

London Borough of Tower Hamlets

Strategic Housing Market Assessment 2014

Report of Findings



Opinion Research Services The Strand, Swansea SA1 1AF
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

© Copyright May 2015

This project was carried out in compliance with ISO 20252:2012

Contents

Executive Summary	7
Key Challenges.....	7
Private Rented Sector.....	7
Housing Delivery	7
Benefit Reform	8
Duty to Co-operate.....	8
Housing Market Area	8
Population and Household Growth.....	9
Market Signals.....	9
Objectively Assessed Housing Need.....	9
Housing Requirements for Tower Hamlets.....	10
Housing Requirements for the HMA.....	10
Conclusion	10
1. Introducing the Study	12
Background to the Project and Wider Policy Context	
Project Overview	12
What is a Strategic Housing Market Assessment?.....	12
London Specific SHMAs.....	13
Tower Hamlet’s SHMA	14
Developing the Strategic Housing Market Assessment	15
Housing Needs Survey.....	15
2. Local Policy and Strategy	16
The London Plan to 2031	16
The London Housing Strategy 2014	17
Tower Hamlets Borough Council.....	17
3. Housing Market Areas in London and Tower Hamlets	19
Identifying the Local Functional Housing Markets	
Guidance.....	19
Housing Markets in London	20
Jobs and Housing.....	22
Housing Market Area Geography below the London level	22
Geography of Housing Market Areas in England (NHPAU/CURDS; 2010)	22
Migration Patterns	23
Travel to Work Patterns	25
House Prices and Valuation Office Agency Broad Rental Market Areas.....	29

The Housing Market Area - Conclusion	33
4. Tower Hamlets' Objectively Assessed Needs	34
An Evidence Base for Demographic Projections and Objectively Assessed Needs	
Review of the Greater London Strategic Housing Market Assessment 2013	34
Comments on the GLA SHMA 2013.....	35
Tower Hamlets' Official Population Estimates	37
Components of Population Change	39
Population Estimates from ONS and GLA	39
Establishing the Future Need and Demand for Housing	40
Official Household Projections	41
Objectively Assessed Needs for Tower Hamlets	43
Housing Requirements for Tower Hamlets	45
Housing Requirements for the HMA	45
5. Modelling Size and Tenure	46
Housing Supply	47
Core Modelling Assumptions for OAN Size and Tenure Mix.....	48
Concealed, Sharing and Homeless Households	50
Further Tenure and Size Mix Impacts	51
Overall Summary for Size and Tenure Mix for the OAN	52
Modelling For FALP Size and Tenure Mix	53
Affordable Rent Levels and Housing Need.....	54
Welfare Reform Since 2011	56
Relative Need and Other Considerations.....	57
6. Market Signals.....	58
Comparators.....	58
House Prices	59
The National Picture.....	59
Notes:	59
Notes:	60
First Time Buyers	61
Future for the Housing Market	63
House Prices	63
Rents.....	66
Housing Affordability.....	68
Rate of Development	68
Delivery in Tower Hamlets	69
Housing Need and Supply	70
Overcrowding.....	72
Homelessness.....	73
Conclusion on Market Signals	74

7. How should the needs for all types of housing be addressed?.....	75
Introduction	
Age Profile	75
Household Type.....	76
Minority Ethnic Groups	77
Current Stock.....	78
Tenure Profile.....	79
Private Rented Sector.....	80
Rates of Change.....	80
Recent Private Rented Sector Trends	80
Private Rent Classification.....	82
Houses in Multiple Occupation	83
Welfare Reform and Private Sector Rented Housing.....	84
Local Housing Allowances	85
Impact of Benefit Reform on the Private Rented Sector	85
Market Response to Benefit Reform.....	89
Social Housing Tenants – Housing Benefit	89
Other Non-housing Benefit Reforms.....	90
Working and Non-Working Households and Housing Benefit.....	90
Housing for Older People	91
The UK’s Ageing Population	91
National Planning Policy Framework	91
Older People in Tower Hamlets	92
Older People’s Age Profile.....	93
Modelling Older People’s Housing Requirements	93
Modelling Future Requirements	94
Older People’s Population Forecast.....	95
Other Housing Options for Older People	98
Planning Policy and Older People	100
Planning Policy	100
Example Policy Wording for Local Plans	101
Households with Specific Needs	101
People with Disabilities	101
Disability Living Allowance / Personal Independence Payments.....	101
Limiting Long Term Illness.....	102
Applications for Disabled Facilities Grants.....	103
Attendance Allowance	104
Households with Other Support Needs	104
Other Groups.....	105
Service Families	106
Those Wishing to Build Their Own Homes.....	108

8. Housing Needs Survey	111
Introduction.....	111
The Survey Overview.....	111
Weighting the Data	111
Interpretation of the Data.....	113
Survey Results	114
The Area	115
Housing History	116
Economic and Financial Status.....	117
Appendix A	119
Planning Policy	
Excerpts from the National Planning Policy Framework.....	119
Appendix B	122
Glossary of Terms	
Definitions	122
Acronyms and Initials	124
Data Sources Advantages and Disadvantages.....	126
Appendix C	130
Table of figures	

Executive Summary

1. The London Borough of Tower Hamlets (LBTH) Strategic Housing Market Assessment 2014 (SHMA) has been undertaken at a time of considerable change, both locally and nationally. The SHMA highlights the complexity of understanding housing need in a relatively dynamic housing market. Key drivers such as the local economy, complex population change and the need to support growth in the local economy – all these factors interact to make the establishment of objectively assessed housing need a significant challenge.
2. The SHMA has considered various factors regarding the housing needed in Tower Hamlets; critically, it has updated the current evidence base on population and households and considered the impact of wider Market Signals. From this, the SHMA has derived an objectively assessed housing need to inform housing and planning policies.
3. At the present time, Tower Hamlets is undergoing considerable change; London's status as a World City and the regeneration of historically 'poor' areas, such as Isle of Dogs and Wapping mean that the relative affluence of the Borough is changing rapidly. This poses significant challenges for the future; the operation of housing markets is complex and the ability of local authorities to interact in order to deliver desired strategic outcomes is challenging.
4. This Executive Summary, therefore, summarises the key challenges facing the Housing Market Area and highlights the housing needed to meet them.

Key Challenges

Private Rented Sector

5. One of the most significant housing changes in the past decade, in both Tower Hamlets and England, has been the rise in the private rented sector and the decline in owner occupation. In Tower Hamlets, between 2001 and 2011, owner occupation declined by 2.4 percentage points and social rent by 12.9 percentage points in terms of relative tenure share; private rent, however, increased by +15.3 percentage points - a higher rate than comparator authorities in Camden, Islington and Hammersmith & Fulham. Despite high property values, the growth in private rent (+50.4% in the inter-censal period) is a significant change in tenure and seems likely to continue further due to the interaction of growing demand against supply.

Housing Delivery

6. New housing delivery nationally has fallen substantially in recent years relative to demand. The complexities of the housing delivery supply chain are well evidenced in other studies and are not explored in this SHMA. Rates of delivery in Tower Hamlets have been significant recently, exceeding over 2,000 homes in each year on average since 2001, making a considerable contribution to the housing needed. However, there is a continuing need to support housing delivery if wider strategy goals are to be achieved.

Benefit Reform

7. Benefit reforms pose a considerable risk to existing households renting within Tower Hamlets in both the private and public housing sectors. The combination of the Benefit 'cap', changes regarding under-occupation and changes in Local Housing Allowance (LHA) are likely to mean adjustment in the rental sectors. One issue to note is the growth in Private Rented Sector and how this contributes to meeting affordable housing need; Benefit reform poses a risk to this. The full implications of Reform are not yet known but the reduction in claimant households is already evident in Tower Hamlets and the potential for further reduction is recognised.

Duty to Co-operate

8. Section 110 of the Localism Act 2011 imposes a 'Duty to Co-operate' on Councils who submit plans for Examination after 15 November 2011. The scale of objectively assessed housing need identified in this SHMA refresh has meant a proactive approach to co-operation between LBTH and their neighbours. The key challenge facing the various authorities remains how assessed need can be met.

Housing Market Area

9. The identification of Housing Market Areas (HMAs) is the first relevant building block in the evidence for identifying objectively assessed housing needs.
10. On the basis of the evidence, we would conclude that:
 - » Greater London can be considered as a single large housing market area which contains many smaller overlapping housing market areas within it.
 - » Migration and travel to work flows do not identify any distinct housing market areas in London.
 - » House price represents a means of identifying separate housing market areas in London. The Valuation Office Agency (VOA) has worked with house price and rent nationally to identify Broad Rental Market Areas (BRMAs) which determined available Local Housing Allowance (LHA) levels.
 - » BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The 13 BRMAs in London will allow small groups of London boroughs to plan together.
 - » 100% of the London Borough of Tower Hamlets' population and 92% of the London Borough of Hackney's population fall in the Inner East London BRMA.
 - » When assessing objectively assessed needs at housing market area level we recommend that LB Tower Hamlets be considered as part of an area which also includes LB Hackney.
 - » Given the overlapping nature of housing market areas, this does not preclude Tower Hamlets and Hackney from also considering their needs as part of the wider East London area.
 - » Given this context, it is appropriate for the SHMA analysis to focus upon the core area (i.e. Tower Hamlets and Hackney). Nevertheless, it will be important that Tower Hamlets considers the needs of other authorities in surrounding areas, their relationship with Tower Hamlets and that these issues are explored under Duty to Co-operate arrangements.

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

Population and Household Growth

11. A key input into the modelling of housing need is the rate of household growth. Guidance states:

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

Planning Policy Guidance (CLG, March 2014), para 015

12. While CLG household projections are a useful starting point, there is a need to test these further to ensure that they are a robust basis for modelling need. These have been analysed and household figures derived to input into the assessment of housing need.

Market Signals

13. Current guidance states that market signals should be taken into account when considering assessed housing need:

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.

Planning Policy Guidance (CLG, March 2014), para 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 ... Plan makers should set this adjustment at a level that is reasonable

Planning Policy Guidance (CLG, March 2014), para 020

14. On the basis of the Market Signals considered, there is clear evidence that the objectively assessed need for Tower Hamlets should be higher than the demographic projections. However, this uplift is already built in to the methodology for undertaking objectively assessed need, so no further uplift is required.

Objectively Assessed Housing Need

15. Figure 1 overleaf summarises the annual need from each source listed above over a 24 year period. We would note that the GLA SHMA used a 20 year backlog of need, but in practice the figures overleaf provide the same calculation over 24 years and represent the average level of housing need for Tower Hamlets in the 24 year period.

Figure 1: 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

16. Therefore, in summary, the OAN for Tower Hamlets following the methodology adopted in the GLA SHMA 2013 is 2,428 dwellings per annum.

Housing Requirements for Tower Hamlets

17. As noted earlier, to move from OAN to the future housing requirements of an area it is necessary to consider any previous under-delivery to this point in time. In 2011/12 net housing completions in Tower Hamlets were 903 and in 2012/13 the figure was 997. Given a target of 2,428 per annum, this represents a total under-delivery of 2,956 dwellings in this period. Apportioning these across 22 years would see the housing requirements of Tower Hamlets rise to 2,562 (2,428 + 2,956/22).

Housing Requirements for the HMA

18. As also noted earlier, Tower Hamlets sits in the same HMA as Hackney. ORS has undertaken a parallel SHMA for Hackney and this derived an OAN figure of 1,758 per annum from 2011-2035 with the net under-delivery in the period from 2011-2014 sees the future housing requirement rise to 1,798 per annum.
19. The Further Alterations to the London Plan (FALP) identify a total housing land supply for Hackney of 1,599 dwellings per annum in the period 2015-2025. The FALP for Tower Hamlets identify a housing land supply of 3,931 dwellings per annum in the period 2015-2025. Therefore, collectively the FALP identifies a housing land supply capacity 5,530 for the HMA. This is higher than the combined housing requirements of the HMA which are 4,360 per annum.
20. **Overall, the identified housing land supply for the HMA is sufficient for its requirements.**

Conclusion

21. As an inner London Borough, Tower Hamlets faces considerable strategic challenges in meeting the housing needs of its future population. The Borough is changing rapidly and rapidly becoming more affluent, largely as an indirect benefit from London's status as a World city. However, these benefits are not affecting all people and all parts of Tower Hamlets. The impact from these collective changes has meant fundamental tenure adjustment, the continuing challenge of new housing delivery, responding to the needs of those households affected by welfare reform and a changing population profile.
22. Overall, therefore, there is a need for a continued co-ordinated approach towards the varied housing challenges faced to ensure future success.



© Copyright May 2015

1. Introducing the Study

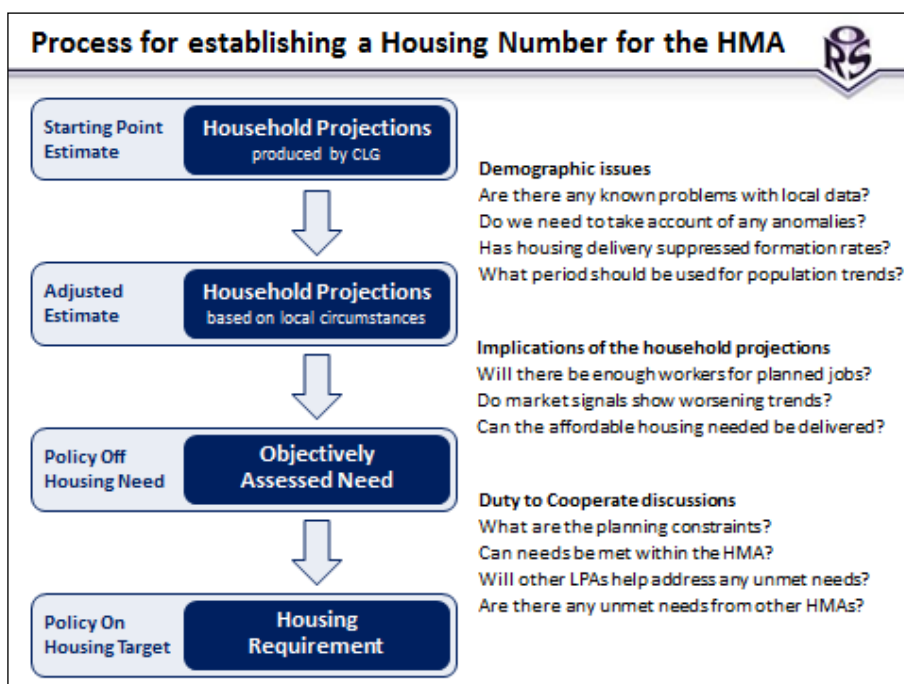
Background to the Project and Wider Policy Context

Project Overview

- ^{1.1} Opinion Research Services (ORS) were commissioned by the London Borough of Tower Hamlets (LBTH) to undertake a Strategic Housing Market Assessment (SHMA). The purpose was to support the Borough in objectively assessing and evidencing development needs for housing (both market and affordable) and provide evidence to inform local policies, plans and decision making.

What is a Strategic Housing Market Assessment?

- ^{1.2} SHMAs undertaken across England identify the future quantity of housing needed including by type, tenure, and size. SHMA evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area). SHMAs also provide information to support local housing and economic development strategies as well as inform the planning of other services such as education, health and transport.
- ^{1.3} The SHMA specifically:
- » Provides evidence-based forecasts of need and demand for housing using population and household projections.
 - » Considers market signals about the balance between demand for and supply of dwellings.
 - » Addresses the needs for all types of housing and the particular needs of specialist groups
- ^{1.4} The SHMA is based on a wide range of information collated from many sources, including:
- » Secondary data and official statistics from a wide range of local, regional and national sources.
 - » Existing policy documents and supporting information published by the Local Authority and their partners;
 - » Stakeholder fieldwork with various representative agencies;
- ^{1.5} 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.



London Specific SHMAs

- 1.6 The Strategic Planning Authority for London is the Greater London Assembly. The GLA have produced a London SHMA (2013) covering the whole of Greater London which has been used to underwrite the evidence base for the Further Alterations to the London Plan (FALP) 2014.
- 1.7 The Report on the Examination in Public into the Further Alterations to the London Plan was published in November 2014. Issue 2 of the report was:

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

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

“The NPPF at paragraph 47 requires local planning authorities to, amongst other things, ‘use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area’. The guidance in the NPPF regarding plan making is silent with regard to how responsibilities should be divided in a two tier system as exists uniquely in London. The London Plan is part of the development plan for London and, in my view, it must be right that read together with the development plan documents produced by London Boroughs, the development plan should be consistent with national policy.

However, in a two tier system there should be no need for each part of the development plan to include the full range of policies necessary to accord with all parts of the NPPF or PPG, provided that together they do (as far as is necessary) and are consistent with national policy. The PPG advises that there should be no need to reiterate policies that are already set out in the NPPF in Local Plans. It seems to me that the same principle should apply to a spatial development strategy. Further, to avoid unnecessary duplication and potential confusion, there should be no need for a local plan in London to reiterate policies set out in the FALP.

Section 334 of the GLA Act requires the Mayor to prepare a spatial development strategy. That plan must include a statement formulating the Mayor's strategy for spatial development for the use of land in Greater London. Housing need, supply and distribution are undisputedly strategic matters in London. I conclude below that the Mayor's estimate of objectively assessed housing need in London is justified by the evidence submitted to the EiP. Further, although I have reservations, I also consider that the FALP's strategy with regard to supply and distribution can be supported in the short term.

Once adopted, statute will require the local plans produced by London Boroughs to be in general conformity with the FALP. That includes conforming with a strategy which seeks to meet London's needs on brownfield land within the existing built up area. The SHLAA identifies most of the existing capacity and, effectively, through the SHLAA, the FALP has determined the extent to which individual Boroughs can contribute to meeting the strategic need for housing across London. Within the confines of the FALP's strategy there is little scope to do more.

I acknowledge that the NPPF requires each local planning authority to identify its own objectively assessed housing need. However, in my view, it is the role of the spatial development strategy to determine the overall level of need for London and to guide the distribution of new housing to meet that need. The Mayor points to the acceptance by previous EiP Panels that London constitutes a single housing market area with sub markets which span Borough boundaries. The Mayor also points to the findings of the High Court, following a challenge to the Revised Early Minor Alterations to the London Plan, within which in his (undisputed) opinion, the Court accepted that although local variations exist, this did not compromise the view that London constitutes a single housing market area.

Other than some fine tuning regarding local need relating to the size and type of property and tenure, there is no need, in my view, for each London Borough to duplicate the work done by the GLA and produce their own individual assessment of overall need. IRC1 recommends that the FALP is changed to reflect this approach by removing references to London Boroughs needing to identify objectively assessed need with regard to the quantum of new housing in their areas".

- ^{1.9} In a position which lead to some initial confusion, the wording of this letter has been accepted by the Mayor of London, however no polices in the FALP was changed as a result of it. The current position promoted by the GLA is that London Boroughs should assess their objectively assessed needs. The GLA are currently seeking for London Boroughs to meet the dwelling delivery capacity figures identified in the London SHLAA, but also to seek ways of delivering more than the identified capacity.

Tower Hamlet's SHMA

- ^{1.10} The Tower Hamlets SHMA was commissioned before the Inspectors report for the FALP. While the recommendations of the inspector do not require LBTH to identify their housing market area or the objectively assessed need for the housing market area, they do not preclude any London Borough from doing so. Along with the London Borough of Hackney, Tower Hamlets have decided to implement their original brief for this project which included identifying the housing market area and objectively assessed needs. Therefore, this SHMA builds on the Greater London SHMA to provide a more local context for the housing needs of Tower Hamlets.

Developing the Strategic Housing Market Assessment

- ^{1.11} The objective of the SHMA study was to give LBTH an objectively assessed and evidence based assessment of development needs for housing (both market and affordable) and to ensure that this was compliant with the requirements of the National Planning Policy Framework and Guidance.
- ^{1.12} The methodology used was based on a Housing Needs Survey and the analysis and modelling of secondary data. Overall, the methodology sought to:
- » Consider the housing market area
 - » Establish the need for housing (both market and affordable)
 - » Take market signals into account

Housing Needs Survey

- ^{1.13} The secondary data used in the SHMA was supplemented by a survey of local residents undertaken between July and September 2014. Where appropriate, survey outputs have been used to support and inform the SHMA outcomes.
- ^{1.14} The survey was undertaken using a face to face methodology, and was a quota controlled survey based on quotas of Household Reference Person (HRP) age, HRP gender, property type, and HRP working status. Overall, over 600 interviews were completed across the Borough with the main or joint homeowner or tenant.

2. Local Policy and Strategy

^{2.1} The SHMA has considered the range of local strategies, plans and assessments carried out by the GLA and the Mayor of London's Office as well as by Tower Hamlets. This chapter gives a brief overview of some key documents where they are relevant to the SHMA. While housing and the economy are interdependent, for brevity this summary concentrates on housing and planning rather than economic plans and strategies.

The London Plan to 2031

^{2.2} The London Plan Spatial Development Strategy (SDS) is "the overall strategic plan for London, setting out an integrated economic, environmental, transport and social framework for the development of London over the next 20–25 years".

^{2.3} There are two key points from the London Plan which need to be reflected in any borough SHMA. These are: the need to reflect the local housing market alongside the pan-London housing market, and; the overall objectively assessed housing need and identified land supply.

^{2.4} The need to reflect local needs is articulated in paragraph 3.45 of the Revised Early Minor Alterations to the London Plan published October 2013:

"These requirements across London have little regard to administrative boundaries. It is essential that new provision anticipated in LDFs reflects strategic as well as local needs. This will require close working between the GLA and boroughs to ensure local, sub regional and the London wide SHMAs are co-ordinated and that effective account is taken of sub-regional and strategic needs, especially when setting affordable borough housing targets."

^{2.5} Paragraph 3.18 of the Plan identifies an overall housing need target from the 2009 London SHMA of 34,900 per year compared to a London 2009 SHLAA based figure of 32,210¹. The Plan attempts to deal with the shortfall between the two by identifying 'minimum targets' in Table 3.1.

The "minimum ten year target" 2011-2021 set for Tower Hamlets is 28,850, with an annual monitoring target of 2,885.

^{2.6} The Plan introduces the idea of "Housing Zones" to unlock development. Housing Zones are about delivery of housing developments rather than assessment of housing need.

^{2.7} The Draft Further Alterations to the London Plan (FALP) was published in July 2014². The most relevant element for the SHMA is the London SHLAA 2013³, which was published alongside the draft FALP. The 2013 SHLAA bases minimum housing targets for the boroughs on assessed land availability. The proposed minimum target for Tower Hamlets 39,314 homes in 2015-2025. The SHLAA notes that:

"Tower Hamlets is by far the biggest contributor to capacity".

¹ <https://www.london.gov.uk/priorities/planning/london-plan>

² <http://www.london.gov.uk/priorities/planning/london-plan/draft-further-alterations-to-the-london-plan>

³ <http://www.london.gov.uk/sites/default/files/FALP%20SHLAA%202013.pdf>

The London Housing Strategy 2014

- ^{2.8} The London Housing Strategy references the 2013 London SHMA estimated need of 48,840 homes per year between 2014/15 and 2034/35⁴. The updated SHLAA used for the Strategy “*finds firm evidence of capacity for 42,000 new homes a year between 2015 and 2025*”. The SHLAA uses this evidence of capacity to propose minimum housing delivery targets for the boroughs, as mentioned above.
- ^{2.9} Of the 48,840 homes per year assessed need in the SHMA, the Strategy sets targets of 48% to be market housing, 20% intermediate and 32% social rent.

Tower Hamlets Borough Council

Community Plan 2011⁵

- ^{2.10} Tower Hamlet Council’s Community Plan 2011 follows the 2009 Community Plan in planning for the borough up to 2020. The overall vision is to “*Improve the lives of all those living and working in the borough*”. Of the four priorities in the Community Plan, the most relevant to the SHMA is:

“A great place to live: Tower Hamlets will be a place where people live in quality affordable housing, located in clean and safe neighbourhoods served by well-connected and easy to access services and community facilities”

- ^{2.11} The Strategy states that “underpinning this aspiration is a focus on sustainability” and lists five objectives, the most relevant to the SHMA being Objective 1: “Providing quality affordable housing” and Objective 2: “Improving and maintaining the quality of housing, including maximising energy efficiency”. The Housing Strategy is listed as contributing to the theme of a great place to live.

Housing Strategy⁶ and Borough Investment Plan⁷

- ^{2.12} Housing statements and strategies are listed under the theme of housing strategy and policy on the Tower Hamlets website. The most relevant document to the SHMA is the Borough Investment Plan 2011/12: Quality Homes in Quality Places, which supports the Community Plan to 2020.
- ^{2.13} The Investment Plan identifies Tower Hamlets as the third most deprived borough in the country, with a rapidly growing population living at high-density and with “*the third largest percentage of 20 to 34 year olds of all local authorities in the country*”, particularly in the non-White Ethnic groups. The Plan states that housing is “*the dominant land use*”, but concludes in paragraph 2.16 that “*there is sufficient capacity in Tower Hamlets to build additional housing*”.
- ^{2.14} Of the five priorities in the Plan, four relate to regeneration and development in specific areas of the borough. The first priority is the most relevant to the SHMA: “*Housing Renewal – delivering decent homes and regenerating estates managed by Tower Hamlets Homes and Housing Choice social Landlords*”.

⁴ http://www.london.gov.uk/sites/default/files/Draft%20London%20Housing%20Strategy%20April%202014_0.pdf

⁵ http://www.towerhamlets.gov.uk/lgs/800001-800100/800022_community_plan.aspx

⁶ http://www.towerhamlets.gov.uk/lgs/851-900/868_housing_statements.aspx

⁷ http://www.towerhamlets.gov.uk/lgs/851-900/868_housing_statements/borough_investment_plan.aspx

The LDF Core Strategy 2010 – 2025 and Managing Development Document (MDD) 2013⁸

^{2.15} The LDF Core Strategy document was adopted in September 2010. The Core Strategy refers back to the vision articulated in the Community Plan and concentrates on the spatial vision required to deliver the Community Plan. It includes 25 strategic objectives, the most relevant to the SHMA being:

- » *SO7: Deliver housing growth to meet general and specialised housing demand in line with London Plan housing targets*
- » *SO8: Ensure housing contributes to the creation of socially balanced and inclusive communities by offering housing choice reflecting the Council's priorities for affordable and family homes.*
- » *SO9: Ensure that all housing in Tower Hamlets is high quality, well designed, energy efficient, sustainable and durable*

^{2.16} Further, the Core strategy sets out how the target for affordable homes will be achieved:

“Tower Hamlets has set an affordable housing target of up to 50%. This will be delivered through negotiations as a part of private residential schemes, as well as through a range of public initiatives and effective use of grant funding”

Core strategy Chapter 4 para 4.4

^{2.17} The Managing Development Document (MDD) 2013 refers to the London Plan 2011, but does not discuss specific housing targets as it concentrates on how development will be managed. The MDD states specifically that in the document: *“there is no repetition of policies that are already set out in national guidance, the London Plan or the Core Strategy unless guidance needs to be reinforced or respond to local circumstances”*.

^{2.18} The key points in the MDD for the SHMA are in DM3: Delivering Homes, which states that development should provide a minimum of 50% affordable housing and that: *“Development will be required to maximise affordable housing in accordance with the Council's tenure split (70% Social/Affordable Rent and 30% Intermediate) as set out in the Core Strategy.”* An Affordable Housing Viability Assessment was carried out for Tower Hamlets in 2011 and is used in the evidence base for the MDD.

⁸ http://www.towerhamlets.gov.uk/lgs/451-500/494_planning_guidance/local_plan.aspx

3. Housing Market Areas in London and Tower Hamlets

Identifying the Local Functional Housing Markets

^{3.1} The identification of Housing Market Areas (HMAs) is the first relevant building block in the evidence for identifying the objectively assessed housing needs for Tower Hamlets. This Chapter, therefore, considers the historic and current evidence regarding the Housing Market Area.

Guidance

^{3.2} A key issue concerns whether the Housing Market Area aligns with the geographic coverage of the borough or whether the functional area is wider or narrower. Effectively, evidence needs to be scrutinised to test the current HMA and see if this provides an adequate basis for the objective assessment of housing needs. Guidance regarding HMAs is found in:

- » National Planning Policy Framework (2012)
- » Planning Practice Guidance on the Assessment of housing and economic development needs (March 2014):
- » Advice Note on “Identifying sub-regional housing market areas” (CLG; 2007)
- » Geography of Housing Market Areas’ (CLG; 2010)

^{3.3} NPPF advises local planning authorities that (Paragraph 159):

“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.”

^{3.4} Paragraph 47 refers to Local Plans meeting the full objectively assessed needs for market and affordable housing in the housing market area.

^{3.5} Planning Practice Guidance on the Assessment of housing and economic development needs (March 2014) states:

“Needs should be assessed in relation to the relevant functional area”.

“A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work”.

“The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries”.

^{3.6} This is consistent with the definition set out by previous Government Guidance (DETR 2001), which stated that a:

“Housing Market Area is the geographical area in which a substantial majority of the employed population both live and work, and where most of those changing house without changing employment choose to stay”.

- 3.7 Planning Practice Guidance, therefore, requires an understanding of the housing market area and says this can be defined using three different sources of information:
- » House prices and rates of change in house prices;
 - » Household migration and search patterns;
 - » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas).
- 3.8 CLG also published an earlier report ‘Geography of Housing Market Areas’, which explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. ‘Geography of Housing Market Areas’ (page 35) outlines three overlapping tiers of geography for housing markets:
- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
 - » **Tier 2:** local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage;
 - » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.
- 3.9 Critically, both CLG publications outline that no single approach (nor single data source) provides a definitive solution to identifying local housing markets. However, by using a range of available data, judgements on appropriate geography can be made.
- 3.10 A further issue to consider is with regard to the alignment between local authority boundaries and HMA boundaries. Essentially, boundaries should reflect the evidence and it is common for local authorities to be ‘split’ between HMAs:

“The splitting of local authorities is to be expected because the analyses use wards to produce more precise boundaries than would be possible with groupings of whole local authorities (especially with the large newer unitary local authorities in some former Shires). It is crucial to the robustness of the results that the initial ‘gold standard’ definitions are not constrained to be groupings of whole local authorities. That said, the research specification does require that – to support the NHPAU’s plans for modelling – there is subsequently a ‘silver standard’ version of the final housing market area geography which is best-fit to the housing market area boundaries from whole local authorities”.

Geography of Housing Market Areas (CLG: 2010)

Housing Markets in London

- 3.11 The identification of housing markets in London is not a new area of study. The Greater London Strategic Housing Market Assessments 2008 and 2014 both effectively treat London as being a single housing market area. The 2014 Greater London SHMA notes at Table 5:

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

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

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

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

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

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

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

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

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

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

- 3.14 However, paragraph 43 of the judgement states:

"The Draft Replacement London Plan, Report of Panel, March 2011 stated at 3.28:

"As it was not disputed that London is a single Strategic Housing Market Area with complex sub-markets that spread across Borough boundaries and has constrained land supply the use of which has to be optimised, we agree with the Mayor that it is not only appropriate but necessary to include Borough provision targets."

- 3.15 The view that London contains many housing market areas within it is further supported by the 2014 Greater London SHMA which notes at paragraph 1.13:

"It is important to note that this SHMA, like the 2004 HRS and the 2008 SHMA before it, looks at housing requirements at the regional London level only, and does not provide any estimates of requirements at the local level. London boroughs remain responsible for assessing their own requirements, within the policy context set by the NPPF and the London

Plan. Given the fact that housing market areas in London frequently extend across local borough boundaries, many boroughs have chosen to work in partnership to assess housing requirements on a sub-regional basis.”

Jobs and Housing

- ^{3.16} Tower Hamlets is part of the Greater London Housing Market Area (GLHMA); the GLHMA (a “Tier 1” HMA that is defined by commuting and migration patterns) needs to ensure a balance of jobs and workers.
- ^{3.17} The Greater London Assembly has prepared an SHMA for the GLHMA to inform the London Plan, which considers jobs and housing at the London-wide level; and LPAs in London are required to conform to the London Plan.
- ^{3.18} It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting or migration, so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London.
- ^{3.19} This SHMA, therefore, is based on a lower-tier HMA using Broad Rental Market Areas (BRMA) as determined by the VOA. These consider local facilities and services, social networks and property type and tenure to help the LPA plan housing at a Borough level.
- ^{3.20} In determining the number of homes needed at Borough level, the SHMA will need to be consistent with the London Plan and the projected population/households consistent with GLA figures. By doing so, this lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA, consistent with the London Plan.

Housing Market Area Geography below the London level

- ^{3.21} In the light of the above context, there is a need to consider how housing market area geography might be considered at a level below London, in order to develop a pragmatic solution for practical planning purposes and the local assessment of housing need.
- ^{3.22} By doing this, it allows for practical planning by small groups of boroughs, working together, within the framework of an overarching Greater London housing market area.

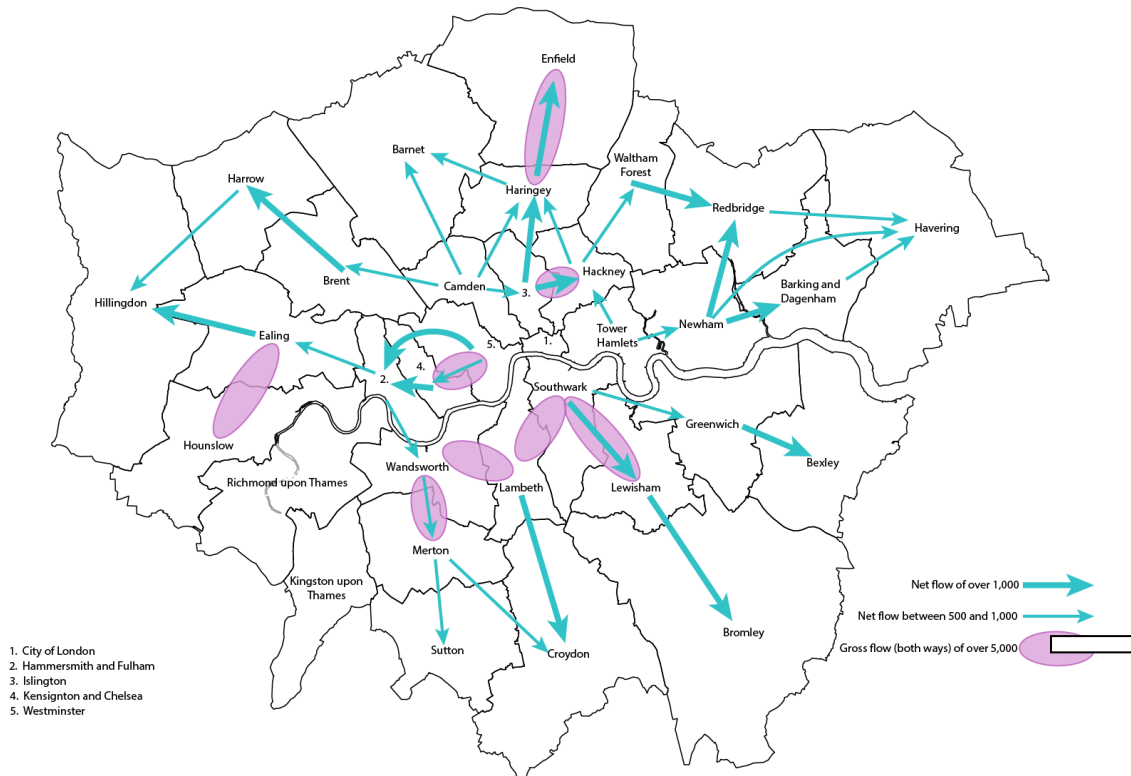
Geography of Housing Market Areas in England (NHPAU/CURDS; 2010)

- ^{3.23} The ONS has not defined Housing Market Areas, however CLG published the ‘Geography of Housing Market Areas’ (CLG; 2010) based on work undertaken by the Centre for Urban and Regional Development Studies (CURDS) on behalf of the National Housing and Planning Advisory Unit (NHPAU) prior to their abolition.
- ^{3.24} The study “aimed to produce the first rigorously defined geography of HMAs taking account of all the three strands of evidence: commuting, migration and house prices”. It also acknowledged the difficulties in establishing HMA geographies: “There are no easy answers to the construction of a geography of HMAs as there are both theoretical and practical challenges” – but the research demonstrated a structured approach to HMAs based on a range of differing assumptions.
- ^{3.25} Despite the emphasis placed by the current Government on Housing Market Areas in the NPPF, the Government has archived this report, so it is probably not appropriate to place too much emphasis on its conclusions.

Migration Patterns

3.26 Figure 2 shows migration flows within London. This shows a complex pattern of moves from Central London to outer London boroughs. For Tower Hamlets, the main flows are comparatively modest net out migration to Hackney and Newham.

Figure 2: Migration Between London Boroughs (Source: ONS Migration Statistics Unit)



3.27 The UK Census of population has recently released data on people who moved in the 12 months before the Census.

3.28 Figure 3 shows the point of origin of people who moved and now live in Tower Hamlets, while Figure 4 shows the location of people who lived in Tower Hamlets and who moved in the year before the Census.

Figure 3: People Moving to Tower Hamlets by Place of Residence 12 Months Earlier (Source: UK Census of Population 2011)

Local Authority Area	Number of people	Percentage
Tower Hamlets	17,601	40.5%
Hackney	1,993	4.6%
Newham	1,431	3.3%
Islington	1,407	3.2%
Southwark	1,266	2.9%
Camden	1,097	2.5%
Westminster and City of London	1,035	2.4%
Lambeth	766	1.8%
Wandsworth	604	1.4%
Hammersmith and Fulham	563	1.3%
Haringey	542	1.2%
Waltham Forest	511	1.2%
Lewisham	498	1.1%
Redbridge	479	1.1%
Greenwich	372	0.9%
Elsewhere	13,323	30.6%
TOTAL	43,488	100.0%

Figure 4: People who Lived in Tower Hamlets 12 Months Before the Census by Current Place of Residence (Source: UK Census of Population 2011)

Local Authority Area	Number of people	Percentage
Tower Hamlets	17,601	41.4%
Hackney	2,671	6.3%
Newham	2,298	5.4%
Southwark	1,309	3.1%
Islington	1,222	2.9%
Redbridge	959	2.3%
Lambeth	893	2.1%
Waltham Forest	856	2.0%
Westminster and City of London	852	2.0%
Lewisham	770	1.8%
Greenwich	767	1.8%
Camden	716	1.7%
Wandsworth	710	1.7%
Haringey	626	1.5%
Barking and Dagenham	619	1.5%
Elsewhere	9,600	22.6%
TOTAL	42,469	100.0%

^{3.29} One of the ways to define a Housing Market Area is to consider an area “where most of those changing house without changing employment choose to stay”. Unfortunately, no data is available that relates

migration with changes in employment circumstances; but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work.

- ^{3.30} Figure 3 above shows that 40.5% of residents that had moved in the 12 months prior to the Census previously lived in Tower Hamlets. Planning Practice Guidance on the Assessment of housing and economic development needs (Paragraph 11) states:

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

- ^{3.31} It is evident from the above analysis that Tower Hamlets cannot be considered to be a housing market area on its own and that migrants come and go from a wide range of areas implying that no combination of Tower Hamlets with neighbouring boroughs will meet the definition of a housing market area.

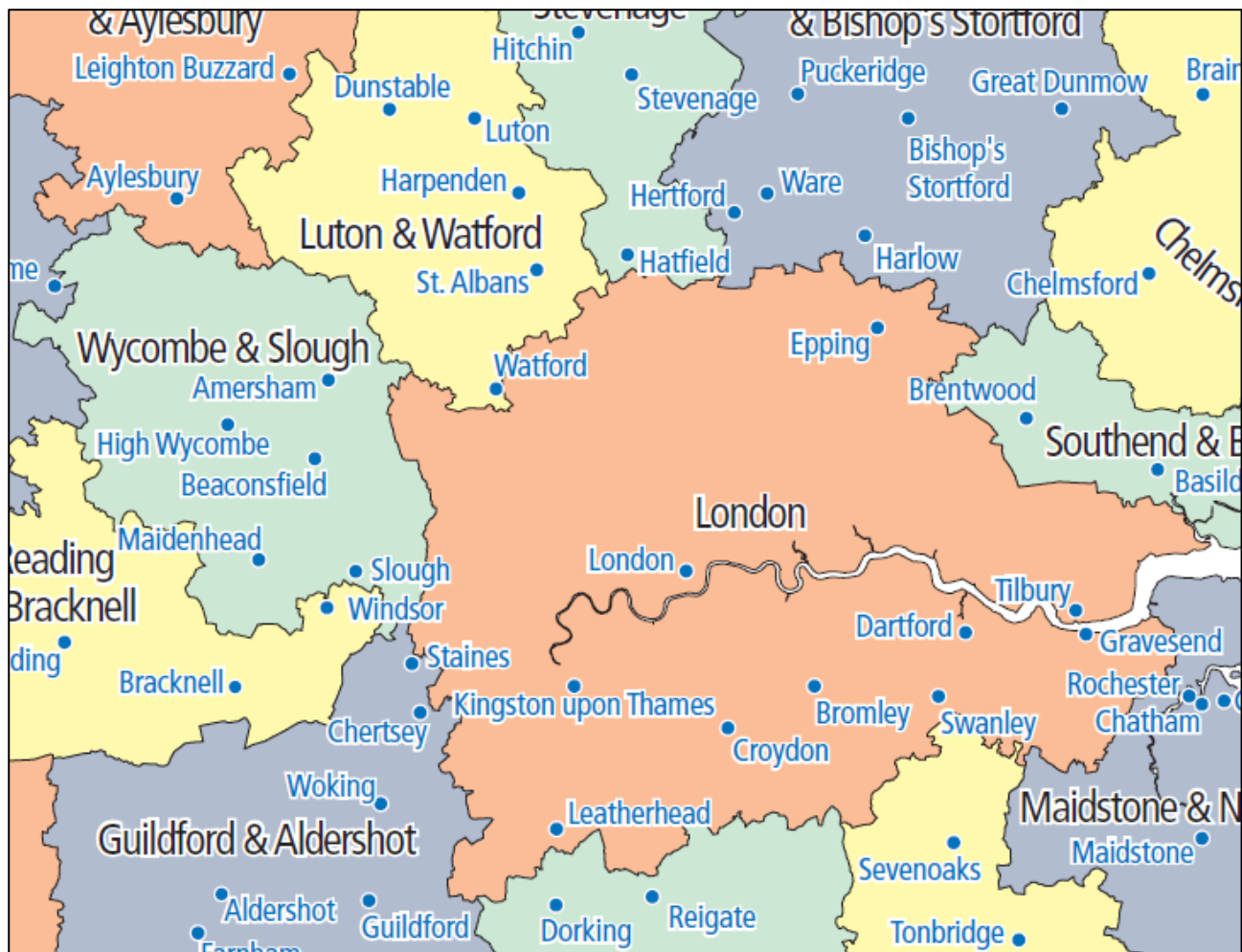
Travel to Work Patterns

- ^{3.32} Housing Market Areas reflect *“the key functional linkages between places where people live and work”* and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns. The Guidance (Paragraph 11) states:

“Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use)”.

- ^{3.33} One of the suggested data sources is the Office for National Statistics (ONS) travel to work areas (TTWAs). Figure 5 shows the latest ONS TTWAs. These were published in 2007 and they are also based on the origin-destination data from the 2001 Census. It is apparent that the London housing market extends well beyond the boundaries of Greater London, with no internal TTWA for London being identified.

Figure 5: ONS Travel To Work Areas (Source: ONS 2007)



^{3.34} Figure 6 summarises the underlying travel to work data for Tower Hamlets, and shows that around 21% of people who work in Tower Hamlets also live in the Borough.

- ^{3.35} Figure 7 shows that just over 41% of Tower Hamlets residents work in the Borough while just over 24% in employment work in Westminster or the City of London.
- ^{3.36} Both tables demonstrate that travel to work for a significant minority of Tower Hamlets residents may be related to place of residency, but it is not closely associated with place of residency for the majority of Tower Hamlets residents and the rest of London.

Figure 6: Residence Location by Work in Tower Hamlets

Local Authority Area	Number of people	Percentage
Tower Hamlets	49,881	21.2%
Newham	11,592	4.9%
Redbridge	8,766	3.7%
Southwark	7,802	3.3%
Hackney	7,259	3.1%
Greenwich	6,884	2.9%
Wandsworth	6,632	2.8%
Lewisham	6,228	2.6%
Westminster and City of London	5,897	2.5%
Lambeth	5,540	2.4%
Havering	5,416	2.3%
Waltham Forest	5,282	2.2%
Bromley	4,946	2.1%
Islington	4,741	2.0%
Barking and Dagenham	4,279	1.8%
Elsewhere	94,480	40.1%
Total	235,625	100.0%

Figure 7: Work Location by Resident in Tower Hamlets

Local Authority Area	Number of people	Percentage
Tower Hamlets	49,881	41.1%
Westminster and City of London	29,376	24.2%
Camden	6,315	5.2%
Islington	4,891	4.0%
Hackney	4,410	3.6%
Southwark	4,057	3.3%
Newham	2,973	2.5%
Kensington and Chelsea	2,211	1.8%
Lambeth	1,720	1.4%
Hammersmith and Fulham	1,633	1.3%
Waltham Forest	943	0.8%
Greenwich	739	0.6%
Wandsworth	700	0.6%
Redbridge	638	0.5%
Barking and Dagenham	561	0.5%
Elsewhere	10,196	8.4%
Total	121,244	100.0%

^{3.37} The ONS criteria for defining Travel To Work Areas is that:

“The current criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500. However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted. TTWA boundaries are non-overlapping and contiguous, and cover the whole of the UK. TTWAs do cross national boundaries, although no account is taken of commuting between Northern Ireland and the Republic of Ireland.”

^{3.38} It is evident that less than 66.7% of the people who work in Tower Hamlets also live in the area. Therefore, it is clear that Tower Hamlets cannot be considered to be a housing market area under this definition. It is also again clear that no combination of Tower Hamlets and neighbouring authorities will meet the definition of a housing market area.

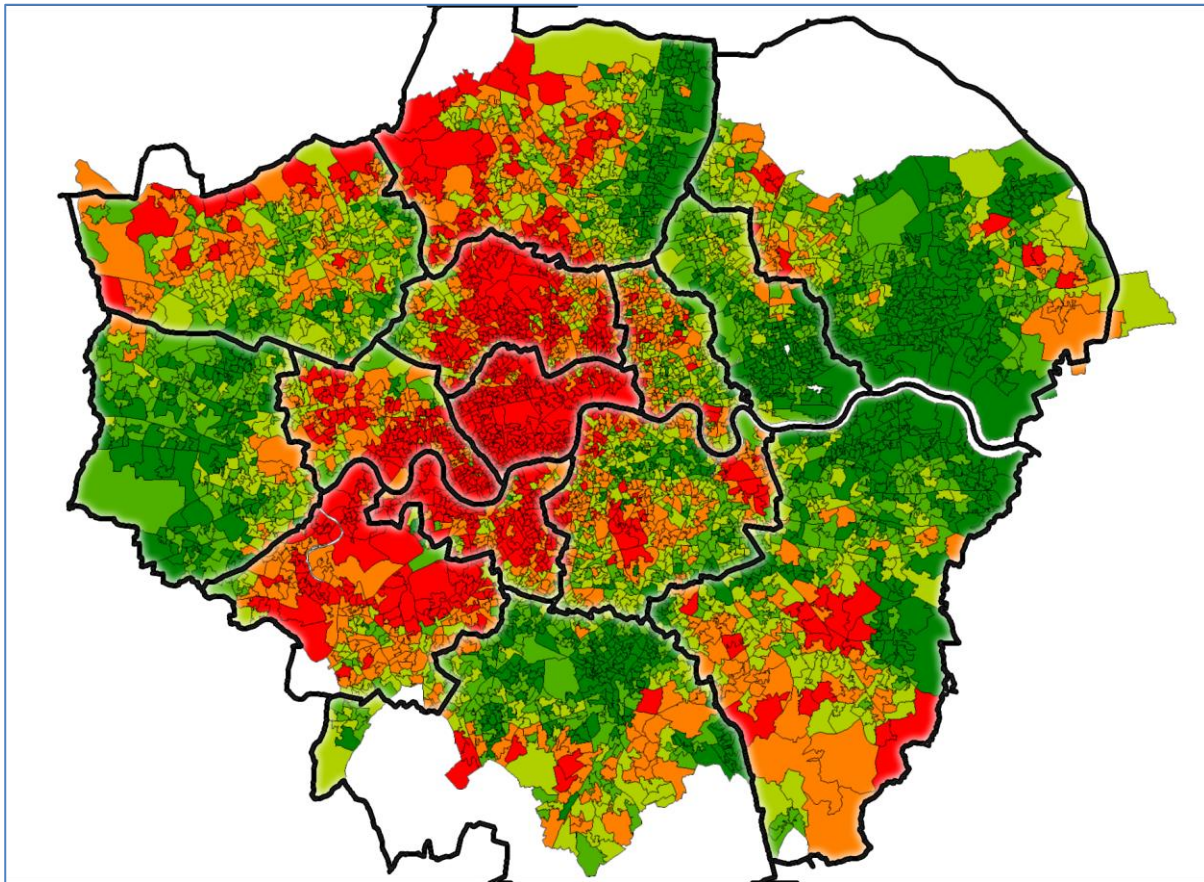
^{3.39} ORS would note that we explored both migration and travel to work flows for London in detail while undertaking sub-regional studies for North, West, East and South East London. In all cases the migration and travel to work flows did not identify clear housing market areas in London. For the sub-regional studies, ORS worked to the whole of each sub-region. These did not represent objective housing market areas, but represented a pragmatic approach to planning in London.

^{3.40} Studies such as the recently published South East London SHMA 2014 have continued to use the whole of the sub-region as a housing market area. As outlined below, ORS considers that we have identified a clearer approach to housing market areas which will allow smaller groups of local authorities to plan together.

House Prices and Valuation Office Agency Broad Rental Market Areas

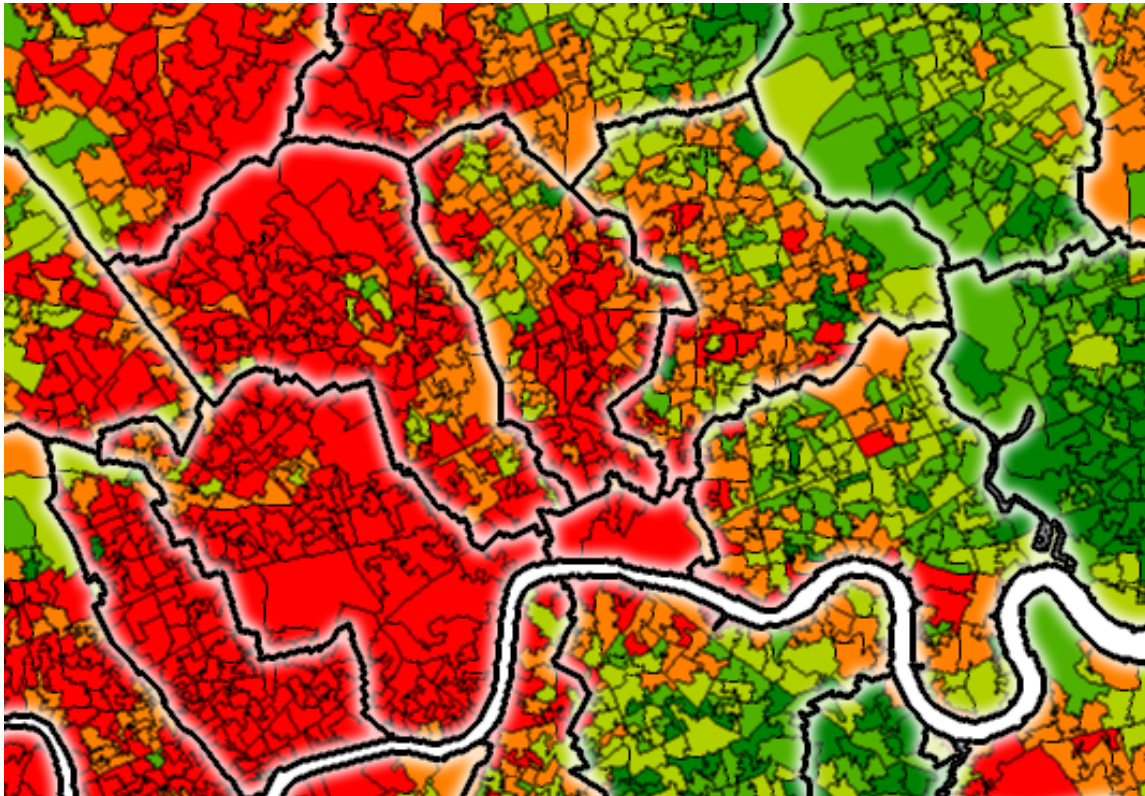
^{3.41} Figure 8 shows the distribution of house prices across London. Clearly there are areas of higher and lower prices around which it would be possible to form a series of housing market areas in London based on this measure. Fortunately, much of the work has already been undertaken by the Valuation Office Agency (VOA) to determine the Local Housing Allowance rate (LHA).

Figure 8: House Prices in London by Broad Rental Market Area (Source: Land Registry 2014)



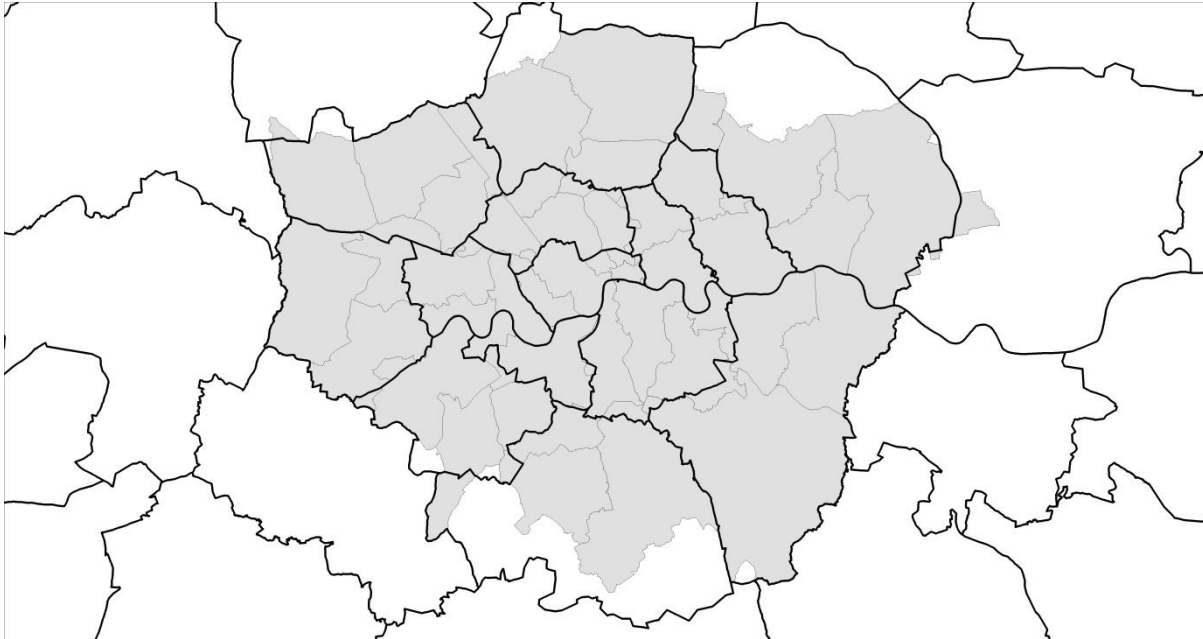
House Prices Relative to the London Median

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

Figure 9: House prices in London – Boroughs Adjacent to Tower Hamlets (Source: Land Registry)**House Prices Relative to the London Median**

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

- 3.42 The Broad Rental Market Area (BRMA) is the geographical area used by the VOA to determine the LHA, the allowance paid to Housing Benefit applicants. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining BRMAs the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area.
- 3.43 The BRMA areas for London are shown in Figure 10. This shows a relatively high degree of alignment with the house prices of London and represents a potential pragmatic step in identifying housing market areas in London.

Figure 10: Broad Rental Market Areas in London

- ^{3.44} Figure 11 shows that effectively 100% of Tower Hamlets' population falls within the Inner East London BRMA. It is also the case that 92% of Hackney's population and a small proportion of Islington's population fall within the same BRMA. Figure 12 shows that 98% of the BRMA's population falls within one of Tower Hamlets or Hackney, with the other 2% being in Islington. Therefore, the Inner East London BRMA shows a high degree of containment for Tower Hamlets and Hackney.
- ^{3.45} For planning purposes and the operation of the NPPF it is sensible for housing market areas to be relatively small to allow local authorities to work together as cohesive units. Therefore, ORS considers that the national government defined BRMAs based on house prices and rents form a sensible basis for deriving housing market areas in London where migration and travel to work patterns do not identify any distinct sub-markets.
- ^{3.46} We would stress that there are many ways of analysing housing sub-markets. The ORS opinion that Tower Hamlets and Hackney form a separate housing market area does not prevent other options being explored.
- ^{3.47} Given the overlapping nature of housing market areas, this does not preclude Tower Hamlets and Hackney from also considering their needs as part of the wider East London area.
- ^{3.48} However, for Tower Hamlets, we recommend that their objectively assessed need at housing market area level is considered alongside that of Hackney. Essentially, this means considering the assessed need for the whole HMA (Tower Hamlets and Hackney combined).

Figure 11: Self-Containment in the Inner South East London Broad Rental Market Area

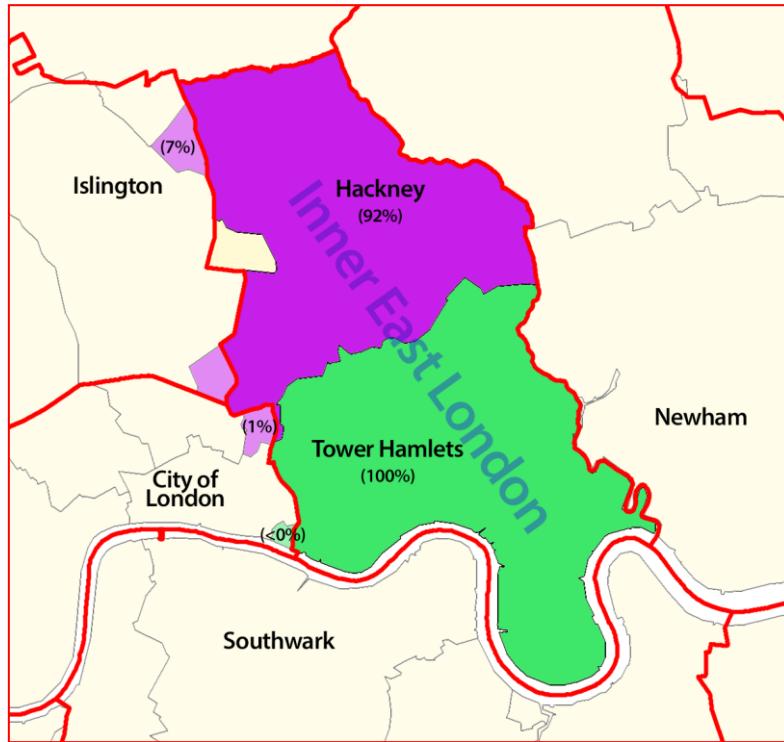
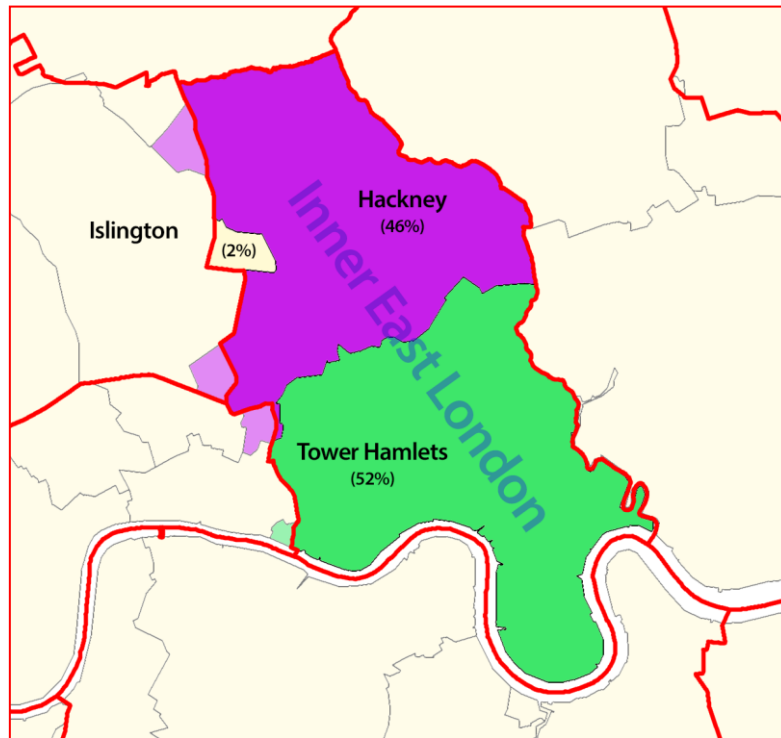


Figure 12: Self-Containment of the Inner South East London Broad Rental Market Area



The Housing Market Area - Conclusion

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

- » Greater London can be considered as a single large housing market area which contains many smaller overlapping housing market areas within it.
- » Migration and travel to work flows do not identify any distinct housing market areas in London.
- » House price represents a means of identifying separate housing market areas in London. The VOA has worked with house price and rent nationally to identify BRMAs which determined available LHA levels.
- » BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The 13 BRMAs in London will allow small groups of London boroughs to plan together.
- » 100% of Tower Hamlets' population falls in the Inner East London BRMA, with 92% of Hackney's population also falling in this BRMA.
- » When assessing objectively assessed needs at housing market area level we recommend that Tower Hamlets be considered as part of an area which also includes Hackney.
- » Given the overlapping nature of housing market areas, this does not preclude Tower Hamlets and Hackney from also considering their needs as part of the wider East London area.
- » Given this context, it is appropriate for the SHMA analysis to focus upon the core area (i.e. Tower Hamlets and Hackney). Nevertheless, it will be important that LBTH considers the needs of other authorities in surrounding areas, their relationship with Tower Hamlets and that these issues are explored under Duty to Co-operate arrangements.
- » The HMA analysis should not be seen as prescriptive on other authorities who may wish to identify their housing market areas by other means.

4. Tower Hamlets' Objectively Assessed Needs

An Evidence Base for Demographic Projections and Objectively Assessed Needs

- 4.1 As previously discussed, the situation of individual London Boroughs is different from any other local authority across England due to the planning powers of the Greater London Authority (GLA). The GLA has produced its own SHMA covering the whole of London and it would be natural for individual boroughs to seek to work within the broad framework of this document.
- 4.2 We will firstly review the Greater London SHMA 2013 before seeking to apply its methodology to Tower Hamlets.

Review of the Greater London Strategic Housing Market Assessment 2013

Population Projections

- 4.3 The building blocks for Objectively Assessed Need (OAN) in all current SHMAs are population and household projections. The Greater London SHMA 2013 contains 3 population growth scenarios derived by the GLA's own research team. As the Greater London SHMA 2013 notes at paragraph 3.32 these are referred to as the Central, Low, and High variants and in each case, mortality, fertility and international migration methodologies are the same, but the assumptions about domestic migration differ.
- » **High variant:** Domestic migration trends are taken from the period mid-2008 to mid-2012 and held constant for the entire projection period. Both in- and outflows increase over time to reflect increasing population in London and the rest of the UK.
 - » **Low variant:** Domestic migration is the same as per the High projection through to mid-2017. Beyond this point, outflows increase by 10% and inflows decrease by 6%.
 - » **Central variant:** This scenario takes the mid-point of the assumptions in the High and Low projections. That is, after 2017 outflows increase by 5% and inflows fall by 3%.
- 4.4 The high migration scenario is therefore very similar to the main population projections derived by ONS for the rest of the country by using 5 year trend migration. However, it can be argued that these trends show too high a level of migration and the Low and Central trends mitigate migration trends slightly by reducing in-migration and increasing out-migration.

Household Projections

- 4.5 To project future household growth, assumptions around how population converts to households are required. CLG 2011 based household projections show a net growth in household numbers for the whole of London in the period 2011-2021 of over 52,000 per annum. However, the CLG model projected falling household sizes in London, particularly in Outer London boroughs.

- 4.6 In practice, the growth in the private rented sector in Outer London boroughs at the expense of owner occupation has seen many dwellings become more intensively used. Therefore, household sizes have not been falling in the manner projected by CLG. Basically, the same size of projected population now requires fewer dwellings because they are living in bigger households.
- 4.7 The GLA developed their own headship rates for households based on the under-lying CLG method, but incorporating the local evidence relating to household sizes. The overall result of this exercise is to moderate growth in household numbers in the period 2011-2017 to slightly below 50,000 per annum. The three scenarios then diverge and all project falling rates of growth in household numbers over time.

Objectively Assessed Need

- 4.8 To convert the household projection to OAN it is necessary to consider market signals and to address any backlog which exists in the market. The GLA SHMA 2013 adopts a multi-stage approach to this which can be summarised as equalling:
- » Central trend household projection +
 - » Concealed households +
 - » Household lacking basic facilities +
 - » Household sharing facilities +
 - » Homeless households in non-self-contained temporary accommodation +
 - » Non-homeless households in non-self-contained accommodation +
 - » Households who need to move due to harassment or neighbour problems
- 4.9 In total the addition of the backlog elements of housing need adds over 5,000 households per annum to the base Central trend household projections of nearly 40,000 per annum.
- 4.10 The GLA SHMA acknowledges that in the period 2011-2015 dwelling delivery will fall short of the required number to meet the needs of London. Therefore, these dwellings will need to be delivered after 2015, adding around 3,000 dwellings per annum to the delivery target from 2015 onwards.
- 4.11 The GLA SHMA then includes a 0.9% vacancy rate for long-term empty homes and 2% to market housing requirements for London to cover second homes. This adds the equivalent of 876 dwellings per annum to give an OAN of 48,841 from the Central trend household projection of 39,852 per annum.

Comments on the GLA SHMA 2013

- 4.12 ORS would note at the outset that we consider the GLA SHMA 2013 to be a broadly sensible document which reflects the reality of London's housing market far more accurately than many other SHMAs being undertaken across the country. However we do have a small number of concerns and comments which we have documented below.

Household Projections

- 4.13 As noted earlier, the household projections produced by the GLA moderate those produced by CLG by removing assumptions around falling household sizes in Outer London Boroughs. However, it is worth comparing these with the actual rate of growth which occurred in London households between 2001 and 2011.
- 4.14 Official Census figures show that in 2001 there were 3,015,997 households in London and that this rose to 3,387,255 in 2011. This presents a growth of 37,126 per annum. The Central trend household

projections used as the baseline point for the SHMA project a rise in household numbers of 39,852 per annum. Therefore it is possible that even the moderated household projections are still slightly too high when compared with the reality of how household numbers have grown in London in the period 2001-2011.

Concealed Households

- ^{4.15} A key component of the backlog of need is concealed households. In the GLA SHMA 2013 these derived from the English Housing Survey and include couples, lone parents and single persons aged over 25 years who wish to have their own property. ORS have a number of concerns about how these groups have been derived and treated.
- ^{4.16} Firstly, the number of concealed households in the English Housing Survey is considerably higher than that recorded in the 2011 Census. The 2011 Census shows 68,600 concealed households in London while the GLA SHMA 2013 uses a figure of 90,978 concealed households who require their own accommodation. The key to this difference is the inclusion of single persons aged over 25 years in the English Housing Survey definition of a concealed household, while the Census excludes this group.
- ^{4.17} Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that those single persons aged over 25 years, but under 35 years will be allocated to a 1 bedroom social rented property. Meanwhile, benefit reforms imply that for this group those households who cannot afford market housing are only entitled to the shared accommodation allowance and therefore are unlikely to be able to afford a 1 bedroom property in the private rented sector. Instead, they are most likely to be able to afford a bedsit or sharing in a house of multiple occupation. Therefore, we consider that the figure of 90,978 is probably too high for the number of concealed households in London who require their own accommodation.
- ^{4.18} However, the concealed household number in London has been growing over time. In the 2001 Census there were 35,447 concealed households and by 2011 this had risen to 68,600. This represents a rise of 3,315 per annum and this figure will not have been directly taken into consideration in the household projections. Therefore, if London were to only build based on past trends, the number of concealed households would be projected to rise by around 3,300 per annum.
- ^{4.19} To address the backlog of need and future needs it is therefore necessary not only to reduce the current stock of concealed households, but to address the rise in the numbers which are likely to occur over time.
- ^{4.20} Therefore in summary, ORS considers that the GLA SHMA 2013 is probably seeking to account for too many concealed households in London. However, it has not accounted for the projected growth in concealed households over time. When set alongside the household projections showing a growth rate which is higher than historic trends this is unlikely to represent a real underestimate of needs. In practice these numbers are likely to offset one another.

Market Signals and the Economy

- ^{4.21} Unlike most current SHMAs across the country, the Greater London SHMA 2013 does not seek to consider either market signals or the links between the number of homes provided in an area and the number of workers. However, the SHMA does uplift the objective assessed need for London by around 13.5% when compared to the demographic projections. Therefore, while the methodology is not explicitly addressing market signals, the uplift to address concealed and sharing households is serving the same function. Similarly, the uplift in dwelling requirements will start to address the need for London's economy to have its labour supply met by commuting workers.

Objectively Assessed Needs and Housing Requirements

- ^{4.22} Our final concern is simply a presentational issue and does not affect the overall number of homes to be delivered in London. It is now standard practice to assess the OAN for an area and then to assess how many homes are required to be delivered from that point. The GLA SHMA reverses the process slightly by considering past under-delivery as part of the OAN.
- ^{4.23} It is more commonly accepted that an SHMA should calculate the OAN as the number of homes which should be built in an area to meet all needs over the period of a plan. An under-delivery before the plan commences is then added to the figures as a move from the OAN to housing requirements. In this case it would imply that the OAN is close to 46,000 and that a figure of close to 3,000 per annum should be added to this figure to account for under-delivery in the period 2011-2015.
- ^{4.24} This does not affect the delivery target from 2015 onwards, but is in line with current best practice, Local Plan inspector views and High Court decisions.

Tower Hamlets' Official Population Estimates

- ^{4.25} On the basis that the GLA SHMA 2013 forms the basis for planning across London and that we consider it to be a broadly sensible document with the provisos noted above, we have sought to adopt it as a framework for assessing OAN for Tower Hamlets. We will initially outline the background population and household data for Tower Hamlets.
- ^{4.26} Figure 13 shows the current and historic mid-year population estimates and Census estimates for Tower Hamlets over the period since 1981. The data suggests that the borough's population has been growing at an increasing rate.
- ^{4.27} Figure 14 shows the annualised estimated growth in population of Tower Hamlets from the respective sources.

Figure 13: Official population estimates for the period 1981-2011 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

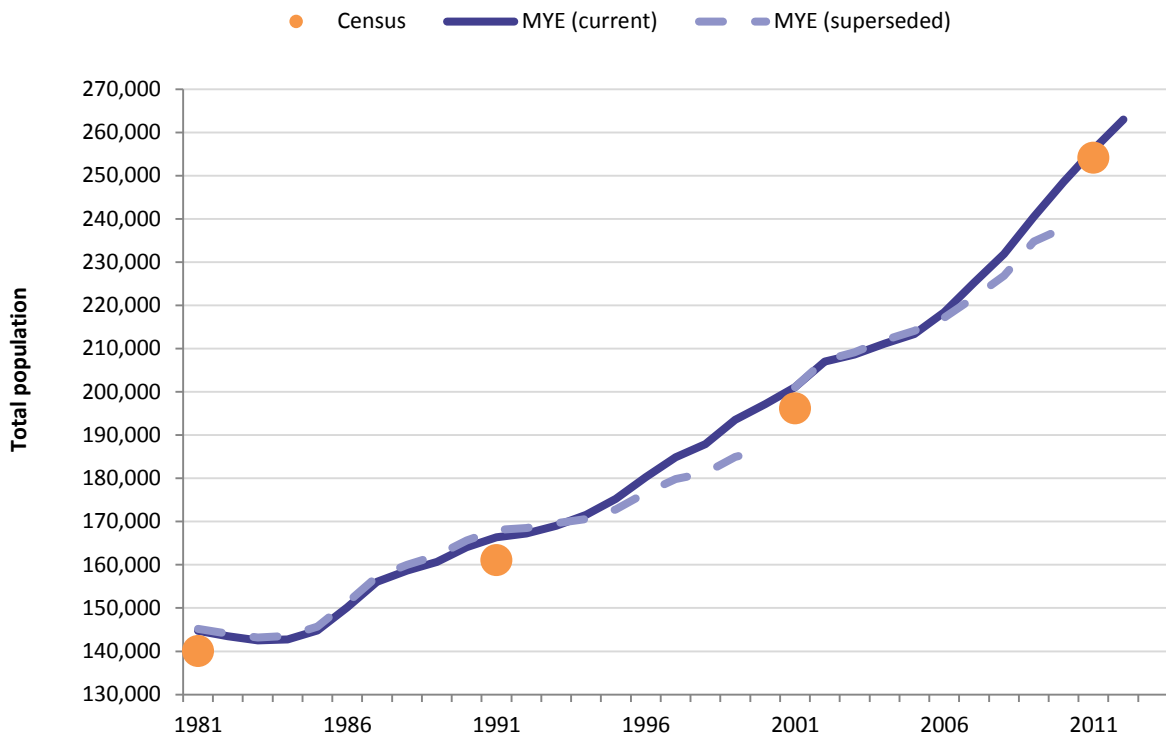
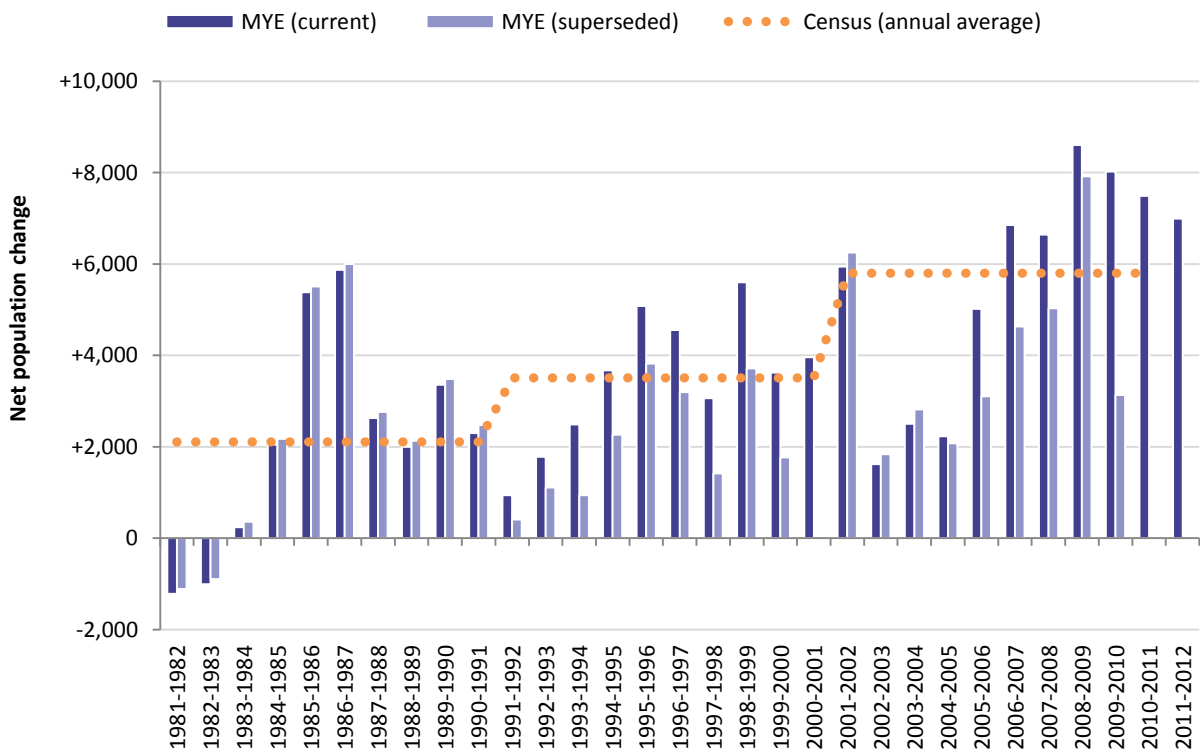


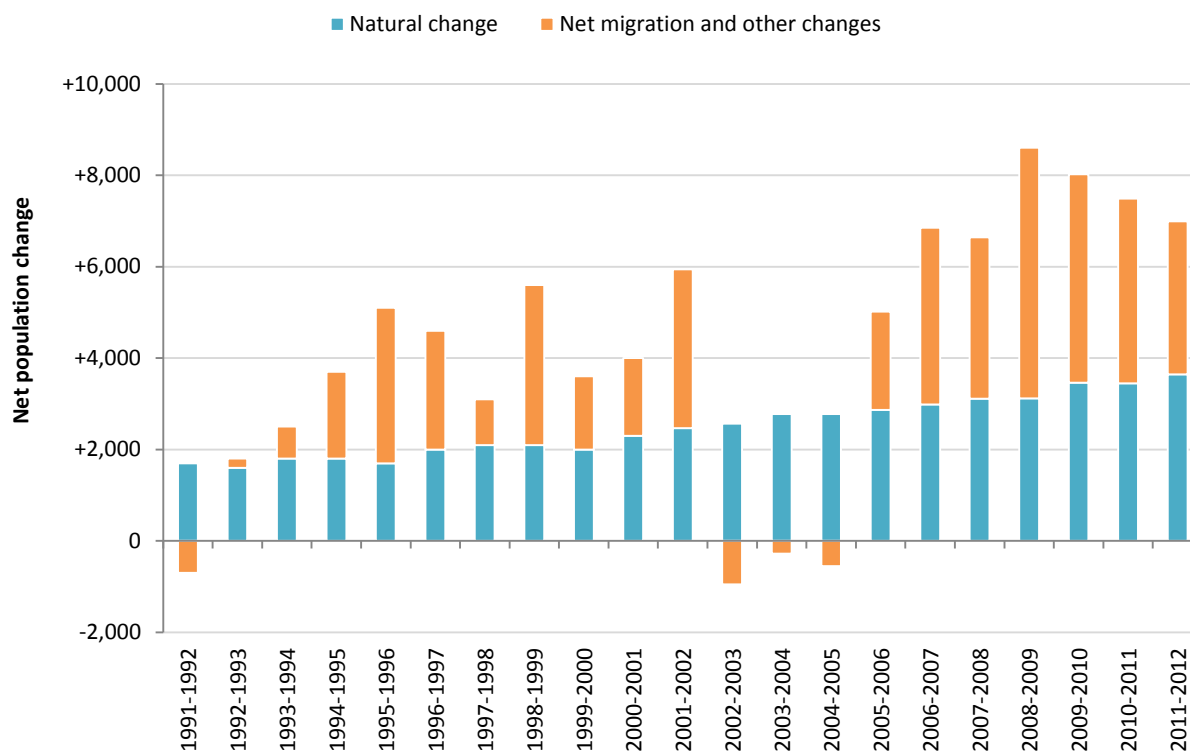
Figure 14: Annual net change in population based on official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

- 4.28 Changes in the population can be broadly classified into two categories: natural change in the population (in terms of births and deaths) and changes due to migration, both in terms of international migration and also moves within the UK.
- 4.29 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. The number of migrants can vary substantially from year to year, and relatively small changes in gross flows can have a significant impact on overall net migration, and it is recognised that the impact of international migration has been particularly difficult to measure; and, although current estimates have been improved, some historic data can be unreliable.
- 4.30 Figure 15 presents the components of annual population change from 1991 to 2012, showing migration to be a highly variable component while natural change is relatively steady.

Figure 15: Components of population change for Tower Hamlets (Source: ONS Mid-Year Population Estimates, revised)

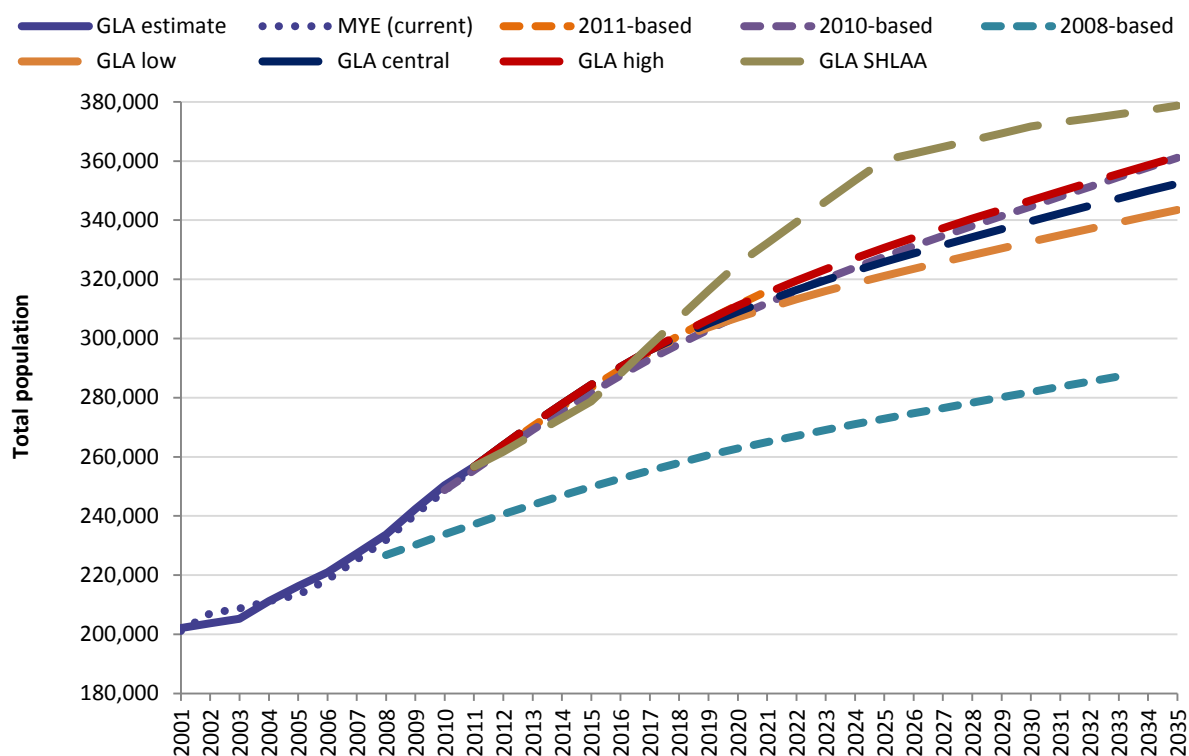


Population Estimates from ONS and GLA

- 4.31 Having considered past population growth and its components, both the ONS and the GLA have produced population projections for Tower Hamlets. Figure 16 shows all of the official estimates and projections for population in one chart. It is clear that the Sub-national Population Projection (SNPP) produced by the ONS have shown enormous variability. Part of this is due to the version in the population of Tower Hamlets brought about by the evidence shown in the 2011 Census that the population had been under-estimated.

- 4.32 The GLA High estimates for population growth are very close to the ONS 2010 projections and this is unsurprising as they are driven by similar under-lying assumptions. The GLA Central and Low figures gradually diverge from the ONS figures due to different assumptions around migration.

Figure 16: Official population estimates and projections for the period 2001-2035 (Source: ONS and GLA)



Establishing the Future Need and Demand for Housing

- 4.33 Modelling future need and demand for housing requires a consideration of the future 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. Further, it needs to be produced in a way that is consistent, strategic and robust.
- 4.34 The National Planning Policy Framework contains a presumption in favour of sustainable development, and states that Local Plans should meet objectively assessed needs for market and affordable housing based on household and population projections that take account of migration and demographic change:

*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.

National Planning Policy Framework (NPPF), paragraph 47

Local planning authorities ... 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.

National Planning Policy Framework (NPPF), paragraph 159

Official Household Projections

- ^{4.35} Planning Practice Guidance published in March 2014 places emphasis on the role of CLG Household Projections as the appropriate starting point in determining objectively assessed need. However, the Guidance does allow for the use of sensitivity testing of CLG Household projections to ‘test’ whether these are appropriate, allowing for alternative assumptions to be used.
- ^{4.36} In the case of London we consider it appropriate to acknowledge the role of the GLA SHMA 2013 and the GLA’s own household projections. As discussed above, the projections undertaken by the GLA are more specific to London than those undertaken by CLG and address the issue on household size in Outer London boroughs not falling as expected. Therefore, they form a more credible basis for planning in London than CLG’s 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 2014, section 3

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. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates

Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance 2014, section 3

^{4.37} Given this context, Figure 17 sets out the range of household projections that CLG and GLA has produced for the borough over the last four rounds of projections.

Figure 17: 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
CLG						
2006-based	2006-16	19,000	1,900	2006-31	38,000	1,520
2008-based	2008-18	17,000	1,700	2008-33	38,000	1,520
Interim 2011-based	2011-21	32,800	3,280	-	-	-
2012 - based	2012-22	30,530	3,050	2012-37	68,500	2,740
GLA						
2011-based Low	2011-21	28,200	2,820	2011-36	50,500	2,020
2011-based Central	2011-21	29,300	2,930	2011-36	54,500	2,180
2011-based LHigh	2011-21	30,040	3,040	2011-36	58,750	2,350

^{4.38} It is clear that the projections have varied over time, with the projected increase in households in Tower Hamlets ranging from 1,500 up to 3,200 additional households each year in the CLG figures. The GLA figures show trends with the growth in household numbers being higher in the first part of the projections and then falling away after 2021. The Central and Low projections see lower household growth because of the assumption of lower migration to London.

^{4.39} Given that the GLA SHMA adopted the Central trend GLA projection as its baseline point, we have chosen to do the same for Tower Hamlets to ensure consistency. As noted above we consider that the GLA Central trend household projection may be slightly too high, but when concealed households are factored in they represent a realistic starting point for understanding the future housing need of London.

Objectively Assessed Needs for Tower Hamlets

- ^{4.40} In line with the SHMA we have provided our assessment of OAN for the period 2011-2035. In this 24 year period the number of households in Tower Hamlets is projected to rise by 53,086 or 2,212 per annum. These figures represent the baseline for the estimates to which the backlog of housing need can be added.
- ^{4.41} As noted earlier in this section, the basic formula adopted in the GLA SHMA 2013 can be summarised as being:
- » Central trend household projection +
 - » Concealed households +
 - » Household lacking basic facilities +
 - » Household sharing facilities +
 - » Homeless households in non-self-contained temporary accommodation +
 - » Non-homeless households in non-self-contained accommodation +
 - » Households who need to move due to harassment or neighbour problems +
- ^{4.42} A further additional adjustment then needs to be made to allow for long-term vacant properties and second homes. We will now look at each of these numbers in turn.

Concealed Households

- ^{4.43} The GLA SHMA 2013 uses a figure of 90,978 concealed households who require their own accommodation. This figure is derived from the English Housing Survey. Data from the English Housing Survey is not available below regional level and therefore it is not possible to produce a direct comparison for this figure for Tower Hamlets. However, the 2011 Census indicated that there were 68,600 concealed families in London, of whom 2,323 were in Tower Hamlets. This is 3.38% of the total for London.
- ^{4.44} Applying a rate of 3.38% concealed households to the London total of 90,978 provides for **3,081 concealed households** in Tower Hamlets and this is the figure we have adopted in the calculation. We will again stress that this figure may be an over-estimate of the number of concealed households in Tower Hamlets, but that the GLA SHMA should have also included an additional growth due to concealed households and the lack of this will help to offset this over-estimate.

Household Lacking Basic Facilities and Household Sharing Facilities

- ^{4.45} These figures are again derived from the English Housing Survey and collectively account for a backlog of need of 24,117. Again it is not possible to produce a direct comparison for this figure for Tower Hamlets, but the 2011 Census indicated that there were 35,508 households living in shared accommodation in London. Of these, 1,023 were in Tower Hamlets which represents 2.88% of London's total. 2.88% of 24,117 equates to **695 sharing households** in Tower Hamlets and it is this figure we have adopted for this assessment.

Homeless Households in Non-Self-Contained Temporary Accommodation

- ^{4.46} A figure of 6,303 is drawn from P1E homelessness data produced by CLG in March 2011. The figures are built up from homeless households in bed and breakfast, hostels, women's refuges, other nightly paid shared accommodation, 'other types of accommodation' or homeless at home in London in March 2011.
- ^{4.47} The official published figures from CLG do not quite add to the same figure due to the GLA having access to the original submissions, some of which are not published. However, for points where a direct comparison can be made, Tower Hamlets accounts for 4.75% of all homelessness cases in London. 4.75% of 6,303 accounts for 299 **homeless households** in Tower Hamlets who require social rented accommodation.

Non-Homeless Households in Non-Self-Contained Accommodation and Households who Need to Move due to Harassment or Neighbour Problems

- ^{4.48} The GLA SHMA 2013 estimates these figures as a combined 311 per annum in 2011 and then rising in line with household projections over time. This effectively adds 7,386 households to need over the next 24 years across London. There is no clear mechanism for apportioning these households a share of these households to Tower Hamlets, but the Borough has 3.1% of all current households. Therefore if 3.11% of these fall in Tower Hamlets, this adds a total of **228 households over 24 years**.

Second Homes and Vacant Dwellings

- ^{4.49} The GLA SHMA 2013 used an estimate across London of 0.9% for long-term vacant dwelling plus 2% of market homes being second homes. This adds 37 dwellings per annum to delivery requirements.

Summary for Objectively Assessed Needs

- ^{4.50} Figure 18 below summarises the annual need from each source listed above over a 24 year period. We would note that the GLA SHMA used a 20 year backlog of need, but in practice the figures below provide the same calculation over 24 years and represent the average level of housing need for Tower Hamlets in the 24 year period.

Figure 18: 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

- ^{4.51} Therefore, in summary, the OAN for Tower Hamlets following the methodology adopted in the GLA SHMA 2013 is **2,428 dwellings per annum**.

Housing Requirements for Tower Hamlets.

^{4.52} As noted earlier, to move from OAN to the future housing requirements of an area it is necessary to consider any previous under-delivery to this point in time. In 2011/12 net housing completions in Tower Hamlets were 903 and in 2012/13 the figure was 997. Given a target of 2,428 per annum, this represents a total under-delivery of 2,956 dwellings in this period. Apportioning these across 22 years would see the housing requirements of Tower Hamlets rise to 2,562 (2,428 + 2,956/22).

Housing Requirements for the HMA

^{4.53} As also noted earlier, Tower Hamlets sits in the same HMA as Hackney. ORS have undertaken a parallel SHMA for Hackney and this derived an OAN figure of 1,758 per annum from 2011-2035 with the net under-delivery in the period from 2011-2014 sees the future housing requirement rise to 1,798 per annum.

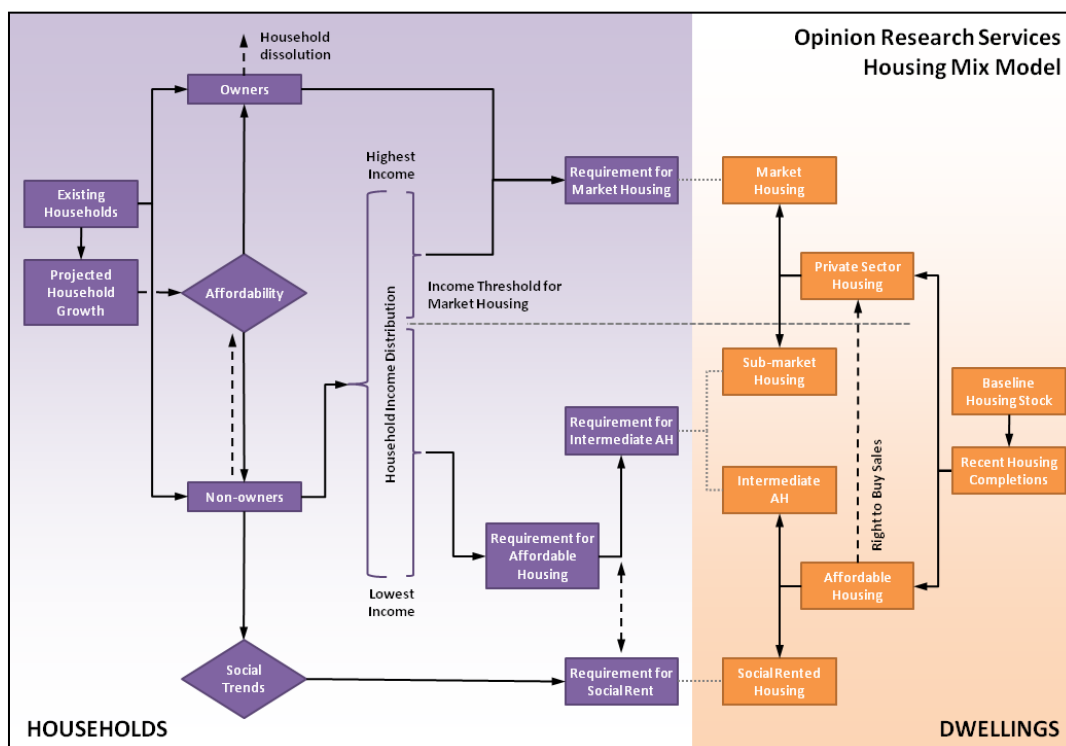
^{4.54} The Further Alterations to the London Plan (FALP) identify a total housing land supply for Hackney of 1,599 dwellings per annum in the period 2015-2025. The FALP for Tower Hamlets identify a housing land supply of 3,931 dwellings per annum in the period 2015-2025. Therefore, collectively the FALP identifies a housing land supply capacity 5,530 for the HMA. This is higher than the combined housing requirements of the HMA which are 4,360 per annum.

^{4.55} Overall, the identified housing land supply for the HMA is sufficient for its requirements.

5. Modelling Size and Tenure

- 5.1 The ORS Housing Mix Model considers both affordable housing need and OAN on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.
- 5.2 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. The secondary data sources are readily updateable as new information is published, and 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.
- 5.3 Figure 19 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the model interact.
 - » The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements.
 - » The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

Figure 19 Detailed Overview of the ORS Housing Mix Model



- 5.4 The Housing Mix Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between Market Housing and Affordable Housing in relation to the additional dwellings to be provided, and within the Affordable Housing dwelling provision the appropriate role of Intermediate Affordable Housing and Social Rented Housing.
- 5.5 For the case of Tower Hamlets we would note that the size and tenure mix will be derived in 2 phases. Firstly we will derive the housing mix underwritten by the household projections. However, these do not include the impact of issues such as concealed households, those living in shared accommodation and homeless households who will be added later.

Housing Supply

- 5.6 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.
 - » **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.
- 5.7 The key issue these definitions raise is how to define market housing costs. In practice the very cheapest second hand open market dwellings can be cheaper than any intermediate (and on some occasions social rented) dwelling. Therefore, for the definitions in the NPPF to have practical relevance there is a need to identify a market housing threshold price which then sets the upper limit for the cost of intermediate affordable housing products.
- 5.8 On this point, NPPG, paragraph 25, states that affordability should be tested against, ‘Income required to access lower quartile (entry level) market housing’. This definition follows directly from that included in the 2007 SHMA Practice Guidance. The cheapest available property prices should not be used since these often reflect sub-standard quality or environmental factors.
- 5.9 This issue is very important because the NPPF is predominantly about the delivery of new dwellings. However, while the ORS Housing Market Model is also in part about the delivery of new dwellings, the majority of households requiring accommodation will be housed in the existing housing stock.

Therefore, while the NPPF sets out clear definitions for new build dwellings, the role of second hand housing makes the classification of dwellings by tenure much more complicated.

- ^{5.10} Such an example is housing which is available to those who can afford no more than Target Social Rents. For this group, it is possible to consider the supply to comprise dedicated supply such as RP lettings, but also housing benefit supported private rented dwellings. The rationale for this is to recall the NPPG definition of households in affordable housing need (as outlined in paragraph 22):

“Number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their own needs in the market”.

- ^{5.11} Whilst housing benefit supported private rent does not have the same tenancy rights as full social rent, it nevertheless contributes to the effective supply of affordable housing in that it is affordable to households who require social housing. In practical terms there is a shortage of Social Rent housing and households unable to access it will seek housing in the private rented sector with housing benefit support.
- ^{5.12} Similarly, further supply assumptions can be considered for intermediate affordable housing. The current supply of dedicated intermediate housing products in Tower Hamlets (as defined by the NPPF) is relatively small. However, there is an existing private rented sector. The lower quartile of the private sector falls below the entry threshold for ‘market’ housing as defined by the NPPF. While not enjoying the same tenancy or ownership rights as dedicated intermediate affordable housing products, cheaper (lower quartile) private rented properties are affordable to households within the intermediate affordable housing income band and are counted as part of the supply to this group of households in a number of the scenarios set out below.
- ^{5.13} This leads to a conclusion that there are a number of private sector dwellings which are not market housing under the NPPF and SHMA Practice Guidance definitions because they are below market rents thresholds. Similarly, they are not intermediate or social supply under the NPPF definition because they are not a dedicated supply of affordable housing.
- ^{5.14} However, lower quartile private rented and housing benefit supported private rented sector dwellings will continue to be occupied by households despite not meeting the definition of market, intermediate or social housing in the NPPF. When considering the appropriate housing supply, the following sources of supply are therefore considered within the model and these are consistent with the position adopted in the GLA SHMA 2013:
- » **Social rented housing** – social housing provided to rent from local authorities and Registered Social Landlords, Affordable Rent and housing benefit supported private rented accommodation at 2011 levels;
 - » **Intermediate housing** – dedicated intermediate housing products (such as shared ownership, sub-market rent shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent,) and a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and
 - » **Market housing** – owner-occupied housing and housing in the private rented sector above the lower quartile thresholds.

Core Modelling Assumptions for OAN Size and Tenure Mix

- ^{5.15} For the current document we wish to be explicit on the assumptions which underlie the model. For the results presented below the following assumptions are contained within the model:

- » We initially work to the OAN figures for Tower Hamlets, but then model later for a scenario where dwelling delivery is constrained to its FALP capacity figures.
- » Mortgage multiplier used is 3.5%, so households are able to borrow up to 3.5 times their household income.
- » Households can spend up to 25% of their income on rent in accordance with 2007 SHMA Practice Guidance recommendations;
- » The annual rental yield for private rented dwellings is 5.9%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £5,900 per annum. There are no official statistical sources for rental yields, so the figure used in the model is taken from a survey of 500 buy to let landlords who are also members of the National Landlords Association;
- » House prices are set as a baseline rate of their 2011 levels.
- » A vacancy rate on households to existing dwellings of 3.8%.
- » It is assumed that any right to buy/right to acquire sales since 2001 are required to be replaced within the model by additional new build of social rented dwellings. This is due to a right to buy/right to acquire sale representing a loss of a social rented dwelling without any reduction in the number of households seeking social rent, so each sale requires a new build to replace it. Projected right to buy/right to acquire sales to 2035 are based upon the average number of sales since 2008.
- » The requirements assume a site delivery threshold of zero, so all sites yield affordable housing. If some sites do not deliver affordable housing, the remaining sites will be required to absorb the remaining requirements. Therefore, if only 50% of sites deliver affordable housing then identified percentages for delivery would require doubling if all requirements are to be met. In Tower Hamlets there is currently a site threshold of 10 units before affordable housing is required;
- » The number of households receiving housing benefit in the private rented sector is assumed to remain at November 2011 levels.
- » Social letting policies are assumed to remain constant. This leads to most households entering social housing requiring housing benefit.
- » Intermediate affordable housing is housing whose cost is above target social rents, but below the cost of market housing (rent or owner occupier). Therefore, intermediate affordable housing must be cheaper than the cost of renting a dwelling at the lower quartile of private rents;
- » The private rented sector has been assumed to be at its 2011 level.
- » The number of converted dwellings has been assumed to have remained at its level at the time of the 2011 Census.
- » The period for results is 2011-2035.
- » All figures are rounded to the nearest 100.

^{5.16} Figure 20 shows the housing tenure mix for Tower Hamlets with a baseline of 2011, while Figure 21 shows the identified size mix.

Figure 20 Housing Tenure Mix for Tower Hamlets 2011-2035 Based on Central Trend Household Projections (Note: Figures may not sum due to rounding)

Housing Type	Number of dwellings
Market housing	22,300
Intermediate affordable housing	0
Social rented housing	30,800
Total Housing Requirement	53,100
Market housing	41.9%
Intermediate affordable housing	0.0%
Social rented housing	58.1%

Figure 21 Size Mix for Tower Hamlets 2011-2035 Based on Central Trend Household Projections (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	2,600	0	10,900	13,500
2 Bedrooms	6,600	0	10,300	16,900
3 Bedrooms	9,200	0	8,800	18,000
4+ Bedrooms	3,900	0	900	4,700
Total	22,300	0	30,800	53,100

^{5.17} The housing tenure mix shows a very large requirement for social rent and only a relatively large requirement for market housing. While the conversion of dwellings between 2001 and 2011 helped to provide private sector accommodation which was either housing benefit supported or affordable to lower income working households and therefore provided for households who would otherwise require dedicated intermediate housing.

Concealed, Sharing and Homeless Households

^{5.18} As was shown in the OAN calculations, to address the needs of concealed, sharing and homeless households would add a further 179 households to the OAN of Tower Hamlets each year. These households are not accounted for in the household projections and therefore have not been accounted for in the tenure and size mix to this point.

^{5.19} Following the calculation process set out in the GLA SHMA 2013 the following size and tenure mix can be identified for the combined effect of concealed, sharing and homeless households with the need primarily being for smaller affordable housing.

Figure 22 Housing Tenure Mix for Tower Hamlets 2011-2035 for Concealed, Sharing and Homeless households (Note: Figures may not sum due to rounding)

Housing Type	Number of dwellings
--------------	---------------------

Market housing	500
Intermediate affordable housing	1,500
Social rented housing	2,300
Total Housing Requirement	4,300
Market housing	11.1%
Intermediate affordable housing	35.0%
Social rented housing	53.8%

Figure 23 Size Mix for Tower Hamlets 2011-2035 for Concealed, Sharing and Homeless households (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	400	1,400	2,100	3,900
2 Bedrooms	100	100	100	400
3 Bedrooms	0	0	0	0
4 Bedrooms	0	0	0	0
Total	500	1,500	2,300	4,300

Further Tenure and Size Mix Impacts

^{5.20} The GLA SHMA also notes that many households will currently be unsuitably housed and need to move, but will not generate the need for additional dwellings. However, these households will affect the housing tenure and size mix. For example the following groups of households all require to move from their current homes:

- » Overcrowded private sector households who need to move to affordable housing
- » Homeless households in Private Sector Leased accommodation
- » Households containing someone with a disability that need to move to social housing
- » Private sector households in arrears
- » Overcrowded households in affordable housing

^{5.21} The impact on the size and tenure mix of these households is shown below in Figure 24 and Figure 25. This shows a freeing of private sector stock as households require to move to affordable housing. It also shows a need for larger social housing to address the needs of overcrowded households.

Figure 24 Adjustment to Housing Tenure Mix for Tower Hamlets 2011-2035 due to Relocation of Households (Note: Figures may not sum due to rounding)

Housing Type	Number of dwellings
--------------	---------------------

Market housing	-3,900
Intermediate affordable housing	1,000
Social rented housing	2,900

Figure 25 Adjustment Size Mix for Tower Hamlets 2011-2035 due to Relocation of Households (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	-1,200	0	-1,500	-2,700
2 Bedrooms	-1,600	100	-600	-2,000
3 Bedrooms	-800	400	2,500	2,100
4 Bedrooms	-300	500	2,500	2,600
Total	-3,900	1,000	2,900	0

Overall Summary for Size and Tenure Mix for the OAN

^{5.22} The overall size and tenure mix for Tower Hamlets is shown in Figure 26 and

^{5.23} Figure 27. These are derived by aggregating Figure 20 to Figure 25 and including an additional impact for vacant and second homes. The overall pattern shows an overwhelming need for social housing with little projected growth in market housing.

Figure 26 Overall Housing Tenure Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)

Housing Type	Number of dwellings
Market housing	19,400
Intermediate affordable housing	2,500
Social rented housing	36,300
Total Housing Requirement	58,300
Market housing	33.4%
Intermediate affordable housing	4.3%
Social rented housing	62.3%

Figure 27 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

Modelling For FALP Size and Tenure Mix

^{5.24} As noted in Chapter 2, the FALP Inspector's report suggests not calculating OAN for London Boroughs and instead proposes that they should consider their size and tenure mix in relation to their capacity targets as set out in the Greater London SHLAA. For Tower Hamlets this figure is 3,931 per annum, which in turn would equate to 94,344 in the period to 2035. It should be remembered that the FALP capacity figures do only run to 2025, but we have extended them to 2035 to highlight the impact for the full period.

^{5.25} Therefore, to 2035 the FALP capacity targets would provide for 36,000 more dwellings in Tower Hamlets than the OAN figures. The impact of this on size and tenure is shown below.

Figure 28 Overall Housing Tenure Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)

Housing Type	Number of dwellings
Market housing	34,100
Intermediate affordable housing	5,600
Social rented housing	54,600
Total Housing Requirement	94,300
Market housing	36.1%
Intermediate affordable housing	10.2%
Social rented housing	57.9%

Figure 29 Overall Size Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)

	Market	Intermediate	Social	TOTAL
1 Bedroom	4,400	2,100	18,600	24,900
2 Bedrooms	9,600	1,800	15,600	26,900
3 Bedrooms	14,200	1,200	16,100	31,400
4 Bedrooms	6,000	600	3,800	10,400
Total	34,100	5,600	54,600	94,300

Affordable Rent Levels and Housing Need

^{5.26} A key issue for an area such as Tower Hamlets is how affordable rents can help to meet the needs of those households who cannot afford to meet their own housing costs. Across much of England, affordable rents set at 80% of market rents provide rented accommodation which is very close to the cost of social rents. In these areas we do not have to consider social rent and affordable rent as two different products because the rents associated with them are similar and they serve to meet the needs of the same households.

^{5.27} However, in Tower Hamlets there is a significant difference between potential affordable rents and social rents. Figure 30 shows median weekly rents in Tower Hamlets over the past 3 years. For the GLA SHMA 2013 it was assumed that households could rent a 4 bedroom property in London at less than £250 per week, while it is currently the case in Tower Hamlets that the median rent for a 4 bedroom property is nearly £550 per week.

Figure 30: Median Weekly Rent Values in Tower Hamlets (Source: Valuation Office Agency)

	1 Apr 2011 to 31 Mar 2012	1 Apr 2012 to 31 Mar 2013	1 Apr 2013 to 31 Mar 2014*
Tower Hamlets			
1 bedroom	£275.08	£322.85	£290.08
2 bedroom	£350.08	£380.08	£350.08
3 bedrooms	£380.08	£450.00	£469.15
4 or more bedrooms	£525.00	£549.92	£549.92

^{5.28} Figure 31 shows potential affordable rents in Tower Hamlets by bedroom size using a range of rents from 80% of market rent down to 50% of market rents. This shows that even at 50% of market rents, a 4 bedroom property will still cost nearly £275 per week. In the context of benefit caps for non-working households of £500 this is still likely to be unaffordable.

Figure 31: Potential Affordable Rent Values in Tower Hamlets (Source: Valuation Office Agency)

	80% market rent	70% market rent	60% market rent	50% market
Tower Hamlets				
1 bedroom	£232.06	£203.05	£174.05	£145.04
2 bedroom	£280.06	£245.05	£210.05	£175.04
3 bedrooms	£375.32	£328.41	£281.49	£234.58
4 or more bedrooms	£439.94	£384.95	£329.95	£274.96

^{5.29} Figure 32 shows the level of income required to be able to afford rents which are set at 80% market rents in Tower Hamlets under different assumptions around the amount of income households devote to housing costs. Even when spending a very high share of gross income such as 35%, it still requires an income of nearly £35,000 to be able to afford a 1 bedroom affordable rent property at 80% market rents. A 4 bedroom property would require an income of at least £65,000, which is near the maximum GLA levels for access to shared ownership.

Figure 32: Income Required to Afford 80% Market Rents in Tower Hamlets (Source: Valuation Office Agency and ORS)

	25% of gross income	30% of gross income	35% of gross income
Tower Hamlets			
1 bedroom	£48,269	£40,224	£34,478
2 bedroom	£58,253	£48,544	£41,609
3 bedrooms	£78,067	£65,056	£55,762
4 or more bedrooms	£91,507	£76,256	£65,362

^{5.30} From the above calculations it is clear that affordable rent properties in Tower Hamlets set at 80% of market rents are going to be unaffordable to anyone other than relatively high earning households.

^{5.31} A framework agreement between Hackney and the GLA to guide the operation of the *Mayor's Housing Covenant 2015-2018*⁹ sets out that rents for Affordable Rent homes will be set in line with GLA guidance. Discounted Rents will be set at no more than 80% of market rents (or LHA if lower) and Capped Rents at no more than 50% of lower quartile market rents. Rents will be set at a mix of discounted and capped levels to meet local needs, decided site by site. No similar agreement exists for Tower Hamlets.

^{5.32} Figure 33 shows the Local Housing Allowance (LHA) rates for Tower Hamlets, with the Central London figures and Inner East London figures being very similar. Comparing these figures with those in Figure 31 show that 1 and 2 bedroom affordable rents set at 80% of market rents in Tower Hamlets would be below the LHA benchmark.

Figure 33: Local Housing Allowance Rate in Tower Hamlets (Source: Valuation Office Agency)

	Central London	Inner East London
Tower Hamlets		
1 bedroom	£258.06	£254.80
2 bedroom	£299.34	£299.34
3 bedrooms	£350.95	£350.95
4 or more bedrooms	£412.89	£412.89

^{5.33} Therefore, there is some potential for Capped Rent properties in Tower Hamlets to meet the needs of those who require social rents, which we should stress are households who cannot afford to meet the cost of existing affordable rents. To begin to address the needs of households who are identified as requiring social rent it is the case that the cost of rents and other benefits must fall within the overall benefit cap.

^{5.34} This leaves a complicated position for affordable rent in areas such as Tower Hamlets where market rents are so much higher than social rents. While there is potential for Housing Benefit to cover affordable rents, it is still the case that for many households the overall benefit caps will prevent this from occurring. This clearly leaves the question of how social rented needs will be met in the borough

⁹ <https://www.london.gov.uk/priorities/housing-land/mayor-s-housing-covenant>

as beyond the existing social housing stock and LHA in the private rented sector there is little prospect of additional supply. Therefore, there is likely to be on-going displacement of need to other boroughs.

Welfare Reform Since 2011

- ^{5.35} As noted in the core modelling assumptions section, the ORS Housing Mix Model assumes that past trends continue. Figure 34, overleaf, shows that in the year 2010-2011 that Tower Hamlets saw a rise of 340-households receiving housing benefit in the private rented sector. It is also noteworthy that the pattern for Tower Hamlets was repeated across much of Inner London, with a net rise in claimants in the private rented sector of nearly 6,500 in a year.
- ^{5.36} However, since welfare reform started in 2011 there has been a marked change in the pattern of housing benefit in the private rented sector claimants. This period coincides with the impact of welfare reform and also rising rents. Tower Hamlets, along with all Inner London boroughs, has consistently seen a reduction in the number of claimant households. This provides support to the view that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available.
- ^{5.37} This implies that all Inner London boroughs will be displacing those in need of affordable housing and that there is no real possibility of them being accommodated in the private rented sector. This is not a policy choice by Tower Hamlets or any other boroughs, but simply a reflection of the impact of welfare reform on the operation of the private rented market.

Figure 34: Annual Change in Housing Benefit Claimant in the Private Rented Sector by Local Authority (Source: Department for Work and Pensions)

	2010-2011	2011-2012	2012-2013	2013-2014
Camden	-400	-270	-285	-180
City of London	0	-10	-23	-18
Hackney	1,080	20	-16	-223
Hammersmith and Fulham	120	-160	-151	-309
Haringey	1,360	490	85	-173
Islington	100	-140	-251	-139
Kensington and Chelsea	70	-480	-431	-267
Lambeth	670	-20	-53	-274
Lewisham	1,530	20	-4	-414
Newham	-570	1,450	299	-203
Southwark	670	-60	-59	-425
Tower Hamlets	340	-100	-338	-120
Wandsworth	400	50	-164	-98
Westminster	1,090	-490	-1,567	-726
Inner London	6,470	320	-2,968	-3,569
Barking and Dagenham	910	490	172	160
Barnet	1,300	550	424	721
Bexley	560	390	75	-23
Brent	2,030	760	381	-20
Bromley	430	250	78	-189
Croydon	1,150	820	136	-62
Ealing	1,600	770	336	519
Enfield	1,950	1,270	464	266
Greenwich	760	300	237	-13
Harrow	700	430	371	318

Havering	610	230	209	175
Hillingdon	640	550	353	-37
Hounslow	520	360	138	256
Kingston upon Thames	410	180	137	-129
Merton	2,870	-70	118	-483
Redbridge	740	510	-226	320
Richmond upon Thames	60	30	-37	44
Sutton	350	330	177	51
Waltham Forest	1,040	-30	-47	-756
Outer London	18,590	8,160	3,496	1,118
LONDON	25,060	8,470	545	-2,450

^{5.38} Given that the displacement of low income households who require social rent is likely to occur from the private rented sector, this leaves the question of what will happen to the stock vacated? The most likely outcome is that the stock will be occupied by working households who will rent it privately, but who will not receive housing benefit. In particular there may be a growth in young single workers sharing a property.

Relative Need and Other Considerations

^{5.39} This Housing Needs Assessment identifies need in line with the definitions of the NPPF. Therefore, it only considers whether households are in need and does not distinguish between relative levels of need. However, along with many authorities, Tower Hamlets prioritises the allocation of social housing based upon relative need. Therefore, while there is an identified shortfall in affordable homes of all sizes in terms of meeting the housing needs of priority groups, the shortage relative to supply is likely to be greatest for larger (3-bedroom+) family homes. The reasons for this are summarised below:

- » Most households who require a 1-bedroom property are in a relatively low level of need and are generally adequately housed. Those who require family sized accommodation are mostly not adequately housed, often living in very overcrowded conditions.
- » Some of the need identified for 1-bedroom properties will be met through the private rented sector (with housing benefit support), and for many single people house-shares will provide an adequate alternative to 1-bed accommodation.
- » Analysis indicates that the introduction of a benefit cap from April 2013 as part of the government's wider welfare reform measures will further impact on the affordability of accommodation in the private rented sector, with larger households (mainly families with children) predicted to face the most serious difficulties in paying their rent. 3-bed plus private rented sector housing in Tower Hamlets is typically unaffordable for people on benefits.
- » The model works on the presumption that all of the new housing required will be built, however in reality it is unlikely that the level of affordable completions could be raised sufficiently to meet all identified need over the period of Tower Hamlets' housing strategy or its local development plan. Furthermore, the figures derived through the assessment relate to a 24 year period. A significant requirement for smaller units has been identified, largely attributed to the projected growth in smaller households over the longer term.

^{5.40} Taking these factors into account, a pragmatic approach Tower Hamlets may wish to consider is to prioritise future provision towards larger, family accommodation in the short to medium term, to ensure those in most acute need can be housed.

6. Market Signals

- 6.1 This Chapter considers current market signals and how these may affect housing needs. Various signals and their implications are considered especially where these may indicate undersupply relative to demand and any need to deviate from household projections.
- 6.2 The basis for the Objective Assessment of Need is a demographic analysis and these are, in essence, trend based. However, this *“cannot predict the impact of changes which are not captured in past trends, such as changing economic circumstances or government policy”*.¹⁰
- 6.3 While demographic trends are key to the assessment of objectively assessed need therefore, it is also important to consider current Market Signals and how these may affect housing needs. NPPG identifies a range of housing market signals that should be considered when determining the future housing number.

“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)

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. 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)

- 6.4 The Market Signals include:
- » Land and house prices;
 - » Rents and affordability;
 - » Overcrowding; and
 - » Rate of development.
- 6.5 There are other issues that should be considered, for example the macro-economic climate, as well as wider trends and drivers. Planning Practice Guidance and the Planning Advisory Service (PAS) advice note emphasises the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels.

Comparators

- 6.6 NPPG says comparison should be made with *‘similar demographic and economic areas’*. We have, therefore, compared the HMA with a range of other local authorities which have the required similarities. Comparators are established using analysis of:
- » 2011 Population size
 - » ONS 2001 Area Classifications (incorporating 42 Census variables)

¹⁰ Objectively assessed Need and Housing Targets; Technical Advice note Planning Advisory Service – June 2014

- » IMD 2010 (individual domains) and
- » DEFRA Geography

House Prices

The National Picture

^{6.7} House prices in England and Wales have been relatively volatile in the past 15 years, although the market has recovered since 2012. Recent price increases appear now to be levelling out as 7 out of the 10 regions in England and Wales recorded falls in June 2014 (Source: ONS). The fastest rises were in London, at 17 per cent, the East, at 6.6%, and the South East, at 6.1%.

Figure 35: Annual house price rates of change, UK all dwellings from January 2004 to April 2014 - 12 month percentage change (Source: Land Registry)

Notes:

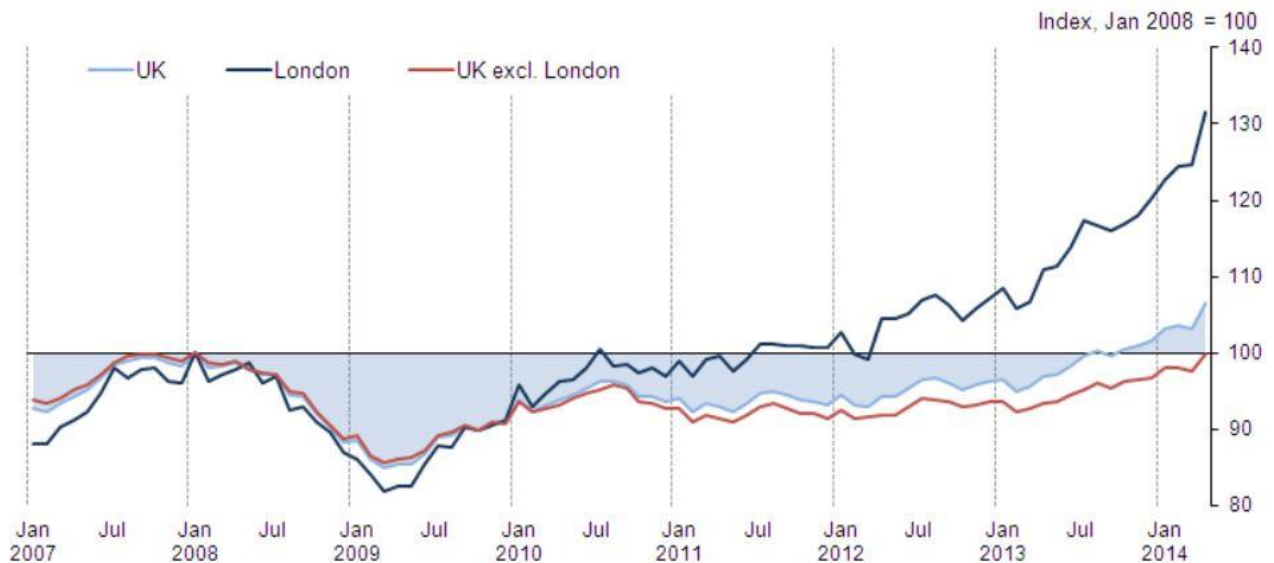
1. Not seasonally adjusted.
2. Data collected via the Regulated Mortgage Survey.



^{6.8} House prices are still 6.4% higher in the 12 months to April 2014; however, the average UK house price is £172,011 compared to the high of £181,466 in 2007.

^{6.9} Average house price trends (2007-2014) are shown below. Key to note is the price divergence between London and the rest of the UK.

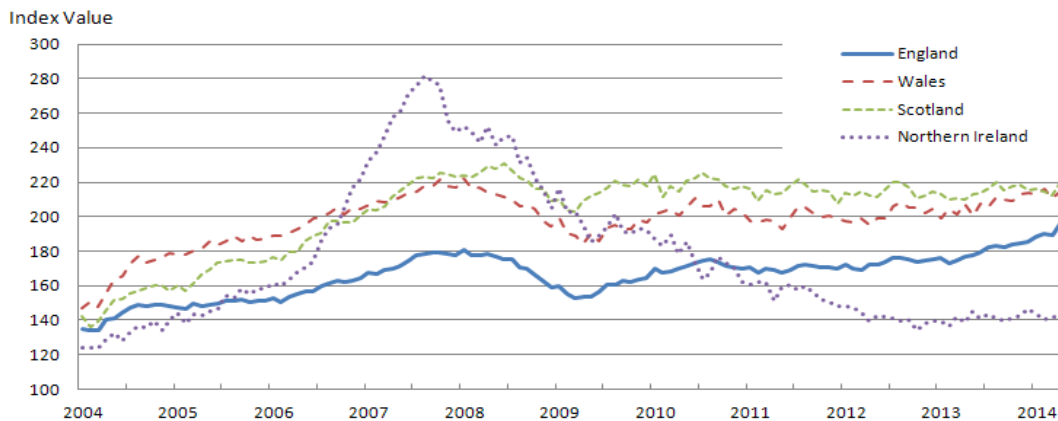
Figure 36: House prices 2007-2014 (Source: ONS)



Source: Office for National Statistics

^{6.10} The differences between parts of the UK are shown (Figure 37) in the mix-adjusted House Price Index by UK countries from January 2004 to April 2014.

Figure 37: Mix-adjusted House Price Index by country (Source: regulated Mortgage Survey)

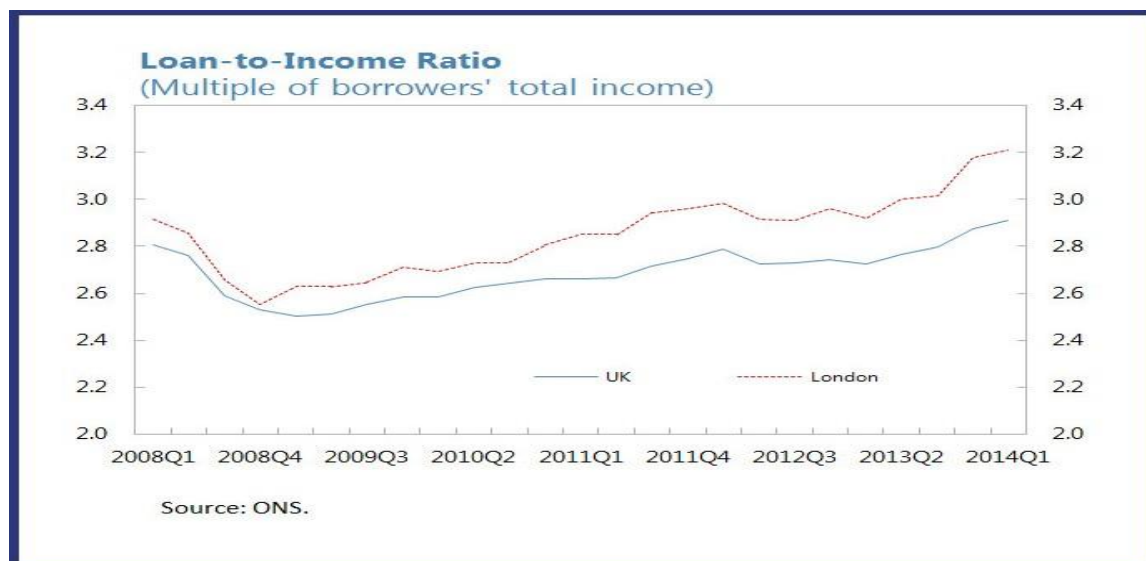


Notes:

1. Not seasonally adjusted.
2. Index level: Feb 2002 = 100

^{6.11} The Bank of England (BoE) has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. The IMF has also highlighted concerns (2014) about these risks and especially the high borrowings of households relative to income, especially in London: *"the increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks."*

Figure 38: Loan to Income ratio (Source: ONS)



- ^{6.12} Recently, (Summer 2014) the surge in prices appeared to be cooling; the Council of Mortgage Lenders (CML) latest Credit Conditions Survey suggests *“this source of stimulus may now be drying up, amid signs that lenders may be approaching the limits of their risk appetite with respect to maximum loan-to-value (LTV) and income multiples.”*
- ^{6.13} The government has recently strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

First Time Buyers

- ^{6.14} First time buyers are a key driver of market activity. Recent Government statistics show that property sales to first time buyers have increased by 27%; this is the strongest the first time buyer sector has been since 2007. There were 146,000 first time buyers between January and June 2014, 30,000 more than in 2013. This is despite the fact that prices have risen more quickly for first-time buyers - going up by 11.3% since 2013; the average price of a first-time buyer’s home is now £202,000. This is despite the fact that prices have risen more quickly for first-time buyers - going up by 11.3% since 2013; the average price of a first-time buyer’s home is now £202,000 in England as a whole, in London it is £405,000.

Figure 39: Housing market: mix-adjusted house prices, by new/pre-owned dwellings, type of buyer (Source: ONS)

Year	Month	New dwellings	Pre-owned dwellings	All dwellings	First time buyer	Former owner occupier
2007	July	317,000	344,000	343,000	272,000	393,000
2008	July	292,000	342,000	340,000	265,000	402,000
2009	July	208,000	310,000	305,000	236,000	365,000
2010	July	258,000	353,000	347,000	268,000	417,000
2011	July	268,000	363,000	357,000	280,000	428,000
2012	July	275,000	402,000	397,000	305,000	480,000
2013	July	322,000	442,000	438,000	336,000	530,000
2014	July	422,000	518,000	514,000	405,000	621,000

Figure 40: Housing market: mix-adjusted house price index and annual house price change – Q1 2002 = 100 (Source: ONS)

Year	New dwelling		Other dwellings		All dwellings		First time buyers		Former owner occupiers	
	Index	1% change	Index	1% change	Index	1% change	Index	1% change	Index	1% change
2007	163.8	5.7	178.7	10.6	177.5	10.3	181.3	10.7	176.9	10.1
2008	160.4	-2.0	177.4	-0.5	176.1	-0.6	177.4	-2.0	176.4	-0.1
2009	147.5	-7.7	163.9	-7.4	162.6	-7.5	163.0	-7.8	163.1	-7.4
2010	156.1	5.9	176.4	7.6	174.7	7.5	175.7	7.9	175.1	7.4
2011	169.0	8.3	173.7	-1.5	173.2	-0.8	175.0	-0.4	173.3	-1.0
2012	176.2	4.3	176.4	1.5	176.3	1.7	179.2	2.4	175.8	1.5
2013	179.3	1.8	182.9	3.7	182.6	3.6	187.0	4.3	181.6	3.3

Source: ONS July 2014

- ^{6.15} A Shelter report by NatCen Social Research (Support for First Time Buyers – 2013) estimated the financial contribution made by parents of first-time buyers (FTB) to help fund home purchase deposits. They estimate FTBs received an average gift or loan of £17,000 (compared to their average deposit which was £28,000).
- ^{6.16} In Broken Ladder (2013) the Home Builders Federation highlighted how London First Time Buyers had a 'deposit gap'.
- » 22-29 years olds: across England, the average deposit is 229% of net annual salary – in London it is 300%
 - » 30-39 year olds: across England, the average deposit is 176% of net annual salary – in London it is 232%
- ^{6.17} In 2012, in London it took someone in their twenties, putting aside a third of their net income, 289 months (24 years) to save a deposit. For those in their thirties it was 128 months (10+ years).
- ^{6.18} Clearly without substantial assistance from, say, family to help support a mortgage deposit, home ownership is becoming a remote aspiration.
- ^{6.19} A number of Government schemes are available to help those on low income and first time buyers to purchase a home:
- » HomeBuy is a shared ownership scheme that aims to help people on low or moderate incomes to buy a share of a home. In London it is known as First Steps
 - » HomeBuy Direct Equity Loan scheme, aimed at those on low or moderate incomes, which provides an interest free loan of up to 30% of the purchase price

- » Help to Buy offers equity loans to first time buyers and home movers on new-build homes priced at up to £600,000, with no income qualification.
- » Help to Buy mortgage guarantees are open to first time buyers and home movers with a deposit of 5% of the purchase price, available for new-build and older homes with a purchase price up to £600,000.
- » NewBuy offers a mortgage of up to 95% on new build properties to first time buyers and home movers who only have a small deposit.

^{6.20} In the 18 months to 30 September 2014¹¹, 33,911 properties were bought with the Help to Buy Equity Loan scheme, of which 84% purchases were made by first time buyers. The New Buy scheme resulted in 5,518 purchases in the same period.

Future for the Housing Market

^{6.21} The future for the housing market is difficult to predict, although long term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the BoE, indicate that action may be taken to contain any housing price 'bubble'.

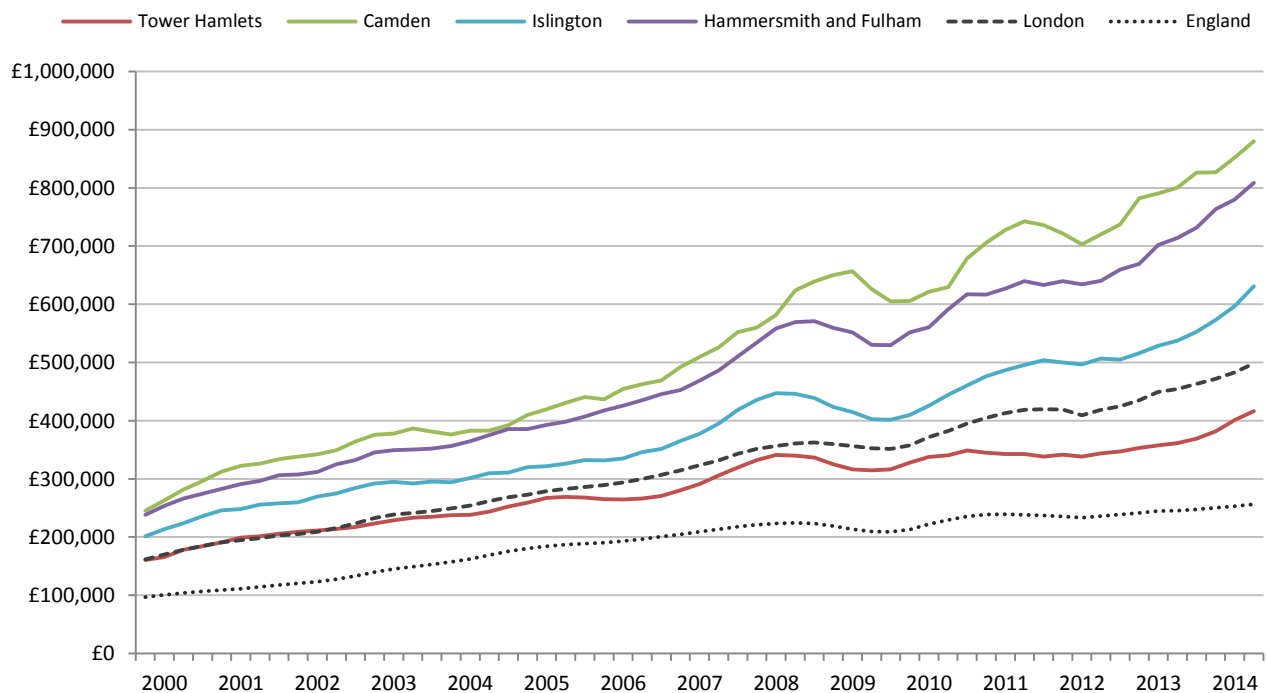
^{6.22} The CML (July 2014) has recently revised its housing forecast, seeing a stronger market for this year and next than it had predicted. It predicts lending to rise, sales to continue at or about current levels and the market to support economic growth.

^{6.23} Interest rates seem likely to rise in the medium term, and this could expose those borrowing high LTV at low interest rates to risk.

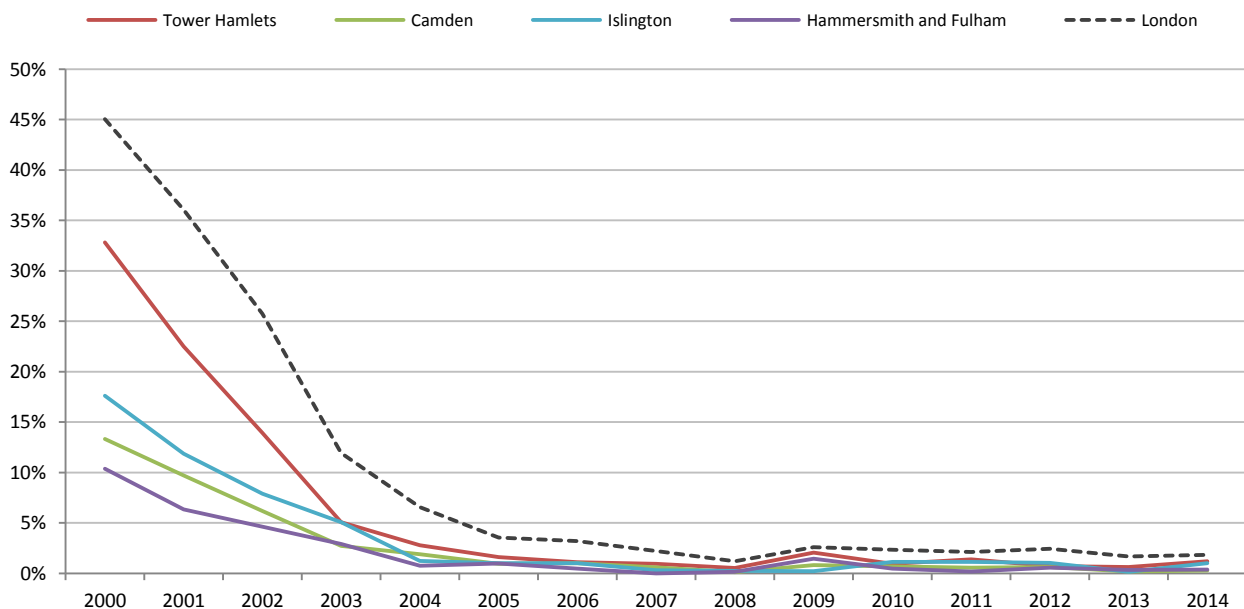
House Prices

^{6.24} House price trends (2000-2014) are shown overleaf. In this period, prices have increased significantly and, despite a decline in values in 2007-09, the long term trend is upward. Prices in Tower Hamlets have more than recovered lost values from 2010. In relative terms, LBTH is the least expensive compared to its peer group, and has increased at a relatively lower rate in the 2000-2014 period.

¹¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368308/20141030_Help_to_Buy_Equity_Loan_and_Help_to_Buy_NewBuy_statistical_release.pdf

Figure 41: Average Price of Properties Sold in each LA: Q4 2000-Q4 2012 (Source: HM Land Registry)

^{6.25} Nevertheless, the number of available properties below £150,000 has declined considerably. First time buyers, a key market driver for the sales sector, with limited purchasing power, have virtually no properties at lower values to purchase; affordability for them, therefore, has continued to decline significantly in the last 14 years despite the downturn period.

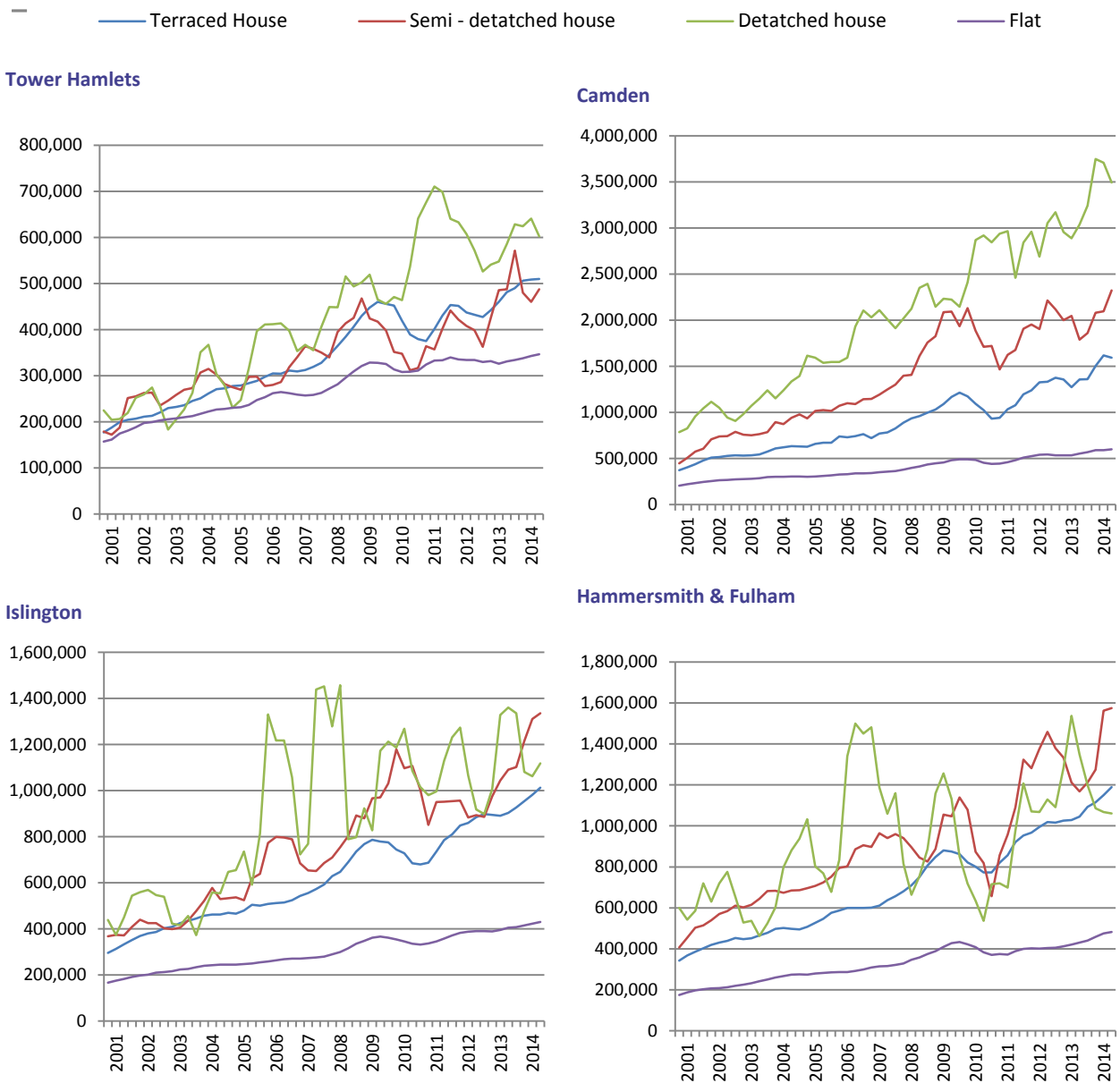
Figure 42: Percentage of Houses Sold below £150k: 2000-13 (Source: HM Land Registry)

^{6.26} House prices for different property types are (relatively) significantly lower than peer authorities. This has implications:

- » LBTH will continue to attract in-migrants seeking more cost effective home purchase solutions

» In addition, investors will target the area given relative opportunities for yield.

Figure 43: Average Price of Properties Sold in each LA: 2000-2013 (Source: HM Land Registry)



Rents

^{6.27} The private rented sector forms an increasingly important part of the overall housing offer in LBTH. The relative share of the housing market which is privately rented grew by 50+% between 2001 and 2011 Census, mostly from the conversion of existing tenures (see Chapter 7 for more detail).

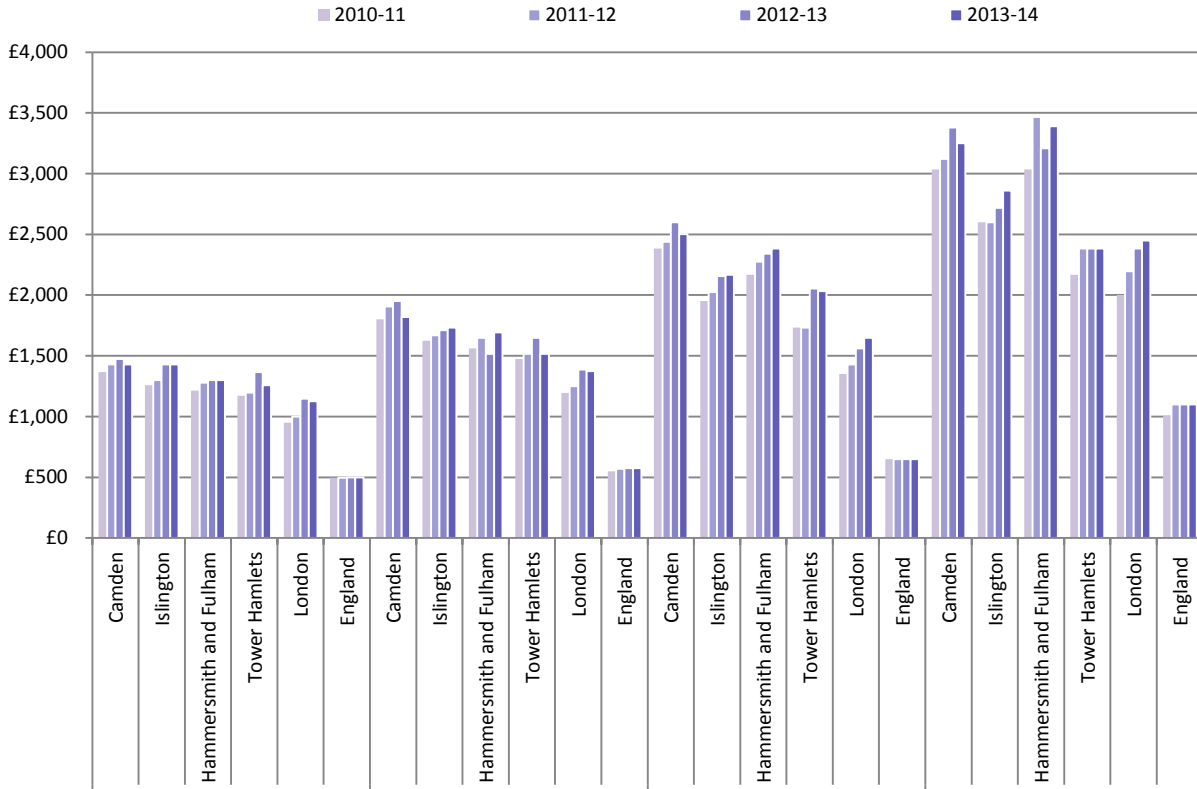
^{6.28} Overall, rental trends are upwards for all property sizes since 2010/11 although with some volatility (1 and 2 bed property rentals are lower in 2013/14 than 2012/13). Although rents are lower than peer authorities, the differential is not significant; again, the opportunity for investor yield should be noted.

Figure 44: Median Monthly Rent Values in London and England (Source: Valuation Office Agency 2010-2013)

	October 2010- September 11	October 2011- September 12	October 2012- September 13	April 2013- 14	March
Tower Hamlets					
1 bedroom	£1,170	£1,196	£1,365		£1,257
2 bedroom	£1,473	£1,517	£1,647		£1,517
3 bedrooms	£1,733	£1,733	£2,055		£2,033
4 or more bedrooms	£2,167	£2,383	£2,383		£2,383
Camden					
1 bedroom	£1,365	£1,430	£1,473		£1,430
2 bedroom	£1,800	£1,907	£1,950		£1,820
3 bedrooms	£2,383	£2,438	£2,600		£2,503
4 or more bedrooms	£3,033	£3,120	£3,380		£3,250
Islington					
1 bedroom	£1,257	£1,300	£1,430		£1,430
2 bedroom	£1,625	£1,668	£1,712		£1,733
3 bedrooms	£1,950	£2,026	£2,156		£2,167
4 or more bedrooms	£2,600	£2,600	£2,719		£2,860
Hammersmith and Fulham					
1 bedroom	£1,213	£1,278	£1,300		£1,300
2 bedroom	£1,560	£1,647	£1,517		£1,692
3 bedrooms	£2,167	£2,275	£2,340		£2,383
4 or more bedrooms	£3,033	£3,467	£3,207		£3,391
London					
1 bedroom	£950	£1,000	£1,148		£1,125
2 bedroom	£1,195	£1,250	£1,387		£1,375
3 bedrooms	£1,350	£1,430	£1,560		£1,647
4 or more bedrooms	£2,002	£2,197	£2,383		£2,450
England					
1 bedroom	£495	£495	£500		£500
2 bedroom	£550	£570	£575		£575
3 bedrooms	£650	£650	£650		£650
4 or more bedrooms	£1,006	£1,100	£1,100		£1,100

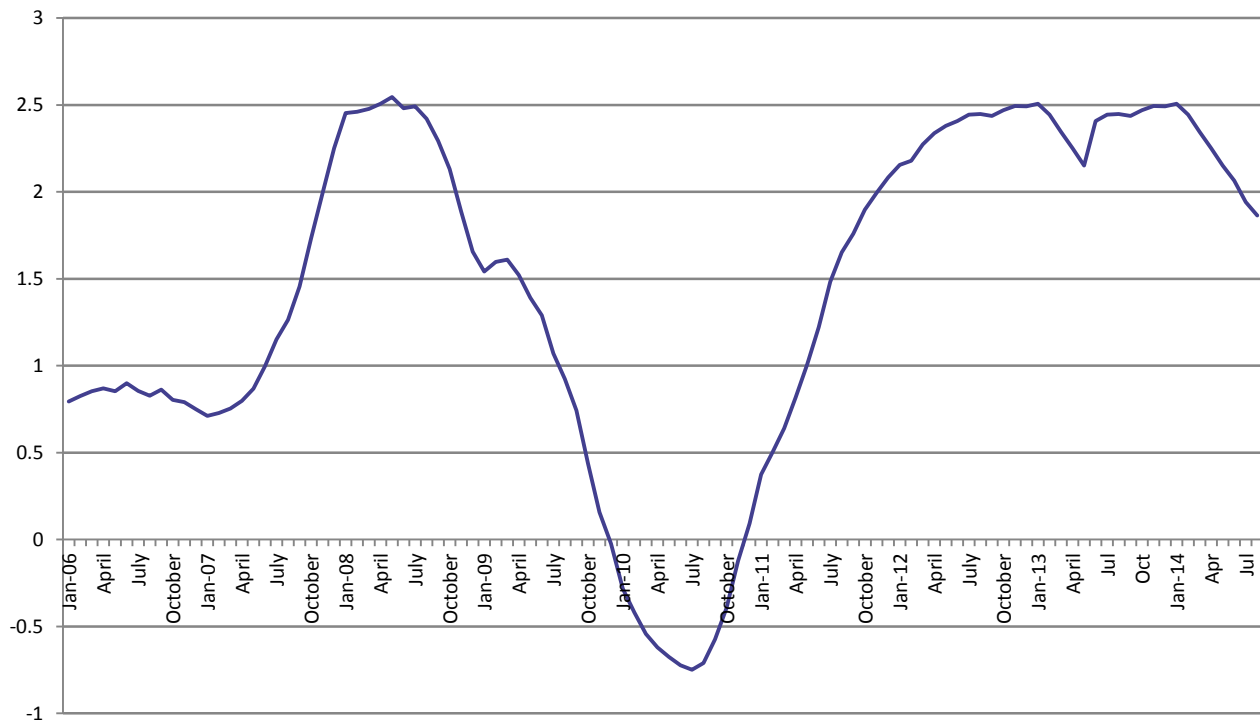
^{6.29} Median monthly rents are generally similar to comparator authorities, although comparators have seen a more significant surge in rentals in 2013/14 leading to a more recent enhanced differential from LBTH.

Figure 45: Median Monthly Rents in London and England (Source: Valuation Office Agency 2010-2013)



^{6.30} The rental increase trends over time can be seen in Figure 46. Although rent increases picked up in 2010/11, there has been a downward trend in part of 2013 and 2014, indicating some volatility in rentals as mentioned above.

Figure 46: Index of Private Housing Rental Prices (Source: ONS Index of Private Housing Rental Prices)

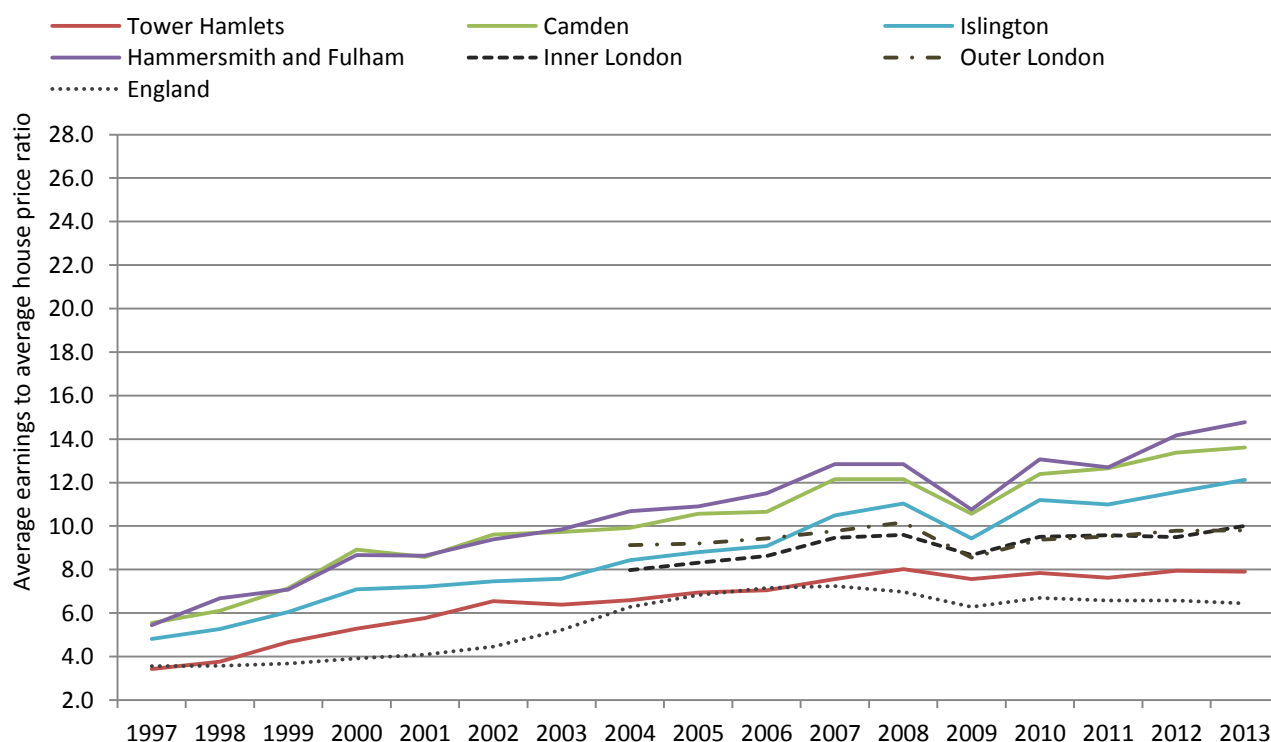


Housing Affordability

6.31 Long term trends in housing affordability show a worsening trend. In 2012/13 the ratio of lower quartile house price to lower quartile earnings was x 8.0 in Tower Hamlets. This is relatively better than for comparator authorities and might indicate why stakeholders continue to report a buoyant sales market in parts of Tower Hamlets.

6.32 NOTE: Affordability is further complicated by supply issues (e.g. housing delivery level) and demand side issues (e.g. lower availability of mortgage finance for first time buyers and reduced numbers of sales transactions since the market peak in 2008).

Figure 47: Ratio of Lower Quartile House Price to Lower Quartile Earnings by LA (Source: DCLG)



Rate of Development

6.33 Housing delivery has slowed across the UK since the market peak in 2007/08, although this trend has started to reverse in recent years. Local authority delivery has also started to pick up after many years of delivering very low numbers.

Figure 48: Housing Completions by delivery agent - England 2001-2014 (Source: CLG)

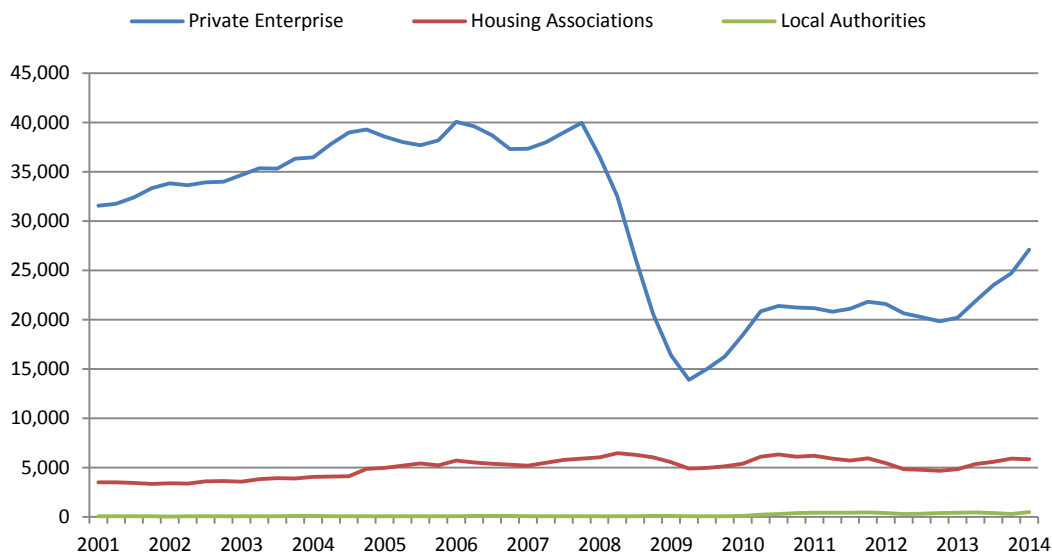
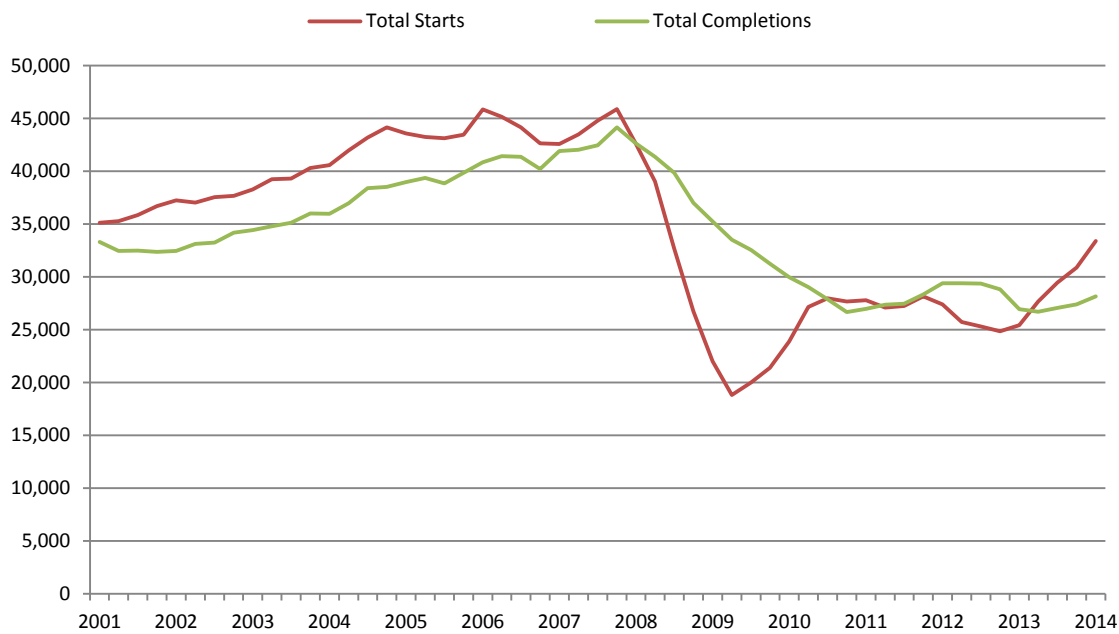


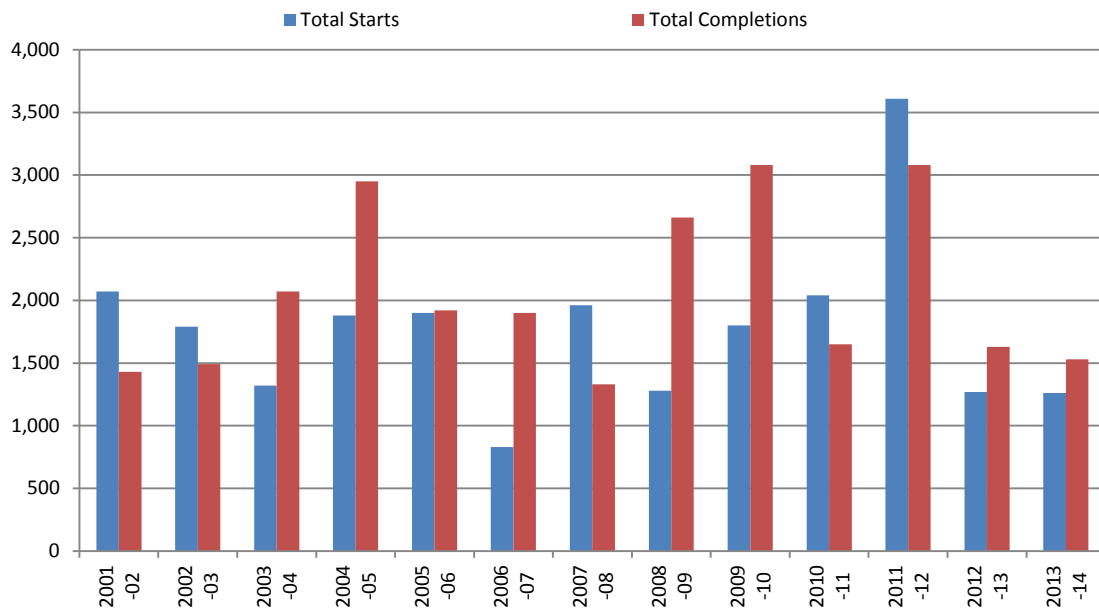
Figure 49: Total Housing Starts and Completions – England 2001-2014 (Source: CLG)



Delivery in Tower Hamlets

6.34 Housing starts and completions have remained relatively consistent over the past 10 years, with significant surges in completions in 2008/09 and 2009/10. Delivery in the last two years have been relatively low (2012/13; 2013/14).

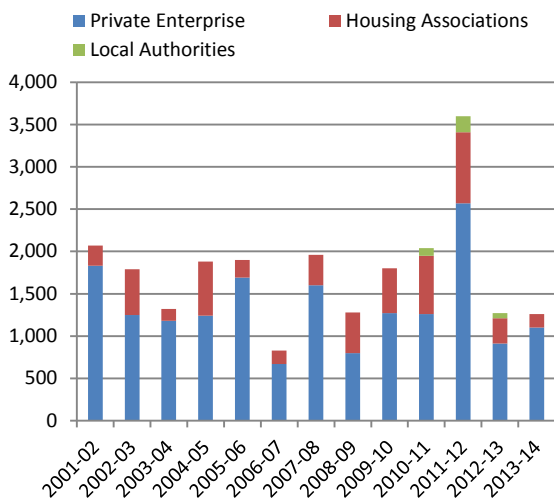
Figure 50: Housing Starts and Completions in Tower Hamlets 2001-2014 (Source: CLG)



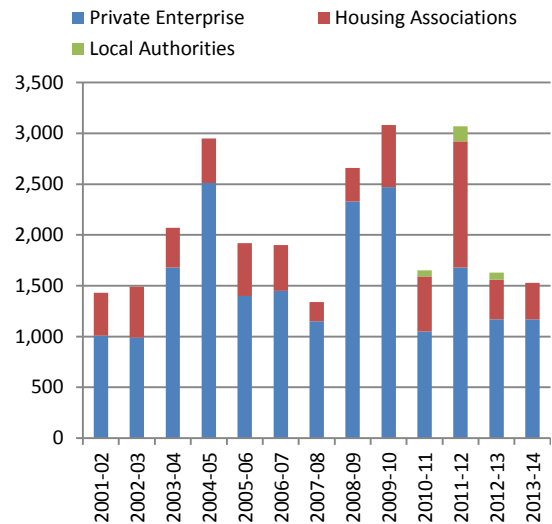
6.35 The source of housing delivery in Tower Hamlets has varied since 2001/02. Noticeable output changes include completions by housing associations being lower in 2012/13-2013/14 than in preceding years.

Figure 51: Tower Hamlets Housing Delivery 2009-2014 (Source: CLG Completions)

Dwellings Started



Dwellings Completed



Housing Need and Supply

6.36 Figure 52 below considers projected demand from household growth (using local authority data from AMR, SHLAA and the London Plan). Any inability to meet demand from projected supply raises implications for the meeting of housing need identified in the SHMA.

Figure 52: Comparison of Housing Demand and Supply in the HMA (Source: AMR, SHLAA, FALP)

	Tower Hamlets
HOUSING TARGET	
Annual Housing Target from Annual Monitoring Report	2,885
HOUSING SUPPLY	
Total Housing Land Supply identified by the London SHLAA 2013 (for 2015-2025)	39,314
Annualised housing land supply	3,931
COMPLETIONS	
Annualised completions 2008/09-2012/13	2,026

^{6.37} The figure of 39,314 from the London SHLAA 2013 is used as being the most up to date assessment of land availability and is in the Further Amendments to the London Plan document (FALP). The Annual Housing Target of 2,885 in the Tower Hamlets Annual Monitoring Report 2012/13 is based on the London Plan 2011.

^{6.38} The annualised completions shown in Figure 52 should be considered in a historic context. Tower Hamlets delivered 2,787 against the target of 2,885 in 2009/10 (97% of target). The percentage delivered against the target decreased to 83% in 2010/11, 36% in 2011/12, then increased to 43% in 2012/13. This is an average under supply of 816 per year for the four years 2009/10-2012/13. The 2008/09 delivery was 2,674 compared against the previous London Plan target of 3,150 per year. The FALP proposes a new target of 3,931 net additional dwellings annually.

^{6.39} Historically, delivery in Tower Hamlets has been below the annual target and delivery in the last two years (2011/12-2012/13) has been below 50% of the target. At the same time, the target is increasing. Assuming the FALP is adopted then achieving the proposed target of 3,931 will not only require an increase in delivery, but utilising the entire land supply identified by the London SHLAA 2013.

	Source
Tower Hamlets	<p>Annual Housing Target: http://www.towerhamlets.gov.uk/lgs/851-900/856_local_development_framework/annual_monitoring_report.aspx AMR 2012/13 Figure 18: London Plan (REMA) (2013) Monitoring Targets; 2,462 conventional supply per year + 382 non-conventional (non-self contained units) + 43 vacant dwellings = 2,887 in total</p>
	<p>Annualised completions: 2006/07-2012/13 http://www.towerhamlets.gov.uk/lgs/851-900/856_local_development_framework/annual_monitoring_report.aspx AMR 2012/13 Figure 19: Borough Housing Delivery</p>
	<p>Total Housing Land Supply Source: http://www.london.gov.uk/sites/default/files/FALP%20SHLAA%202013.pdf Table 3.16 Total Capacity by Borough 2015-2025; 33,172 large site capacity + 5,108 small site capacity + 190 Capacity from long term vacants returning to use + 844 Students non-self contained accommodation pipeline = 39,314</p>

Overcrowding

^{6.40} Overcrowding across all household types has increased across all household types between Census 2001-11 (+5.5%). The net change was higher for 'Other household types' including FTE students and those aged 65+. The overall increase in Tower Hamlets was higher than for all comparator authorities.

^{6.41} However, we would note that this uses a consistent 'room occupancy' definition of overcrowding across the 2 Censuses. Under this definition any bedsit or open plan one bedroom property would be considered overcrowded even if it is occupied by a single person. An alternative and typically more accurate measure of overcrowding, the bedroom standard, was included in the 2011 Census and this shows that 16.4% of households in Tower Hamlets are overcrowded which is still well above the London and England average.

Figure 53: Proportion of overcrowded households 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Tower Hamlets 2011	Net Change	Camden 2011	Net Change
One person household	23.7%	+5.3%	32.5%	+3.1%
Aged 65 and over	12.6%	-1.1%	21.7%	-0.1%
Other	26.0%	+5.7%	36.1%	+4.2%
One family only	34.0%	+1.9%	26.4%	+1.4%
All aged 65 and over	5.6%	+0.3%	5.1%	+0.4%
Couple: No children	19.7%	+7.4%	18.8%	+2.5%
Couple: Dependent children	49.3%	-3.8%	29.1%	-1.5%
Couple: All children non-dependent	22.1%	+1.2%	17.3%	+2.4%
Lone parent: Dependent children	45.0%	+3.5%	49.4%	+5.1%
Lone parent: All children non-dependent	24.9%	+2.4%	29.2%	+3.2%
Other household types	54.2%	+7.0%	47.9%	+3.9%
With dependent children	74.2%	-2.7%	55.5%	-2.1%
Other (including all full-time students and all aged 65 and over)	48.8%	+15.4%	46.2%	+6.3%
All Households	34.8%	+5.5%	32.5%	+2.7%

	Islington 2011	Net Change	Hammersmith and Fulham 2011	Net Change
One person household	24.7%	+4.1%	23.3%	+5.3%
Aged 65 and over	13.7%	-2.1%	13.7%	-0.1%
Other	27.6%	+5.3%	26.2%	+6.2%
One family only	26.5%	+1.3%	23.3%	+0.2%
All aged 65 and over	4.8%	-0.9%	3.4%	-0.3%
Couple: No children	19.9%	+6.4%	15.6%	+2.3%
Couple: Dependent children	31.3%	-2.7%	24.5%	-2.6%
Couple: All children non-dependent	16.4%	+0.0%	17.0%	+0.4%
Lone parent: Dependent children	41.9%	+1.1%	44.1%	-2.3%
Lone parent: All children non-dependent	22.0%	+2.5%	25.0%	-0.2%
Other household types	45.8%	+7.7%	45.6%	+1.2%
With dependent children	58.6%	+3.4%	53.2%	-0.5%
Other (including all full-time students and all aged 65 and over)	43.4%	+10.4%	44.2%	+2.0%
All Households	29.1%	+4.1%	27.6%	+2.4%

^{6.42} In terms of tenure, overcrowding has deteriorated more significantly in the Private Rented Sector (+0.3%) and owner occupied (+0.3%).

Figure 54: Overcrowded households by tenure 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

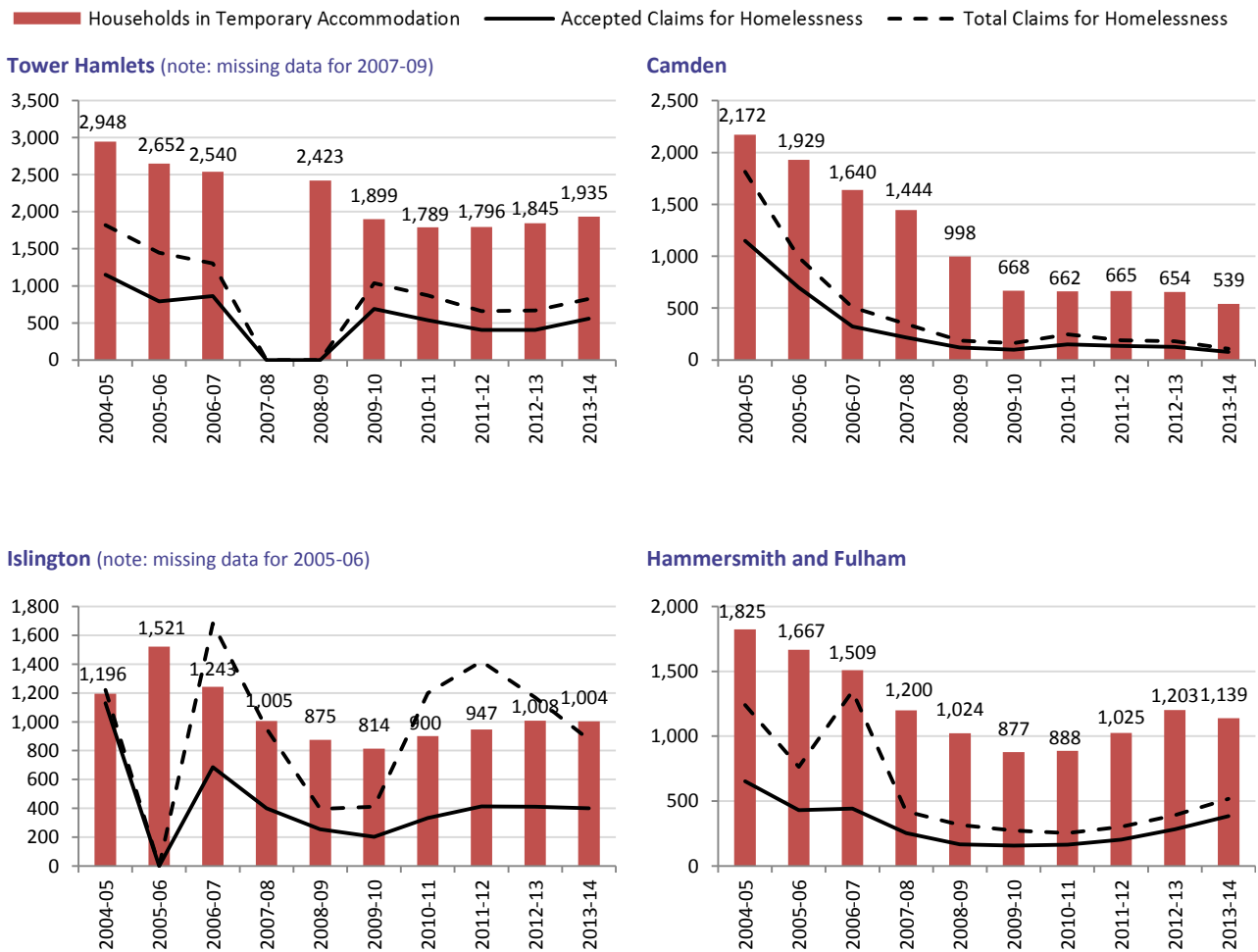
	All Tenures	Owned	Social Rent	Private Rent
Tower Hamlets 2011	34.80%	22.39%	36.61%	42.45%
Net change	+5.5%	+3.8%	+1.0%	+14.5%
Camden 2011	32.49%	15.32%	39.35%	42.40%
Net change	+2.7%	+0.7%	+1.9%	+3.6%
Islington 2011	29.06%	15.09%	29.46%	43.16%
Net change	+4.1%	+2.8%	-0.1%	+8.8%
Hammersmith and Fulham 2011	27.60%	11.86%	33.98%	38.43%
Net change	+2.4%	+0.2%	-0.2%	+0.3%

Homelessness

^{6.43} A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need.

^{6.44} Figure 55 overleaf shows the trends in total and accepted claims for homelessness and households in temporary accommodation within Tower Hamlets; these are at higher levels than comparator authorities. Although the long term trend is downwards, more recently this trend has reversed slightly.

Figure 55: Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation 2004-2014
(Source: Department for Communities and Local Government)



Conclusion on Market Signals

^{6.45} The evidence above indicates that Tower Hamlets, along with all other London Boroughs, faces extensive pressure on its housing market. This in turn would justify uplifting Objectively Assessed Needs from the baseline demographic projections. However, as noted earlier the GLA SHMA 2013 effectively uplifted the Objective Assessed Needs for London by around 13.5% when compared with the baseline demographic growth. Applying the GLA methodology to Tower Hamlets sees an uplift of 10% from the baseline demographic growth and therefore, the figures already contain a significant uplift. Therefore, if any further uplift for market signals was applied then this would simply represent double counting.

7. How should the needs for all types of housing be addressed?

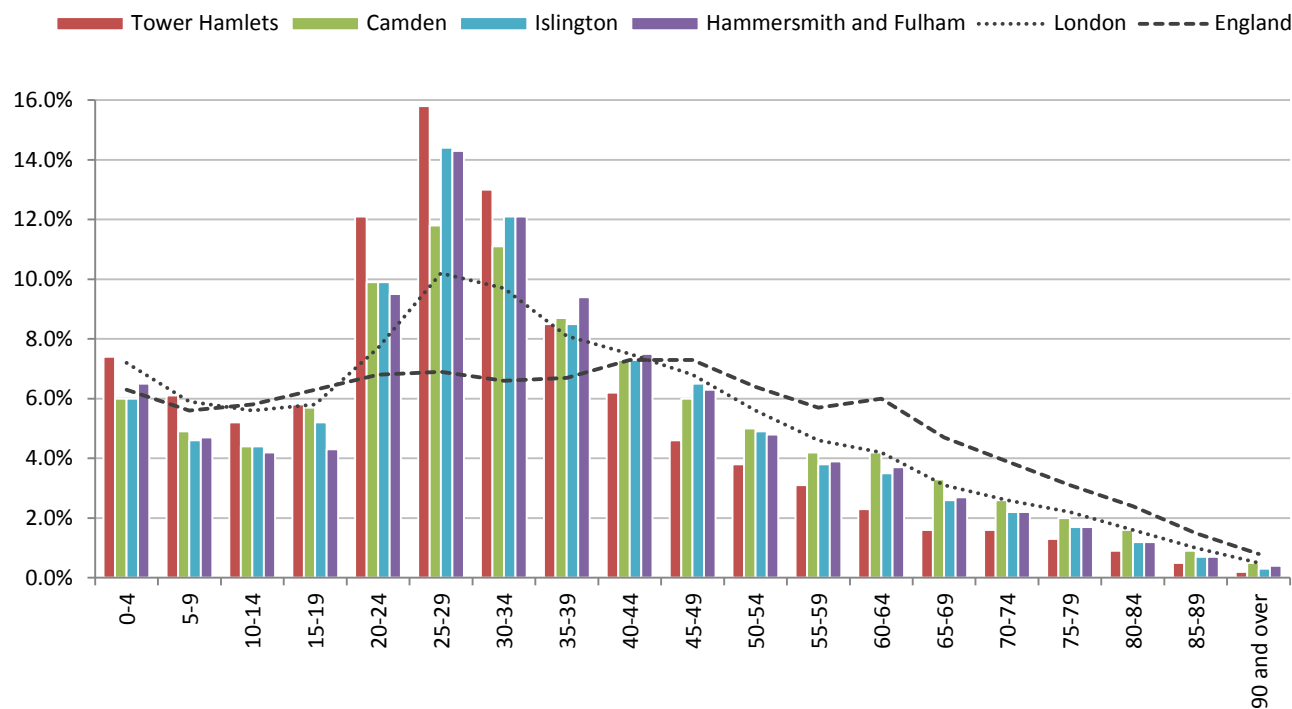
Introduction

^{7.1} This Chapter considers current and future demographic and stock trends as well as the needs of specific groups.

Age Profile

^{7.2} Figure 56 shows a comparison of the age structure for the population in Tower Hamlets against London and England. The most significant differences concern the relatively higher than peer group number of younger people especially in the 20-34 age range and the relatively lower numbers of older people.

Figure 56: Age Profiles for Tower Hamlets (Source: UK Census of Population 2011)



Household Type

^{7.3} The key inter-censal changes in household type have been the relative reduction in one person households aged 65+ (-4.3 percentage points) and the increase in other household types (+5.0 percentage points). While Tower Hamlets has seen a relative fall in the number of households containing only one family as defined by the Census, the comparator authorities have shown a relative increase. LBTH has also seen a relatively higher than peer increase in Other household types. We would note that the high rate of growth in Tower Hamlets has seen all household types grow and we are focusing here on relative changes. We would also note that in the Census a family can be a couple with or without children or a lone parent with dependent or non-dependent children.

Figure 57: Ten Year Difference in Household Characteristics for (Source: UK Census of Population 2001 and 2011)

	Tower Hamlets 2011	Net Change	Camden 2011	Net Change
One person household	34.6%	-4.3%	40.5%	-5.6%
Aged 65 and over	6.0%	-5.1%	10.4%	-1.5%
Other	28.6%	+0.8%	30.2%	-4.0%
One family only	43.8%	-0.7%	42.6%	+3.3%
All aged 65 and over	1.3%	-1.6%	2.7%	-0.3%
Couple: No children	14.7%	+2.0%	14.7%	+2.0%
Couple: Dependent children	14.8%	-0.8%	12.5%	+1.2%
Couple: All children non-dependent	2.3%	-0.5%	2.7%	+0.2%
Lone parent: Dependent children	7.2%	+0.2%	6.4%	-0.3%
Lone parent: All children non-dependent	3.4%	-0.0%	3.5%	+0.6%
Other household types (including pensioners, and students)	21.6%	+5.0%	16.9%	+2.2%

	Islington 2011	Net Change	Hammersmith and Fulham 2011	Net Change
One person household	38.7%	-5.4%	37.4%	-2.9%
Aged 65 and over	8.1%	-3.6%	8.8%	-4.1%
Other	30.6%	-1.8%	28.7%	+1.2%
One family only	44.3%	+2.1%	43.3%	+3.1%
All aged 65 and over	1.9%	-0.8%	2.0%	-0.8%
Couple: No children	16.0%	+3.5%	14.7%	+1.4%
Couple: Dependent children	10.5%	-0.7%	12.8%	+1.4%
Couple: All children non-dependent	2.7%	-0.3%	2.7%	-0.1%
Lone parent: Dependent children	9.2%	-0.2%	7.2%	+0.6%
Lone parent: All children non-dependent	4.1%	+0.6%	3.9%	+0.5%
Other household types (including pensioners, and students)	17.0%	+3.3%	19.3%	-0.2%

^{7.4} Figure 58 summarises the total population for the study area based on results from the 2001 and 2011 UK Census of Population. LBTH's population increased by +29.6% and households by +28.9%. This is

significantly higher than peer authorities and London and reflects the high rate of development which has occurred in the borough.

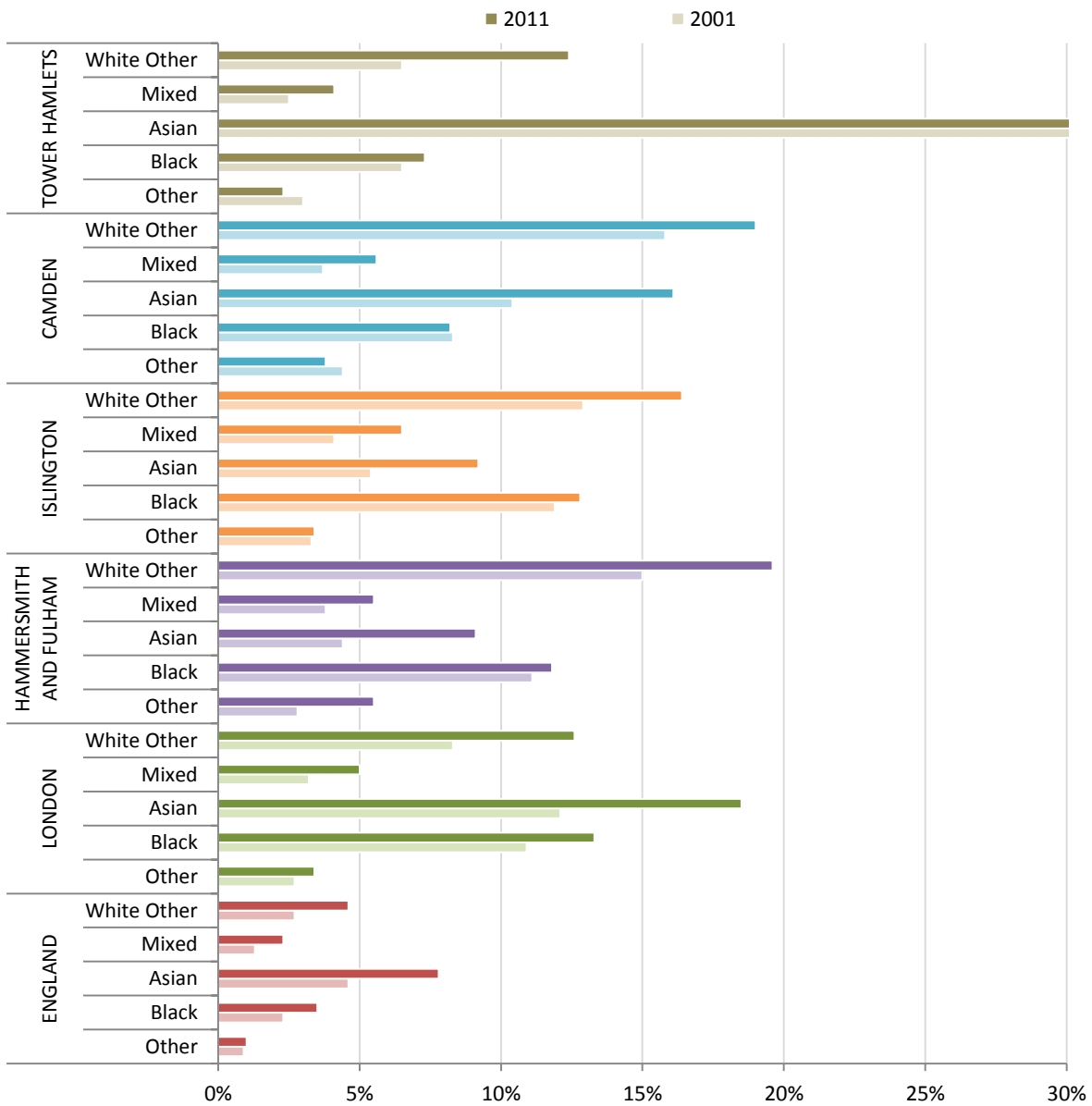
Figure 58: Population in Tower Hamlets (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

Local Authority	Persons			Households	
	Number of persons	Household residents	Communal establishment residents	Number of households	Average household size
Tower Hamlets					
2001	196,119	193,991	2,128	78,532	2.47
2011	254,096	250,343	3,753	101,257	2.47
<i>Change</i>	<i>+57,977</i>	<i>+56,352</i>	<i>+1,625</i>	<i>+22,725</i>	<i>+0.00</i>
(%)	+29.6%	+29.0%	+76.4%	+28.9%	+0.0%
Camden					
2001	198,019	188,724	9,295	91,602	2.06
2011	220,338	212,443	7,895	97,534	2.18
<i>Change</i>	<i>+22,319</i>	<i>+23,719</i>	<i>-1,400</i>	<i>+5,932</i>	<i>+0.12</i>
(%)	+11.3%	+12.6%	-15.1%	+6.5%	+5.7%
Islington					
2001	175,792	172,260	3,532	82,279	2.09
2011	206,125	200,134	5,991	93,556	2.14
<i>Change</i>	<i>+30,333</i>	<i>+27,874</i>	<i>+2,459</i>	<i>+11,277</i>	<i>+0.05</i>
(%)	+17.3%	+16.2%	+69.6%	+13.7%	+2.2%
Hammersmith and Fulham					
2001	165,256	163,185	2,071	75,439	2.16
2011	182,493	180,652	1,841	80,590	2.24
<i>Change</i>	<i>+17,237</i>	<i>+17,467</i>	<i>-230</i>	<i>+5,151</i>	<i>+0.08</i>
(%)	+10.4%	+10.7%	-11.1%	+6.8%	+3.6%
London					
2001	7,172,091	7,078,632	93,459	3,015,997	2.34
2011	8,173,941	8,073,700	100,241	3,266,173	2.47
<i>Change</i>	<i>+1,001,850</i>	<i>+995,068</i>	<i>+6,782</i>	<i>+250,176</i>	<i>+0.13</i>
(%)	14.0%	+14.1%	+7.3%	+8.3%	+5.3%

Minority Ethnic Groups

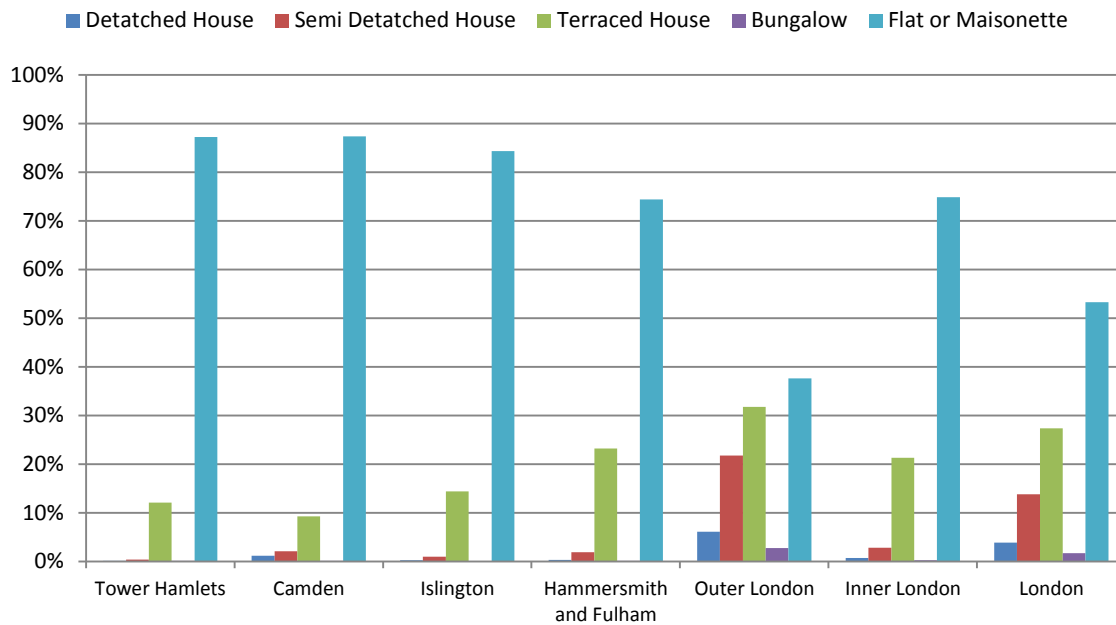
- ^{7.5} The number of people from a minority ethnic group in LBTH has increased by 56.2% since 2001 Census, and now forms 68.8% of the total population. As a relative share of the population, minority ethnic groups have risen from 57.1% in 2001 to 68.8% in 2011.
- ^{7.6} In terms of relative proportions, the key increase has been amongst White Other; there is a similar pattern for this group across peer authorities. We would note that definitions for ethnicity did change between the 2001 and 2011 Censuses, so some of the changes between minority ethnic groups can be accounted for by this.

Figure 59: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)



Current Stock

^{7.7} In keeping with other inner London boroughs, LBTH’s stock is primarily flats, with very few terraced houses and virtually no detached/semi-detached properties.

Figure 60: Proportion of Dwelling Type by Area (Source: Valuation Office Agency, August 2012)

Tenure Profile

- ^{7.8} The dominant form of housing tenure in Tower Hamlets continues to be social rent, although the sector has declined relatively by 12.9 percentage points since 2001. In the same period, the private rented sector (PRS) has grown significantly to 33.8% in 2011 from a base of 18.3% in 2001, higher than comparator boroughs and London.
- ^{7.9} Given new build delivery rates, the private rent sector in Tower Hamlets is growing via the conversion of other tenures rather than new build. Tower Hamlet Homes, the ALMO, reports that around 50% of properties sold under Right to Buy are now privately rented.

Figure 61: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)



Private Rented Sector

Rates of Change

^{7.10} When the rate of inter-censal change is considered, the rate of increase in size is revealing; across Tower Hamlets, the Private Rented Sector (PRS) has grown by over 135%, and has increased its relative share of the housing stock in Tower Hamlets by 82%. This is a significant change and indicates how the housing opportunities in Tower Hamlets are changing. It could be that the relatively low supply of new/existing affordable housing means households are meeting their housing need in the PRS. Affordability pressures indicate that this trend is likely to continue.

Recent Private Rented Sector Trends

^{7.11} This section considers some of the key trends driving the Private Rented Sector (PRS).

^{7.12} **PRS size is relatively uniform in England but higher in London:** Analysis of census data by Birmingham University's Centre on Housing Assets and Savings Management (CHASM) (December 2013) shows that the proportion of households living in the PRS is relatively uniform across the English regions whereas in London the sector was considerably larger in 2001 and the difference had increased further by 2011. The experience in London, where in some areas half of all households now rent, may provide an indication of how the PRS could develop, especially in relatively higher value and/or high demand areas.

^{7.13} **PRS has high, and increasing, occupancy levels:** At the same time as the stock let as PRS increased, PRS occupation levels have also increased; households form at a faster rate than new supply so existing stock has to accommodate them. Hometrack analysis (December 2012) found 50% of London's PRS homes were fully occupied and commented '*The luxury of a spare room is a thing of the past for many London tenants*'. There are also indications that tenants are increasing occupancy levels in order to be

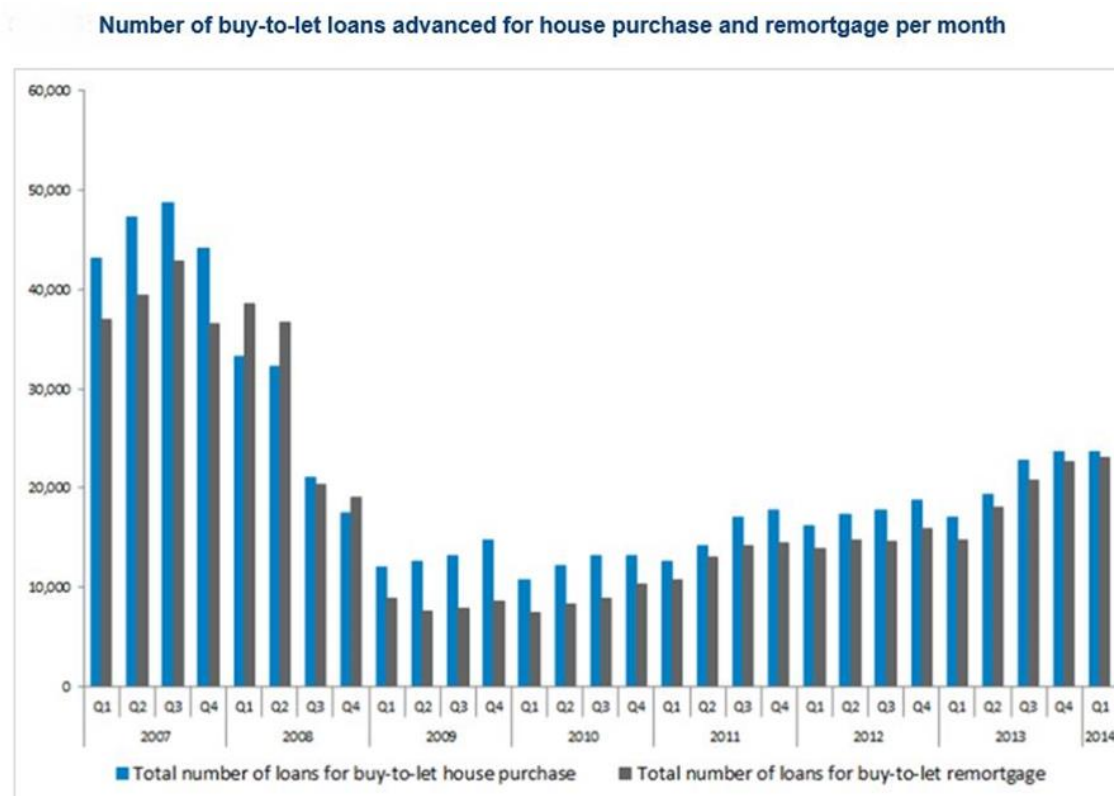
able to meet higher rent levels (Estates Gazette, October 2013). Overcrowding in the PRS and the growth in numbers of HMOs are also to be noted. It should be noted, however, that in some areas, for example Liverpool and Sheffield, local authorities are faced with an oversupply of poor quality housing rather than overcrowding.

- 7.14 **Most PRS landlords have small portfolios:** It is significant that, according to the DCLG Private Landlords Survey 2010, 89% of PRS landlords are private individuals, accounting for 71% of all PRS dwellings, with 78% of all landlords owning a single dwelling for rent – 40% of the total housing stock. Only 5% of landlords were companies, accounting for 15% of PRS stock. The majority of new entrants to the market in recent years have been individuals. Some are ‘accidental’ landlords who have been unable to sell at the price they need following the 2008 fall in housing market values, others have seen opportunities in ‘buy to let’, with 76% of individual landlords viewing property letting as a pension or investment (DCLG Private Landlords Survey 2010).
- 7.15 **Budget 2014 and Pensions Reform:** The pensions reforms announced in the 2014 Budget allowing people aged 55 or over to withdraw their entire pension fund may encourage a boom in buy to let sales as pensioners turn away from annuities with high commissions and low income. An added attraction is that such property assets could be left to children, unlike the capital used to buy an annuity.
- 7.16 Residential property cannot be held within a pension, making growth liable for capital gains tax, and some commentators suggest that those looking for capital growth rather than rental income are taking a significant risk; basically, as current property prices are high, yields are low and mortgage interest rates are bound to increase. Most pensioners would require a mortgage as well as their lump sum, making them vulnerable to interest rate fluctuations.
- 7.17 Opinions differ on whether house prices will continue to rise, some suggest that limited supply and pressure from an increasing population will maintain growth. Only those with large pension pots would be able to buy in the South of the UK, purchases are therefore more likely in other parts of the country, contributing to competition for property purchase. Some commentators have suggested that the reforms will have a limited effect on the buy to let market and that pensioners are more likely to use their fund to pay off an existing mortgage or help children to buy.
- 7.18 **Right to Buy Conversions to PRS:** The Right to Buy has resulted in a large number of social housing properties entering the PRS as tenants who have exercised their right either let their property or sell it on to a private landlord. Newham Council in London has commented that ‘the majority’ of its social homes sold under RTB are now privately rented (Inside Housing, 25 June 2014). In London, a study by GLA Member Tom Copley showed that in London a fifth of the 271,483 social homes sold under the right to buy (52,000) since the policy was introduced are now owned by private landlords (See ‘From Right to Buy to Buy to Let’ – Tom Copley MGLA 2014).
- 7.19 The RTB scheme was re-launched in April 2012 with increased maximum discount levels and Budget 2013 reduced the qualifying period from 5 to 3 years to incentivise applications further. The re-launch aims to achieve 100,000 sales nationally.
- 7.20 **Local Government strategy initiatives:** Concerns about rising rents in London led Camden Council to commission a report from the London School of Economics. ‘Rent Stabilisation: Principles and international experience (September 2014)’¹² recommends that Camden should “*positively enable longer-term tenancies with index-linked rent increases, voluntarily agreed by landlord and tenant, while at the same time improving transparency and contractual enforcement for both landlords and tenants*”.

¹² <http://www.lse.ac.uk/geographyAndEnvironment/research/london/pdf/Rent-Stabilisation-report-2014.pdf>

- 7.21 **Market response by Landlords to Housing benefit households and Welfare reform:** Benefit reforms and concerns about the Local Housing Allowance in some areas being insufficient to cover private rents have led to some landlords refusing to house benefit recipients and in a few high profile cases evicting tenants on benefits or disposing of their portfolio.
- 7.22 **Increasing Buy to Let mortgage lending:** The number of buy to let mortgages in the UK market fell away sharply in 2008 and 2009, but has since stabilised and risen again, although only to pre-2008 levels. Interestingly, the number of BTL mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First time Buyers (c.25,000). Lending to PRS, therefore, seems likely to continue.

Figure 62: Buy to Let Mortgages (Source: Council of Mortgage Lenders)



- 7.23 **PRS does not contribute significantly to new supply (although this could change):** The PRS does not contribute significantly to new housing supply, being reliant for growth mainly on the tenure conversion of existing owner occupied stock. There is, however, considerable current interest in attracting investment to boost new build PRS supply, particularly from Government (*see Review of the Barriers to Institutional Investment in Private Rented Homes; Montague Review 2012*). This issue is considered later in this Chapter.

Private Rent Classification

- 7.24 Figure 63 shows different Census categories for broad “private rent” classification. Private rent includes not only homes rented from private landlords and letting agents, but also tied housing where employees are provided with accommodation linked to their jobs and other variants.
- 7.25 Over 90% of households who rent privately do so from a landlord or agency, similar to comparator authorities. Further, some c.4% of private renters live rent free, with another c.4% who rent from friends or family.

Figure 63: Categories of Private Rented Housing by Area (Source: UK Census of Population 2011)

Houses in Multiple Occupation

^{7.26} Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). HMO accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Licensable HMOs must be at least 3 storeys high and accommodate 5 people, at least two of whom must be unrelated, or contain 6 persons, at least two of whom must be unrelated. The 2011 Census does not directly define HMOs, but it contains a range of measures of household types which can be used as a proxy for HMO type households containing unrelated persons. The one we most commonly use is household type to include both all student households and also the category Other Households without dependent children. This is not a fully accurate measure of HMOs, but is the closest available from the 2001 Census.

^{7.27} HMOs make an important contribution to the private rented sector by providing housing for specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

^{7.28} The number of no-student households living in HMOs in Tower Hamlets has increased by +94.3% between 2001/2011. This is significantly higher than comparator authorities and London.

Figure 64: Houses in Multiple Occupation (Source: Census 2001/2011)

	Students	Other households	Total
Household Composition			
2001	832	7,796	8628
2011	1974	15,145	17119
Change (%)	1142 137.3%	7349 94.3%	8491 98.4%

Camden			
	Students	Other households	Total
Household Composition			
2001	841	9,124	9965
2011	2322	10795	13117
Change (%)	1481 176.1%	1671 18.3%	3152 31.6%

Islington			
	Students	Other households	Total
Household Composition			
2001	611	7,821	8432
2011	1290	11854	13144
Change (%)	679 111.1%	4033 51.6%	4712 55.9%

Hammersmith and Fulham			
	Students	Other households	Total
Household Composition			
2001	468	11,172	11640
2011	1166	11792	12958
Change (%)	698 149.1%	620 5.5%	1318 11.3%

London			
	Students	Other households	Total
Household Composition			
2001	14,034	231,712	245,746
2011	24,384	306,687	331,071
Change (%)	+10,350 +73.7%	+74,975 +32.4%	+85,325 +34.7%

Welfare Reform and Private Sector Rented Housing

- ^{7.29} Welfare Reform carries risks for those households on low incomes in the Private Rented Sector. Arguably, in recent years this sector has contributed to meeting housing need among lower income households who cannot access affordable/social housing. Further, some existing private rented stock has become, in effect, part of the “affordable housing” stock.
- ^{7.30} Welfare Reform has been undertaken for various reasons including concerns over the cost of Benefits to the nation, and perceived issues that the current system is too complex and provides a disincentive to finding work.
- ^{7.31} As a result, new legislation has been introduced (Welfare Reform Act 2012) and this is currently being implemented.

Figure 65: Summary of legislative changes affecting private tenants' LHA (Source: Shelter)

Change	Effective from
Introduction of absolute caps on the maximum rates that can be paid for each size of property	April 2011
Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate	April 2011
Stopping claimants being able to keep up to a £15 'excess' above their actual rent if their rent is below the LHA rate	April 2011
Increasing deductions for non-dependants living with HB claimants	April 2011
Setting maximum LHA at the 30 th percentile of local rents instead of the median	October 2011
Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents	April 2013
Introduction of caps on household benefits to £500 pw for couples and single parent households, £350 for single persons (working age only)	April 2013

Local Housing Allowances

^{7.32} Local housing allowance (LHA) rates are capped and set at the 30th percentile of local rents (pre-reform this was the 50th percentile). For LBTH, this is for LHA in Inner East London. Figure 66 shows the change in terms of the local Broad Rental Market Areas and those adjacent. The change has meant a significantly lower LHA figure for each property size in the Borough.

Figure 66: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in London – March 2011 and August 2014 (Source: Valuation Office Agency 2011 and 2014)

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

Impact of Benefit Reform on the Private Rented Sector

^{7.33} This section covers available evidence regarding the impact of reform on Housing Benefit and the private rented sector.

^{7.34} While many households may choose to live in private rented accommodation with housing benefit support, others might prefer an affordable tenancy, but are unable to access one due to housing supply in the sector. To meet these aspirations, more affordable housing would need to be provided.

^{7.35} Overall, LBTH has seen a fall in claimant numbers and this is comparable with comparator authorities. Overall, the impact of reform and rising rents seems to have impacted rather more on Inner than Outer London boroughs who in many cases have continued to see a rise in housing benefit claimants in the private rented sector..

Figure 67: Change in Housing Benefit Claimants in the Private Rented Sector for Local Authorities in London (Source: DWP)

	% Change May 2013 - May 2014	Absolute Change May 2013 - May 2014	Rolling 12-month Change Jan 2012- May 2014
Redbridge	3.95%	404	
Hounslow	2.88%	222	
Barnet	2.80%	448	
Havering	1.79%	92	
Enfield	1.21%	226	
Harrow	0.89%	89	
Barking and Dagenham	0.85%	64	
Ealing	0.55%	79	
Hillingdon	-0.23%	-20	
Newham	-0.33%	-49	
Brent	-0.50%	-88	
Croydon	-0.97%	-170	
Richmond upon Thames	-1.48%	-45	
Sutton	-2.03%	-106	
Kingston upon Thames	-2.17%	-87	
Bexley	-2.21%	-120	
Haringey	-2.76%	-398	
Greenwich	-3.13%	-196	
Camden	-3.65%	-164	
Hackney	-3.80%	-386	
Wandsworth	-4.39%	-355	
Merton	-4.49%	-348	
Tower Hamlets	-4.64%	-243	
City of London	-5.26%	-2	
Bromley	-5.28%	-312	
Lewisham	-5.57%	-635	
Islington	-5.63%	-204	
Lambeth	-6.73%	-581	
Waltham Forest	-7.75%	-821	
Kensington and Chelsea	-8.35%	-268	
Hammersmith and Fulham	-8.58%	-353	
Westminster	-9.39%	-583	
Southwark	-12.47%	-678	

^{7.36} In relative terms, Inner London authorities have seen faster reductions in housing benefit claimants in the private rented sector than Outer London, London overall and England. Some of the reduction may be due to economic factors as more people find work and are able to afford their own rents. However,

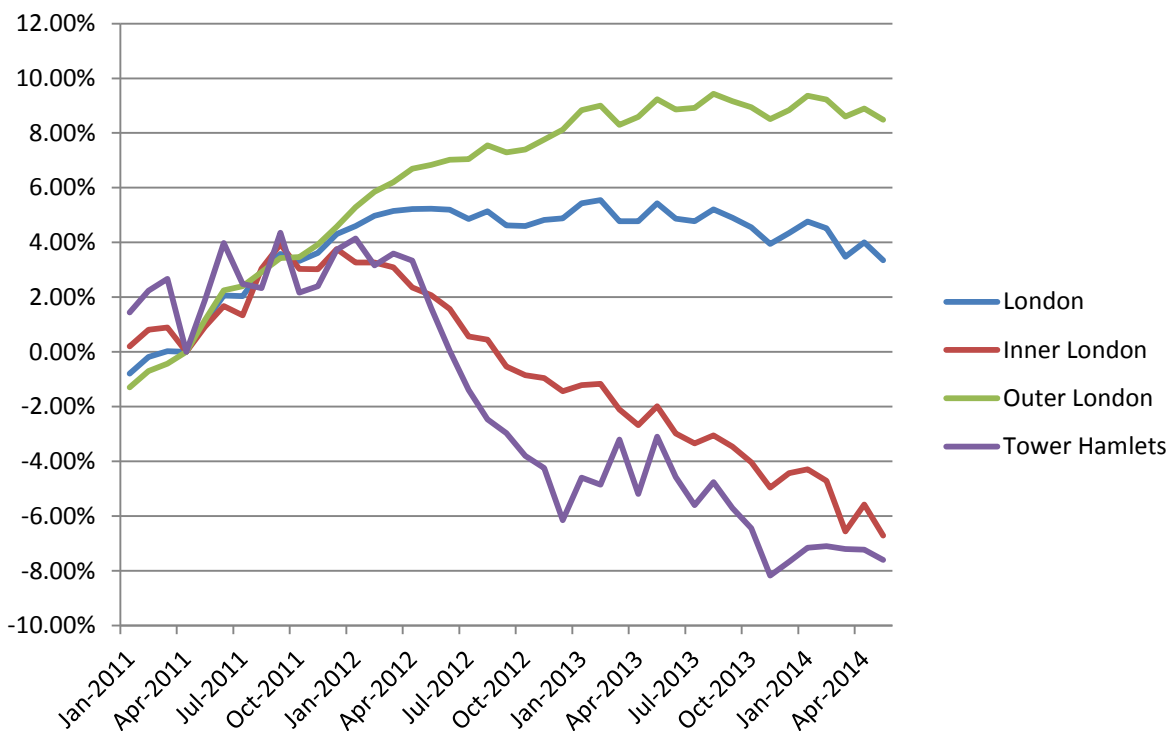
the relative changes indicate that rising rents in Inner London combined with Welfare Reform appear to have reduced the number of households claiming housing benefit in the private rented sector.

Figure 68: Change in Housing Benefit Claimants in the Private Rented Sector (Source: DWP)

	% Change May 2013 - May 2014	Absolute Change May 2013 - May 2014	Rolling 12-month Change Jan 2012- May 2014
England	-2.12%	-31,622	
London	-1.98%	-5,559	
Inner London	-4.82%	-4,264	
Outer London	-0.69%	-1,324	

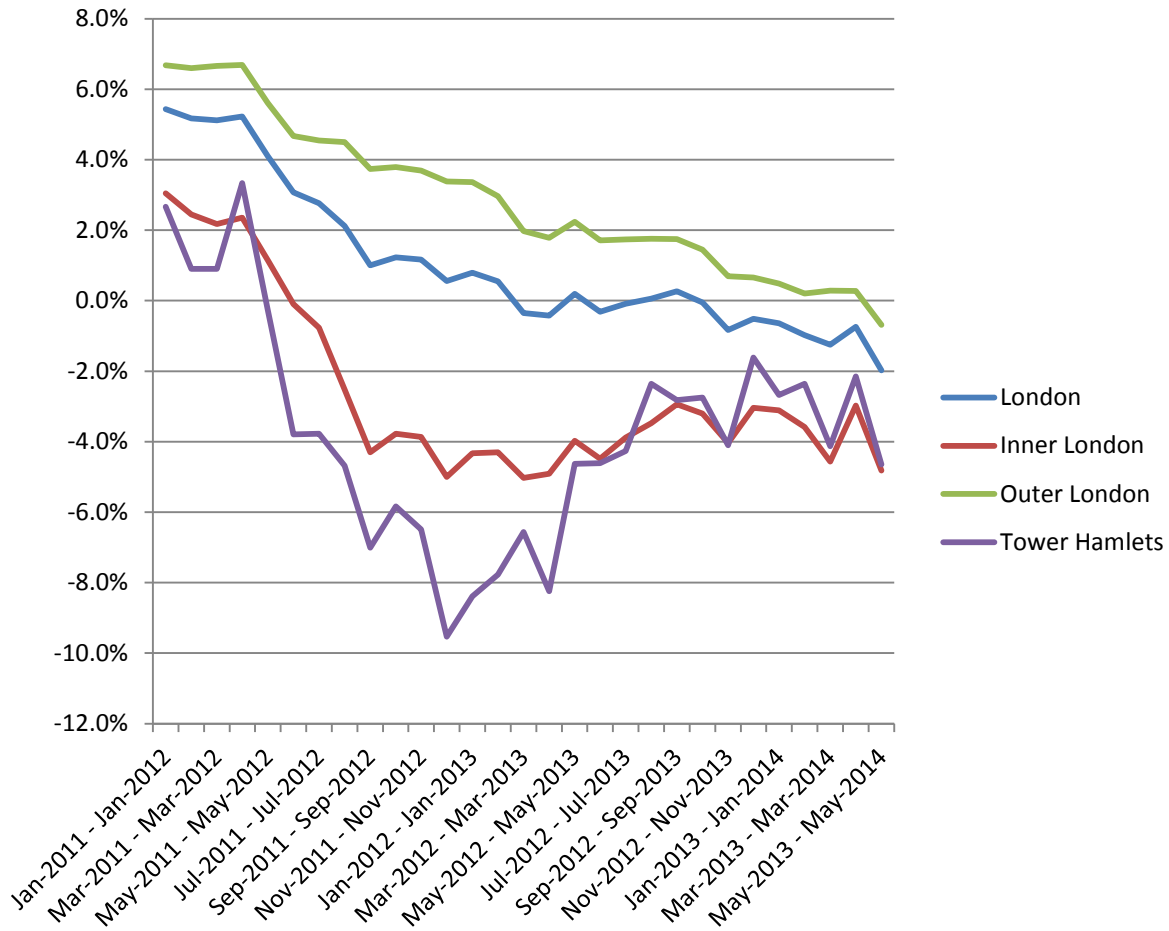
^{7.37} Since early 2013, the relative change in the (%) of PRS tenants claiming Housing Benefit can be seen below. The most significant decrease is in Tower Hamlets, and, in this, LBTH has had higher relative reduction in claimants than all Inner London boroughs overall. Arguably, this highlights the impact of both rising rents and Welfare Reform as the rate of change in rents has outstripped the amount of benefit households can claim. Improving economic conditions may also have reduced the number of households who require help with their rental costs.. Note: a small number of claimants in some areas generates a percentage change that can look more significant due to the small base.

Figure 69: Relative Change in Housing Benefit Claimants in the Private Rented Sector HMA (smoothed to 3 month rolling average) (Source: DWP)



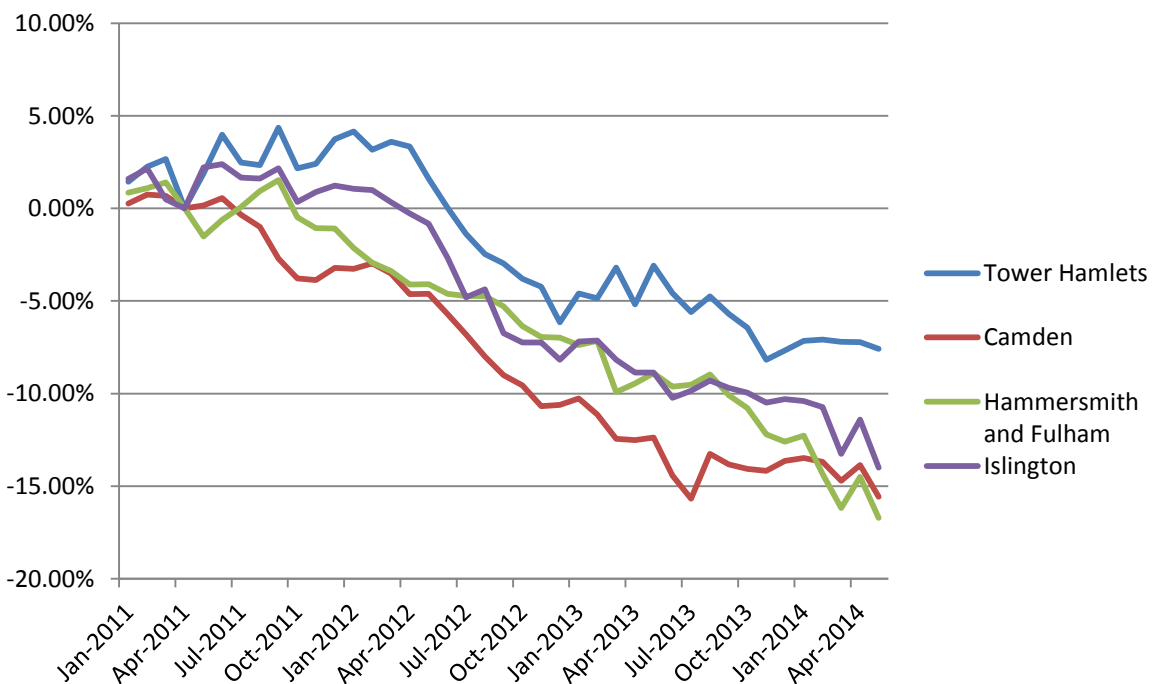
^{7.38} The rolling 12 month trend also highlights how LBTH has had higher relative reduction in claimants than Inner London boroughs, although the position has, arguably, stabilised relatively since May 2013.

Figure 70: Rolling 12-month Change in Housing Benefit Claimants in the Private Rented Sector (Source: DWP)



7.39 When we consider relative change between Tower Hamlets and comparator authorities, however, the other three authorities appear to have had a higher relative reduction in claimants than LBTH.

Figure 71: Relative Change in Housing Benefit Claimants in the Private Rented Sector and comparators group (Source: DWP)



Market Response to Benefit Reform

^{7.40} From fieldwork interviews, there is also qualitative evidence to suggest how the market is reacting to Welfare reform:

Supply:

- » Some Private landlords are withdrawing from the HB sector and have served notice on tenants receiving Housing Benefit
- » Landlords are not anticipating reductions in rents
- » Some private rent properties may be sold or revert to owner occupation

Demand:

- » Increases in homelessness applications or those seeking housing advice may occur as properties are withdrawn from the sector
- » Options to move, for example, to smaller or cheaper homes are limited due to low supply
- » Affordability may worsen as tenants commit more disposable incomes to rent
- » Redistribution of tenants: there may be a move by HB households out of more expensive rental areas to other, cheaper areas. This can be within Tower Hamlets as well as with authorities outside the HMA.
- » Arrears levels are rising

Social Housing Tenants – Housing Benefit

^{7.41} As at May 2014, 3.34 million social housing tenants in Britain were receiving Housing Benefit. The changes to the calculation of Housing Benefit for social housing tenants are set out in Figure 72.

Figure 72: Summary of legislative changes affecting social housing tenants

Change	Effective from
Increasing deductions for non-dependants living with HB claimants	April 2011
Introduction of caps on household benefits to £500 pw for couples and single parent households, £350 for single persons (working age only)	April 2013
Introduction of size criteria (also known as removal of the spare room subsidy or bedroom tax)	April 2013

Deductions for Non-Dependants

^{7.42} Deductions are made from payments for non-dependants living with HB claimants, in line with the changes to private sector tenants.

Benefit Cap at £500 per week

^{7.43} In April 2013 a cap was introduced on the total amount of benefits that a household could receive; in practice this meant that HB could be reduced so that tenants had to make up the difference from other net income or move to cheaper accommodation.

Size Criteria

^{7.44} The introduction of size criteria (also known as the 'Bedroom Tax') for working age households, means that benefit payments are reduced if a household occupied a property with more bedrooms than they

need. The intention was to encourage under-occupying households to seek transfers to smaller properties in order to vacate family housing required by households in housing need.

Other Non-housing Benefit Reforms

^{7.45} The Government is also introducing reforms to a number of non-housing benefits:

Figure 73: Summary of main changes to benefits (Source: Citizens' Advice Bureau)¹³

Change	Effective from
Universal Credit to replace most means-tested benefits	Pilot: April 2013 Roll out: from October 2013
Personal Independence Payments to replace Disability Living Allowance	Pilot: April 2013 ; Roll out: June 2013
Local schemes to replace Council Tax benefit	April 2013
Claimant commitment introduced for job seekers	April 2013
Social Fund – parts abolished, including Community Care grants and crisis loans	April 2013
Child Benefit reduced for high earners	January 2013

^{7.46} We have not considered Universal Credit (UC): UC replaces Jobseekers Allowance, Employment and Support Allowance, Income Support, Child Tax credits, Working Tax credits and HB with a single payment, with the stated intention to “*help claimants and their families to become more independent*” and “*simplify the benefits system*” (Source: DWP).

^{7.47} UC is being introduced in stages across the country, as at August 2014 there were 11,070 claimants, of whom nearly 60% were under 25 (Source: Information Exploitation and Security Directorate, DWP; 17 September 2014). This falls short of the original target of 1m by April 2014, a delay which has been attributed to technology problems. Commentators have criticised the new system, suggesting that many claimants lacked the skills to budget with a monthly payment and would struggle to understand the complexities of the system. It will be introduced for new claimants in Tower Hamlets in April 2015.

^{7.48} Personal Independence Payments (PIPs) are considered in the section on Specific Household Needs as per NPPG.

^{7.49} The other reforms are not part of the assessment of OAN or the wider housing market so are not considered in this report.

Working and Non-Working Households and Housing Benefit

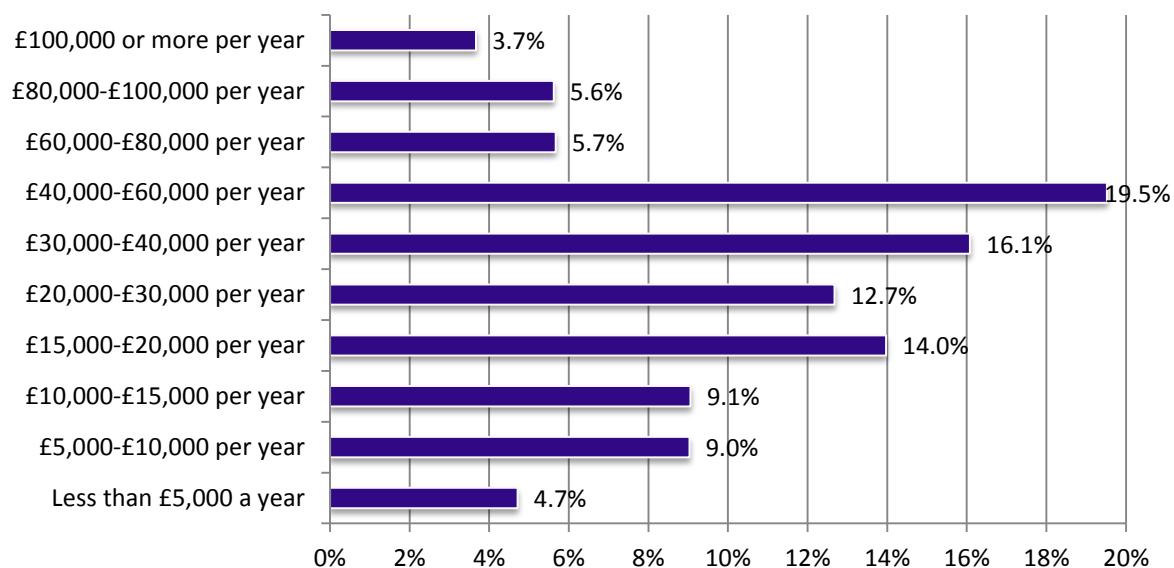
^{7.50} One issue to note is how Housing Benefit is paid to both working and non-working households.

^{7.51} The total Welfare bill for England is in excess of £160 billion per year of which c.£24 billion¹⁴ is paid in Housing Benefit. Estimates vary, but broadly c.£5 billion is paid to working families. Several commentators are forecasting that this figure will continue to rise until 2018.

^{7.52} It can also be seen that working households in the PRS have low incomes: over 36% have incomes below £20,000.

¹³ http://england.shelter.org.uk/_data/assets/pdf_file/0011/319835/London_Affordability_full_report.pdf

¹⁴ <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2013>

Figure 74: Income for Private Rented Sector Tenure (Source: Tower Hamlets Housing Needs Survey 2014)

^{7.53} In policy terms, however, Welfare reform to Housing Benefit seems likely to increase the pressure on both working and non-working households in the PRS and a different policy response may be needed for each group.

Housing for Older People

The UK's Ageing Population

^{7.54} The UK faces a significant challenge as people live longer. "Living Well At Home – 2011" (All Party Parliamentary Group on Housing and Care For Older People) identified that the older population will grow from 10.1m to 16.7m by 2036 for the over 65s, and from 1.3m to 3.3m by 2033 for the over 85s.

National Planning Policy Framework

^{7.55} The National Planning and Policy Framework Paragraph 159 says "*the Local planning authorities should have a clear understanding of housing needs in their area*" and that this need for "*all types of housing*" should include "Older People".

^{7.56} In addition, the Framework contains a useful definition of older people in its glossary:

"People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs".

^{7.57} In addition, in 'Laying the Foundations – A Housing Strategy for England' (HM Government 2011), local authorities are encouraged to make provision for a wide range of housing types across all tenures, including accessible and adaptable general needs retirement housing, and specialised housing options including Sheltered and Extra Care Housing

Connecting Health and Social Care with Housing and Planning

^{7.58} Both Health and Adult Social Care are currently undergoing significant reform. The Health & Social Care Act 2012 initiated Health reforms and established Adult Health and Well Being Boards and Clinical

Commissioning Groups. The Care Act 2012 (regarding future arrangements for care and support) received Royal Assent in May 2014.

- 7.59 The Care Act 2014 specifies that the Social Care needs of the local population should involve housing and planning. The consultation (Care Act 2014: How should local authorities deliver the care and support reforms?) noted that:

“The Act is clear that provision of suitable accommodation can be an integral part of care and support, and provides flexibility for local authorities to arrange different types of accommodation to meet a person’s care and support needs.”

- 7.60 However, it also stresses that there is no change to the relationship between housing and care:

“The Act is not intended to change the current boundary between what the local authority may provide under housing provisions and what it required to provide under care and support provision.”

- 7.61 The consultation document 15 on the Care Act; “Integration, cooperation and partnerships” makes multiple references to housing, noting that; “Housing is an integral part of the health and care system and a local authority’s responsibility for care and support”, but specifies the separate duties of housing and social care:

“Where housing legislation requires housing services to be provided, then a local authority must provide those services under that housing legislation. Where housing forms part of a person’s need for care and support and is not required to be provided under housing legislation, then a local authority may provide those types of support as part of the care and support package under this Act”.

Older People in Tower Hamlets

- 7.62 Tower Hamlets has an increasingly young population, with a declining number of older persons. A report in 2010¹⁵ highlighted how housing options for older people are relatively limited, plus any changes in cultural preferences in the Bangladeshi community may lead to an increase in demand for sheltered and extra care housing over time. In terms of making best use of existing accommodation, there are also problems of overcrowding for older people living in extended families, as well as older people under-occupying their homes.

- 7.63 Tower Hamlets contains areas of multiple deprivation and many older people suffer as a result of poverty and poor housing conditions. Unlike the rest of England, where c.70% of older people are owner occupiers, over 60% of those aged 65+ are renting from a social landlord. Many of those in social rented accommodation live in high rise blocks and experience isolation, often as a result of actual or feared lift breakdowns. Of those who do own their own home, many were previously council tenants who became leaseholders via Right to Buy in the 1980s and are now facing financial difficulties as a result of maintenance and service costs. Both owner occupiers and those in private rented accommodation face significant levels of disrepair and can find it difficult to access aids and adaptations.

- 7.64 Leaseholders have limited options as they are ineligible for rented sheltered housing; there is currently no leasehold retirement housing in the borough – a scheme is being marketed and will open in 2015 - and high sale values make new flats unaffordable. Strong local ties mean that many would not consider using their equity to move elsewhere. There is, therefore, a need for low cost or shared equity housing designed for older people.

¹⁵ Strategic Housing Needs Assessment for Older People’s Housing; CS Trimmer 2010

^{7.65} The 2011 Census shows that around 65% of older people have a limiting long term illness and many are on low incomes. The density of the housing means that there is a shortage of ground floor and accessible properties. However, fears about safety and security can make ground floor units unpopular. There is a shortage of sheltered housing and around 20% of the existing stock is unfit for purpose. There is also an under supply of care homes places.

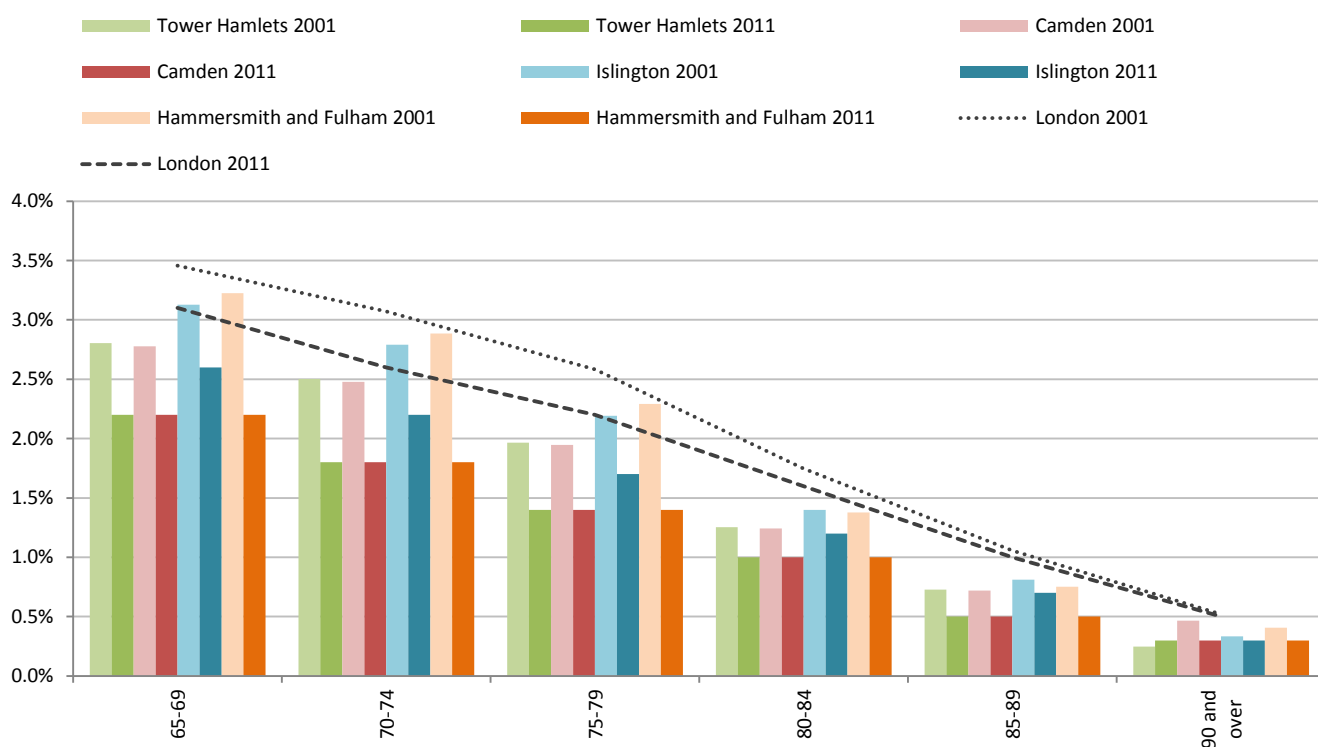
^{7.66} The CS Trimmer report (2010) produced the following recommendations for future supply:

- » Sheltered housing – increase by 20% (128 units) by 2025, the new units being a mix of sheltered housing and designated independent accommodation for older people, fully accessible and linked flexibly to a support service.
- » Extra Care housing - increase by 140% (225 units) by 2018. This projection of demand allows for a progressive shift of provision from care homes to extra care housing, but does not allow for changes in cultural preferences in the Bangladeshi community. Factoring this in would require an additional 128 units by 2018.
- » Affordable housing for older leaseholders - 230 units by 2018

Older People’s Age Profile

^{7.67} Figure 75 shows the age profile of Tower Hamlets compared to comparator authorities. Older people numbers in LBTH are declining. In the light of this significant demographic change, care should be exercised in considering new build specialist schemes for Older People.

Figure 75: Age Profiles for Older Persons in Tower Hamlets Compared with the London (Source: UK Census of Population 2011)



Modelling Older People’s Housing Requirements

^{7.68} There are a range of models used to calculate specialist housing requirements, usually based on a people to property ratio, to which a forecast population is applied. These models also highlight the

benefits of specialist housing and encourage planners to join up housing, planning and social care policies.

^{7.69} Two key examples are:

- » *More Choice, Greater Voice (CLG, Housing LIN, Care Services Improvement Partnership - 2008)*
- » *Housing in later life: planning ahead for specialist housing for older people (National Housing Federation, McCarthy and Stone, Housing LIN, Contact Consulting and Tetlow King Planning; 2012)*

^{7.70} The ratios have matured over time (see below) in different models over time:

Figure 76: Benchmark Figures for Specialist Accommodation

	'More Choice, Greater Voice' 2008		Section A Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012	
	Places per 1,000 people aged 75+	Tenure split	Demand per 1,000 people aged 75+	Tenure split
Extra care	25	-	45	30 sale 15 rent
Supported housing	125	50 rent 75 sale	-	-
Sheltered 'plus' or 'Enhanced' Sheltered	20	-	20	10 sale 10 rent
Dementia	10	-	6	-
Leasehold Schemes for the Elderly (LSE)	-	-	120	-

Modelling Future Requirements

^{7.71} NPPG says that:

"The future need for older persons housing broken down by tenure and type eg sheltered, enhanced sheltered, extra care and registered care can be obtained from a number of online tool kits provided by the sector".

NPPG Chapter 3 Page 15

^{7.72} The specialist housing requirements for Tower Hamlets have been modelled using the Housing LIN 2012 ratios. This secondary data based model was developed from various sources (EAC, POPPI and Census) in 2012 by a partnership which included Suffolk and Essex County Councils, Elderly Accommodation Council (EAC), and the Housing Learning and Information Network (Housing LIN).

^{7.73} The Housing LIN approach takes population forecasts and applies certain factors and assumptions about how any gross population projections may be constrained by various factors:

- » Older people who may wish to downsize to smaller accommodation.
- » Life expectancy of older people.
- » The need for alternative accommodation such as registered Care or Nursing Homes.

^{7.74} There are other factors which Housing LIN does not incorporate but which can also have an impact on modelling assumptions. These should be noted when considering the outputs from using the Housing LIN model:

- » Drivers of the growth in older population: the increase in the projected population of older people is often driven by health and environmental factors (e.g. better diet, improvements in medicine, smoking cessation etc) to extend life expectancy. Therefore,

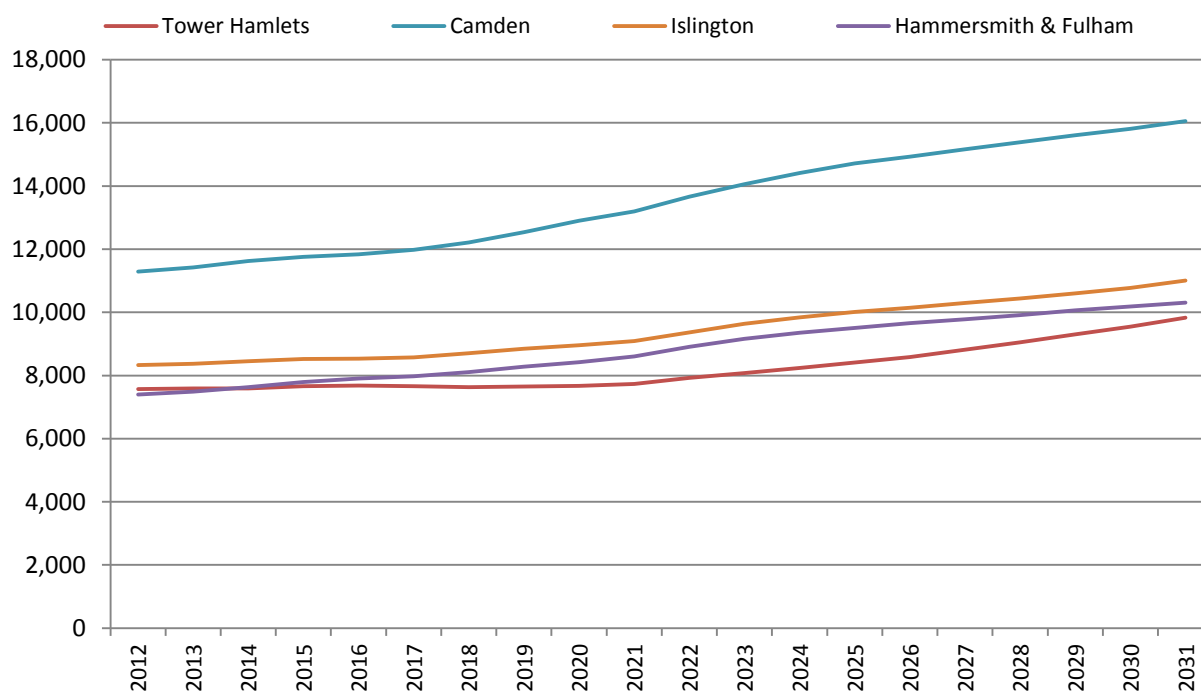
the relative health of older people in 2001 or 2011 is unlikely to be representative of people of the same age by 2031.

- » Impact of 'at home' adult care and support services in reducing the requirement for specialist accommodation: the move to support people in their own homes for as long as possible may reduce the need for specialist accommodation over time.
- » Propensity of older people to move into specialist accommodation: older people with a physical dependency may need to move, or express a desire to move, to specialist accommodation, but many will actually refuse to do so when opportunities are presented to them.
- » Population forecasts may overstate the number requiring specialist accommodation as many households will contain more than one older person: effectively, the population numbers will be higher than household numbers
- » Only rented and owner occupation tenures are considered in the Housing LIN model, not intermediate tenures.
- » Non-aspirational moves, which occur when people have to move (e.g. in a 'crisis' situation), are not included.

^{7.75} Nevertheless, the Housing LIN Model ratios offer a useful starting point to begin the modelling of housing requirements for older people. We would note that the population projections used by this model and the 2012 based SNPP and not the projections which underwrite the GLA 2011 based household projections.

Older People's Population Forecast

^{7.76} Figure 77 shows the change in older person population (aged 75+) based on 10-year trend population forecast. Population projections show that the older people's population is likely to increase less significantly between 2011 and 2031 in LBTH. In particular, the number of people aged 75 years and above is expected to grow by c.2,000 (c.25%). LBTH's increase is similar to comparators although this excludes Camden where the increase is significantly higher.

Figure 77: Older people aged 75+ Population Growth Projections 2012-2032 (Source: ONS)

^{7.77} The impact of the growth in the population aged 75+ can be seen in Figure 78 below. The 75+ population is forecast to increase but at a lower rate in LBTH compared to other authorities.

Figure 78: Older People aged 75+ Population Growth Projections to 2019 and 2025

Area	Year	Population aged 75 and over	Percentage of population
Tower Hamlets (2019)	2012	7,600	2.9%
	2019	7,600	2.5%
Camden (2019)	2012	11,300	5.0%
	2019	12,500	5.2%
Islington (2019)	2012	8,300	3.9%
	2019	8,800	3.8%
Hammersmith & Fulham (2019)	2012	7,400	4.1%
	2019	8,300	4.5%

Area	Year	Population aged 75 and over	Percentage of population
Tower Hamlets (2025)	2012	7,600	2.9%
	2025	8,400	2.6%
Camden (2025)	2012	11,300	5.0%
	2025	14,700	5.9%
Islington (2025)	2012	8,300	3.9%
	2025	10,000	4.1%
Hammersmith & Fulham (2025)	2012	7,400	4.1%
	2025	9,500	5.1%

^{7.78} Based on the growth in population aged 75+ identified across the population projection scenarios, Figure 79 identifies the potential gross requirement of specialist housing implied by the ratios set out in the Housing LIN Older People Resource Pack 2012, together with the average 5 year need (to set this in the context of potential schemes rather than units). As can be seen, there is a relatively limited gross need for specialist schemes for Older People.

Figure 79: Implications of Older People Resource Pack Ratios based on Population Projection Scenarios (Note: figures may not sum due to rounding)

Area	Extra care	Enhanced Sheltered	Dementia	LSE	All Types
GROSS REQUIREMENT					
Tower Hamlets (2019)	340	150	50	920	1,460
Camden (2019)	560	250	80	1,500	2,400
Islington (2019)	400	180	50	1,060	1,690
Hammersmith & Fulham (2019)	370	170	50	990	1,580

Area	Extra care	Enhanced Sheltered	Dementia	LSE	All Types
GROSS REQUIREMENT					
Tower Hamlets (2025)	380	170	50	1,010	1,610
Camden (2025)	660	290	90	1,770	2,810
Islington (2025)	450	200	60	1,200	1,910
Hammersmith & Fulham (2025)	430	190	60	1,140	1,820
5 Year Requirement					
Tower Hamlets (2019)	0	0	0	10	10
Camden (2019)	40	20	10	110	170
Islington (2019)	20	10	0	40	70
Hammersmith & Fulham (2019)	30	10	0	80	120
Tower Hamlets (2019)	0	0	0	10	10
5 Year Requirement					
Tower Hamlets (2025)	10	10	0	40	60
Camden (2025)	60	30	10	160	250
Islington (2025)	30	10	0	80	120
Hammersmith & Fulham (2025)	40	20	0	100	150

^{7.79} However, please note these gross requirements are subject to consideration of existing supply and the various risk issues regarding demand set out earlier in this section.

^{7.80} Many households needing Class C2 usage would be considered as part of the communal establishment population and therefore any people living in this type of accommodation would not be included in the household projections. The GLA household projections identify a growth of 68 persons aged over 75 years living in communal housing over the 24-year period 2011-35 (based on central-trend migration), this represents an increased need for Class C2 usage dwellings as each person would require a bedspace.

^{7.81} On this basis, if the Council intend to count the supply of additional C2 bedspaces towards their overall housing delivery, it is also necessary to count this increase in communal establishment population aged 75 or over as an additional component within the assessed OAN. However, if C2 units are not counted as part of the supply, then OAN would not include this growth.

Other Housing Options for Older People

^{7.82} There are a range of market and subsidised housing options for Older People. However, these are not the only ones sought by, or aspired to, by older people. Other options include bungalows (both unadapted and adapted) as well as more bespoke solutions such as ‘granny flats’ or annexes to a family home. However, it is important to consider these additional options in terms of what is needed to meet housing need, and what is needed to meet aspiration.

“It is important to distinguish between housing needs and housing aspirations. The former relates to requirements while the latter relates to an individual’s preferences and the manner in which an individual’s needs are met can be by a range of ‘preferred’ options. Having said that, much research has acknowledged that people’s aspirations are largely influenced by their assessment of what is available to meet their particular needs.”

(A Qualitative Assessment of the Housing Needs and Aspirations of Older People in Leicestershire Report for Leicester and Leicestershire Housing Market Area Partnership (HMA) 2010; University of Salford)

^{7.83} Generally, older people’s aspirations are a mix of property issues (tenure, property type, having a second bedroom), as well as personal (a reluctance to move to sheltered accommodation, support services location and proximity to other amenities).

^{7.84} Further, there is a need to consider the differences in aspiration amongst older people in both urban and rural areas. For example, rural *‘demand for supported housing schemes in villages is limited’* (Housing aspirations of Older People living in rural Devon – Devon Rural Housing Partnership 2011).

^{7.85} For more general delivery by the market, developers already have established methodologies for assessing demand and viability before seeking to develop. In terms of demand, new bespoke retirement housing which uses equity older people may have in their current home are already well established, and continue to expand their range of services into personal care and assisted living.

^{7.86} Given that policy is currently focussed on supporting older people in their existing home, there has been consideration of equity release schemes and what is possible. In *‘Aspiration Age: Delivering capital solutions to promote greater choice and independence for older people’* (I&GP Project - One Housing 2010), the research highlighted older people’s interest in equity release schemes although it recognised that this is still a complex area despite private sector products being currently available:

- » The current market is underdeveloped: no existing commercial or non-commercial equity products fully meet the ‘ideal equity release product’ brief and the market for outright sale extra care housing is very immature.
- » Viability is a concern: access to land at below market rates is needed to make shared ownership extra care housing schemes viable in areas where land value is higher.
- » Staircasing down to release equity provides a potential alternative for funding care and support in specialist retirement housing, but no commercial products are currently available.
- » Registered providers could play an enhanced role through equity swap, buying back to rent and buying back to shared ownership.

- ^{7.87} Other market or aspiration solutions include ‘granny flats’ or annexes to existing family homes. These may become more attractive to families as a result of interaction of market changes, the ageing population, individual aspiration and increased multi-generational living. Recent policy initiatives to relax planning requirements on single storey extensions may have an impact.
- ^{7.88} For housing need, bungalows or ‘granny flats/annexes’, could be considered as part of overall housing requirements (see Figure 76). These can either meet needs directly (via new supply) or indirectly (by providing, for example, bungalows for Older People, thereby freeing up family homes elsewhere). However, when considering meeting needs with new supply, these should ideally be delivered in alignment with wider commissioning strategies of Adult and Social Care strategies for Older People.
- ^{7.89} Overall, innovations in housing options (for all tenures) for older people seem likely as the population profile ages. While recognising the difference between aspiration and requirement, and the relatively immature nature of the current market, it seems likely that the established specialised options will continue to be the preferred offer of the specialist sector (both affordable and market). However, there may be a role for Local Authorities, in their enabling role, to consider bespoke local solutions.

Planning Policy and Older People

^{7.90} The House of Lords Select Committee on Public Service and Demographic Change produced the report “Ready for Ageing” (2013). The report concentrated on care at home, and funding and providing adaptations, including the role of Home Improvement Agencies, but included a short section on the wider housing needs of older people, particularly for some form of “retirement housing”. The report states that there is a need to improve the market for older people’s housing options, starting with planning for older people:

“Central and local government, housing associations and house builders need urgently to plan how to ensure that the housing needs of the older population are better addressed and to give as much priority to promoting an adequate market and social housing for older people as is given to housing for younger people.”

“Other services such as urban planning, banking and product design will need to adjust to an older population and an older consumer base...”

^{7.91} The report makes the case for increased building of “specialist housing” for older people:

“Despite growing demand for specialist housing and the substantial wealth held by some older people, there is a gap in the market. There are just 106,000 units of specialist housing for home ownership and 400,000 units for rent in the UK as a whole. In 2010, just 6,000 units for rent and 1,000 for ownership were built, whereas in 1989, 17,500 units for rent were built as well as 13,000 for ownership. These figures do not compare well with other countries. Shelter noted that if demand for retirement housing remained constant, supply would have to increase by more than 70% in the next 20 years.”

(This text is edited)

Planning Policy

^{7.92} ‘Housing in later life: planning ahead for specialist housing for older people’ (2012) contains detailed advice in Chapter 6 regarding ‘tools to help officers plan for this form of housing in their local policies and strategies’ and headlines are given below:

- » Incorporate specialist housing for older people into local plans
- **Planners:** Seek to include policies that encourage the delivery of specialist housing for older people where the need is identified, in their local plans.
- **Adult social care officers:** Look to work with officers compiling local plans to join up thinking about remodelling existing specialist housing for older people across local and neighbourhood plans.
- » Local strategies for older people
- **Planners:** Engage with providers and older people at an early stage to produce Supplementary Planning Documents that reflects the needs illustrated in the local authority’s housing and accommodation strategy for older people.
- » Connect health and social care strategies with housing and planning
- Help to ensure that the JSNA and the Health and Well-being Boards link with the objectives of planning and housing.

- Seek cross-departmental agreement and support between housing, health and planning on procurement, asset management and any land disposals to meet the strategic needs of the local authority.

Example Policy Wording for Local Plans

^{7.93} 'Housing in later life: planning ahead for specialist housing for older people' (2012) also contains a suggested Policy wording for Local Plans:

Excerpt Chapter 6: Housing in Later Life

No one planning approach will be appropriate for all areas, but the following provides an example policy wording that could be included in a local plan where a need for specialist housing has been identified:

"The Council will encourage the provision of specialist housing for older people across all tenures in sustainable locations.

"The Council aims to ensure that older people are able to secure and sustain their independence in a home appropriate to their circumstances and to actively encourage developers to build new homes to the 'Lifetime Homes' standard so that they can be readily adapted to meet the needs of those with disabilities and the elderly as well as assisting independent living at home.

"The Council will, through the identification of sites, allowing for windfall developments, and/or granting of planning consents in sustainable locations, provide for the development of retirement accommodation, residential care homes, close care, Extra Care and assisted care housing.

Households with Specific Needs

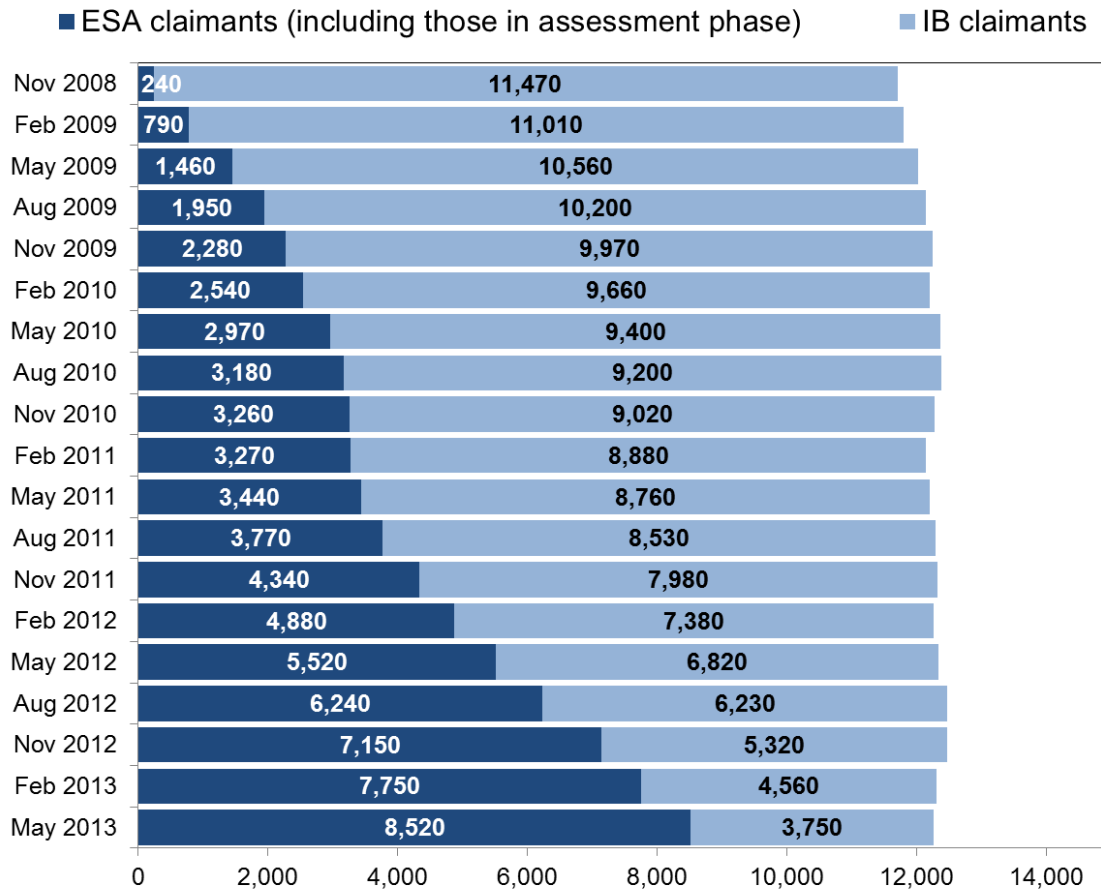
People with Disabilities

^{7.94} This section considers potential future housing demand from disabled people by looking at Employment and Support Allowance (ESA), limiting long term illness, applications for Disabled Facilities Grants and Attendance Allowance.

Disability Living Allowance / Personal Independence Payments

^{7.95} ESA was introduced in 2007 and is paid to working age people whose illness or disability limits their ability to work. ESA replaces three benefits: Incapacity Benefit, Severe Disablement Allowance and Income Support. In 2012, further restrictions to eligibility rules were brought in by the government following the 2012 Welfare Reform Act.

^{7.96} ESA was first rolled out for new claimants in October 2008, then from late 2010, DWP began the lengthy process of re-assessing all claimants of existing incapacity benefits under the new regime. This process is still ongoing and expected to last well into 2014. Figure 80 shows that the number of claimants for Incapacity Benefit and ESA has not changed significantly in the past 6 years, but has been falling as a share of the population due to population growth.

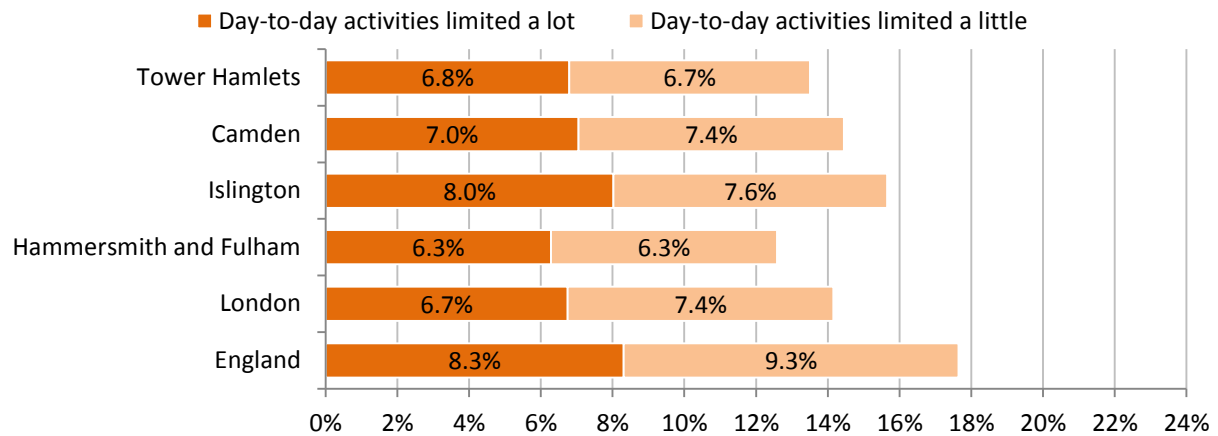
Figure 80: Incapacity Benefit/ Employment and Support Allowance by Working Age persons 2008-2014 (Source: DWP)

Source: DWP quarterly caseload data (via Nomis) - data relate to working age claimants aged 16-64.

Limiting Long Term Illness

- ^{7.97} The 2011 Census indicates that 13.5% of people in LBTH had a limiting long-term illness; relatively similar to comparator authorities.
- ^{7.98} Looking forward, an increase in the need for support could occur as the current 'middle aged' population cohorts age; however the older people population is declining. Further, care should be taken in view of the reasons for the growth in the older population and recent relative longevity compared to past centuries; increased lifespan is often driven by better health plus associated improvements in quality of life. Therefore, the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2035.

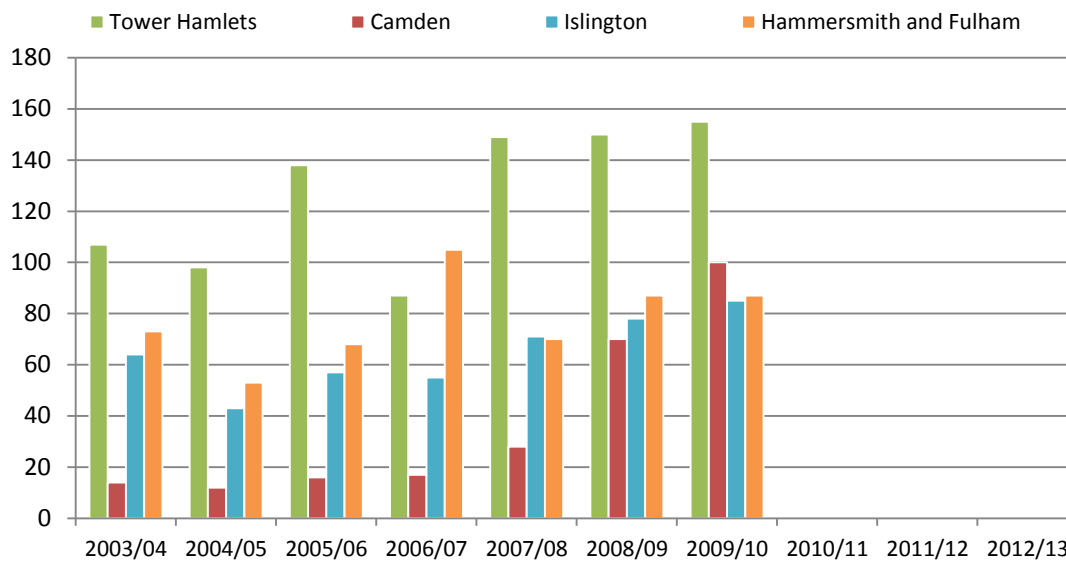
Figure 81: Limiting Long-term Illness Rates by Severity (Source: UK Census of Population 2011)



Applications for Disabled Facilities Grants

^{7.99} Applications for Disabled Facilities Grants (or DFGs) have been relatively higher than comparator authorities and show an upward trend from 2003/04 onwards.

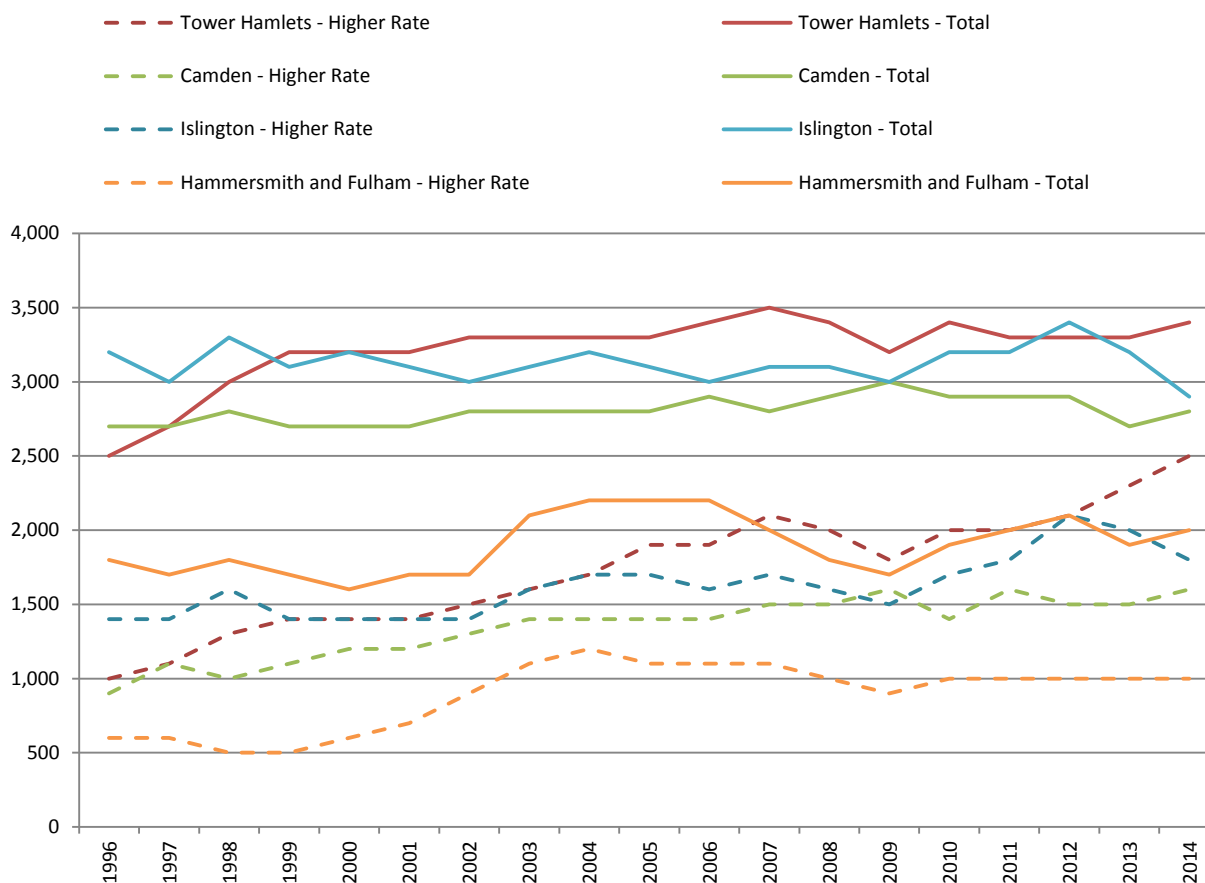
Figure 82: Trends in applications for Disabled Facilities Grants (Source: HSSA to 2010/11 and Local Authority records onwards)



Attendance Allowance

^{7.100} The number claiming Attendance Allowance has increased since 1996, especially for the higher rate Allowance. This indicates growing levels of attendance need amongst the local population.

Figure 83: Attendance Allowance Claimants (DWP February 1996 – February 2014. Note: Based on 5% Sample Data)



Households with Other Support Needs

^{7.101} Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 84 sets out the growth in vulnerable and other client group needs over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

^{7.102} We would note that in 2011, 3,300 people in Tower Hamlets were in receipt of Attendance Allowance, while Figure 84 shows a total of 1,950 older persons in need. The difference between these two figures is that HCA model applies prevalence rates to the population, while the benefits reflect real claimants. Therefore in this case, the HCA model may be understating the number of current older people in need in Tower Hamlets due to its use of more general prevalence rates.

Figure 84: Estimates of Vulnerable and Older People Needs in Tower Hamlets 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)

Client Group	Estimated Number of People		Change 2011-21	
	2011	2021	Number of People	% Change
People aged under 18 in need				
Teenage parents	417	452	35	8.4%
Young people aged 16-17	31	32	1	3.2%
People aged 18-64 in need				
Alcohol misuse	1,232	1,470	238	19.3%
Learning disabilities	510	634	124	24.3%
Mental health problems	1,518	1,901	383	25.2%
Offenders	905	1,133	228	25.2%
Moderate physical or sensory disability	263	341	78	29.7%
Serious physical or sensory disability	63	85	22	34.9%
Refugees	53	66	13	24.5%
Rough sleepers	17	22	5	29.4%
Single homeless with support needs	1,158	1,451	293	25.3%
People aged 65+ in need				
Frail elderly	359	392	33	9.2%
Older people with mental health needs	593	647	54	9.1%
Older people with support needs	1,951	2,130	179	9.2%

Other Groups

^{7.103} NPPF states that ‘Local planning authorities should have a clear understanding of housing needs in their area’ (paragraph 159) and highlights particular groups. These have been considered elsewhere in this SHMA but there are two remaining groups to consider in this chapter: service families and people wishing to build their own homes.

“To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

*plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, **service families** and **people wishing to build their own homes**);”*

NPPF Paragraph 50

Service Families

^{7.104} Britain's Armed Forces are changing; the 2010 Strategic Defence and Security Review (2010) introduced reductions in the number of service personnel, with further reductions announced in 2012:

- » Army: Personnel to be reduced by 7,000 to 95,500 by 2015 (now 82,000 by 2015 following additional Defence statement 2012)
- » Air Force: Personnel to be reduced by 5,000 to 33,000 in 2020
- » Navy: Personnel to be reduced by 5,000 to 30,000 in 2020

^{7.105} The British Forces presence in Germany is also scheduled to end by 2020. In 2012 there were 21,500 British soldiers in Germany, with families and civilian staff the total number of people is around 40,000.

^{7.106} The number of personnel leaving the Services and the redeployment from Germany might mean increased demand for housing in local markets.

Housing Members of the Armed Forces

^{7.107} The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and '*Laying the Foundations: A Housing Strategy for England 2011*' (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. In addition, following consultation, the Government brought into force '*The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012*' and the *Housing Act 1996* (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012 which have strengthened the position of some armed forces personnel in seeking to access social housing (the regulations are considered further below).

^{7.108} Further, whereas Local authorities have been **expected** to give seriously injured service personnel "additional preference" (higher priority) for the allocation of social housing since 2009, this 'additional preference' **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the *1996 Housing Act* and who have urgent housing needs.

Adapted Social Housing for Injured Services Personnel

^{7.109} Mandatory disabled facilities grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *The Nation's Commitment: Cross Government Support to our Armed Forces, their Families and Veterans* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.

Affordable Housing Schemes for Services Personnel

^{7.110} There are a number of housing schemes available to the Service and ex-Service community in England as well as other prospective purchasers. Similar schemes are available in Scotland, Wales and Northern Ireland.

- » HomeBuy is a shared ownership scheme that aims to help people on low or moderate incomes to buy a share of a home. In London it is known as First Steps.
- » HomeBuy Direct Equity Loan scheme, aimed at those on low or moderate incomes, which provides an interest free loan of up to 30% of the purchase price.

- » Help to Buy offers equity loans to first time buyers and home movers on new-build homes priced at up to £600,000, with no income qualification.
- » Help to Buy mortgage guarantees are open to first time buyers and home movers with a deposit of 5% of the purchase price, available for new-build and older homes with a purchase price up to £600,000.
- » NewBuy offers a mortgage of up to 95% on new build properties to first time buyers and home movers who only have a small deposit.

^{7.111} In April 2014 the Ministry of Defence (MOD) launched a new Forces Help to Buy scheme aimed at helping regular service personnel and their families with the cost of buying a home. It allows for an interest free loan of up to 50% of salary, capped at £25,000, repayable over 10 years. This pilot scheme has funding of over £200 million available to be allocated over three years.

^{7.112} In addition, the MOD Referral Scheme with Housing Associations in about 180 locations aims to provide low-cost, rented accommodation for people coming out of the Services. Through this scheme the housing associations offering referrals are able to help people who otherwise might have problems being prioritised highly enough to have a realistic chance of being housed by local authorities, that is, those who have difficulty proving a local connection, couples with no children and single people.

Veterans' Accommodation Fund

^{7.113} The Autumn Statement 2013 included an announcement that up to £100 million would be made available to support Service and other charities. The MOD has been allocated £40 million to support projects which provide accommodation for veterans; the fund will only be open in 2014.

^{7.114} The fund invited bids from charities and non-profit organisations for projects to support veterans in housing need, including those who are homeless, those who are wounded, injured and sick, and those with a long term care need. Projects may be new build, including extensions to existing properties, property purchase or refurbishment.

Service Personnel

^{7.115} The numbers of service personnel living in LBTH is relatively low compared to the overall HMA population. There are 163 people living in a household and 1 person in a communal establishment. Given the low number involved, this indicates a limited impact on overall housing need.

Figure 85: Armed Forces living in Tower Hamlets and comparator boroughs (Source: Census 2011)

Residence Type	Lives in a household	Lives in a communal establishment	Total Armed Forces
Tower Hamlets	163	1	164
Camden	123	38	161
Islington	73	2	75
Hammersmith and Fulham	152	3	155

Overall

^{7.116} We do not expect increased demand for housing in the HMA as a result of overall service personnel reductions. However, there may be an increase in obligation towards housing armed forces personnel as a result of the changes to allocation of affordable and social housing which may necessitate a response that includes maximising options under Allocations Policies as well as HomeBuy options.

Those Wishing to Build Their Own Homes

^{7.117} **NPPG says that:**

“The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option.”

NPPG Paragraph 21 Page 18

^{7.118} In the first quarter of 2013, figures reported by the online magazine Homebuilding and Renovating showed that only 7% of new homes in Britain (12,000 homes) were self-built, although when only detached housing completions were included this figure rose to 26%. Self-build is more popular elsewhere in Europe; in France for example, the figure is 38%, and in Hungary over 50%. A survey of 2,051 UK consumers commissioned by the Building Societies Association in 2011 found that 53% would consider building their own home either directly or using the services of architects and contractors, although this figure may conflate aspiration with effective market demand.

^{7.119} In *Laying the Foundations – a Housing Strategy for England (2011)*, the Government redefined self-build as Custom Build and set out its aspiration to double the size of this market, creating up to 100,000 additional homes over the next decade. It noted that ‘*The custom-build sector is important for our national economy. It is worth approximately £3.6bn a year, safeguarding and creating new jobs, strengthening the construction supply chain and making a real contribution to local economies*’. The Government pledged to:

- » Ask councils to establish demand for Custom Build Housing and take steps to facilitate it
- » Maximise opportunities for custom builders to access land released by central Government’s public land disposals programme, where possible using the Build Now, Pay Later model
- » Establish a One Stop Shop for advice and support for would-be custom home builders
- » Appoint a Custom Homes champion

^{7.120} In May 2012 a Self Build Portal run by the National Custom and Self Build Association (NCaSBA) was announced.

^{7.121} The Government also announced up to £30m of funding available via the Customer Build programme (administered by the HCA) to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site

preparation, infrastructure, S106 planning obligations etc and is available to organisations planning to build five or more homes at a total cost of up to £3 million. However, the first loan under the Custom Build programme was only made in February 2013.

- ^{7.122} During 2013 the Government announced that £65 million would be available from the Affordable Homes Guarantee Fund for self-builders who provide affordable homes. Also announced was a relaxation of the rules for support funding under the Community Right to Build, with £14 million available over the next two years.
- ^{7.123} The Government announced further measures in the 2014 Budget designed to encourage people to build their own homes, including the £150 million Custom Build Serviced Plot Loan Fund to help make available 10,000 'shovel ready' sites with planning permission. This replaces the £30 million Custom Build Investment Fund which is due to expire in 2015. Government is also investigating whether to make the Help to Buy equity loan scheme available for custom build and intends to consult on creating a new 'Right to Build' giving custom builders a legal right to a suitable plot from councils.
- ^{7.124} Research into the self-build market is limited, however, the Joseph Rowntree Foundation report '*The current state of the self-build housing market (2001)*' showed how the sector had changed in recent years, principally, the shift from self-build by those who cannot afford mainstream housing/ineligible for social housing to those who want an individual property or a particular location.
- ^{7.125} Home Builders Federation (2010) said "*everyone likes the idea of self-build but it probably won't make a big contribution to supply in the next few years*".
- ^{7.126} The attractiveness of self-build is the reduced costs; the average self-build house in the UK costs c.60% of its final value, as self-builders cut out the certain developer costs, principally labour.

Barriers to the Expansion of the Self-build Market

- ^{7.127} The 2013 report from the University of York (*Build-it-yourself? Understanding the changing landscape of the UK self-build market*) set out the main challenges to self-build projects, and makes a number of recommendations for establishing self-build as a significant contributor to housing supply.
- ^{7.128} The barriers to self-build have previously been thought to be access to land and planning permission. The study showed that most respondents found planning straightforward, although onerous and costly conditions were occasionally imposed. The main obstacle found by the study was the availability of finance.
- ^{7.129} **Mortgage finance:** Over half of current individual self-builders release equity from their existing home to start building. Those requiring mortgage finance face considerable constraints: there are few lenders, significant deposits are required (typical loan-to-value is 50% or less), decision-making is slow and lenders are inflexible and fail to recognise the different risks associated with self-build. Young people and first-time buyers are considerably disadvantaged by the current lending system.
- ^{7.130} The study notes that several key lenders are uninterested in the self-build market as they see no business case, it is too bespoke and does not deliver the volume required to warrant investment. Some lenders felt no 'moral' obligation to support what they saw as elitist and aspirational, as opposed to their commitment to lending on low cost homeownership or to first time buyers.
- ^{7.131} **Access to land:** Land values and land supply constraints in the south-east region are squeezing out self-builders. Community self-build projects are unable to compete with developers because of the time taken to assemble finances and enter bids. Some groups have benefited from donated land, and in rural areas farmers have sold land for housing local people or local authorities have brought forward rural exception sites.

- ^{7.132} **Planning:** The report found that obtaining planning permission was in general more straightforward than obtaining finance, although some self-builders found planning departments inflexible and demanding.
- ^{7.133} **Delivery:** An individual self-build project takes on average two years to complete, and often does not add to housing stock as it involves demolition and rebuild. Group self-build projects are mostly led by community groups but can also be instigated and managed by a social landlord or developer, such models include co-housing, eco-villages, sweat equity, Community Land Trusts and social rent. These models are likely to remain small scale unless specifically supported because of the complicated and lengthy procurement methods. Although such models deliver small numbers of homes, they do offer additional benefits in terms of community involvement and place making. New models are emerging, led by developers or local authorities, aimed at addressing the concerns outlined above, it remains to be seen whether these models will deliver significant volume.
- ^{7.134} **Conclusions:** The report notes that if volume growth is to occur, models which encourage younger, less affluent households are required. It recommends that **local authorities** should consider use of planning agreements to include self-build within developments and support self-build as a means of providing 'more affordable' housing for local people. It suggests a review of planning processes, in the light of the experience of individual self-builders, and consider making land available. The report recommends that **lenders** should work more closely with developers, housing associations and local authorities to improve the lending process and enable delivery of large-scale self-build sites as well as developing more flexible products for individuals. **Developers and registered providers** are recommended to recognise the social and economic benefits of working with self-builders and those who wish to customise their homes, and also to consider opportunities for working as enablers providing professional services. The report notes that **Government** should enable reform of existing processes and ensure ongoing support beyond 2015, the end date for current key initiatives.

Tower Hamlets

- ^{7.135} The 'Need-a-Plot' information on the Self Build Portal indicates no purchasers looking for a site in the Borough.
- ^{7.136} Given relatively high demand for homes in the HMA, one initiative LBTH could consider is a survey to assess need for this type of housing and/or consider a list/register of those wishing to build their own homes.
- "Plan makers should, therefore, consider surveying local residents, possibly as part of any wider surveys, to assess local housing need for this type of housing, and compile a local list or register of people who want to build their own homes".*

NPPG Page 18

- ^{7.137} Given the historic low supply of self-build homes, the challenges in bringing schemes forward and the slow take up of the Custom Build Fund, it seems unlikely that self-build will make a significant contribution to housing supply in Tower Hamlets.

8. Housing Needs Survey

Introduction

The Survey Overview

- 8.1 Opinion Research Services (ORS) was commissioned by The London Borough of Tower Hamlets to undertake a Housing Needs Survey (HNS) with households in Tower Hamlets.
- 8.2 The HNS was conducted via face to face interviewing and captures households' current housing and future housing needs and aspirations. The purpose of the survey is to assist Tower Hamlets in planning housing and other community services in the Borough.
- 8.3 The results in this report are based on a survey of around 600 face to face interviews conducted from a sample of Tower Hamlets residents. Interviews were achieved between 7th July and 21st September 2014 with the main or joint homeowner or tenant. Quotas were set on age, gender and working status in order to achieve a cross-section of responses.
- 8.4 The survey contained questions on the following topics:
- » Current Housing Arrangements;
 - » Housing History
 - » Future Housing Aspirations
 - » Economic and Financial Status
 - » Owner occupiers
 - » Renters
 - » Profiling Information

Weighting the Data

- 8.5 The extent to which results can be generalised from a sample depends on how well the sample represents the population from which it is drawn. As for all surveys of this type, although a random sample of households was selected, the achieved sample was unbalanced owing to non-response of certain profile groups.
- 8.6 Under these circumstances, information gathered from the population of households can be improved by calculating weights for any under or over-sampling of particular groups. Weights are assigned by comparing the sample proportions for particular groups with known population characteristics from other sources for the same groups. Each observation is then multiplied by its weight to ensure that the weighted sample will conform to the known population characteristics.
- 8.7 In this case, the returned sample was checked against comparative data for sub-area by age, tenure, ethnic group, property type and household composition and then subsequently weighted by property type, household composition, tenure, age and ethnic group. The weighted data should, therefore, be representative of the population of households in Tower Hamlets and will be treated as being so throughout this report.

8.8 Each survey was carried out by the main or joint homeowner or tenant and the tables on the following pages show the profile characteristics of the respondents to the survey. Any value denoted by a * represents a percentage which is less than 1%.

Figure 86: Age Profile All Respondents (Note: Figures may not sum due to rounding)

AGE	Un-weighted		Weighted	Population
	Number	%	%	%
16-24	65	11	8	8
25-34	177	30	33	33
35-49	178	30	31	32
50-64	105	18	17	16
65+	74	12	12	11
Not known	1	-	-	-
Total	600	100.0%	100.0%	100.0%

Figure 87: Tenure Profile All Respondents (Note: Figures may not sum due to rounding)

TENURE	Un-weighted		Weighted	Population
	Number	%	%	%
Owned (or shared ownership)	127	21	26	27
Social Rented	276	46	40	34
Private Rented	190	32	34	40
Not known	7	-	-	-
Total	600	100.0%	100.0%	100.0%

Figure 88: Ethnic Group Profile All Respondents (Note: Figures may not sum due to rounding)

ETHNIC GROUP	Un-weighted		Weighted	Population
	Number	%	%	%
WHITE British	203	35	41	41
WHITE Other	81	14	17	17
ASIAN/ASIAN BRITISH	231	40	27	29
Other	69	12	14	13
Not known	16	-	-	-
Total	600	100.00%	100.00%	100.00%

Figure 89: Property Type Profile All Respondents (Note: Figures may not sum due to rounding)

PROPERTY TYPE	Un-weighted		Weighted	Population
	Number	%	%	%
House	175	30	13	14
Purpose built flat	351	59	80	80
Converted flat	66	11	7	6
Not known	8	-	-	-
Total	600	100.0%	100.0%	100.0%

Figure 90: Religion All Respondents (Note: Figures may not sum due to rounding)

PROPERTY TYPE	Un-weighted		Weighted	Population
	Number	%	%	%
Atheist / no religious belief	138	25	30	28
Christian	186	34	43	41
Muslim	223	41	28	26
Not known	53	-	-	5
Total	600	100.0%	100.0%	100.0%

Figure 91: Household Composition Profile All Respondents (Note: Figures may not sum due to rounding)

HOUSEHOLD COMPOSITION	Un-weighted		Weighted	Population
	Number	%	%	%
One person household	84	15	35	35
One family only, no children	89	16	18	16
One family only, couple with children (dep or non-dep)	174	31	16	17
One family only, lone parent with children (dep or non-dep)	60	11	11	11
Other household types, with children (dep)	52	9	4	5
Other household types, no children	100	18	16	17
Not known	41	-	-	-
Total	600	100.0%	100.0%	100.0%

Interpretation of the Data

^{8.9} Where percentages do not sum to 100, this may be due to computer rounding, the exclusion of “don’t know” categories, or multiple answers. Throughout the volume an asterisk (*) denotes any value less than half a percent.

^{8.10} In some cases figures of 2% or below have been excluded from graphs.

^{8.11} Graphics are used extensively in this report to make it as user friendly as possible. The pie charts and other graphics show the proportions (percentages) of residents making relevant responses. Where possible, the colours of the charts have been standardised with a ‘traffic light’ system in which:

- » Green shades represent positive responses
- » Turquoise and purple shades represent neither positive nor negative responses
- » Red shades represent negative responses
- » The bolder shades are used to highlight responses at the ‘extremes’, for example, very satisfied or very dissatisfied.

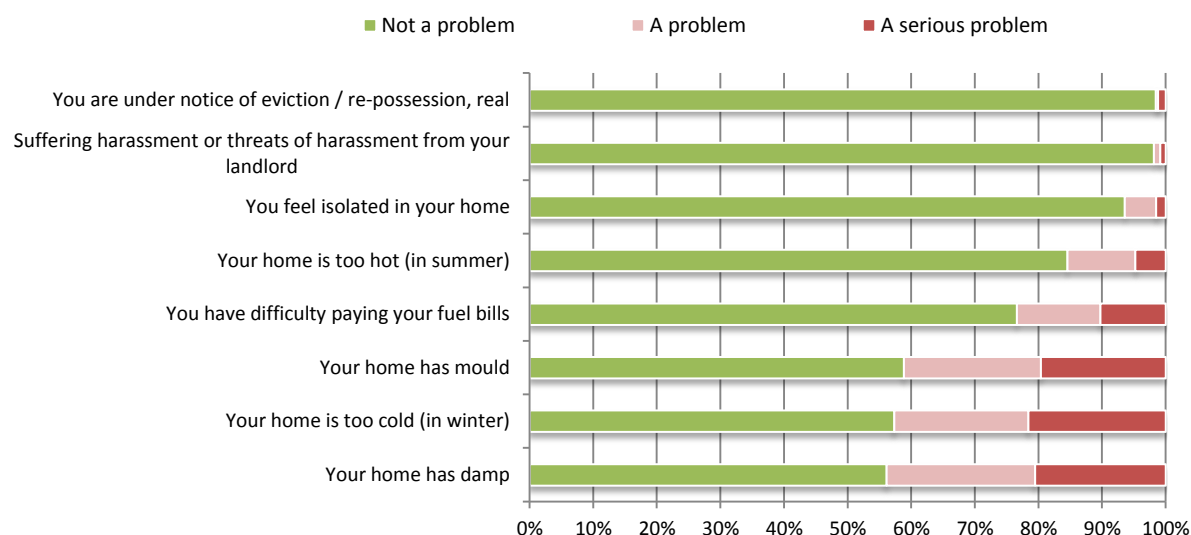
^{8.12} It should be remembered that a sample and not the entire population of households in the borough has been interviewed. In consequence, all results are subject to sampling tolerances, which means that not all differences are statistically significant. Differences that are not said to be ‘significant’ or ‘statistically

significant' are indicative only. When comparing results between demographic sub-groups, only results which are significantly different are highlighted in the text. Statistical significance is at a 95% level of confidence.

Survey Results

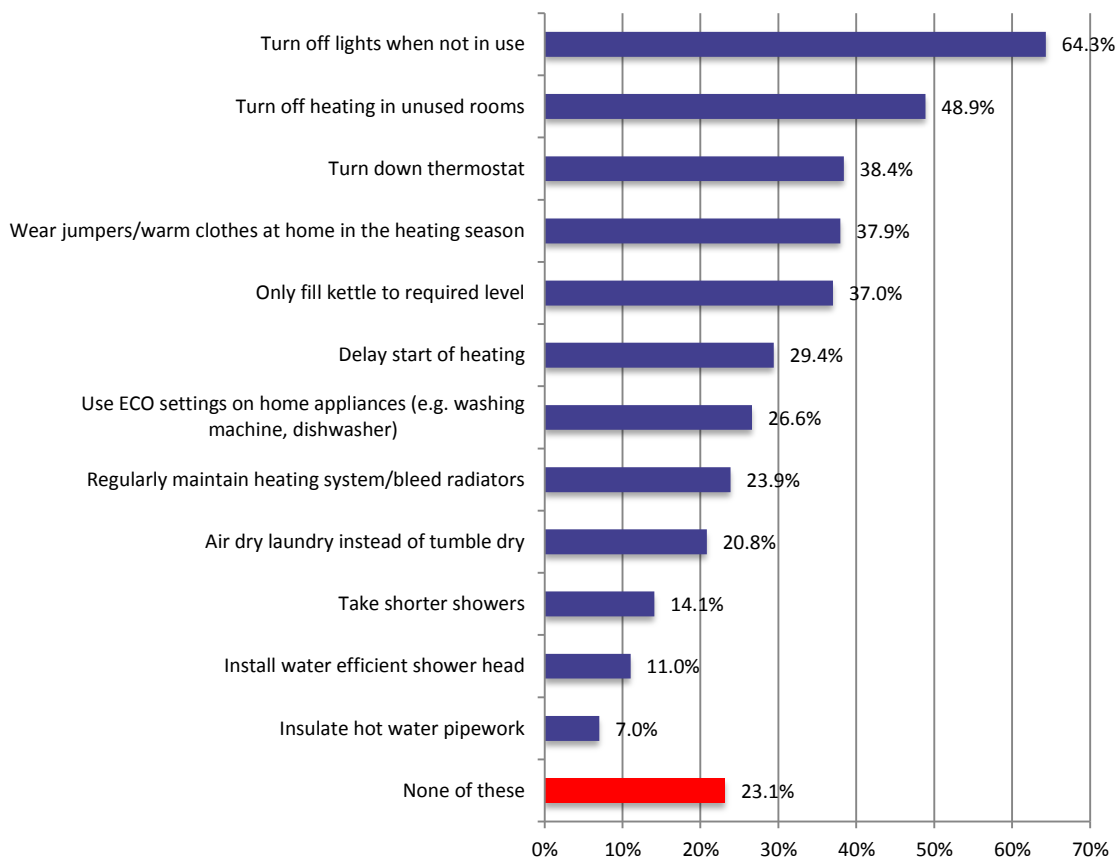
- 8.13 This section considers the survey results regarding housing needs and housing requirements of the overall population of the London Borough of Tower Hamlets. Due to the limited size of the survey sample we have sought to concentrate on the overall picture in Tower Hamlets as the number of cases in many sub-sets of the sample is extremely small. More detailed information is available to the Council from the survey, but in many examples the information contains very small sample sizes.
- 8.14 In terms of housing problems in Tower Hamlets, the most significant problems associated with the home are related to heating and damp. Many respondents had an issue with damp (c.43%) or mould (c.41%). There are also issues with cold (42%) and over 20% had difficulty paying their fuel bills.

Figure 92: Housing Problems (Source: Tower Hamlets Housing Needs Survey 2014)



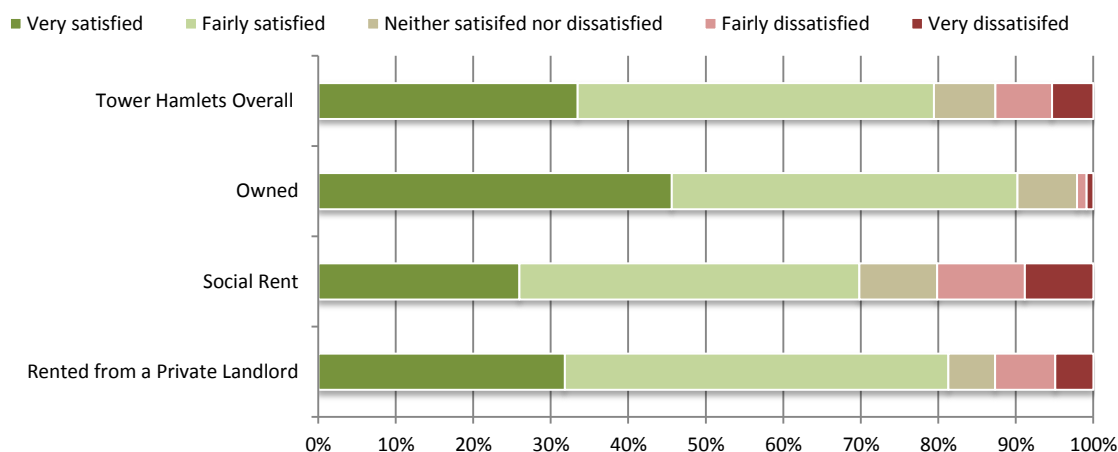
- 8.15 Many respondents had taken steps to reduce their fuel bills; the most common were turning off lights (64%) or heating (49%). However, 23% had taken no action at all.

Figure 93: Ways in which households have changed the way they use energy to reduce the amount of gas/electricity they use (Source: Tower Hamlets Housing Needs Survey 2014)



8.16 Almost 80% of respondents are satisfied with their homes, while c.12% are dissatisfied. The levels of satisfaction are lowest among social renters (20% either very or fairly dissatisfied) and highest among owners (90% either very or fairly satisfied).

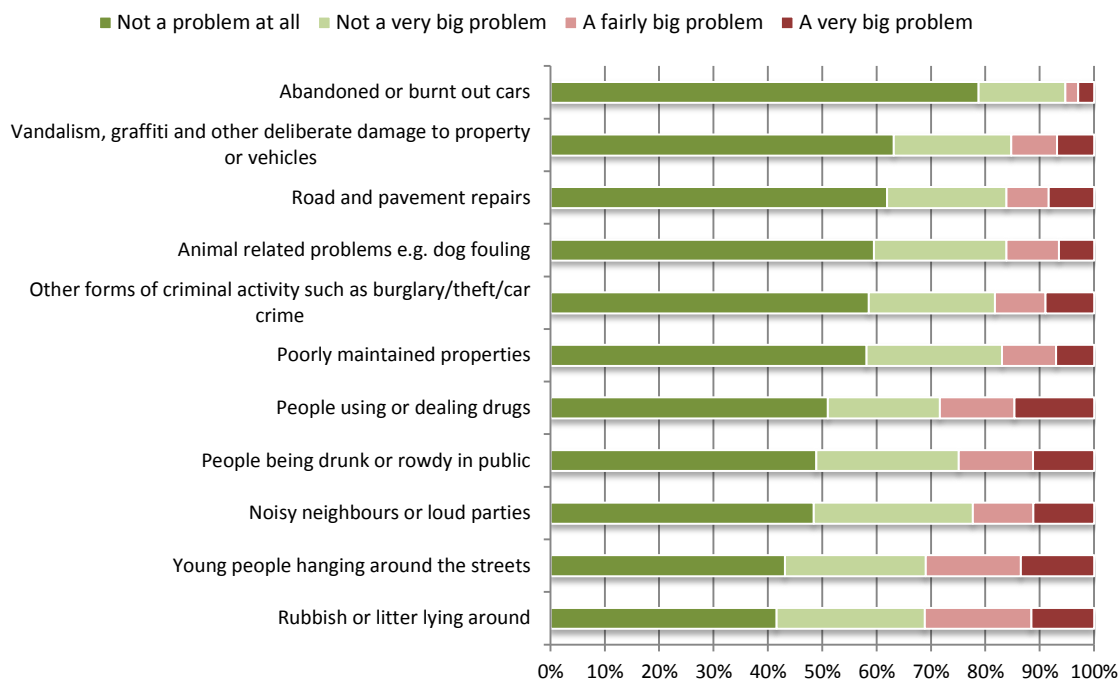
Figure 94: Satisfaction with Quality of Home by Tenure (Source: Tower Hamlets Housing Needs Survey 2014)



The Area

8.17 The most common problem respondents see locally is rubbish (30+% see it as either a fairly or very big problem) followed closely by young people hanging around (c.30%). Other issues include drug use/dealing, people being drunk/rowdy and noisy neighbours/parties. The least problematic issue was abandoned cars (c.6%)

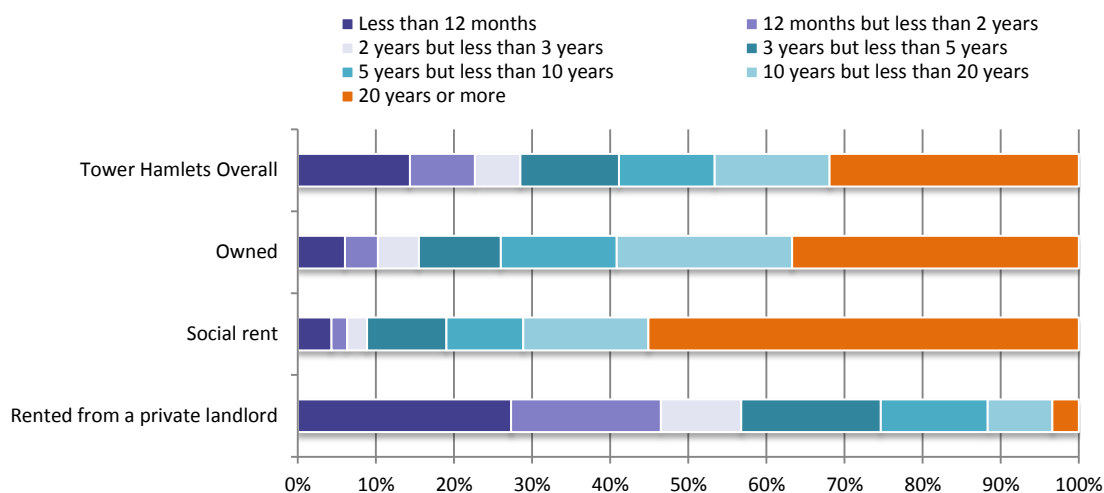
Figure 95: Problems in the Local Area (Source: Tower Hamlets Housing Needs Survey 2014)



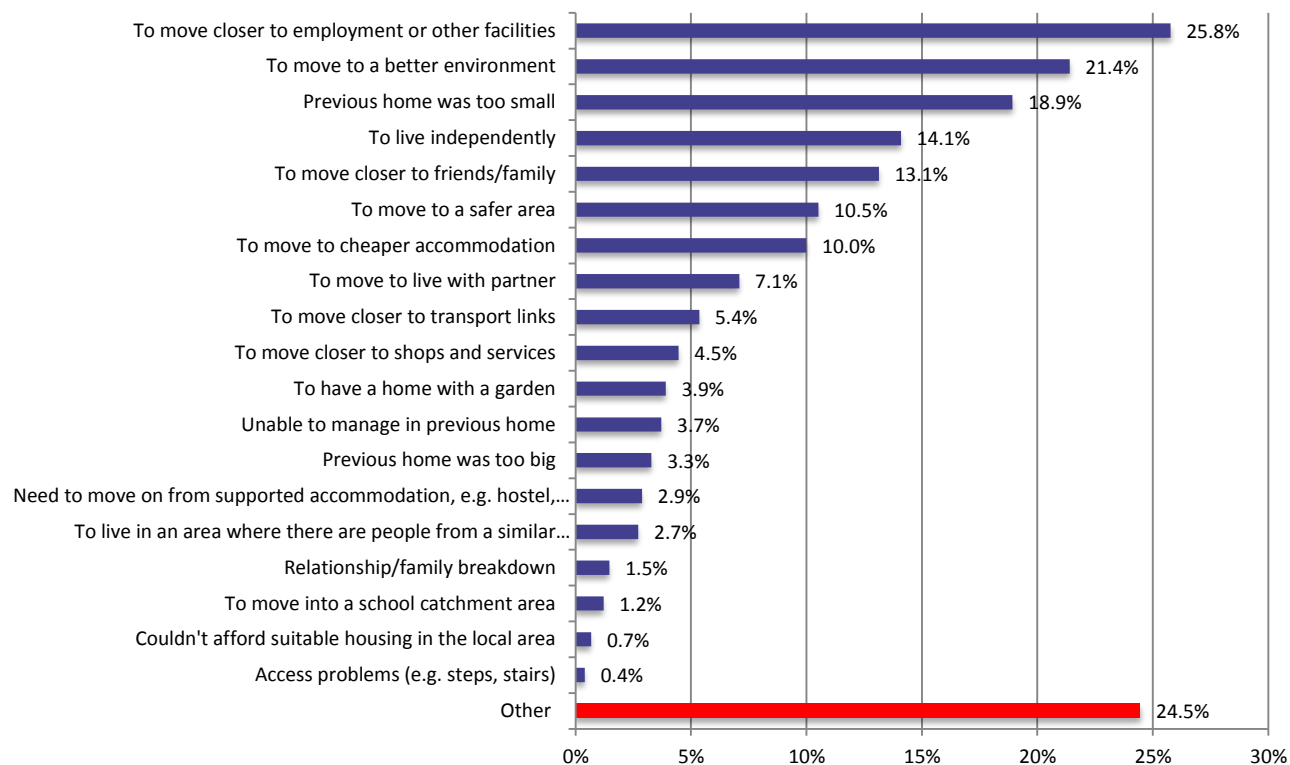
Housing History

8.18 Overall, nearly 60% of the respondents had lived in Tower Hamlets more than 5 years. This number was highest among social renters (80%+) and lowest among private renters (c.25%). Private renters are also significantly more likely to have lived in the area for less than a year (27%). Overall, this indicates a relatively more mobile population of those who rent privately and a more stable social renting population.

Figure 96: Length of Time in the Local Area (Source: Tower Hamlets Housing Needs Survey 2014)

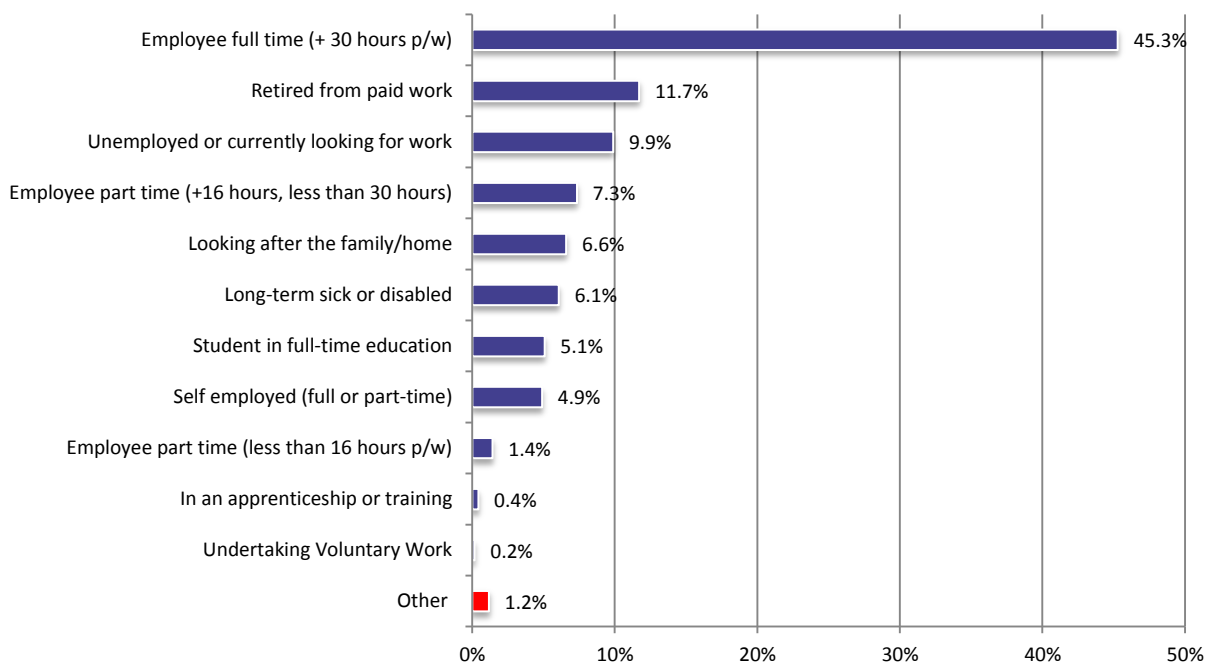


8.19 The reasons why people moved from their last home are very varied and the chart below only shows the more popular answers; the most popular reason was to be closer to work or other facilities (25.8%).

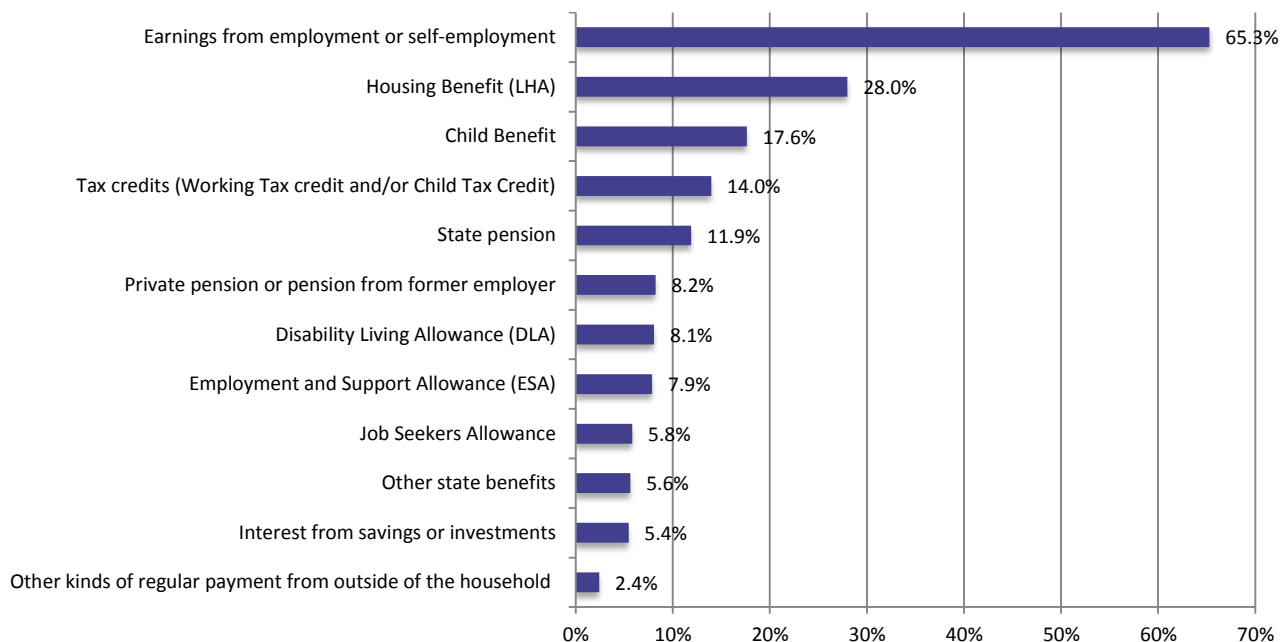
Figure 97: Main reasons for moving from last home (Source: Tower Hamlets Housing Needs Survey 2014)

Economic and Financial Status

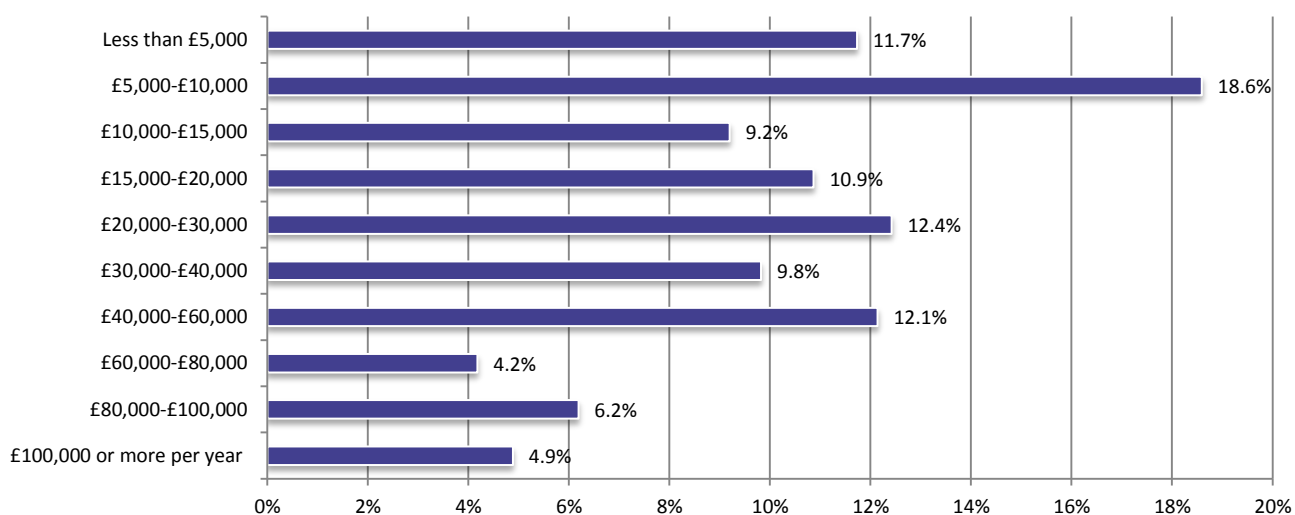
^{8.20} Most survey respondents were working either full or part time (54%). If other forms of employment are considered, this figure rises to 59.3%.

Figure 98: Working Status (Source: Tower Hamlets Housing Needs Survey 2014)

^{8.21} While many households derive their income from employment (over 65%), results indicate that earnings are also supported by state benefits and tax credits.

Figure 99: Sources of Income (Source: Tower Hamlets Housing Needs Survey 2014)

8.22 Incomes vary considerably among respondents and partners; over 29% have less than £15,000 pa, while over 50% have less than £30,000 pa. However, Tower Hamlets also has some significant incomes; over 15% of respondents have incomes over £60,000 pa). 25% of households included other income earners not including the respondent to the survey or their partner.

Figure 100: Income of respondent and partner (Source: Tower Hamlets Housing Needs Survey 2014)

Appendix A

Planning Policy

Excerpts from the National Planning Policy Framework

Paragraph 159 on cross boundary working and the scale/mix of requirements:

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;”*

Paragraph 14 on needs:

“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.”

Paragraph 47 regarding supply:

“identify and update annually a supply of specific deliverable sites sufficient to provide five years’ worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;”

Paragraph 178-181 regarding co-operation:

Planning strategically across local boundaries

*178. Public bodies have a duty to co-operate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

179. Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans.³⁶ Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

180. Local planning authorities should take account of different geographic areas, including travel-to-work areas. In two tier areas, county and district authorities should co-operate with each other on relevant issues. Local planning authorities should work collaboratively on strategic planning priorities to enable delivery of sustainable development in consultation with Local Enterprise Partnerships and Local Nature Partnerships. Local planning authorities should also work collaboratively with private sector bodies, utility and infrastructure providers.

181. Local planning authorities will be expected to demonstrate evidence of having effectively co-operated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Co-operation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

National Planning Policy Framework 2012 Annex 2

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 Homes and Communities Agency.

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.

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 & Pensions

GIS Geographical Information Systems

HBF House 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 - Data Sources

Data Sources Advantages and Disadvantages

A range of data sources were used in the preparation of the SHMA, and the various merits are highlighted below:

Data source	Advantage	Disadvantage	Statistical Reliability & Validity	Reference
2011 UK Census of Population	Most comprehensive data source for small areas	Lacking data on incomes and affordability. Data on small area migration and travel to work will not be published until late 2013	Up to date as of 2011, but will progressively lose accuracy	Population Age Migration Household Growth BME Service families Communal housing
ONS Mid-Year Population Estimates	Long-term trends for population by age cohort.	2011 Census contradicted their findings for many areas, but they have been subsequently revised	Official ONS data	Population
ONS Population projections	Provide forecasts of population up to 2035	Based on trend data, so if trends change they become out of date	Official ONS data using up to date evidence	Population
CLG Household projections	Currently provide forecasts for household numbers by type up to 2033 and will be updated in February 2013	Based on trend data, so if trends change they become out of date.	Derived from ONS population projections. New versions will need to take into account changing headship rates and	Households

			households sizes as found by the 2011 Census	
ONS (NHS Customer Records)	Shows migration with the UK from GP records	Not everyone registers with a GP and not everyone moves their GP when they move	Best known estimate for migration with the UK which are published annually.	Migration
DWP New National Insurance numbers	Shows new workers from overseas to give an indication of the number of migrant workers	Does not show dependants of workers or those who have left an area	Published quarterly and accurately reflects new workers	Migration Disabled
CLG 1PE	Show priority need claimants	Councils have become more efficient at managing homelessness so while the numbers have been falling, real housing need may have been rising.	Formally published quarterly, but now annually. Reflect one component of housing need, but not all housing need	Homelessness
Land Registry transactions	A record of all properties sold with 7 digit postcodes with data back to 2000	Can be issues with discounted sales such as First Buy	Published monthly and used for official house price indices.	House prices
Homes and Communities Agency	Includes all Affordable housing investment programmes	Sometimes does not match Local Authority records	Published annually and is bespoke	Affordable housing completions
Labour Force Survey	Largest regular social survey in the UK showing employment circumstances of the population	Runs on calendar quarters but data prior to 2006 runs on seasonal quarters	Official ONS data	Employment/unemployment Economic activity/inactivity Occupation training Hours of work

Business Register and Employment Survey	Official source of employee and employment estimates by detailed geography and industry		Official ONS data	Employee and employment estimates by detailed geography and industry split by full-time/part-time workers and public/private businesses
Annual Population Survey	Combines data from the Labour Force Survey and national boosts and provides data that can produce reliable estimates at local authority level. improves intercensal monitoring of key variables for a range of policy purposes		Official ONS data	Education Employment Health Ethnicity
Annual Survey of Hours and Earnings	Estimates of the level and distribution of earnings and paid hours for employee jobs	Does not cover the self-employed nor does it cover employees not paid during the reference period.	Official ONS data – released annually	Pay and hours of employees by resident analysis (people resident of the area) and workplace analysis (people working in the area)
DWP Work and Pensions Longitudinal Study (WPLS)	Links benefit and programme information held by DWP, with employment records HMRC and provides a quarterly snapshot of benefit claimants at particular points in time	Claims are for households, not dwellings, so HMOs can be double counted.	Published monthly and very up to date	Housing benefit Jobseekers claimant count IB/SDA
Annual Monitoring Report	Document submitted to Government by a local planning authority to assess the progress and effectiveness of the Local Development Framework	Can sometimes have missing data	Published annually by local authorities	Housing Land Supply Completions Completions by tenure

				Housing trajectory
Data Spring	Housing markets database with data at district, regional and national level	Can sometimes have missing data	Published at regular intervals by Cambridge Centre for Housing Studies	Affordable Housing programmes
Valuation Office Agency (VOA)	Mean, median, lower quartile, and upper quartile gross monthly rent paid for a number of bedroom/room categories)	Data has not been adjusted to produce statistics representative of the private rental property market mix in England. Not drawn from a statistical sample and does not consist of tracked properties. This means that the statistics presented in this release should be considered as indicative only and do not represent accurate measures of the population.	Published quarterly	Private sector rents for a number of bedroom categories
Housing Strategy Statistical Appendix (HSSA)	A return that provide evidence to support the local authorities' housing strategies whether they own stock or not		Published annually	Vacancy by tenure
Right to Buy Sales - Communities and Local Government (CLG)	Official statistics on the number of sales of dwellings under the Right to Buy scheme	Relates only to sales by local authorities under the Right to Buy scheme, excluding sales by registered providers under preserved Right to Buy	Published quarterly	Right to Buy

Appendix C

Table of figures

Figure 1: Annualised Summary of Household Projections and Backlog of Need for Tower Hamlets 2011-2035 (Source: GLA, CLG and ORS).....	9
Figure 2: Migration Between London Boroughs (Source: ONS Migration Statistics Unit)	23
Figure 3: People Moving to Tower Hamlets by Place of Residence 12 Months Earlier (Source: UK Census of Population 2011).....	24
Figure 4: People who Lived in Tower Hamlets 12 Months Before the Census by Current Place of Residence (Source: UK Census of Population 2011)	24
Figure 5: ONS Travel To Work Areas (Source: ONS 2007).....	26
Figure 6: Residence Location by Work in Tower Hamlets.....	27
Figure 7: Work Location by Resident in Tower Hamlets	28
Figure 8: House Prices in London by Broad Rental Market Area (Source: Land Registry 2014).....	29
Figure 9: House prices in London – Boroughs Adjacent to Tower Hamlets (Source: Land Registry)	30
Figure 10: Broad Rental Market Areas in London.....	31
Figure 11: Self-Containment in the Inner South East London Broad Rental Market Area	32
Figure 12: Self-Containment of the Inner South East London Broad Rental Market Area.....	32
Figure 13: Official population estimates for the period 1981-2011 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded).....	38
Figure 14: Annual net change in population 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)	38
Figure 15: Components of population change for Tower Hamlets (Source: ONS Mid-Year Population Estimates, revised).....	39
Figure 16: Official population estimates and projections for the period 2001-2035 (Source: ONS and GLA	40
Figure 17: CLG Household Projections (Source: CLG Household Projections)	42
Figure 18: Annualised Summary of Household Projections and Backlog of Need for Tower Hamlets 2011-2035 (Source: GLA, CLG and ORS).....	44
Figure 19 Detailed Overview of the ORS Housing Mix Model	46
Figure 20 Housing Tenure Mix for Tower Hamlets 2011-2035 Based on Central Trend Household Projections (Note: Figures may not sum due to rounding).....	50
Figure 21 Size Mix for Tower Hamlets 2011-2035 Based on Central Trend Household Projections (Note: Figures may not sum due to rounding)	50
Figure 22 Housing Tenure Mix for Tower Hamlets 2011-2035 for Concealed, Sharing and Homeless households (Note: Figures may not sum due to rounding).....	50
Figure 23 Size Mix for Tower Hamlets 2011-2035 for Concealed, Sharing and Homeless households (Note: Figures may not sum due to rounding).....	51
Figure 24 Adjustment to Housing Tenure Mix for Tower Hamlets 2011-2035 due to Relocation of Households (Note: Figures may not sum due to rounding).....	51
Figure 25 Adjustment Size Mix for Tower Hamlets 2011-2035 due to Relocation of Households (Note: Figures may not sum due to rounding)	52

Figure 26 Overall Housing Tenure Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)	52
Figure 27 Overall Size Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)	52
Figure 28 Overall Housing Tenure Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)	53
Figure 29 Overall Size Mix for Tower Hamlets 2011-2035 (Note: Figures may not sum due to rounding)	54
Figure 30: Median Weekly Rent Values in Tower Hamlets (Source: Valuation Office Agency)	54
Figure 31: Potential Affordable Rent Values in Tower Hamlets (Source: Valuation Office Agency)	54
Figure 32: Income Required to Afford 80% Market Rents in Tower Hamlets (Source: Valuation Office Agency and ORS)	55
Figure 33: Local Housing Allowance Rate in Tower Hamlets (Source: Valuation Office Agency)	55
Figure 34: Annual Change in Housing Benefit Claimant is in the Private Rented Sector by Local Authority (Source: Department for Work and Pensions)	56
Figure 35: Annual house price rates of change, UK all dwellings from January 2004 to April 2014 - 12 month percentage change (Source: Land Registry)	59
Figure 36: House prices 2007-2014 (Source: ONS)	60
Figure 37: Mix-adjusted House Price Index by country (Source: regulated Mortgage Survey)	60
Figure 38: Loan to Income ratio (Source: ONS)	61
Figure 39: Housing market: mix-adjusted house prices, by new/pre-owned dwellings, type of buyer (Source: ONS)	62
Figure 40: Housing market: mix-adjusted house price index and annual house price change – Q1 2002 = 100 (Source: ONS)	62
Figure 41: Average Price of Properties Sold in each LA: Q4 2000-Q4 2012 (Source: HM Land Registry)	64
Figure 42: Percentage of Houses Sold below £150k: 2000-13 (Source: HM Land Registry)	64
Figure 43: Average Price of Properties Sold in each LA: 2000-2013 (Source: HM Land Registry)	65
Figure 44: Median Monthly Rent Values in London and England (Source: Valuation Office Agency 2010-2013)	66
Figure 45: Median Monthly Rents in London and England (Source: Valuation Office Agency 2010-2013)	67
Figure 46: Index of Private Housing Rental Prices (Source: ONS Index of Private Housing Rental Prices)	67
Figure 47: Ratio of Lower Quartile House Price to Lower Quartile Earnings by LA (Source: DCLG)	68
Figure 48: Housing Completions by delivery agent - England 2001-2014 (Source: CLG)	69
Figure 49: Total Housing Starts and Completions – England 2001-2014 (Source: CLG)	69
Figure 50: Housing Starts and Completions in Tower Hamlets 2001-2014 (Source: CLG)	70
Figure 51: Tower Hamlets Housing Delivery 2009-2014 (Source: CLG Completions)	70
Figure 52: Comparison of Housing Demand and Supply in the HMA (Source: AMR, SHLAA, FALP)	71
Figure 53: Proportion of overcrowded households 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)	72
Figure 54: Overcrowded households by tenure 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)	73
Figure 55: Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation 2004-2014 (Source: Department for Communities and Local Government)	74
Figure 56: Age Profiles for Tower Hamlets (Source: UK Census of Population 2011)	75
Figure 57: Ten Year Difference in Household Characteristics for (Source: UK Census of Population 2001 and 2011)	76
Figure 58: Population in Tower Hamlets (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)	77
Figure 59: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)	78
Figure 60: Proportion of Dwelling Type by Area (Source: Valuation Office Agency, August 2012)	79

Figure 61: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free).....	80
Figure 62: Buy to Let Mortgages (Source: Council of Mortgage Lenders).....	82
Figure 63: Categories of Private Rented Housing by Area (Source: UK Census of Population 2011).....	83
Figure 64: Houses in Multiple Occupation (Source: Census 2001/2011).....	84
Figure 65: Summary of legislative changes affecting private tenants' LHA (Source: Shelter).....	85
Figure 66: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in London – March 2011 and August 2014 (Source: Valuation Office Agency 2011 and 2014).....	85
Figure 67: Change in Housing Benefit Claimants in the Private Rented Sector for Local Authorities in London (Source: DWP).....	86
Figure 68: Change in Housing Benefit Claimants in the Private Rented Sector (Source: DWP).....	87
Figure 69: Relative Change in Housing Benefit Claimants in the Private Rented Sector HMA (smoothed to 3 month rolling average) (Source: DWP).....	87
Figure 70: Rolling 12-month Change in Housing Benefit Claimants in the Private Rented Sector (Source: DWP).....	88
Figure 71: Relative Change in Housing Benefit Claimants in the Private Rented Sector and comparators group (Source: DWP).....	88
Figure 72: Summary of legislative changes affecting social housing tenants.....	89
Figure 73: Summary of main changes to benefits (Source: Citizens' Advice Bureau).....	90
Figure 74: Income for Private Rented Sector Tenure (Source: Tower Hamlets Housing Needs Survey 2014).....	91
Figure 75: Age Profiles for Older Persons in Tower Hamlets Compared with the London (Source: UK Census of Population 2011).....	93
Figure 76: Benchmark Figures for Specialist Accommodation.....	94
Figure 77: Older people aged 75+ Population Growth Projections 2012-2032 (Source: ONS).....	96
Figure 78: Older People aged 75+ Population Growth Projections to 2019 and 2025.....	96
Figure 79: Implications of Older People Resource Pack Ratios based on Population Projection Scenarios (Note: figures may not sum due to rounding).....	97
Figure 80: Incapacity Benefit/ Employment and Support Allowance by Working Age persons 2008-2014 (Source: DWP).....	102
Figure 81: Limiting Long-term Illness Rates by Severity (Source: UK Census of Population 2011).....	103
Figure 82: Trends in applications for Disabled Facilities Grants (Source: HSSA to 2010/11 and Local Authority records onwards).....	103
Figure 83: Attendance Allowance Claimants (DWP February 1996 – February 2014. Note: Based on 5% Sample Data).....	104
Figure 84: Estimates of Vulnerable and Older People Needs in Tower Hamlets 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit).....	105
Figure 85: Armed Forces living in Tower Hamlets and comparator boroughs (Source: Census 2011).....	108
Figure 86: Age Profile All Respondents (Note: Figures may not sum due to rounding).....	112
Figure 87: Tenure Profile All Respondents (Note: Figures may not sum due to rounding).....	112
Figure 88: Ethnic Group Profile All Respondents (Note: Figures may not sum due to rounding).....	112
Figure 89: Property Type Profile All Respondents (Note: Figures may not sum due to rounding).....	113
Figure 90: Religion All Respondents (Note: Figures may not sum due to rounding).....	113
Figure 91: Household Composition Profile All Respondents (Note: Figures may not sum due to rounding).....	113
Figure 92: Housing Problems (Source: Tower Hamlets Housing Needs Survey 2014).....	114
Figure 93: Ways in which households have changed the way they use energy to reduce the amount of gas/electricity they use (Source: Tower Hamlets Housing Needs Survey 2014).....	115

Figure 94: Satisfaction with Quality of Home by Tenure (Source: Tower Hamlets Housing Needs Survey 2014)	115
Figure 95: Problems in the Local Area (Source: Tower Hamlets Housing Needs Survey 2014)	116
Figure 96: Length of Time in the Local Area (Source: Tower Hamlets Housing Needs Survey 2014)	116
Figure 97: Main reasons for moving from last home (Source: Tower Hamlets Housing Needs Survey 2014).....	117
Figure 98: Working Status (Source: Tower Hamlets Housing Needs Survey 2014)	117
Figure 99: Sources of Income (Source: Tower Hamlets Housing Needs Survey 2014)	118
Figure 100: Income of respondent and partner (Source: Tower Hamlets Housing Needs Survey 2014)	118

