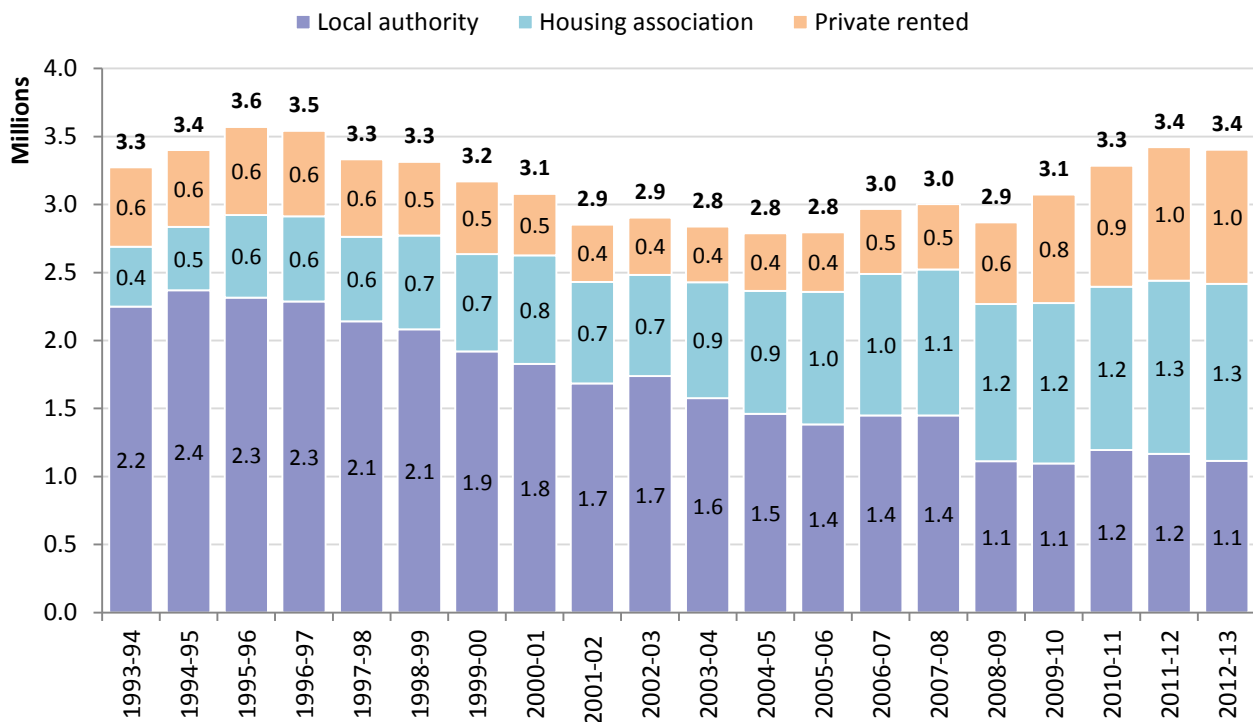
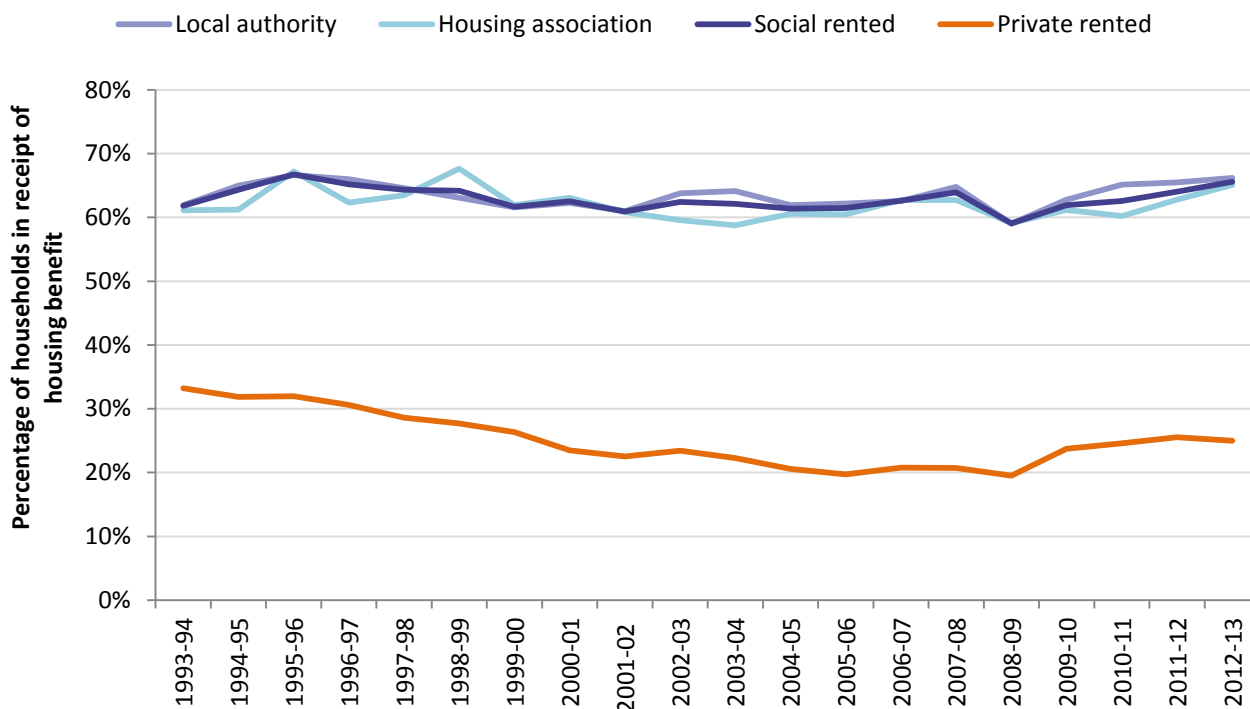


Figure 49: Percentage of UK households in receipt of housing benefit by tenure (Source: DWP)



6.7 The Office for Budget Responsibility analysis of the UK’s public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)²⁸:

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

6.8 Figure 50 shows that the change in PRS caseload as a share of 16+ population will remain constant from 2012-13 to 2018-19; so no reduction in the number of claimants is assumed. Furthermore, the OBR long-term forecasts include an allowance for housing benefit payments at between 1.4 and 1.6% of GDP for the next 50 years.

²⁸ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

Figure 50: OBR projected trends in housing benefit spending as a share of GDP (Source: OBR Economic and Fiscal Outlook March 2014, table 4.33)

	Per cent of GDP			
	2007-08	2009-10	2012-13	2018-19
Housing benefit spending	1.09	1.40	1.52	1.34
Percentage point change since 2007-08		0.31	0.43	0.26
of which percentage points contribution from:				
Private-rented sector (PRS) - 30% of HB in 2007-08 - of which:		0.20	0.27	0.21
Change in PRS caseload as a share of 16+ population		0.14	0.24	0.24
Change in average PRS award relative to GDP per 16+ person		0.06	0.02	-0.03
LAs, social-rented and other (SRS) - 70% of HB in 2007-08 - of which:		0.10	0.17	0.05
Change in SRS caseload as a share of 16+ population		0.02	0.04	0.00
Change in average SRS award relative to GDP per 16+ person		0.09	0.13	0.05

6.9 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 housing benefit is explicitly factored into the long-term forecasts for public spending.

6.10 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply²⁹ (including the Build to Rent investment scheme³⁰). The Government published “*Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities*” in March 2015³¹, 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.”

6.11 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.

²⁹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

³⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/build-to-rent-round-2-initial-due-diligence

³¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

- 6.12 There have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

Figure 51: Summary of legislative changes affecting private tenants' LHA (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	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)

- 6.13 At the same time, young households are less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.

- 6.14 Further, there have been other recently announced changes (Starter Homes, Right to Buy for housing association tenants) which may influence the demand for Private Rented Sector accommodation. The Housing and Planning Bill 2015-2016 contains proposals to further the Government's policy of encouraging

home ownership through promoting Starter Homes to provide affordable property for first time buyers. 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. The Bill includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning. This proposed duty to promote the supply of Starter Homes alongside other statements from Government ministers suggesting that Starter Homes will be considered as 'affordable housing' has led to speculation that the promotion of Starter Homes will restrict the supply of affordable housing for rent for reasons such as a preference among developers to develop Starter Home property for sale rather than affordable housing for rent.

- 6.15 If the new supply of affordable homes changes to include Starter Homes, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further.
- 6.16 This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

Private Rented Sector in Tower Hamlets

- 6.17 Considering the trends of tenure mix for Tower Hamlets 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 around 2K to around 15K households, a gain of 12 thousand). There was a less significant change in the number of private tenants (increasing from 5k to 6K). Those in social rented sector reduced (from 46K to 43K, a reduction of 3 thousand).
 - » **From 1991-2001:** the number of owner occupiers continued to climb (increasing from 15K to 23K households); this was alongside a growth of private tenants (increasing from 6K to 15K households, a gain of 9 thousand). The number of social tenants continued to fall (from 43K households to 41K).
 - » **From 2001-2011:** the number of owner occupiers increased further (from 23K to 27K households, a gain of 4 thousand) whilst the number of private tenants increased substantially (from around 15K to 34K households, a gain of 20 thousand). The number of social tenants reduced further (from 41K to 40K households, a loss of one thousand).
- 6.18 The overall balance between owners and renters in 2011 has changed compared to the position in 1981, with 5% of households in owner occupied accommodation in 1981 increasing to 27% in 2011. Furthermore, the balance between social rent and private rent has changed significantly: 9% of tenants rented privately in 1981 (9% out of 95%) whereas almost half rented privately in 2011 (46% out of 73%).

Figure 52: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

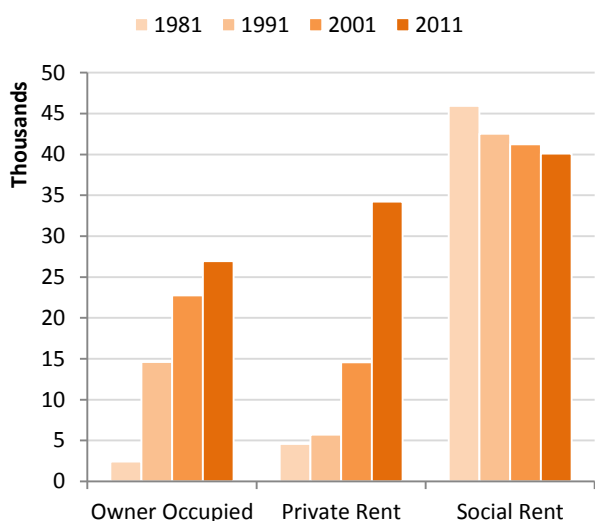


Figure 53: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

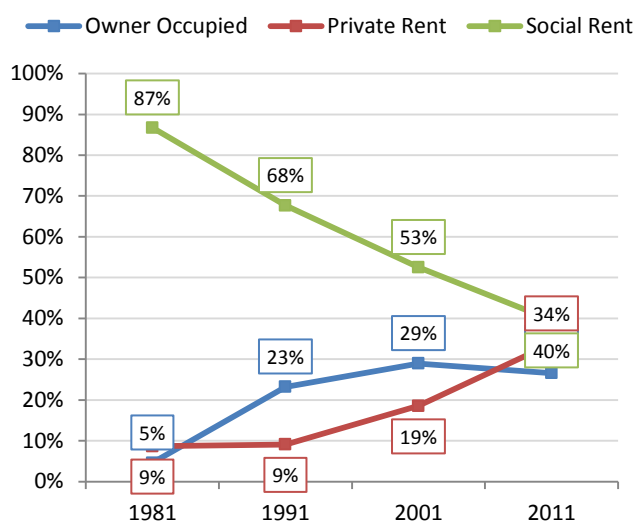


Figure 54: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	2,400	14,600	22,700	26,900	+12,200	+8,100	+4,200
Private rent	4,600	5,700	14,600	34,200	+1,100	+8,800	+19,700
Social rent	45,900	42,500	41,200	40,100	-3,400	-1,300	-1,100
TOTAL	53,000	62,900	78,500	101,300	+9,900	+15,700	+22,700
Owner occupied	4.6%	23.2%	29.0%	26.6%	+123%	+52%	+18%
Private rent	8.7%	9.1%	18.5%	33.8%	+11%	+56%	+87%
Social rent	86.7%	67.7%	52.5%	39.6%	-34%	-8%	-5%

6.19 One very startling statistic from the 2015 based interim GLA households projections is that while the number of single person households aged 16-24 years in Tower Hamlets is projected to rise from 2,151 households in 2016 to 2,901 households in 2031, while single persons aged 25-34 years are projected to fall from 8,529 households in 2016 to 6,114 households in 2031. The increasing pressures for social housing and rising private rents have seen fewer young households living on their own and more living in HMO type accommodation. The number of other type of households, which include HMOs, headed by persons aged 16-34 years is projected to rise from 12,295 to 16,555 between 2016 and 2031. Therefore, while there are projected to be more persons aged 16-34 years, there are projected to be fewer living a single persons households.

6.20 One type of dwelling which may address this issue is shared housing-with small purpose built units with shared amenity spaces. Given that Tower Hamlets is projected to see a sharp decline in single young persons then the household projections would envisage little role for this type of dwelling. However, as a policy led response to the increasing lack of housing for younger people in the area the schemes offer greater opportunities for groups such as recent graduates looking to establish themselves in London.

6.21 At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing, but

occupied by sharing young households. However, in the future these properties could be re-used as family housing while co-living schemes could only be used for single person or couples housing.

Housing for Older People

- 6.22 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 21.9m by 2039³² for the over 60s, and from 1.5m (2014) to 3.6m by 2039 for the over 85s. Given this context, PPG recognises the importance of providing 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

- 6.23 The population projections based on GLA Central variant migration trends identified that the population was likely to increase from approximately 301,000 persons to 355,000 persons over the period 2016-31; an increase of 54,000 persons. The population in older age groups is projected to increase during the Plan period, with approaching one fifth (18%) of the overall population growth (9,700 out of 53,700 persons) projected to be aged 65 or over and more than a third of these (6.3% of total) projected to be 75 or over (3,400 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.
- 6.24 Current supply indicates that there are currently around 970 specialist Older Person housing units in Tower Hamlets. Details are shown in Figure 55, where, broadly, 'housing with support' equates to traditional sheltered housing and 'housing with care' equates to extra care. The units per thousand population are based on a 75+ population of 7,780:

Figure 55: Tower Hamlets (Source: EAC 2015³³. Figures may not sum due to rounding)

Tower Hamlets		Units	Units per thousand population aged 75+

³² ³² <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29>

³³ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

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.

Housing with support	Rent	746	
	Sale	0	
	Total	746	95.8
Housing with care	Rent	220	
	Sale	0	
	Total	220	28.3
TOTAL		966	124.1

6.25 The Older People housing options considered in this section follow the definitions in the 2012 *Housing Our Ageing Population* report (HAPPI2)³⁴. 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)³⁵. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

Figure 56: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012³⁶

	Demand per 1,000 persons aged 75+		
	Owned	Rented	TOTAL
Traditional sheltered	-	-	60
Extra care	30	15	45
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20
Dementia	-	6	6
Leasehold Schemes for the Elderly (LSE)	120	-	120

6.26 Based on the growth in population aged 75+ identified across the population projection scenarios, the table below identifies the potential additional requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, there is a significant need for LSE schemes driven by an ageing population in Tower Hamlets. However, we would note that the figures are based on nationally benchmarked figures which are unlikely to apply in Tower Hamlets. In practice more households are likely to remain at home in Tower Hamlets or as part of wider multi-generational households with fewer going to specialist older person accommodation. It is also the case that households seeking specialist older person accommodation have often left the borough in the past.

Figure 57: Additional Modelled Demand for Older Person Housing (Source: Housing LIN Toolkit)

	TOWER HAMLETS
Population aged 75+	
2016	8,320
2031	11,720
Change 2016 – 31	3,400
Additional Modelled Demand for Older Person Housing	

³⁴ [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/Housing our Ageing Population Plan for Implementation.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/Housing%20our%20Ageing%20Population%20Plan%20for%20Implementation.pdf)

³⁵ www.housinglin.org.uk/housinginlaterlife_planningtool

³⁶ Definitions of the types of specialist older people housing schemes are given at Appendix C

Traditional sheltered		200
Extra care	Owned	100
	Rented	50
Sheltered 'plus' or 'Enhanced' Sheltered	Owned	30
	Rented	30
Dementia		20
Leasehold Schemes for the Elderly (LSE)		410
TOTAL		850

- 6.27 The toolkit identifies future need for 850 specialist older person additional housing units of various types over the period 2016-31 (averaging 57 per year); however almost a half of this need (48%, 410 dwellings) is for LSE housing³⁷. The total need for older person housing therefore represents around 1.8% of the overall OAN for the area.
- 6.28 The identified need for sheltered flats could be delivered through other means, notably floating support services and assistive technologies to older people in their own homes.
- 6.29 The London Plan (Annex 5, p403) sets out an indicative annualised strategic benchmark to inform local targets and performance indicators for specialist housing for older people. For Tower Hamlets, the GLA annual benchmark of 70 homes is almost a quarter (22.8%) above the level calculated using the Housing LIN methodology. This number is 'split' between 25 for outright sale (36%), 10 intermediate sale (14%) and 35 Affordable rent (50%). It should be noted that the modelling of older people's specialist housing need is complex and subject to various other issues and variables, which can lead to differing outputs. These are considered below.
- 6.30 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

- 6.31 It is important to recognise that the identified OAN of 46,500 dwellings (rounded figure) does not include the projected increase of institutional population, which represents a growth of around 107 persons over the Plan period 2016-31. This increase in institutional population is a consequence of the CLG approach to establishing the household population³⁸, 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"*.

³⁷ The EAC advise: 'Leasehold Schemes for the Elderly (LSE) are run by a small number housing associations and involve you buying a proportion (e.g. 70%) of the equity of the property, the remaining portion being owned by the RSL'. <http://www.firststopcareadvice.org.uk/jargon-leasehold-schemes-for-the-elderly.aspx>

³⁸ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- 6.32 The Council 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 not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.
- 6.33 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and 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.
- 6.34 Although the institutional population is projected to increase by around 107 persons over the Plan period 2016-31 (based on the CLG assumption that there will be a "*greater level of population aged over 75 in residential care homes*"), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.
- 6.35 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.
- 6.36 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.

Emerging Forms of Older People's Housing

- 6.37 The modelling of specialist housing for Older People is focused on established types of provision, including sheltered, enhanced sheltered, extra care and leasehold sale schemes.

Existing Provision

6.38 There are emerging concerns regarding the long term viability of existing rented provision products among providers. At the same time, Government policy is to support people in their own home for as long as possible. Therefore, as people live longer, healthier lives, their future aspiration, should they need specialist housing, may be different to what has gone before.

6.39 A CloH/Housing LIN report highlighted:

'Historically, sheltered housing has been popular; however, many older and poorer quality schemes are now becoming hard to let or sell. There are a number of reasons for this, for example:

- » *Flats are often small, or are bedsits, and do not meet contemporary aspirations for space.*
- » *Small flats will not cater adequately for a lifetime of belongings and furniture, or accommodate guests.*
- » *Internal design standards may be outdated.*
- » *Full access has not always been designed into older schemes, so that they are often not suitable for residents with mobility difficulties.*
- » *Some schemes are simply in poor condition, reflecting their age, or built to lower standards of thermal efficiency which makes them uncomfortable and expensive, and also potentially unhealthy if they are damp or cold.*

Better housing options for older people (CIH/Housing LIN 2014)

6.40 Older current provision may be approaching the end of its useful life and, as an asset, may not have a viable future. Registered providers of social and affordable housing have a new regulatory responsibility to protect social assets³⁹. Many now actively manage their asset base, reviewing long term viability, resulting in stock disposals and consolidations.

6.41 It may be that existing specialised housing may change and/or reduce over time as providers respond to changing patterns of demand. This presents an opportunity in terms of how existing schemes are redeveloped.

New Provision

6.42 In terms of recent provision of specialist housing for older people, the Chartered Institute of Housing/Housing LIN noted⁴⁰:

Most developments of new bespoke housing over recent years have been focused on extra care housing rather than retirement/sheltered housing, due to the ambition of care authorities to shift provision from residential to more independent living models.

6.43 One particular issue concerns revenue funding:

Even for these schemes however, revenue funding for support functions (as opposed to care) is becoming constrained, with reductions in local authority financial settlements.

6.44 A further key issue concerns design and adaptability in the long term.

³⁹ <https://www.gov.uk/government/publications/regulatory-standards>

⁴⁰

<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/New%20approaches%20to%20delivering%20better%20housing%20options%20for%20older%20people.pdf>

So many providers are looking closely at how design can support flexible use and adaptability to different age and client groups as part of a strategic approach to their existing housing stock.

6.45 In addition, the quality of development and location is also a determining factor in a successful product:

Alongside that, there is a focus on improved quality of development, and location as critical factors in the long term success of new provision.

6.46 There is also the need to integrate the support services required with the housing provision. Given the revenue pressures these face, voluntary models are highlighted:

Where support remains part of the offer, delivery of support services includes increased use of low cost and voluntary models, short term health focused services, and development of services for self-funders.

6.47 The CloH/Housing LIN highlights several good practice approaches:

- » Development of Retirement Villages⁴¹ (for example at Clifton in Nottingham) where economies of scale mean additional services are provided within a scheme.
- » Service clusters: essentially, hub and spoke models using existing services from local communal facilities of local extra care schemes
- » Recycling of legacy stock: remodelling or redeveloping unviable or unpopular existing provision

Home ownership

6.48 Several commentators reflect on the relative high levels of existing home ownership amongst older people and the value of equity within their homes. Savills estimate, for those who own their home outright, £680bn in equity in the 35-64 age group and £1,080bn for those aged 64+⁴². They further note that;

‘The retirement housing market has traditionally focused on ‘needs’ based demand. However, over the last few years we have begun to see the emergence of an aspirational downsizer market targeting wealthier purchasers’.

6.49 Savills also highlight how ‘Many developers are now looking to expand into the aspirational market, with financial support from private equity’. Indeed, they also highlight how only 32% of approved Extra Care and retirement units are being provided by the public sector.

6.50 McCarthy & Stone already active in the market⁴³, are developing homes that provide not only ‘lifestyle’ accommodation, but are also flexible enough to offer ‘assisted living’ in later life.

6.51 Overall, it seems likely that bespoke home ownership products for older households looking to downsize will become a feature of the new build property market.

⁴¹ <http://www.extracare.org.uk/>

⁴² <http://pdf.euro.savills.co.uk/uk/residential---other/housing-an-ageing-population.pdf>

⁴³

http://www.mccarthyandstone.co.uk/?utm_campaign=ppc_yabing&utm_source=bing&utm_medium=cpc&utm_term=mccarthy%20and%20stones

Summary

- 6.52 In conclusion, the emerging forms of older peoples housing are set in the context of a policy focus that will support older people at home for longer, and where older people will enjoy longer, healthier lives.
- 6.53 In terms of existing rental provision; as these schemes age and reach the end of their useful life, rationalisation will occur offering opportunity in redevelopment or re-provisioning. New rental provision, such as care villages, will be developed with higher numbers of units to achieve economies of scale; these schemes will be vulnerable to constraints on revenue funding to pay for necessary care and support services.
- 6.54 For ownership products, there is an emerging market for equity rich households, where aspiration will be for products that support a lifestyle based around longer, healthier lives, and where assisted living services will be available when required.

Households with Specific Needs

- 6.55 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

- 6.56 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).
- 6.57 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.
- 6.58 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*”.

6.59 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.

6.60 Local data about DFGs was published by CLG in Live Table 314⁴⁴, and this indicated that 172 DFGs were funded in the study area in 2010/11 at an average cost of £937. 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.

6.61 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)⁴⁵. 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.

6.62 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

6.63 The London Plan (March 2015) Policy 3.8 Paragraph 3.48 (as amended by MALP Housing Standards Consultation Draft May 2015 states that 90% of new housing meets Building Regulation requirement

⁴⁴ Table 314 has now been discontinued by CLG

⁴⁵ <http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admv01>

M4(2)⁴⁶ 'accessible and adaptable dwellings' and 10% of new housing meets Building Regulation requirement M4(3) 'wheelchair user dwellings'. This applies to all tenures.

- 6.64 The population projections based on GLA 2015 based interim central trend migration trends identified that the population was likely to increase from approximately 301,000 persons to 355,000 persons over the period 2016-31; an increase of 54,000 persons. The population in older age groups is projected to increase during the Plan period, with approaching one fifth (18%) of the overall population growth (9,700 out of 53,700 persons) projected to be aged 65 or over and more than a third of these (6.3% of total) projected to be 75 or over (3,400 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. 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.
- 6.65 The CLG guide to available disability data⁴⁷ (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 evidence therefore supports the need for 10% of market housing and 10% of 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.
- 6.66 Overall, in terms of the need for adapted or wheelchair adapted or accessible dwellings for households with specific needs, the evidence supports:
- » the need for 90% of dwellings to meet Category 2 requirements, providing that this does not compromise viability.
 - » the need for 10% of market housing and 10% of affordable housing to meet Category 3 requirements.
- 6.67 While this is the identified need, the PPG on Housing - Optional Technical Standards (March 2015) states that: *"Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling"* (Paragraph 09, March 2015).

Gypsies and Travellers

- 6.68 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.

⁴⁶ <https://www.london.gov.uk/sites/default/files/MALP%20HOUSING%20STANDARDS%20-%20CONSULTATION%20DRAFT%20May%202015web.pdf>

⁴⁷ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Planning Policy for Traveller Sites, paragraph 1

^{6.69} 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."

^{6.70} 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; 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.

^{6.71} We would also note that a change introduced by the Housing and Planning Act 2016 is the removal of the 2 sections in the 2004 Housing Act that placed a statutory requirement on Councils to conduct a specific assessment of need for Travellers. However PPTS still sets out that local planning authorities should make their own assessment of need for the purposes of planning Traveller sites, but that this only relates to households who meet the new planning definition of travelling.

^{6.72} The Housing and Planning Act also introduces a new duty (under Section 8 of the 1985 Housing Act that covers the requirement for a periodical review of housing needs) for local authorities to consider the needs of people residing in or resorting to their district with respect to the provision of sites on which caravans can be stationed, or places on inland waterways where houseboats can be moored. Draft Guidance related to this section of the Act has been published setting out how the government want local housing authorities to undertake this assessment and it is essentially the same as the GTAA assessment process - referring specifically for example to concealed or doubled-up households and unauthorised encampments. The issue of boat dwellers in Tower Hamlets is considered in the next sub-section of this report.

^{6.73} For Gypsies and Travellers, Tower Hamlets commissioned ORS to undertake a GTAA in 2016. This identified very low need for additional pitches for Gypsies and Travellers that meet the current planning definition. Overall the GTAA found a need for 1 additional pitch for Gypsy and Traveller households that meet the

planning definition and 12 additional pitches for Gypsy and Traveller households that do not meet the planning definition. Under provisions set out in the Housing and Planning Act (2016) the need from households that do not meet the planning definition will form a subset of any wider need arising from households residing in caravans. This is only a small fraction of the total OAN, but it does represent an important need because Romany, Irish and Scottish Travellers may claim a right to be provided with culturally appropriate housing (caravans) based on their protected ethnic status in the Equality Act (2010). It should also be noted that a separate 5 year land supply for this group is not required as the needs under the Equalities Act are those of a housing requirement rather than a planning requirement.

Boat Dwellers

- 6.74 Draft CLG Guidance provides advice on how to consider the needs of people residing in or resorting to moorings for houseboats. This draft guidance was issued in March 2016 with no consultation attached to it, but has still yet to be issued as official guidance.
- 6.75 As with Gypsies and Travellers who do not meet the planning definition of Travellers, houseboat residents form part of the OAN because they will be included in the population and household projections. Data release by the VOA in June 2016 shows that there were a total of 40 households paying Council Tax to London Borough of Tower Hamlets as their main address.
- 6.76 However, there are many more than 40 houseboats occupied at any one time in the borough. For example, some households only spend part of the year on their boat and would not pay Council Tax as a main residence, while others are continuous cruisers who move regularly from location to location with stays of no more than 14 days in one location. The Canal and Rivers Trust⁴⁸ report that the total number of continuous cruiser licences rose from 4,400 in 2013 to 5,400 in 2014, with an 85% increase in over one year in East London alone. Out of those 5,400 boats 16% moved less than 5 kilometres, and 66% moved under 20 kilometres in a year, so a high number of boats are moving around relatively small areas of the canal network. The Canal and River Trust suggest that this is due to affordability as much as preference, with many households moving on to houseboats to find cheaper accommodation.
- 6.77 The current draft Guidance is not particularly relevant or helpful when it comes to assessing need for boat dwellers. The first issue to consider is the definition of a houseboat. The Housing and Planning Act defines a “houseboat” as a boat or similar structure designed or adapted for use as a place to live. However this conflicts with the definition of a houseboat under waterways legislation (for example Section 3 of the British Waterways Act 1971). This suggests that a houseboat is a static vessel and is not used for navigation, as opposed to more mobile boat dwellers who do travel either from permanent moorings or as continual cruisers.
- 6.78 In terms of surveys of boat dwellers, the Canal and Rivers Trust undertook a detailed survey of London’s houseboat dwellers⁴⁹ between September and October 2016. In total they received responses from 1,323 of 3,675 who had been recorded in London’s waterways in the previous year. In summary the survey found that
- » 58% of respondents to the survey say they use their boats as their primary home.

⁴⁸ <https://canalrivertrust.org.uk/media/library/2305.pdf>

⁴⁹ <https://canalrivertrust.org.uk/refresh/media/thumbnail/30901-whos-on-londons-boats-survey-summary-report.pdf>

- » 50% of those who responded said that affordability / financial reasons what a motivation for living on a boat.
- » 50% have been living on boats on London's waterways for three years or less.
- » Over 70% of respondents to the survey said that they owned their boats outright, a further 11% said they owned their boat with a loan or mortgage.
- » The top three specific improvement people want to see on the London waterways are (1) more mooring places, (2) more mooring rings, (3) water points.
- » 45% responding said they would have some or definite interest in a mooring if permanent / long-term moorings were more readily available in the London

6.79 Overall then, a half of all respondents to the survey reported that they lived on a houseboat because of affordability issues, but that nearly half would be interested in a permanent mooring if one was available and the largest issues raised by household dwellers was a lack of moorings.

6.80 Putting all of this together for Tower Hamlets we have a situation which requires a careful consideration of the word 'need'. Tower Hamlets already has many houseboat dwellers, and if more mooring were to be made available then there is clearly a demand for them. However, this is not need in the sense of households who wish to live on houseboats through personal preference, but is instead a reflection of wider housing market pressures which have made houseboats a cheaper location to live London than bricks and mortar housing. In this context, additional houseboat mooring should be seen in the context of providing for a more diverse set of housing options in Tower Hamlets and as part of the wider housing delivery.

6.81 We therefore, do not consider that there is a direct need for more moorings in Tower Hamlets, but instead that more mooring would help to address the wider housing needs of the area. We would suggest the role of additional mooring in meeting housing needs in Tower Hamlets is likely to be small, but even at 0.1% of the total OAN this would amount to 45 more mooring being made available to houseboat dwellers. Alongside the figure for Gypsies and Travellers who do not meet the planning definition for Travelling, this figure would form part of the existing OAN of 46,500 and is not an additional to it and also the needs of the household fall within the wider housing duties of the Council. This means that a separate 5 year land supply is not requirement for planning purposes.

Conclusion

6.82 While much of the focus of this SHMA report has been on the overall need for homes within Tower Hamlets, there are also a number of Specific needs which will also need consideration when formulating Policy. This chapter has considered the need for all types of housing in order to meet the requirements of NPPF Paragraph ID 2a-021, which includes the needs of the Private Rented Sector, Housing for Older People, Households with specific Needs and Boat Dwellers.

6.83 In summary, the evidence suggests;

- » Private rented sector: the private rented sector has changed significantly in the period 1981-2011: 9% of tenants rented privately in 1981, rising to 19% in 2001, and over a third rented privately in 2011 (34%). Other tenancies have correspondingly declined over the last 10 years of this period: owner occupation and social rented reducing to 2% and 13% respectively between 2001 and 2011.

This indicates a continuing demand for private rental properties. While some of the demand for private rent may be from households in housing need this is not uniformly the case; households choose to rent privately for a variety of reasons.

- » Housing for Older People: the assessment of need identifies future need for 850 specialist older person additional housing units of various types over the period 2016-31; however almost a half of this need (48%, 410 dwellings) is for LSE housing⁵⁰, indicating considerable potential demand for Older People ownership products and models. The total need for older person housing represents approximately 1.8% of the overall OAN for the housing market area.
- » Households with Specific Needs: Overall, in terms of the need for adapted or wheelchair adapted or accessible dwellings for households with specific needs, the evidence supports:
 - the need for 10% of market housing and 10% of affordable housing to meet Category 3 requirements.
- » Gypsies and Travellers: There is a very small need for Gypsies and Travellers who do not meet the definition set out in PPTS, but who fall within the definitions included in the Equalities Act 2010:
- » Boat Dwellers: There are a relatively high number of boat dwellers in the canals of Tower Hamlets. The majority are living on boats for affordability reasons, not through a preference to live on the waterways. Therefore, additional moorings for boat can be seen as part of a wide need to provide accommodation in the area.

^{6.84} Overall, the evidence shows Tower Hamlets has a need for housing for a variety of groups within the overall assessed need.

⁵⁰ The EAC advise: 'Leasehold Schemes for the Elderly (LSE) are run by a small number housing associations and involve you buying a proportion (e.g. 70%) of the equity of the property, the remaining portion being owned by the RSL'. <http://www.firststopcareadvice.org.uk/jargon-leasehold-schemes-for-the-elderly.aspx>

7. Housing Requirements

Considering the policy response to identified housing need

The Plan-making Process

- 7.1 The SHMA has established the Full Objectively Assessed Need for Housing in Tower Hamlets to be 46,500 dwellings (rounded figure) over the 15-year period 2016-31; however this figure will need to be tested through the statutory Plan-making process.
- 7.2 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.”

Affordable Housing Need

- 7.3 The SHMA has identified a substantial need for affordable housing in Tower Hamlets. 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.
- 7.4 The Government are currently consulting on changing the definition of affordable housing to include a wider range of home ownership products such as Starter Homes. If adopted this will potentially increase

the amount of affordable housing delivered, but at the same time will increase the number of households who qualify for those affordable housing schemes.

- 7.5 Figure 46 sets out the size and tenure mix associated with the OAN for Tower Hamlets. These show that 45.4% of the total OAN is estimated to come from the need for affordable housing. We would note that this figure does not include any consideration of the impact of Starter Homes and also does not include any reduction in housing benefit support in the private rented sector. Therefore, the 45.4% addresses the backlog of housing need and newly arising need for those who cannot afford market housing under current definitions of affordable housing. We would also note that any additional PRS housing would be considered to be part of the market housing need in this model.
- 7.6 Current Government policy is seeking to deliver 1 million homes in England over the period 2015-20, with 20% of these being traditional affordable housing in the form of affordable rent and LCHO schemes and 20% as Starter Homes or other affordable home ownership schemes. In London the London Living Rent scheme can be considered to be part of the delivery towards the home ownership schemes.
- 7.7 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.
- 7.8 The evidence shown in Figure 47 is that up 50% of households who meet the current definition of being in affordable housing need will not be able to meet the costs of target rents without the help of housing benefit. Therefore, clearly the highest level of need is for social rent and there seems little evidence that a move towards greater provision of intermediate housing would be beneficial.
- 7.9 We would also note that 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)

- 7.10 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 findings⁵¹ (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*

⁵¹ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

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.”

7.11 Given that the identified OAN already incorporates an uplift of 20% for Tower Hamlets 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 Plans (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.

7.12 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives 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 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
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes programme**
- » **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

7.13 At a London level there are three main funded programmes⁵²:

- » **London Affordable Rent** - intended to help low-income households who are unable to secure or sustain housing on the open market. This is funded through the programme are expected to be at GLA benchmarks.
- » **London Living Rent** - homes are set at one third of borough median household income levels with variances based on the numbers of bedrooms and ward-level house prices. They will help households on average income levels to save for a deposit to buy their own home. Providers are expected to use London Living Rent to actively support tenants into home ownership within ten years.

52 <https://www.london.gov.uk/moderngovmb/documents/s57472/Item%208%20Affordable%20Homes%20Programme%202016-21.pdf>

- » **London Shared Ownership** - homes are based on mainstream shared ownership but with an additional commitment from providers to work together on a 'charter' for service charges.

7.14 However, 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
<p>Welfare reform</p> <p>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.</p> <p>Registered Providers</p> <p>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.</p> <p>Stock rationalisation by Registered Providers</p> <p>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.</p> <p>Extension of Right to Buy (RTB) to Registered Providers</p> <p>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.</p> <p>Note: The Summer Budget (2015) and the Housing and Planning Bill (2015) contain proposals which may act as further constraints on delivery although the full implications of these are either not known or not yet understood.</p>	<p>Councils building more new homes</p> <p>Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers</p> <p>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.</p> <p>Co-operative Housing</p> <p>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.</p>

7.15 The Government also 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.

7.16 A Government task force was established in 2013 to encourage and support build-to-let investment⁵³. 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:

⁵³ <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>

- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale⁵⁴, 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 homes⁵⁵. 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.

^{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} Given the substantial need for affordable housing identified across Tower Hamlets, 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.

Older People

^{7.19} The identified OAN of 46,500 dwellings does not include the projected increase of institutional population, which represented a growth of 107 persons over the 15-year Plan period 2016-31. This increase in institutional population is a consequence of the CLG approach to establishing the household population⁵⁶ 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”*.

^{7.20} Whilst these additional 107 persons aged 75 or over living in communal establishments are not counted as part of the OAN; an allowance is made for the dwellings that would be vacated by many of these people. Not all would vacate dwellings, as some will have a partner or other family remaining in the home; but

⁵⁴ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

⁵⁵ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

⁵⁶ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

further analysis of the data (assuming no growth in the institutional population) shows that housing need based on the household projections would be 90 dwellings higher if the additional bedspaces were not provided – so it is important to take account of these needs.

7.21 When considering housing supply, PPG 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 2014), ID 3-037

7.22 On this basis, given that housing provided for older people in Use Class C2 should be counted against the housing requirement, it is important that this need is also factored in when establishing the housing requirement. Furthermore, as older people are living longer, healthier lives, and 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, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; specialist older person housing such as Extra Care may be more appropriate for the needs of some of these older people.

7.23 Therefore, when establishing housing requirement, it is necessary to take account of those dwellings that were assumed to be vacated by people moving into care. This would allow the supply of bedspaces in residential institutions in Use Class C2 to be counted against the housing requirement; providing that this was calculated on the basis of the number of dwellings likely to be vacated in the housing market.

7.24 Based on the SHMA analysis, an increase of 107 persons in the institutional population living in care would have released 90 dwellings over the 15-year Plan period 2016-31. Recent market analysis by Knight Frank⁵⁷ suggests care home occupancy rates at around 88%, which would imply that 122 additional bedspaces would be needed to accommodate an increase of 107 persons. On this basis, providing 122 care home bedspaces would release 90 dwellings in the housing market – a ratio of 1.34 bedspaces per dwelling.

7.25 Given this context, it may be appropriate to include the 90 dwellings assumed to be vacated by people moving into care as part of the housing requirement in addition to the OAN. Bedspaces in care homes would then be able to be counted towards the housing requirement, on the basis of 1 dwelling being counted for every 1.34 bedspaces provided.

7.26 Alternatively, the Council may choose to establish a separate target for bedspaces in Use Class C2 and monitor the associated supply of bedspaces provided. However, if this approach is preferred, it will be necessary to consider the extent to which some older persons assumed to need residential care (and therefore not counted as part of the OAN) may be diverted to Extra Care housing, and therefore should be counted as part of the housing requirement.

⁵⁷ <http://content.knightfrank.com/research/548/documents/en/2015-3267.pdf>

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Appendix B

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.

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

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

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

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

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

Intermediate affordable housing is housing at prices and rents above those of 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

ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
CACI	Private sector company providing modelled data
CORE	The Continuous Recording System (for Housing Association and Local Authority lettings)
DEFRA	Department for Environment, Food and Rural Affairs
DWP	Department of Work and Pensions
GIS	Geographical Information Systems
HBF	Home Builders Federation
HMO	House in Multiple Occupation
IMD	Indices of Multiple Deprivation
LA	Local Authority
LDF	Local Development Framework
LDP	Local Development Plan
LHA	Local Housing Allowance
NHSCR	National Health Service Central Register
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
POPPI	Projecting Older Person Population Information
REIT	Real Estate Investment Trust
RSL	Registered Social Landlord
SAR	Share Accommodation Rate

SHMA Strategic Housing Market Assessment

UDP Unitary Development Plan

Appendix C

What is specialist housing for Older People?

Extract from *Housing in Later Life (2012)*; National Housing Federation, Housing Learning and Intelligence Network et al

The term 'specialist housing for older people' is used in this report to refer to range of housing options built to assist older people with their accommodation and support needs in later life. Key features include individual dwellings with their own front door (whether for rent, sale or shared ownership), communal areas such as lounges and restaurants, scheme manager (or other types of support service) and varying levels of personal care and support.

Specialist housing is often confused with a registered care home, although there are a number of key differences: residents' care needs can be less than those found in a residential care or nursing home, and residents in specialist housing have their own apartments. There is a variety of different specialist housing, and there are constantly new models being created. A glossary of current terms is set out below:

Almshouses are one of the oldest forms of specialist housing and are usually charitable dwellings provided for those in later life.

Continuing Care Retirement Communities provide a range of accommodation and tenure options on site including Extra Care units and a care home on site. They provide on-site services and domiciliary care beyond the care home. They can often be as large as 7 to 12 acres (3 to 5 hectares) in size.

Enhanced Sheltered Housing is used to describe sheltered housing that provides more in facilities and services than traditional sheltered housing but does not offer the full range of provision that is found in an Extra Care Housing scheme.

Extra Care Housing is the term used for a complex of specialist housing for older people for, which provides care in a style that can respond flexibly to increasing need while helping the individual to retain their place within their existing community. Extra Care can provide a range of 'lifestyle' facilities for social, cultural, educational and recreational activities.

Leasehold Retirement Housing is similar to Sheltered Housing and is a property designed for occupation by older people and sold on a long lease, generally 99 or 125 years.

Market rental retirement developments are, as the name implies, let to tenants on a Market Rent, rather than a "Social Rent" or "Affordable Rent".

Mixed tenure schemes refer to developments where there are a range of properties on one site that may be rented, part owned and part rented, or wholly purchased on a leasehold basis.

Retirement Housing is a term widely adopted to describe sheltered housing, especially when provided for leasehold sale.

Retirement Village is a term generally used to describe large scale mixed tenure Extra Care or Continuing Care Retirement Community developments, generally in the range of 90 to 350 units, with developments of around 250 units being common.

Sheltered Housing is the most widely known form of specialised housing for older people. Traditionally, support was provided by a scheme manager who was often resident on site, but increasingly this support is being offered through floating services. The term has generally now been superseded by Retirement Housing, although it is still used in planning circles.

Very Sheltered Housing is a term that has largely been superseded by Extra Care Housing.