

**South East London
Strategic Housing Market Assessment 2009:
Core Data Report**

Main Report of Study Findings
DRAFT: January 2010



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Section 1: Introduction

- ^{1.1} Opinion Research Services (ORS) was commissioned by local authorities in SE London to undertake Housing Requirements Studies in each borough and a Strategic Housing Market Assessment (SHMA) for the sub region. The local authorities involved in the project are Bexley, Bromley, Greenwich, Lewisham and Southwark.
- ^{1.2} A SHMA is a framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate. It promotes an approach to assessing housing need and demand which can inform the development of local development document and regional spatial strategy planning for housing policies, as set out in Planning Policy Statement 3: Housing (PPS3). The purpose of the SHMA is to form part of a wider evidence base for the development of housing and planning policies, which should be considered alongside other factors such as the viability of delivering affordable housing, land availability and local policy priorities. Therefore, the evidence provided in the SHMA should not be viewed in isolation. The government has issued Practice Guidance setting out the scope of a SHMA and suggests how it might be carried out.
- ^{1.3} The research was based on the analysis of 7,250 interviews conducted with households from June 2007 to November 2008 (the Household Survey, which primarily underwrote the housing needs and requirement modelling) coupled with secondary data from the UK Census, Housing Corporation, HM Land Registry, Office for National Statistics and a range of other sources along with a qualitative consultation programme with a wide range of stakeholders.

Figure 1

Overview of the Document Structure for the South East London Strategic Housing Market Assessment 2009



- ^{1.4} This document is the core data report for South East London, which summarises the key statistical findings of the study. Other documents available include:
- A report which focuses upon the key findings and potential conclusions of the study;
 - Studies of the circumstances and housing requirements of particular groups of the population including, older persons, people with support needs, families, Black and Minority Ethnic groups,

migrant workers, key workers, Low Cost Home Ownership, intermediate housing, the private rented sector, low earners, and students;

- A report summarising the extensive stakeholder engagement undertaken for the study including workshops with economic development and social care officers along with the results of a survey and workshop with private landlords;
- A technical appendix covering details of the fieldwork and modelling methodology
- An executive summary designed to be accessible to all;
- Individual reports for each of the five boroughs involved in the study.

Strategic Housing Market Assessment Practice Guidance and PPS3

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

Strategic Housing Market Assessments and Strategic Land Availability Assessments are an important part of the policy process. They provide information on the level of need and demand for housing and the opportunities that exist to meet it (Annexe C, PPS3)

- 1.6 SHMAs work at three levels of planning:

Regional

- Developing an evidence base for regional housing policy.
- Informing Regional Housing Strategy reviews.
- Assisting with reviews of Regional Spatial Strategy.

Sub regional

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

Local

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

- 1.7 When considering SHMAs in the context of developing Local Development Documents, PPS3 sets out the following expectations:

Based upon the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).*
- *The size and type of affordable housing required. (Page 9, Para 22)*

- 1.8 Alongside PPS3, Practice Guidance for undertaking Strategic Housing Market Assessments was published by the Department for Communities and Local Government (CLG) in March 2007 and

subsequently updated with a minor revision in August 2007. A further note published jointly in March 2008 by GLA, Government Office for London and London Councils stated that London was a suitable housing market for the purposes of a SHMA but that sub regional assessments would need to be undertaken in parallel in order to provide sufficient analysis of local needs and requirements.

- ^{1.9} The Practice Guidance gives advice regarding the SHMA process and sets out key process checklist items for SHMA Partnerships to follow. These checklist items are important, especially in the context of supporting the soundness of any Development Plan Document:

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

- ^{1.10} The core outputs and process checklist required of an SHMA to demonstrate robustness are detailed below.

Figure 2
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs (Paras 9 and 10)

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

Figure 3
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

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

- ^{1.11} Details of how the SHMA for South East London meets all of the Core Outputs and Process Checklist can be found in the Technical Appendix.

Data Sources

- ^{1.12} Whilst the study sought to draw on a wide range of secondary data sources, primary data was also collected through a household survey based on a random probability sample. The Household Survey was conducted between June 2007 and November 2008 and a total of 7,250 households were successfully interviewed. Identified non-response issues were addressed by a comprehensive statistical weighting process.
- ^{1.13} The following number of interviews were conducted at the given times in each of the boroughs:
- 1,250 interviews in Bexley; (May-June 2008)
 - 1,250 interviews in Bromley; (October-November 2008)
 - 1,500 interviews in Greenwich; (July-August 2008)
 - 1,500 interviews in Lewisham (June-July 2007)
 - 1,750 interviews in Southwark (January-March 2008)
- ^{1.14} It is noteworthy that for this study the definition of a household was more complicated than would typically be found. In many cases interviewers found that a single dwelling contained groups of unrelated adults. It was decided for practical purposes to treat these groups as being distinct households unless there were good reasons for treating them as separate households. Therefore, if two families were occupying different parts of the same dwelling, or the main dwelling had been broken up into more than one unit inside, then the households were treated as being separate. However, if four adults were sharing a single bathroom and kitchen in a four bedroom property they were considered to be one household.
- ^{1.15} All figures from the Household Survey presented in this report have been grossed-up to represent the overall population – therefore where the report discusses specific numbers of households or dwellings, it is not the number of respondents that is referred to but the number of households or dwellings across South East London that they represent. Following the weighting process it is estimated that there are 551,900 households and 1,282,871 people in South East London with an average household size of 2.32 people.
- ^{1.16} The secondary data sources used included:
- 2001 Census of Population;
 - Database of all property sales maintained by HM Land Registry;
 - Information on existing stock maintained by Valuation Office Agency;
 - Details on local properties from the Royal Mail Small User Postal Address File (PAF);
 - Housing Strategy Statistical Appendix (HSSA) submissions from all boroughs;
 - South East London Housing Market Partnership Bulletin;
 - Housing Corporation publications from Registered Social Landlord (RSL) CORE logs (Continuous Recording) and other statistical returns; and
 - Local authority housing and planning administrative records.
- ^{1.17} All secondary data sources used sought to correspond with the date of the primary data collection, and a reference point of March 2008 (or the nearest available date to this point) is the basis for all sources. This is also the base date for the study projections.

Section 2: The Study Context

- ^{2.1} This section provides a spatial and policy context for the study in terms of Government aims and how these have been taken forward within the region, sub region and local authorities.

National Policy Context

- ^{2.2} In 2003, the government set out their current vision for housing in the Communities Plan. This publication has led to a period of significant change in planning systems across England and Wales, and the current housing policy document is Planning Policy Statement 3 (PPS3) which has recently replaced a series of policies including Planning Policy Guidance Note 3 (PPG3) and Circular 6/98.

- ^{2.3} The objectives of the Communities Plan demand that our communities:

- are economically prosperous;
- have decent homes at affordable prices;
- safeguard the countryside;
- enjoy a well-designed, accessible and pleasant living and working environment; and
- are effectively and fairly governed with a strong sense of community.

- ^{2.4} PPS3 supplements these aims with the requirement that people should also live in a community where they want to live. An important series of definitions are also presented in PPS3, of which several are detailed below.

- ^{2.5} Notably, one of the six principles of PPS3 is that an evidence-based policy approach to housing provision is taken:

Local Development Documents and Regional Spatial Strategies policies should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment.

- ^{2.6} To deliver the Communities Plan the Government tasked the nine English regions with setting up a regional housing body or board. The emerging London policy is contained within the London Plan published by the Mayor of London.

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

Background

- ^{2.7} The London Plan, the Mayor's Spatial Development Strategy, was first published in February 2004. The Plan's integrated and strategic policies inform delivery in a range of areas including housing, transport, and supporting economic growth. The Mayor is legally required to keep the London Plan under review.

- ^{2.8} An updated plan containing alterations made since 2004 was published in February 2008. The election of a new London Mayor in May 2008 led to proposals for a new London Plan being published in April 2009 leading to formal publication of a replacement plan towards the end of 2011.

- ^{2.9} A Replacement Draft Consultation Plan was published in October 2009. However, the February 2008 version of the London Plan retains legal precedence until the replacement London Plan is published.

Key Themes

- ^{2.10} The London Plan recognises that London's economic growth depends heavily on an efficient labour market and this in turn requires adequate housing provision to sustain it. Lack of housing, especially affordable housing, is already one of the key issues facing London employers.
- ^{2.11} Reflecting the key national policy themes of sustainable communities and social cohesion, the London Plan acknowledges that a strategy for housing is not simply a matter of providing adequate accommodation, but also about ensuring access to key public services and local amenities. It emphasises that new housing should also help support economic growth and offer a range of choices for new households, including affordable housing – both homes for social renting and intermediate housing.

Key Objectives

- ^{2.12} In response to the above, the London Plan's main objectives are to:
- accommodate London's growth within its boundaries without encroaching on open spaces;
 - make London a better city for people to live in;
 - make London a more prosperous city with strong and diverse economic growth;
 - promote social inclusion and tackle deprivation and discrimination;
 - improve London's accessibility;
 - make London a more attractive, well-designed and green city

Future Housing Provision

- ^{2.13} The Plan has a strong focus on increasing London's supply of housing. It sets out the policy framework for distributing housing capacity among the boroughs and for realising and monitoring that development. Policy 3A.1 of the London Plan (2008) sets a minimum target for housing provision 30,500. This is slightly below the target of 33,000 new homes per annum identified by the draft Strategic Housing Market Assessment (ORS, November 2008).
- ^{2.14} The Consultation Draft Replacement Plan (October 2009) suggests an even (albeit slightly) higher annual target of 33,380 new dwellings per annum between 2011 and 2021. However, as targets should be over a 15, rather than 10 year period, the Mayor is committed to reviewing targets by 2015/16.
- ^{2.15} Note that the Draft Plan proposes a different view of London's Planning sub-regions to the 2008 Plan and proposes a different spatial framework for policy (map 2.2 below);
- Central London including a Central Activities Zone
 - Inner London
 - Outer London
- ^{2.16} The housing sub-regions are unaltered.

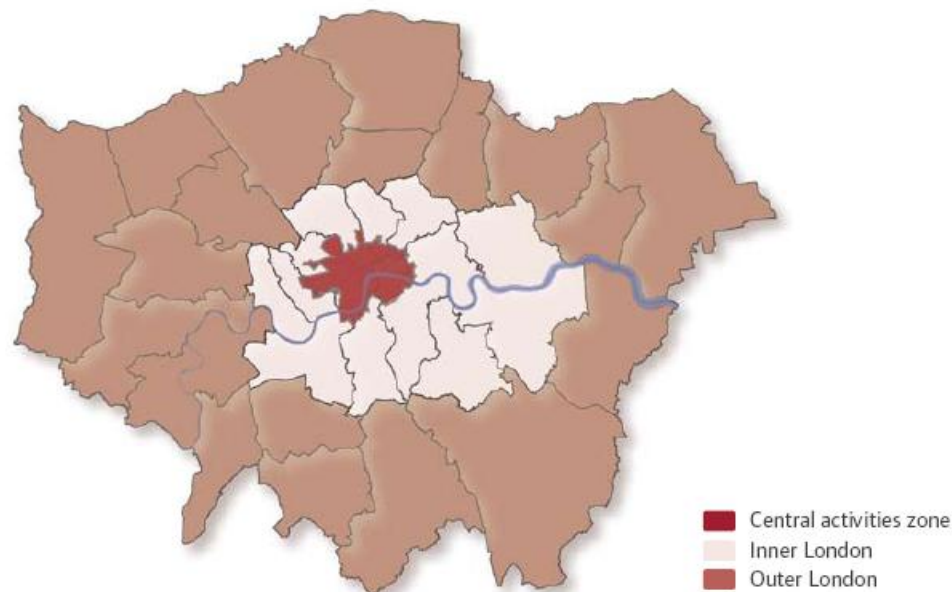
- ^{2.17} Minimum targets for the London Planning sub-regions are shown below. The Planning East sub-region includes Barking & Dagenham, Bexley, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge, Tower Hamlets and Waltham Forest.

Figure 4

London Housing Provisional Annual Monitoring Targets by New Planning Sub-region (Source: Draft Consultation London Plan (October 2009) Table 3.1)

London Housing Provision Targets 2011 to 2021		
Area	Total Target	Annual Monitoring Target
East London	148,450	14,850
North London	36,350	3,635
South London	43,250	4,325
West London	40,150	4,015
Central	65,600	6,560
Total	333,800	33,380

Map 2.2 Outer London, Inner London and Central Activities Zone



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

- ^{2.18} The Mayor published 'Planning for a Better London' in July 2008, setting out the key areas he wishes to address in revising the London Plan, other related strategies and guidance. It paved the way for the Mayor's Draft London Plan October 2009. It outlined the key challenges in respect of providing the homes Londoners need and the key policy responses. These include supporting the delivery of affordable homes while removing prescriptive and counter-productive targets; enabling a higher proportion of shared ownership and other 'intermediate' housing; providing the planning framework for Mayoral housing initiatives; improving standards for the quality and design of housing; and promoting good quality, liveable and sustainable neighbourhoods.

Affordable Housing

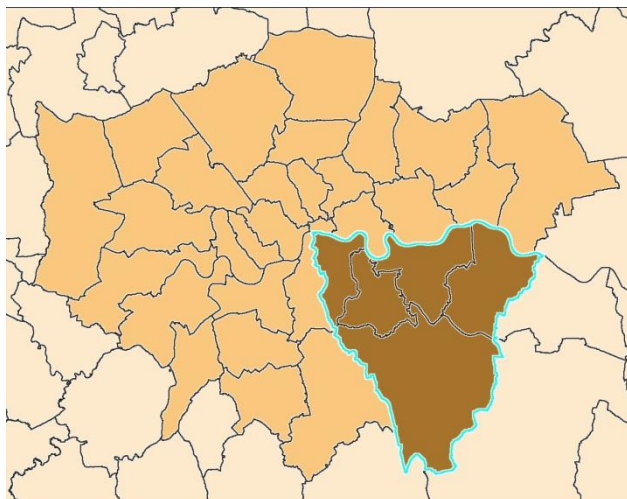
- 2.19 The 2008 Plan places a strong emphasis upon affordable housing. It is seen as being important to meet the needs of households who cannot afford decent and appropriate housing in their borough and also to promote mixed and balanced communities. A shortage of affordable housing has led to increasing numbers of households in priority need being forced to live for long periods in temporary housing, overcrowded conditions and in bed and breakfast accommodation. Many others have moved out of London and are either travelling long distances to work or are leaving the capital altogether.
- 2.20 The result can be that those with lower incomes find it very difficult to access the housing they need, with many having no option but to seek social housing. This in turn can lead to social housing and deprivation being closely linked, with people finding it increasingly difficult to move on from social into other forms of housing.
- 2.21 The consultation draft replacement plan (October 2009) emphasises the link between health deprivation and housing. London is a very expensive place to live, a problem exacerbated by the income trends which suggest that Income poverty rates for children, working age adults and pensioners are higher in London than elsewhere in the UK. However the Draft Plan It also includes an evidence based approach to the identification of areas for intensification and regeneration designed to improve the local economy and reduce such inequalities.
- 2.22 The delivery of additional affordable housing has featured significantly in the development of the London Plan. The first London Plan (2004) adopted a strategic target that half of all additional housing should be affordable. However, in 2008, the new mayor decided that this target has proved unachievable and unresponsive to local circumstances. In the Draft Plan he intends to propose a numeric rather than a rigid percentage based regional target, informed by the SHLAA and SHMA, working with boroughs in the light of their sub-regional and local housing market assessments to ensure their own affordable housing targets fully and realistically contribute to local and strategic need and conform to the London Plan.
- 2.23 The Draft Consultation Plan (October 2009) suggests that, based on the funding that was available and the record of delivery of affordable homes over recent years, an average of 13,200 additional affordable homes per annum is a more appropriate strategic target. This equates to an annual affordable housing target of 40% of all new dwellings. However, the Mayor will engage with boroughs individually to enable them to set local affordable housing targets which are in general conformity with the London Plan's strategic targets.
- 2.24 Although the original London Plan (2004) suggested that future affordable homes consist of 70 per cent social housing and 30 per cent intermediate housing, the London Housing Strategy indicates that a target of 60 per cent social housing and 40 per cent intermediate housing may be more appropriate. These targets are retained in the Mayors Draft Consultation Plan (October 2009).
- 2.25 Finally, in terms of affordable housing thresholds, the Draft Consultation Plan (October 2009) suggests that Boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes (compared with the PPS3 threshold of 15 dwellings). It encourages Boroughs to seek a lower threshold through the UDP process where this can be justified. They are encouraged to ensure that the affordable housing requirement applies to any site which has the capacity taking into account other policies of the plan to provide the minimum number of dwellings set in their threshold

South East London

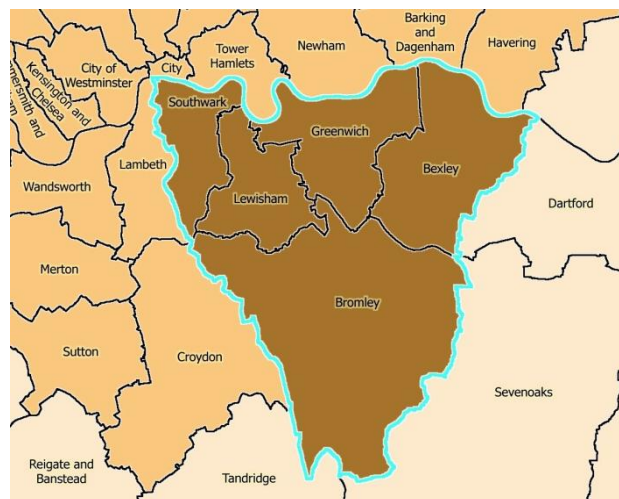
South East London represents one of the five sub-regions which make up the Greater London administrative area. The sub-region incorporates the five London boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark.

Figure 5
Identifying the Study Area

(a) South East London sub-region within Greater London



(b) Boroughs within the South East London sub-region



South East London Housing Strategy 2006-10

- ^{2.26} This is one of 5 housing sub regions that cover London - the others being South West, East, North and West. Each sub region has its own housing strategy and is the basis for the delivery of new affordable housing through Homes and Communities Agency investment and for investment in private sector housing through the Regional Housing Pot's Targeted funding Stream. Like all of London's Sub-regions the character of the sub-region is diverse. It covers inner and outer London Boroughs. Nevertheless as is evidenced below, the sub region can be shown to function as a cohesive area within the context of the London Region.
- ^{2.27} The South East London Housing Partnership (SELHP) is made up of the boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark and includes housing association partners. The scope and nature of SELHP's work can be seen in the South East London Housing Strategy and its summary and through the sub groups that are responsible for delivering the strategy and its action plan.
- ^{2.28} The following-sub regional objectives stem from an overall aim to improve delivery of housing services in the South East London sub-region and were chosen because they:
- Are consistent with national, regional and local housing objectives.
 - Are issues for which sub-regional working can deliver at least part of the solution.
 - Have scope for resources to be deployed across borough boundaries.
- ^{2.29} The sub-region's housing strategy (2006-10) describes how the following objectives will be met. The topics also align to the scope of this SHMA.

Objective 1: Provide sufficient new good quality homes in all tenures that are affordable

- To ensure there are sufficient high quality new homes in all tenures to meet housing need in the sub region. This includes meeting the needs of particular groups and addressing affordability issues.

Objective 2: Tackle overcrowding

- To reduce the number of households who are overcrowded in both the public and private sectors by developing options to provide larger homes across the sub-region and targeting under-occupation to ensure that housing stock is used effectively to meet needs.

Objective 3: Provide choice in housing to meet the needs of the sub-region

- Promoting the use of choice based letting schemes in all boroughs and assessing the viability of a sub regional scheme to provide choice, utilise stock in the most efficient manner and assist in meeting housing needs in the sub-region.

Objective 4: Prevent homelessness and reduce the use of temporary accommodation

- To prevent homelessness through various innovative measures to address current and future needs and achieve the Government's target to halve the number of households in temporary accommodation by the year 2010.

Objective 5: Improve housing in the private sector.

- To ensure that all housing is of a decent standard, especially that occupied by vulnerable people in the private sector. To develop and encourage good practice in the private sector- Buy to let, licensing and enforcement.

Objective 6: Tackle empty properties

- To maximise the use of all properties in the sub-region, in particular by bringing empty dwellings back into use.

Objective 7: Support independence for vulnerable households

- To enable vulnerable households to live as independently as possible.

^{2.30} The strategy proposed a target for the delivery of 5,000 homes per annum in the South East of London and that 40% of these would be 3 bed or larger and that there would be a 70:30 split between intermediate and social rented tenures.

Bexley

^{2.31} Bexley makes up 61 square kilometres and falls in between the key growth areas in London and Kent. Since the mid-seventies Bexley has had a fairly static population, with an estimated population for mid 2007 being 222,100 people.

^{2.32} Bexley's age structure is similar to that of England and South East England but different to London. London as a whole has a much larger proportion of people aged 20-45 and a much smaller percentage of people aged over 50 years.

- ^{2.33} Bexley is similar to England in terms of the proportion of those from Black and Minority Ethnic groups (BME). The BME population of Bexley accounts for 12% of the total, comparable to England's 13% but very different to London's 34%.

Bromley

- ^{2.34} Geographically, Bromley is the largest borough in London. Its population however stands at 300,000 residents.
- ^{2.35} The Bromley Community Plan 2009 recognises the borough's status as a residential suburb but stresses a unique sense of place. The council is also aware of the challenges it faces in an era of increased public expectations but fewer resources.
- ^{2.36} It is clear that by 2020 the population will be larger, more culturally diverse and with an older age profile.

Greenwich

- ^{2.37} The population of Greenwich was recorded in 2007 as being 223,100 people (ONS mid-year population estimates). This is projected to increase to 244,375 by 2011; 262,595 by 2016, 274,807 by 2021 and 28,123 by 2026 (GLA Population Projections (low)).
- ^{2.38} The economy of Greenwich is dominated by small businesses; 85% employ less than 10 people and 4% employ more than a hundred. Business formation and closure rates are both below the London average, suggesting that the borough is both more stable and less dynamic than the city in general.
- ^{2.39} The 2004 London Plan sets a target for Greenwich of 20,100 additional homes between 2007/08 and 2016/17, equating to 2,010 per annum. Due to its riverside setting up, high quality apartments have been a feature of the new development which has proved popular with in-migrant households.

Lewisham

- ^{2.40} The 2001 Census identified that Lewisham had a population of 247,500 people, with proportionately fewer people of retirement age than England and Wales as a whole. At that time, there were 114,650 people working in Lewisham (of whom 31% also lived in the area) with a further 79,500 of the resident population commuting to jobs outside the authority.
- ^{2.41} Lewisham has relatively high levels of unemployment and poverty. The Index of Multiple Deprivation 2007 indicates that Lewisham is the 39th most deprived local authority in England and the 11th most deprived in London.
- ^{2.42} The economy of Lewisham Borough has a relatively narrow base with the Council being the largest single employer in the Borough. The Borough's economically active residents mostly commute to other areas of London for their employment, principally to central London.

Southwark

- ^{2.43} The 2001 Census identified that Southwark had a population of 244,861 people and 110,000 households, 50% of these live in social rented housing, compared to an English average of 19%, and there were high levels of homeless due to an inability to meet identifiable needs in terms of affordable

housing. In December 2007 the average house price in Southwark was £340,000 which is slightly below the London average of £350,000,

- 2.44 The Index of Multiple Deprivation 2007, on the rank of average ranks measure, shows Southwark to be the 19th most deprived borough in England and the 10th most deprived in London.

Figure 6
Summary of Key Facts

	Bexley	Bromley	Greenwich	Lewisham	Southwark	SE London
Population 2007 (ONS mid year population estimates)	222,100	300,700	223,100	258,500	274,400	1,278,900
% BME Population (Census 2001)	18.2%	14.7%	35.9%	47.9%	49.7%	33.3%
% Population 65+ 2008 (POPPI)	16%	16.8%	11.5%	9.6%	9.0%	12.6%
Population Projections -% increase 2006-2026 (GLA Low projections)	3.3%	4.0%	25.2%	19.2%	29.2%	16.1%
IMD Rank (CLG)	194	228	24	39	26	102
Average Household Income (ORS Household Survey)	£34,200	£41,300	£32,100	£27,900	£29,800	£33,300
Unemployment Rate 2009 (Claimant Count)	3.6%	3.3%	5.1%	5.1%	4.7%	4.4%
Number of Households (ORS Household Survey)	91,200	129,800	98,900	110,800	121,200	551,900
% Owner Occupied Dwellings (ORS Household Survey)	74.0%	73.8%	44.8%	40.4%	26.3%	51.5%
% Private rented Dwellings (ORS Household Survey)	11.2%	13.1%	18.9%	29.0%	24.9%	19.6%
% Social Rented Dwellings (ORS Household Survey)	14.7%	13.1%	36.2%	30.6%	48.7%	28.9%
Number of households on the housing register	6,180	4,861	13,486	17,256	8,604	50,387

Section 3: Identifying Housing Markets in South East London

Housing Sub-Markets

- ^{3.1} A key objective of an SHMA is to understand the operation of the housing markets within the study. This in turn requires an identification of the boundaries of the housing market(s).
- ^{3.2} Within London, it is plausible to argue that the whole of Greater London forms a self contained housing market. On this basis the Greater London Authority commissioned a SHMA to cover the whole of Greater London.
- ^{3.3} However, it is also possible to argue that there are distinct housing markets operating within London. This section explores how it may be possible to identify these housing markets and the implications for South East London.

Housing Sub-Markets in the South East London Sub-Region

- ^{3.4} Our methodology to identify sub-regional housing market areas is based on two key guidance documents:
- Planning Policy Statement 3 (PPS3): this identifies Housing Market Areas as being geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.
 - CLG Guidance: In March 2007, the Department for Communities and Local Government (CLG) issued an Advice Note on “Identifying sub-regional housing market areas”. This note recognised that local authorities in several regions had already developed approaches to defining sub-regional housing market areas and it therefore sought to identify emerging good practice.
- ^{3.5} The study also considers:
- working geographies for the analysis of housing markets (at local level and beyond),
 - looking beyond the South East London’s sub-region’s boundaries where appropriate

Sources of Information and Approach

- ^{3.6} The CLG advice note identifies three sources of information which help to evidence local housing sub-markets, namely:
- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
 - Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and

- Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

3.7 These methods identified for defining housing market areas can be sub-divided into two broad approaches:

- The first approach seeks to identify and group together areas with similar characteristics;
- The second approach seeks to identify and group together areas which show a degree of self-containment (in terms of either migration and/or employment patterns).

Identifying and Grouping Areas with Similar Characteristics

3.8 Classifying sub-markets using the first approach will tend to yield a larger number of small areas, but each area will tend to have residents with similar characteristics. If such characteristics change, perhaps young single persons join together and become family households, they are likely to move into a different housing sub-market. For example the couple may choose to leave a town centre apartment for a home with a garden in a more suburban location.

Identifying and Grouping Areas with a Degree of Self containment

3.9 Using the second approach for classification tends to yield fewer sub-markets – but within each of the identified areas, there should be housing available for residents of all types. If the identified area has a balanced housing market, all households should be able to find housing to meet their requirements at a price that they can afford.

3.10 If there is insufficient housing of any particular type, households seeking such housing will inevitably widen their search areas in order to find the housing that they require. On the assumption that their employment circumstances don't change, they will all have to commute – so the lack of any particular type of housing will, over time, change the patterns of containment in relation to both migration and employment, such that the sub-market boundaries will eventually be redefined to include areas catering for the “missing” types of housing. Alternatively, the gap in the local market may be recognised and the “missing” types of housing may be provided within the local area.

Data Sources Used

3.11 There is an increasing amount of secondary data available that can be drawn on to help understand each of these factors. It is important to recognise that no one single approach (nor one single data source) can provide a definitive answer – but through considering the range of available data, it is possible to form a judgement on an appropriate geography for sub-market areas.

3.12 The data sources that we have considered in the course of this analysis include:

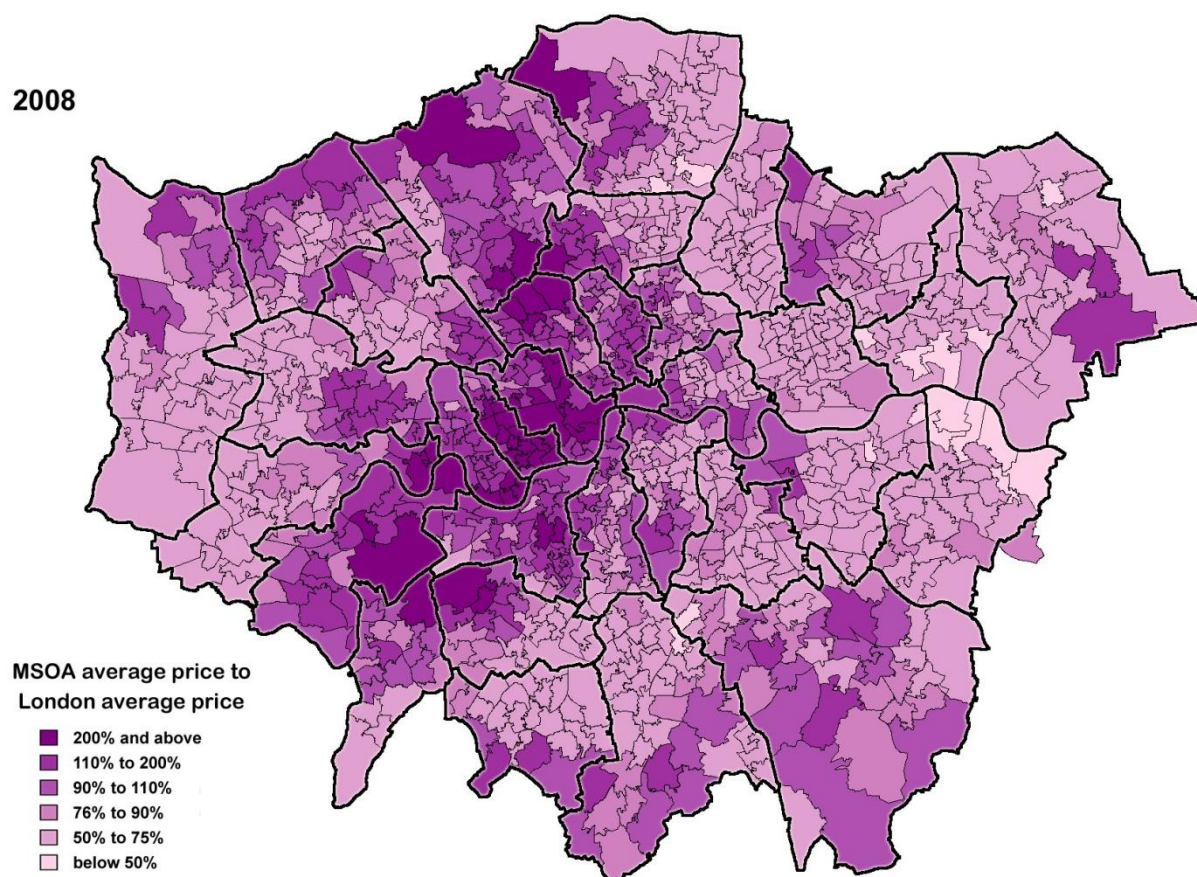
Data Source	Contents	Geography	Dates
2001 Census	Tenure, household type, age, migration, travel to work, education, household amenities, religion, employment and health	Census Output Area and a 5% sample of individual records)	2001
Land Registry records	Record of all properties sold including selling price and tenure	Individual records including 7 digit postcode	2000 onwards
CORE data on social lettings	Individual records of recent tenants in the social sector including household size, ethnicity, income and housing benefit claimants	Individual records including 7 digit postcode	2004 onwards
Index of Multiple Deprivation data from the CLG	National measure of relative deprivation which also incorporates education, health, income, crime and social wellbeing	Census Output Area	2004
ONS National Health Service Customer Records	Record of inter local authority migration	Local authority	Annual since 1997

Identifying Sub-Areas in South East London

- 3.13 One method for identifying housing markets is through an analysis of house prices. Neighbouring areas which contain similar house prices are also likely to share many other similar characteristics, which could lead to them being viewed as being a housing market.

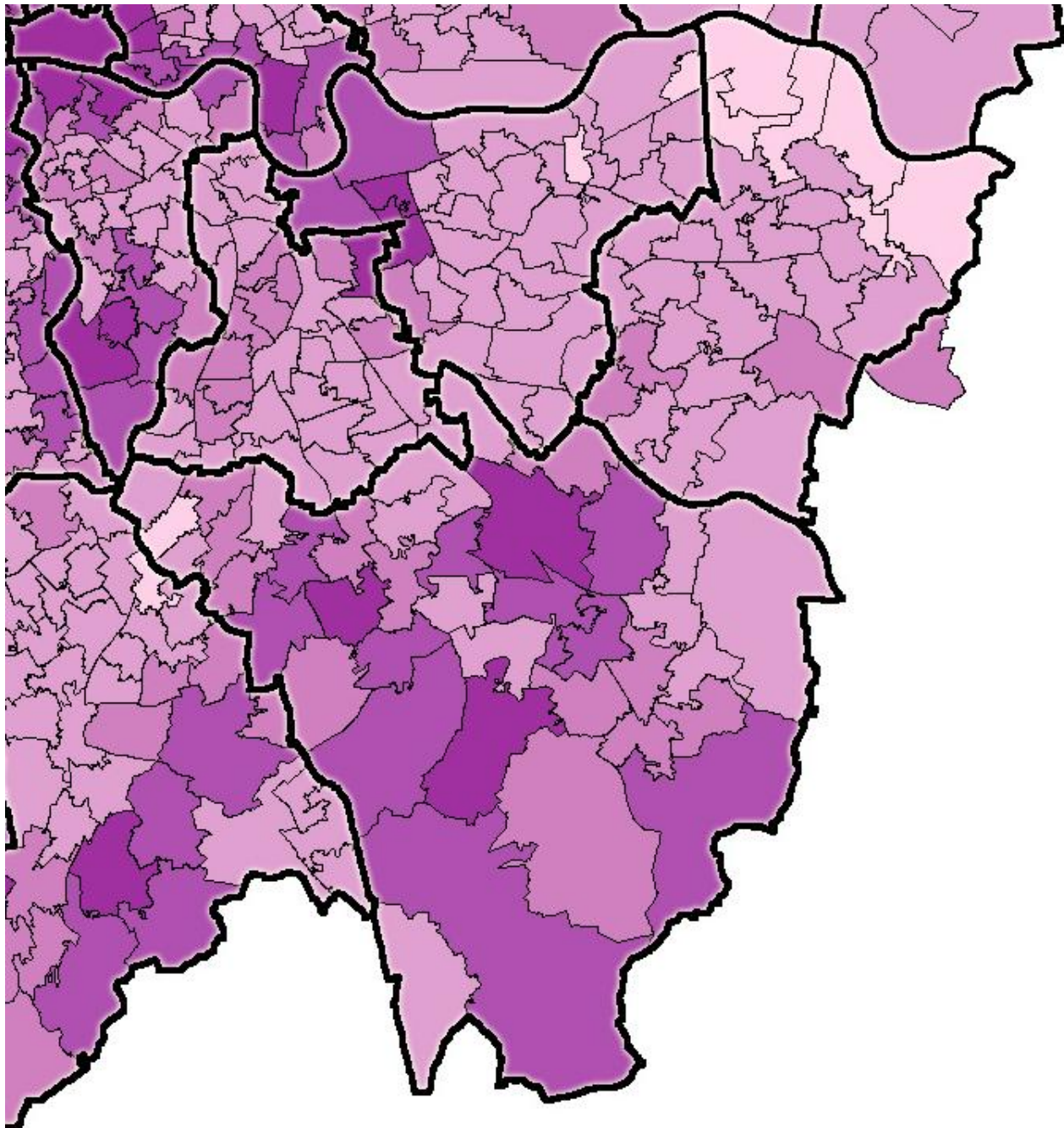
Figure 7

Relative House Prices Across Greater London (Source: UK Land Registry January 2008 to Decemberr2008)



- 3.14 Figure 7 shows the variation of house prices from the mean across the South East London sub-region from January 2008 to December 2008 by Middle Super Output Areas (MSOA). Areas in the darkest shade of purple contain house prices which are over 200% of the London average and those in the lightest shade of purple are less than 50% of the average. The majority of house prices in the South East London sub-region are below the London average.
- 3.15 Figure 8 shows a closer view of relative house prices across South East London. This identifies that house prices in parts of Southwark (Bankside and Dulwich), Greenwich (West Greenwich/Blackheath) and parts of Bromley are typically higher than those in Lewisham, Bexley and large areas of Greenwich.

Figure 8
House Prices Across South East London Compared to the London Average (Source: UK Land Registry January 2008 to December 2008)



Conclusions

- ^{3.16} If we were seeking to identify sub-markets on the basis of areas with similar characteristics, the above maps would suggest that areas such as Dulwich, West Greenwich/Blackheath and Bankside would form sub-markets because they are distinct from their surrounding areas. Whilst it is helpful to understand this distribution of local house prices, the distribution does not appear to provide a clear mechanism for classifying sub-market areas because each area will tend to have residents with similar characteristics. As noted earlier, if such characteristics change, perhaps young single persons join together and become family households, they are likely to move into a different housing sub-market. Therefore, the identified sub-markets are not capable of meeting the needs of all households.

Using Employment and Migration Patterns to Define Housing Market Areas

Travel to Work

- ^{3.17} We can identify travel to work behaviour through analysis of the 2001 Census data (Figure 9 overleaf). This identifies those who are resident in the area and commute out of it to work and vice versa. It also indicates the proportion of people both living and working in the sub-region.
- ^{3.18} The following table shows the boroughs and regions that residents of South East London travel to for work (first two columns), and the boroughs and regions that those employed within South East London travel from (second two columns). The final column gives the net number of workers travelling into South East London to work. The data identifies that 298,547 people both live and work in South East London. This represents around 54% of all those living in the area who have a job, and 68% of all those who work in South East London.
- ^{3.19} Most of the travel to work patterns in the area are London based. The majority of South East London residents are either working in the sub-region or other parts of London (94%) and those coming into South East London to work mainly travel from other parts of London (85%). Residents of South East London are more likely to leave the sub-region to work in other parts of London than residents of other London boroughs are to travel into South East London to work – in particular a net 57,500 South East London residents travel to Westminster, and 38,200 to the City of London to work.
- ^{3.20} However, a net 23,878 people travel into South East London to work from parts of the South East and 7,835 travel from parts of the Eastern region.
- ^{3.21} From this it can be argued that the sub-region as a whole has the makings of a housing market area, as it reflects where people both live and work. This point can be reinforced through an analysis of migration patterns.

Figure 9
Travel to Work Patterns for Residents in South East London in 2001 (Source: Census 2001)

UK Region	Travel to Work				
	Travel from South East London		Travel into South East London		Net
	N	%	N	%	
Bexley	50,923	9.1%	63,358	14.3%	12,435
Bromley	79,744	14.3%	81,153	18.4%	1,409
Greenwich	52,119	9.3%	53,291	12.1%	1,172
Lewisham	52,251	9.4%	58,689	13.3%	6,438
Southwark	63,510	11.4%	42,056	9.5%	-21,454
SE London sub-total	298,547	53.5%	298,547	67.6%	0
Westminster, City of	59,566	10.7%	2,009	0.5%	-57,557
City of London	38,331	6.9%	118	0.0%	-38,213
Camden	20,254	3.6%	2,155	0.5%	-18,099
Tower Hamlets	18,036	3.2%	3,117	0.7%	-14,919
Lambeth	21,849	3.9%	11,189	2.5%	-10,660
Islington	11,292	2.0%	2,259	0.5%	-9,033
Kensington and Chelsea	7,124	1.3%	1,373	0.3%	-5,751
Hackney	4,900	0.9%	2,665	0.6%	-2,235
Hammersmith and Fulham	4,570	0.8%	1,639	0.4%	-2,931
Wandsworth	7,373	1.3%	5,160	1.2%	-2,213
Redbridge	641	0.1%	2,555	0.6%	1,914
Waltham Forest	1,143	0.2%	2,523	0.6%	1,380
Haringey	963	0.2%	2,290	0.5%	1,327
Havering	824	0.1%	2,285	0.5%	1,461
Barnet	1,083	0.2%	2,135	0.5%	1,052
Rest of London	28,066	5.0%	33,280	7.5%	5,214
London sub-total	524,562	94.1%	375,299	85.0%	-149,263
East	4,512	0.8%	12,347	2.8%	7,835
East Midlands	431	0.1%	984	0.2%	553
North East	148	0.0%	278	0.1%	130
North West	467	0.1%	710	0.2%	243
Northern Ireland	18	0.0%	33	0.0%	15
Scotland	203	0.0%	156	0.0%	-47
South East	25,521	4.6%	49,399	11.2%	23,878
South West	612	0.1%	1,013	0.2%	401
Wales	161	0.0%	312	0.1%	151
West Midlands	564	0.1%	724	0.2%	160
Yorkshire and The Humber	358	0.1%	515	0.1%	157
Total	557,557	100.0%	441,770	100.0%	-115,787

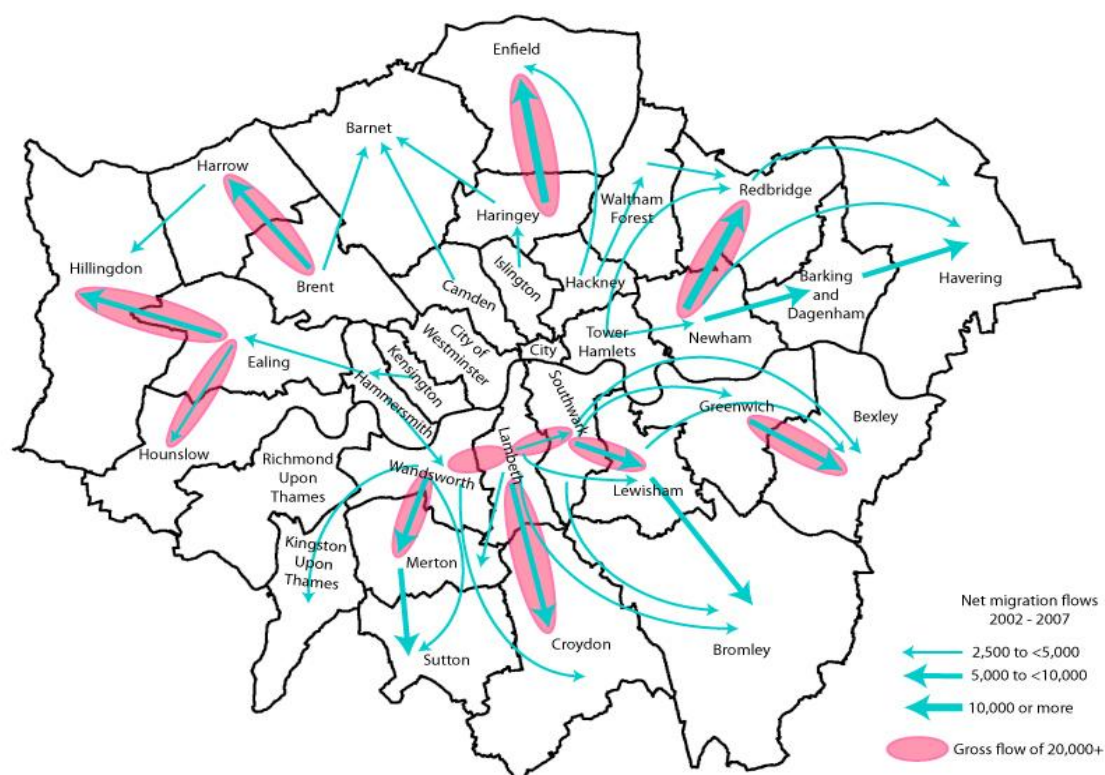
Migration Trends

^{3.22} Since 1996-97, the ONS has published relatively localised migration data using information from the NHS Central Register (NHSCR) which records the movement of individuals who change GP. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data. Not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns for the period 2002-2007.

- 3.23 Figure 10 illustrates the migration patterns between London boroughs. This shows a clear split between north and south London, with population leaving the northern central area of London moving to other northern boroughs and those leaving southern central boroughs moving to other southern boroughs. Therefore, the River Thames appears to act as a natural barrier to separate the north and south London housing markets.

Figure 10

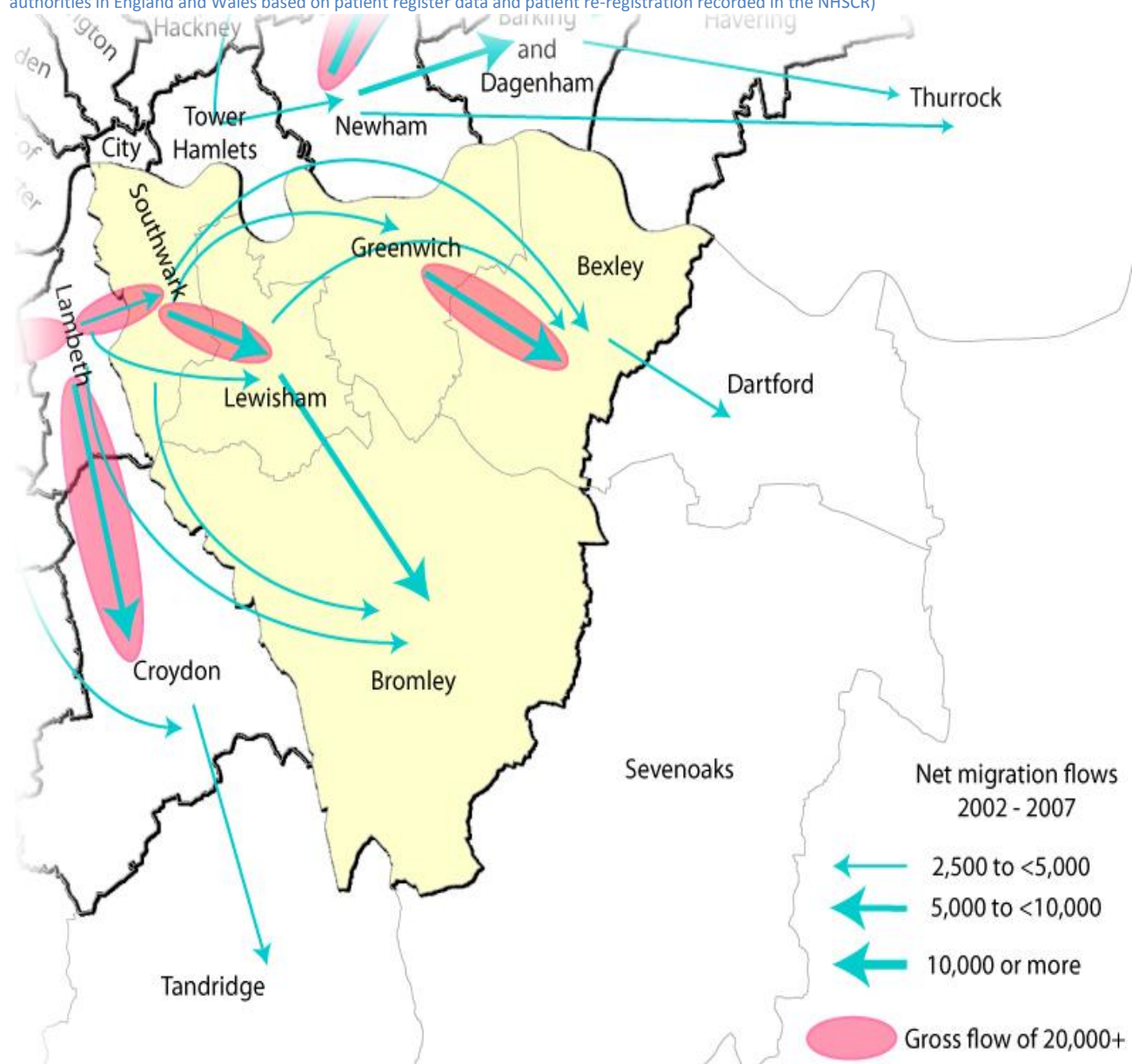
Migration Between London Boroughs 2002-2007 (Source: ONS Migration Statistics Unit: Movements between local authorities in England and Wales based on patient register data and patient re-registration recorded in the NHSCR)



- 3.24 Figure 11 shows a more detailed picture of the migration flows for south east London. It can be seen that the population is generally moving eastwards and southwards towards the outer London boroughs. Both Bexley and Bromley gain from, but do not lose population to, other boroughs in South East London and Southwark loses population to all other boroughs in the sub-region, while Lewisham and Greenwich experience both gains and losses.
- 3.25 Across the whole of south London the most difficult borough to allocate to a sub-region is Lambeth which connects to boroughs in both south east and south west London. However, the strongest connection for Lambeth is with Croydon which in turn is not closely linked to the boroughs of South East London. Therefore, Croydon and Lambeth appear to form a dividing line between South East and South West London with the five authorities of South East London having strong migration connections to each other.
- 3.26 On this basis it is possible to argue that Lewisham, Bexley, Bromley, Greenwich and Southwark form a coherent London sub-region as a whole. As a combined sub-region, the five authorities have sufficiently different characteristics to allow them to provide housing for households as their characteristics change. This means that households could potentially meet all their housing requirements without having to look outside the sub-region.

Figure 11

Migration Between London Boroughs in South East London 2002-2007 (Source: ONS Migration Statistics Unit: Movements between local authorities in England and Wales based on patient register data and patient re-registration recorded in the NHSCR)



Summary of Key Points

- One way of defining housing sub-markets is through an analysis of relative house prices. This identifies that house prices in parts of Southwark (Bermondsey and Dulwich), Greenwich (West Greenwich/Blackheath) and parts of Bromley are typically higher than those in Lewisham, Bexley and large areas of Greenwich. But while it is useful to understand this spread of house prices it does not serve as an adequate means of identifying housing sub-markets because each area will tend to have residents with similar characteristics. Circumstances of residents change which require a move and therefore these sub-markets are not capable of meeting the needs of all households.
- Travel to Work data, therefore provides a more robust framework in which to identify housing markets. The data identifies that 298,547 people both live and work in South East London, this represents around 54% of all those living in the area who have a job, and 68% of all those who work in South East London.
- Most travel to work patterns in the area are unsurprisingly London based with 94% of South East London residents either working in the sub-region or other parts of London, and 85% of those travelling into South East London to work do so from other parts of London.
- Migration patterns tell a similar story. The population is generally moving southwards and eastwards towards the outer London boroughs and Kent. Both Bexley and Bromley gain from, but do not lose population to, other boroughs in South East London, and Southwark loses population to all other boroughs in the sub-region, while Lewisham and Greenwich experience both gains and losses. In particular there is a significant movement of over 20,000 people between South and Lewisham and between Greenwich and Bexley.

Chapter 4: Housing Market Drivers

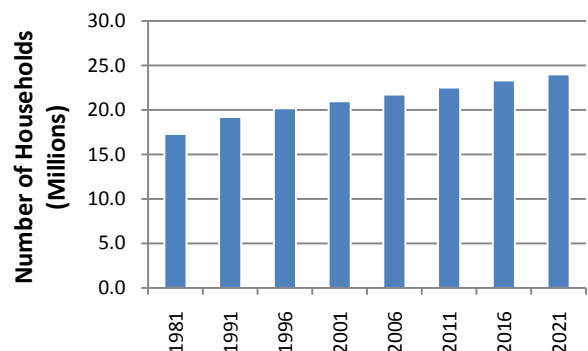
- 4.1 This section of the report considers the main factors considered to be driving the housing market – that is, the demographic, economic and social factors that underpin demand for housing. Firstly we analyse the population across South East London, concentrating in particular on how local circumstances have changed over the last ten years and how they are projected to change in future. We draw on information from the household survey to understand the scale and nature of household migration as it affects the sub-region. Then we look at the economic characteristics of local households, and how local employment compares to national and regional patterns. In order to gain a wider understanding of the character of South East London as a place to live, we examine information from the household survey about households’ satisfaction with access to local facilities and services and report on Multiple Deprivation at ward level.

Population

National Level Population and Household Changes

- 4.2 Recent figures show that the number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers (Figure 12). According to the Office for National Statistics (ONS), until the mid-1990s, natural change was the main driver for growth, with births outnumbering deaths. However, more recent growth has been predominantly based on international migration.

Figure 12:
Number of Households in the UK 1981-2021 (Source: DETR)



- 4.3 Figure 13 shows that there is a natural increase in the UK population. The natural population increase between 2003/04 and 2004/05 was 126,800 people. This increase is commonly attributed to improvements in health care, which reduces child mortality rates and allows people to live for longer.
- 4.4 Figure 14 demonstrates that there has been fairly rapid growth in net UK migration, with particularly high growth between 2003/04 and 2004/05. The ONS reports that this increase was mainly due to the rise in the number of citizens coming from the ten accession countries (A10) that joined the EU in May 2004. Net in-migration of A10 citizens was 74,000 in mid-2005, compared with 10,000 in mid-2004.

Figure 13

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

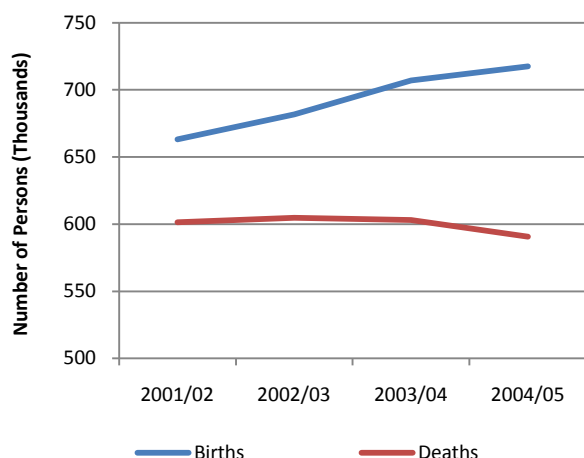
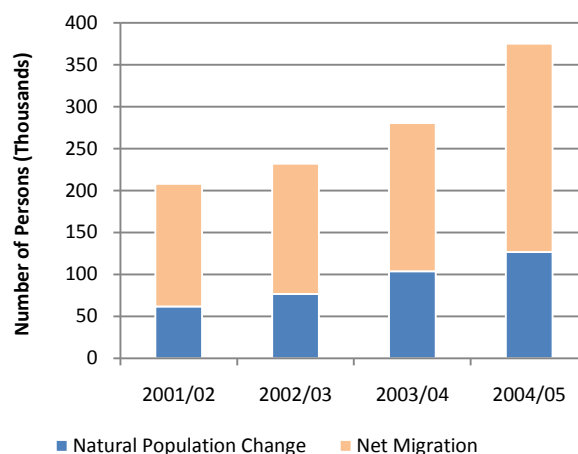


Figure 14

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



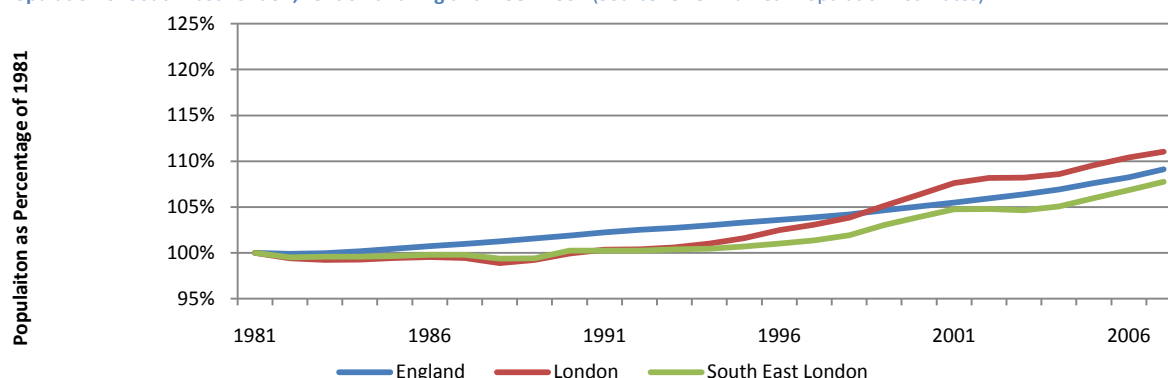
- 4.5 In addition to a growing population, the size of households has been reducing over recent years, hence housing requirements have increased. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021 (ONS projections).
- 4.6 This significant reduction in household size has several possible causes. It is likely that the key contributors are increasing rates of relationship breakdown, people delaying having children and the ageing population. The effect of the ageing population is that more people are living longer and some of them are living alone for longer as women have a longer life expectancy than men. (ONS Population Trends)

Population Trends in South East London

- 4.7 In 2007 South East London had a total population of 1,278,800 people (ONS Mid-year Population Estimates). Since 1981 South East London saw a slight fall in its population, reaching a low of 1,179,600 in 1988, after which it began to steadily rise again, and then more rapidly from around 1998 (Figure 15). Taking the 1981 population as a base, the population of South East London rose by 7.7% in the period up to 2007 from 1,187,000 to 1,278,800 people. This compares with a rise in population of over 9% for the whole of England and 11% for London. It should also be noted that the household population figure from the household survey is 1,282,900, and is therefore fully consistent with the 2007 mid-year population estimates.

Figure 15

Population of South East London, London and England: 1981-2007 (Source: ONS Mid-Year Population Estimates)



4.8 Figure 16 shows how the population of each borough in South East London has changed between 1981 and 2007. It is clear that the population of Southwark has risen at a much higher rate than for any other borough, increasing by 25% in the time period. Lewisham's population also experienced a relatively high increase of almost 9% while the populations of Bromley and Greenwich initially fell before beginning to rise again in the late 1990's. Bexley's population has remained the most stable over recent years.

4.9 The population of South East London is expected to continue to rise again in the future. Based on population estimates from 2007, the GLA estimate that the population of South East London will rise to 1,375,315 by 2016. This would represent a 7.5% rise in 10 years. The growth in population however is unevenly spread across the sub-region with Southwark and Greenwich's population expected to experience the most rapid growth (18% and 19% respectively) and Bromley and Bexley both expecting slight falls in their population by 2016.

4.10 The age structure of the population of South East London from the ONS mid-year population estimates for 2007 (Figure 17) shows that there are fewer children and young adults aged 10-19 years and slightly fewer aged 50 + in the area than in England and Wales as a whole, but that the population share for young children and adults aged 20-44 years, is higher than the national average.

4.11 Figure 18 shows that when compared with the 2001 Census, the 2007 mid-year population estimates show that South East London now has fewer people in the 25-29 years range and 40-64 years range, but has gained population in the 5-14 years and the 65-74 age ranges.

Figure 16
Population by Borough: 1981-2007 (Source: ONS Mid-Year Population Estimates)

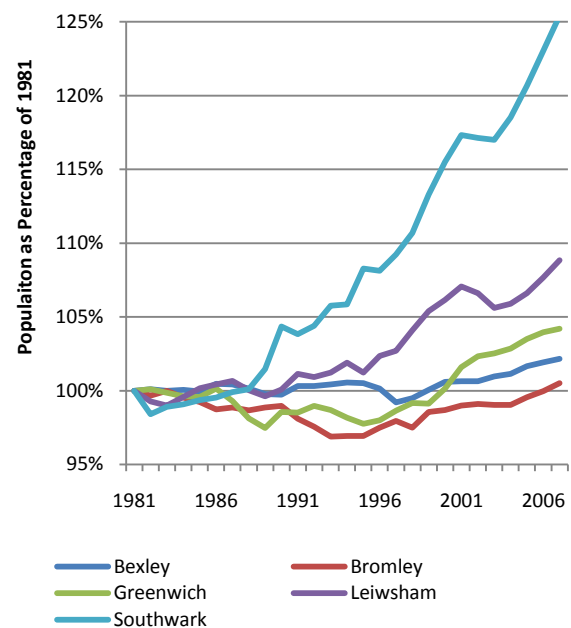


Figure 17
Age Profile for South East London Compared with England and Wales: 2007 (Source: ONS Mid-Year Population Estimates 2007)

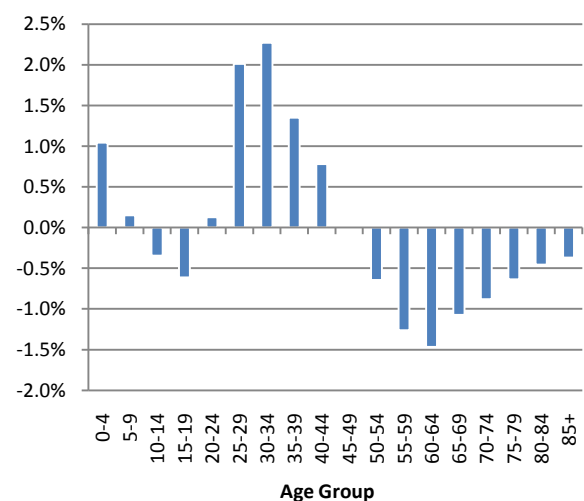
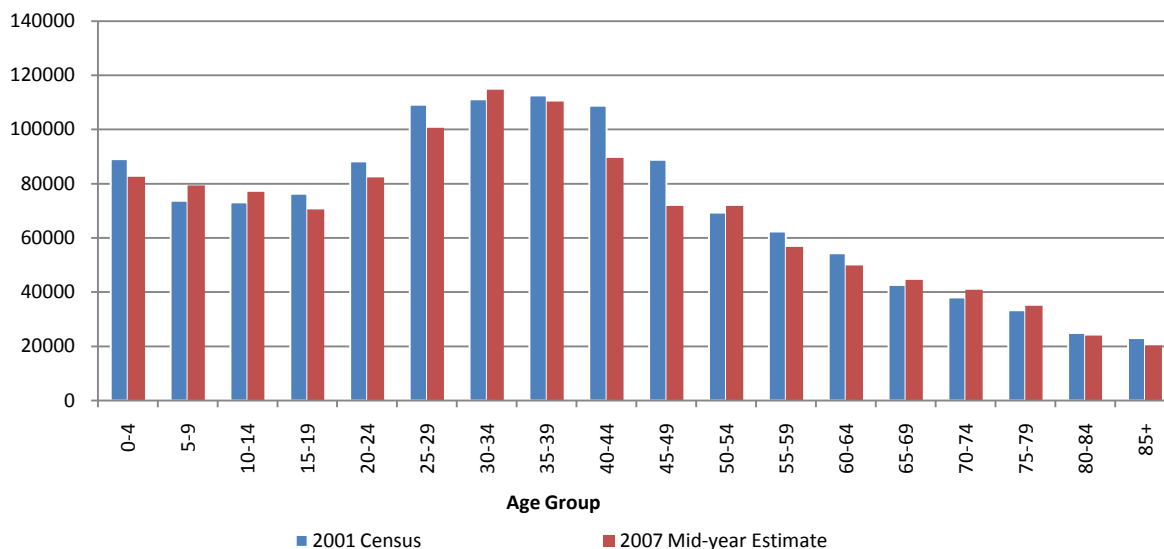


Figure 18

Age Profile for South East London from 2001 Census and 2007 Mid-year Estimates (Source: 2001 Census of Population and ONS Mid-Year Population Estimates 2007)

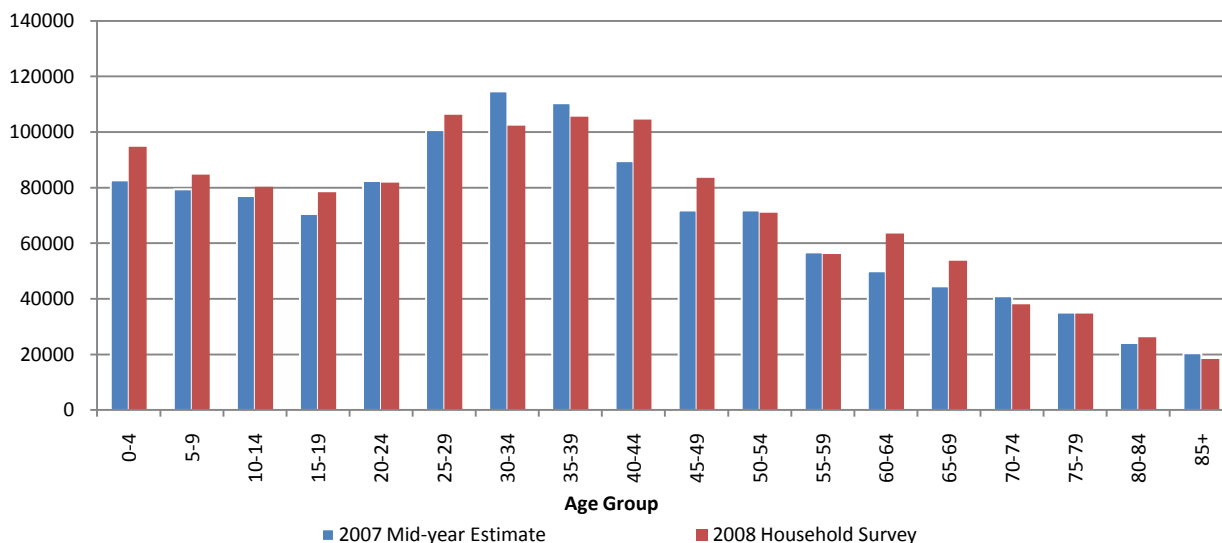


4.12 Figure 19 compares the age structure of the population of South East London from the 2007 mid-year population estimates with that from the 2007-2008 Household Survey. This shows that for most age groups the results from the household survey are fairly consistent with those from the 2007 mid-year estimates. However, the household survey found that the population of children aged 0-4 is higher in South East London than is shown by the 2007 mid-year estimates. There is also a higher number of those aged 40-49 and 60-69 years.

4.13 The higher number of children aged 0-4 years is likely to have major implications for South East London because it implies that there are far more school aged children in the sub-region than are indicated by the mid-year population estimates. This is likely to mean that pressure on school places could be higher in the future.

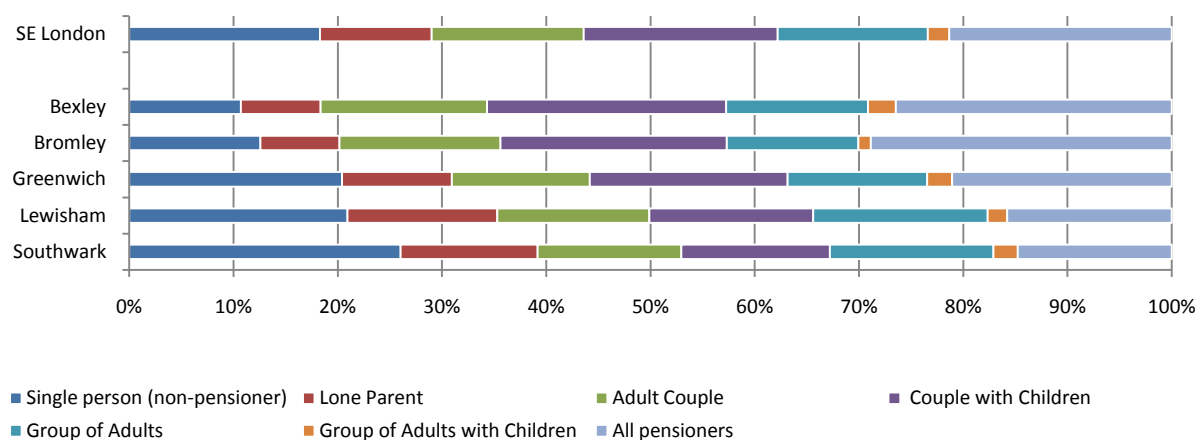
Figure 19

Age Profile for from 2007 Mid-year Estimates and 2008 Household Survey (Source: ONS Mid-Year Population Estimates and South East London Household Survey 2007-08)



Household Structure

Figure 20
Household Type (Source: South East London Household Survey 2007-08)



4.14 It is important to consider the structure of households when assessing housing requirements. More single people in an area will require more dwellings to accommodate the same number of people, while an area with large families will require larger houses to accommodate them.

4.15 Around 21% of all households across South East London contain all pensioners; however this varies across boroughs with Bromley having the highest proportion at 28.8% and Southwark having the lowest at 14.8%. Conversely 26% of Southwark's household's contain one person, compared to only 10.7% in Bexley. Therefore, the housing requirements across the sub-region vary greatly by borough. However half of all households in South East London contain more than one non-pensioner adult with 31% of all households containing children.

4.16 Figure 21 details how household type varies by dwelling type and tenure.

Figure 21
Dwelling Type and Tenure by Household Type (Source: South East London Household Survey 2007-08 Note: Figures may not sum due to rounding)

Household Type	Detached	Semi-detached	Terraced	Flat	Owned	Private Rent	Social Rent
Single person	0.3%	1.3%	3.0%	13.7%	1.6%	2.9%	7.5%
Lone parent	0.1%	1.3%	3.0%	6.4%	2.2%	1.7%	3.4%
Adult couple	1.0%	3.3%	3.9%	6.4%	3.9%	3.9%	4.8%
Adult couple with children	1.6%	6.1%	6.3%	4.6%	9.0%	6.2%	2.4%
Group of adults	1.0%	3.3%	4.9%	5.1%	4.4%	3.4%	2.0%
Group of adults with children	0.2%	0.5%	0.7%	0.7%	0.5%	0.3%	0.2%
All pensioners	2.3%	5.2%	5.8%	8.2%	8.5%	6.5%	7.3%
All household groups	6.4%	21.0%	27.6%	45.0%	50.8%	19.4%	28.5%

Population Migration

4.17 It is important to distinguish between population and household migration. In this section we examine secondary data information to describe the scale of population migration and learn more about migration origins and destinations. In the following section we take information from the

household survey to understand the recent migration driven activity in the market and to see how it affects South East London.

4.18 Data from the 2001 Census showed that of South East London's 1,207,838 residents in households, 128,029 (10.6%) had moved home within the last 12-months.

4.19 Of those that moved:

- 55,789 (44%) moved within their current borough;
- 61,651 (48%) moved to their current borough from elsewhere in the UK; and
- 10,589 (8%) moved to the area from overseas.

and:

- South East London lost a net 4,657 people across the UK in 2000-2001.
- A further 13,742 people resident in South East London were recorded as having "No usual address" 12-months before the Census.

Migration Trends (Domestic)

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

Figure 22

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

UK Region	2003	2004	2005	2006	2007	Total
London	3,830	5,260	5,670	5,210	5,270	25,080
North East	(170)	(180)	(90)	60	(10)	(430)
North West	(390)	(500)	(380)	(280)	(160)	(1,820)
Yorkshire & Humberside	(370)	(450)	(300)	(200)	(100)	(1,440)
East Midlands	(660)	(650)	(520)	(410)	(250)	(2,580)
West Midlands	(500)	(450)	(350)	(120)	(200)	(1,750)
Eastern	(2,340)	(2,480)	(1,950)	(1,690)	(1,850)	(10,560)
South East	(11,740)	(12,030)	(9,810)	(10,210)	(10,940)	(54,990)
South West	(1,390)	(1,700)	(1,270)	(1,280)	(1,310)	(7,020)
Wales	(380)	(360)	(270)	(130)	(80)	(1,240)
Total	(14,110)	(13,540)	(9,270)	(9,050)	(9,630)	(55,600)

4.21 Figure 22 shows the net migration to South East London from every region of England and Wales in the past 5 years. Overall, migration accounted for a fall in the sub-region's population of 55,600 people from 2002 to 2007 from the rest of England and Wales. This represents around 4.4% of the current population of the area. The major regions that migrants have moved to are the South East,

the South West and the Eastern region. The only net in-migration into South East London over this period came from other parts of London.

4.22 Figure 23 shows the individual local authorities which have had the highest net migration to the sub-region. The neighbouring authority of Lambeth to the West has the largest net migration to the area and all 10 authorities are in London.

4.23 Figure 24 shows the local authorities to which South East London lost population through migration. It is apparent that of all of the top ten authorities that receive population from the sub-region are in Kent indicating that the population of South East London is migrating south-eastwards and out of London. However it should be noted that a total of 19,130 people moved from the sub-region to neighbouring Lambeth (the highest out-migration), although this is outweighed by the 29,460 people moving into South East London from Lambeth.

Figure 23
Top 10 Local Authorities with the Highest Net Migration to South East London 2002-2007 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Lambeth	29,460	19,130	10,330
Tower Hamlets	8,170	5,320	2,850
Wandsworth	10,080	7,470	2,610
Newham	6,960	4,780	2,180
Hackney	6,660	4,590	2,070
Brent	4,250	2,610	1,640
Islington	5,770	4,160	1,610
Westminster	6,050	4,670	1,380
Haringey	4,480	3,230	1,250
Camden	5,280	4,170	1,110

Figure 24
Top 10 Local Authorities with the Highest Net Migration from South East London 2002-2007 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Dartford	4,980	11,060	(6,080)
Sevenoaks	3,630	9,240	(5,610)
Medway UA	3,170	8,460	(5,290)
Maidstone	1,240	3,940	(2,700)
Canterbury	2,270	4,930	(2,660)
Gravesham	1,690	4,080	(2,390)
Swale	1,150	3,410	(2,260)
Ashford	910	2,870	(1,960)
Thanet	1,140	3,040	(1,900)
Shepway	570	2,170	(1,600)

Age of Migrant Persons

- 4.24 The age structure of the net migrants to South East London is shown in Figure 25. The sub-region has experienced a net loss of over 20,470 children to the rest of England and Wales (equivalent to around 1.6% of the entire population of the area) and 29,060 adults aged 25-64 years (2.3%). The only age group to have gained in population, through migration from across the UK over the five year period, is the 16-24 years age group where there has been an increase of 2,130 people. It should be noted that this is only a partial picture as it does not include natural change or international migration.

Figure 25

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

Age Group	2003	2004	2005	2006	2007	Total
In Migrants						
0-15 years	5,550	5,830	6,190	6,300	6,510	30,380
16-24 years	10,760	11,240	11,180	11,170	11,200	55,550
25-44 years	25,530	26,290	28,070	28,090	29,770	137,750
45-64 years	3,700	3,940	3,930	4,110	4,330	20,010
65+ years	1,400	1,490	1,310	1,350	1,400	6,950
Total	46,920	48,820	50,690	51,030	53,240	250,700
Out Migrants						
0-15 years	10,250	10,770	9,940	10,050	10,540	51,550
16-24 years	10,880	10,450	10,610	10,170	10,400	52,510
25-44 years	29,740	30,190	29,370	29,610	30,670	149,580
45-64 years	7,210	7,620	7,140	7,150	8,000	37,120
65+ years	2,980	3,280	2,900	2,960	3,240	15,360
Total	61,030	62,360	59,960	60,080	62,870	306,300
Net Migrants						
0-15 years	(4,700)	(4,940)	(3,750)	(3,750)	(4,030)	(20,470)
16-24 years	(120)	790	570	1,000	800	2,130
25-44 years	(4,210)	(3,900)	(1,300)	(1,520)	(900)	(12,110)
45-64 years	(3,510)	(3,680)	(3,210)	(3,040)	(3,670)	(16,950)
65+ years	(1,580)	(1,790)	(1,590)	(1,610)	(1,840)	(8,450)
Total	(14,110)	(13,540)	(9,270)	(9,050)	(9,630)	(55,600)

International Migration

- 4.25 Records for international migration for local authorities have recently begun being published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 people who travel to and from the UK.
- 4.26 Figure 26 shows that between 2001 and 2006, a net 45,400 international migrants moved to South East London from overseas. .

Figure 26
International Migration for Greater London (Source: ONS Migration Statistics)

Area	International in-migration	International out-migration	Net international migration
South East London			
2001/02	17,300	10,000	7,300
2002/03	17,800	11,800	6,000
2003/04	19,700	8,600	11,100
2004/05	21,400	10,100	11,300
2005/06	19,800	9,900	9,900
Total	95,900	50,500	45,600

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

4.28 In 2006/07 a total of 26,210 new National Insurance numbers to non-UK nationals were issued in South East London. This group of workers represent around 2.0% of all people residing in the sub-region. It should be noted that this figure relates only to employees who have received new National Insurance numbers and does not include any of their dependents. It should be noted that new NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace..

4.29 Figure 27 shows that over 14% of all new national insurance registration in South East London were issued to Polish nationals. This group therefore represents around 0.1% of the total population of the area, but the figure could be higher as this only takes into account those with a NI number.

4.30 To place the results for new national insurance numbers for non-UK nationals into context, Figure 28 shows the numbers for each London borough. This shows that the figures for Bromley, Bexley, Greenwich and Lewisham are relatively low when compared with central London boroughs. The figures for Southwark are the highest in the sub-region, but still lower than neighbouring Lambeth and Tower Hamlets. However, the number of migrant workers is still likely to have had a major impact upon the housing market of South East London. In particular, migrant workers tend to occupy private rented dwellings and this may help to explain changes in the South East London housing market which are discussed further in chapter 5.

Figure 27
New National Insurance Registrations of Non-UK Nationals in South East London 2006/07 by Country of Origin (Source: DWP)

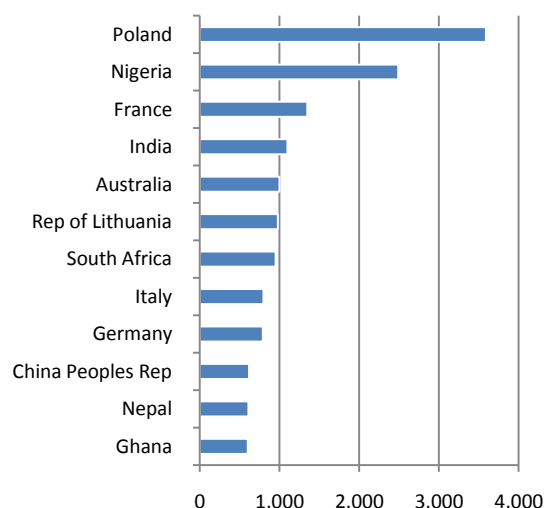
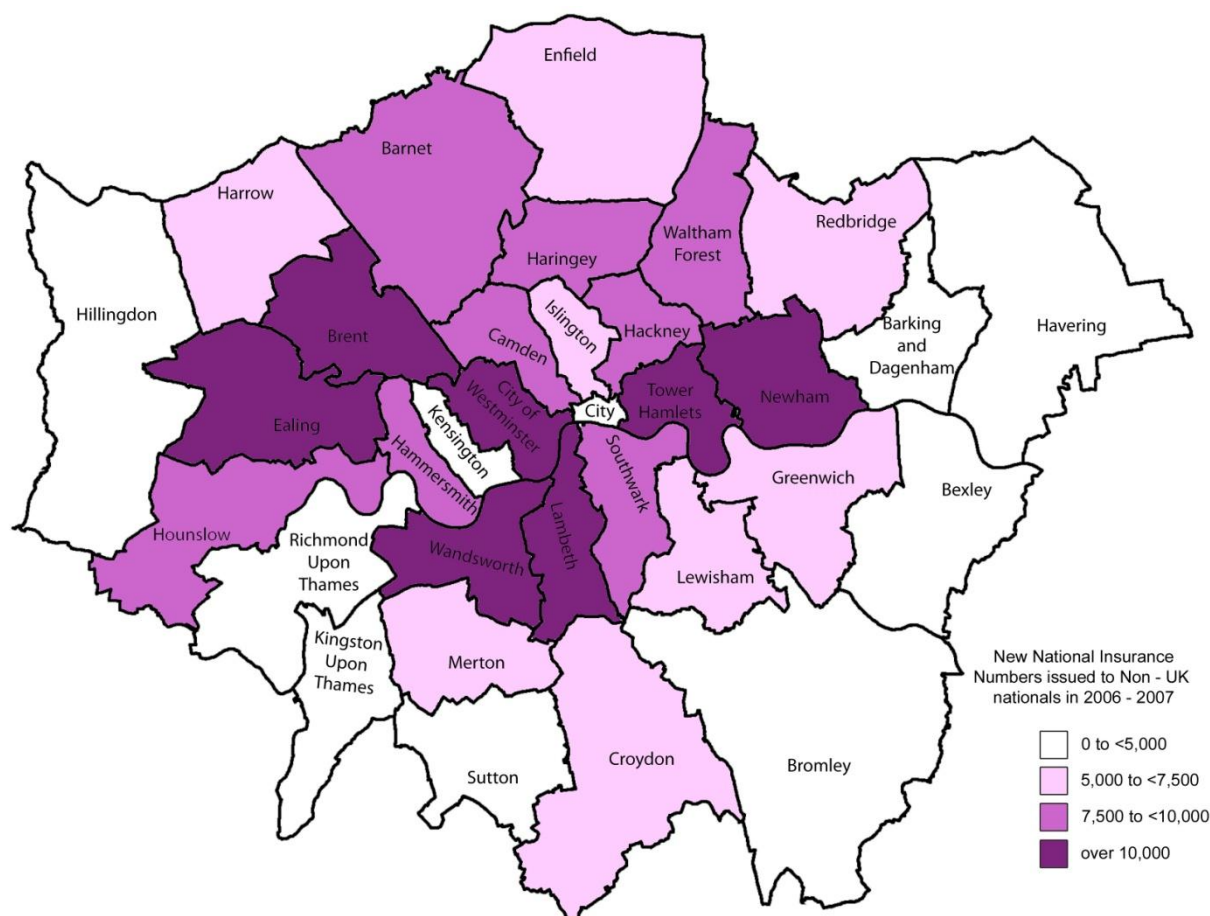


Figure 28

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



- 4.31 In the Household Survey, 164 interviews took place with respondents from recent accession states in Eastern Europe and these form the basis of a separate report covering their circumstances and needs.
- 4.32 Any children associated with migrant worker households moving directly to South East London, will not have been previously registered with a doctor. Therefore, they will not be identified as migrants by the ONS NHSCR statistics. This impact of international migration may help to explain the higher number of children found in the household survey compared with the 2007 mid-year population estimates.

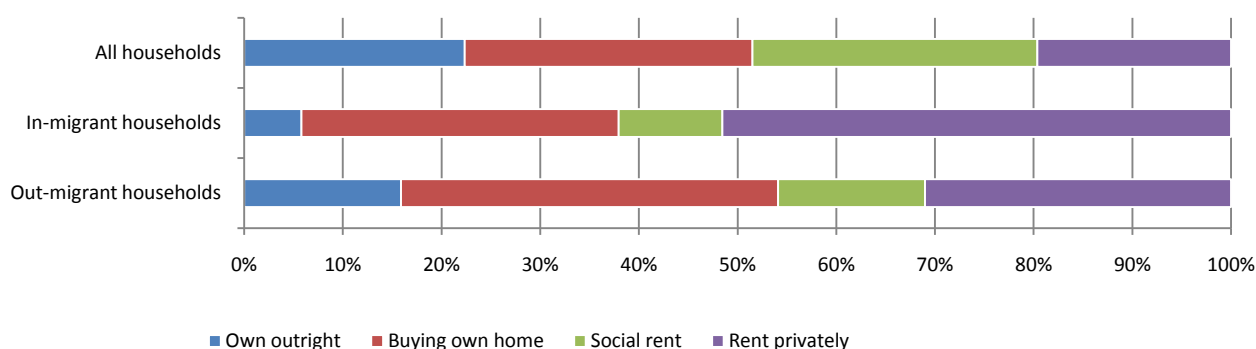
Household Migration and the Household Survey

- 4.33 The following data has been taken from the household survey. It is based upon households:
- that have moved within the last 3 years where the previous address was outside South East London
 - likely to move where they expect to move outside South East London
- 4.34 The headline results are as follows.
- 4.35 The total number of in-migrant households identified by the survey was 58,134– although this will be lower than the total number of in-migrant households that moved to the sub-region over the last 3 years as it does not include those households that have subsequently left the sub-region or those that

have moved to another home within the sub-region (as their immediately previous address would now be somewhere in South East London).

- 4.36 The total number of households expecting to leave the sub-region identified by the survey was 49,047 – but once again this is likely to be lower than the total number of out-migrant households likely to leave the sub-region over the next 3 years for some existing households may not currently plan to leave the area but may choose to do so in the future. Furthermore, future in-migrant households not yet resident in the sub-region may also expect to leave the area within the next 3 years if their circumstances are rapidly changing.
- 4.37 In the section of this chapter looking at population change, Figure 22 described a net migration of people away from South East London to other parts of the UK. The household survey however suggests there is a small net gain of households from migration.
- 4.38 There are some significant findings when comparing households that are leaving and arriving that suggest how migration is driving South East London's local housing market. The understanding of the characteristics of these households is very important for policy. Here we examine information regarding current tenure, household type, ethnic origin and income.
- 4.39 Current tenure of migrant households differs significantly between in and out migrants. Figure 29 suggests that the majority of in-migrants into South East London are buying their own home or renting privately. Over 50% of in migrants are renting privately and over 35% are home owners whereas over 50% of out migrants are home owners and over 30% are private renters. The proportion of in and out migrants who are socially renting is significantly less than their proportion of the overall resident population

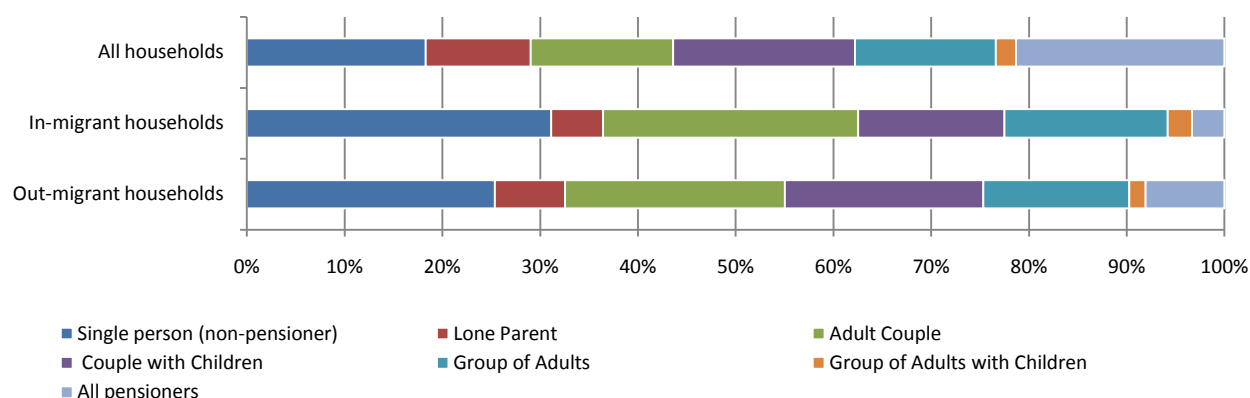
Figure 29
Tenure of Migrant Households (Source: South East London Household Survey 2007-08)



- 4.40 Figure 30 shows that over 30% of in-migrants and around a quarter of out-migrant households are single persons (non pensioners) and very few migrant households contain all pensioners. In contrast over 20% of all households are pensioner households.

Figure 30

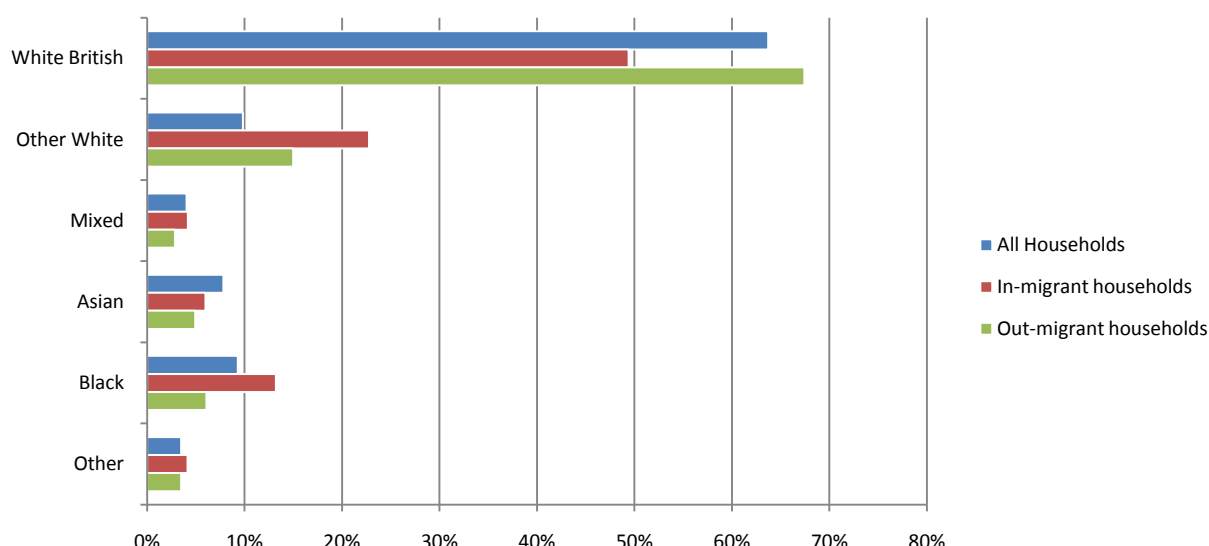
Migrant Households by Household Type (Source: South East London Household Survey 2007-08)



4.41 With regard to ethnicity Figure 31 shows that the White British population make up a larger proportion of out-migrants (67%) than they do in-migrants (49%). In-migrants are more likely to belong to minority ethnic groups in particular the Black and Other White Groups.

Figure 31

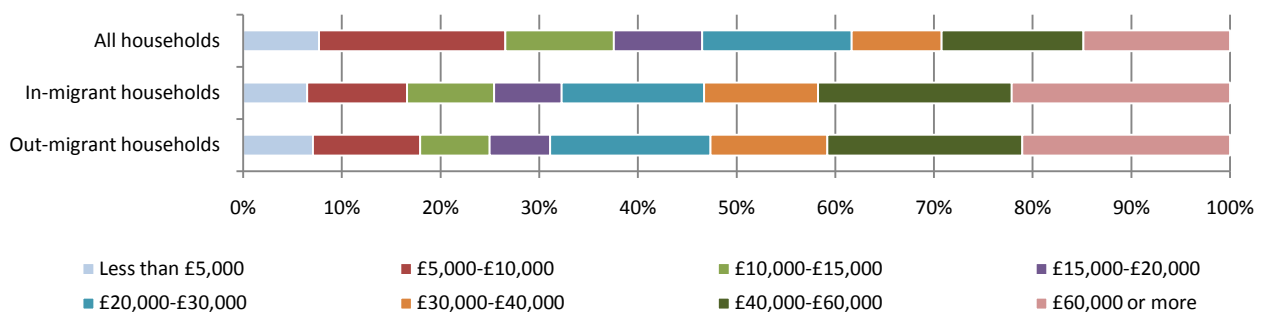
Migrant Households by Ethnic Group (Source: South East London Household Survey 2007-08)



4.42 Finally, both in and out migrating households have more income when compared to all households in South East London. The income levels of in-migrants however are slightly higher than for out-migrants which might suggest that there is a wealth gain from in-migration often found in other housing markets. However, it is possible that with almost 40% of all resident households having income of less than £15,000 p.a. many would find it financially very difficult to move home.

Figure 32

Income of Migrant Households (Source: South East London Household Survey 2007-08)



4.43 It is also interesting to look at how income of migrant households is split by age. Figure 33 shows this information for in-migrants and Figure 34 for out-migrants. It is clear that for in-migrants those aged 26-35 have the highest income of all groups, and for out-migrants those aged 36-50 have the highest incomes; however both of these groups are relatively high earners for both in and out-migrants. This pattern is not unexpected, as many young people may move into an area for employment, and many of those who move out are likely to be slightly older families.

Figure 33

Income of In-Migrant Households by age (Source: South East London Household Survey 2007-08)

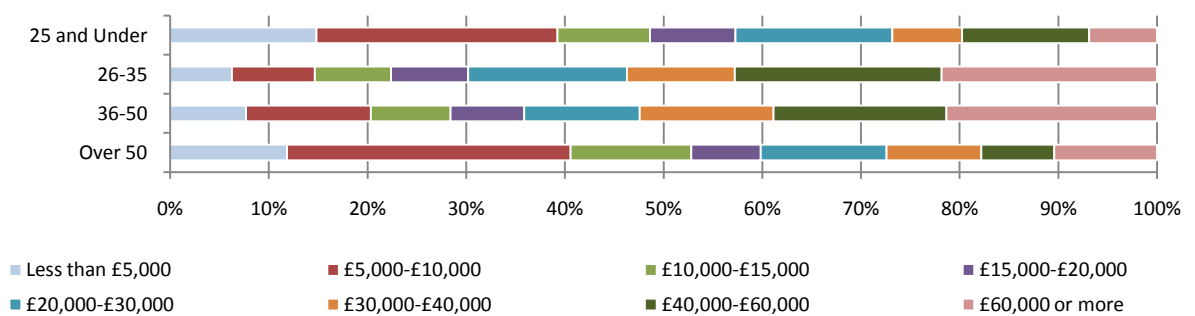
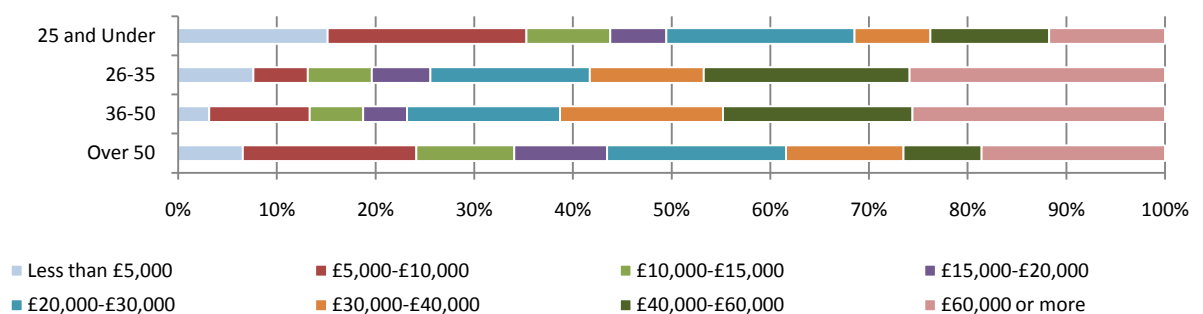


Figure 34

Income of Out-Migrant Households by age (Source: South East London Household Survey 2007-08)



The Local Economy

Economic Activity

4.44 Figure 35 shows that unemployment has been in long-term decline in South East London. Therefore, the majority of those who are economically active are in employment; however, the figure for January 2009 shows that the rate of unemployment is beginning to rise again. It should also be noted that changes in the definition of those eligible to claim unemployment benefit has contributed to some of the reduction in claimant numbers. Figure 36 shows that unemployment rates have been falling in all

five boroughs at a similar rate, however Bexley and Bromley have consistently lower levels of unemployment.

Figure 35

Unemployment Rate for Working Age Population for South East London and England and Wales: 1995-2009 (Source: Claimant Count. Note: Data relates to January each year)

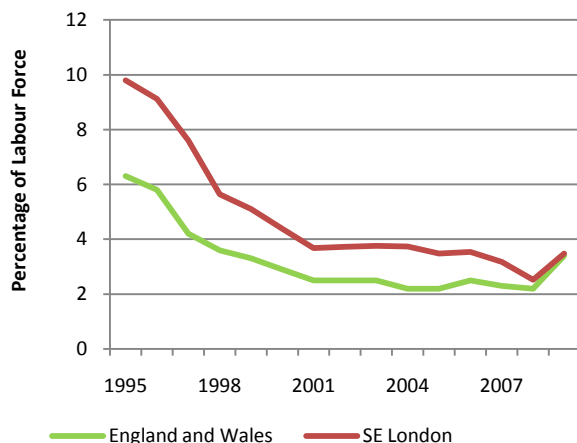
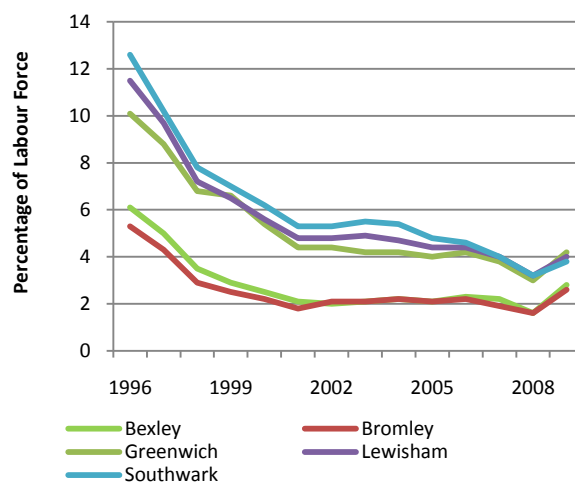


Figure 36

Unemployment Rate for Working Age Population for by Borough in South East London: 1995-2009 (Source: Claimant Count. Note: Data relates to January each year)



4.45 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £67,000 per year. It can de-register if its turnover falls below £65,000. In practice most de-registration is likely to be due to the business being acquired, merged or liquidated. Figure 37 shows the net new VAT registrations in South East London per annum. In total, since 1998 the number of VAT registered businesses in the sub-region has grown by 9,590. This represents an increase in registered businesses of around 35% since 1998. This is relatively high compared to an increase of 19% across the whole of England and 24% across Greater London. Figure 38 shows that there are more than twice as many net new VAT registered businesses in Southwark than in any other borough.

Figure 37

Net New VAT Registered Businesses in South East London: 1998:2007 (Source: VAT Registrations)

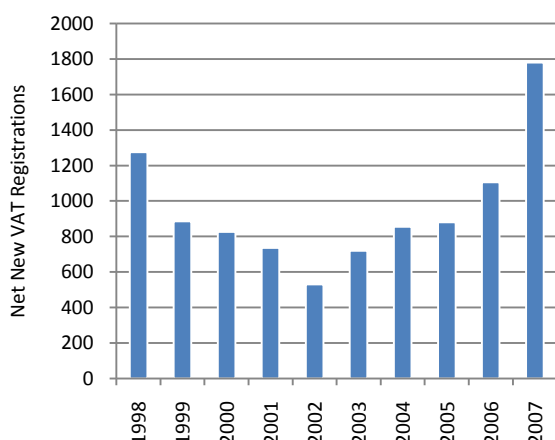
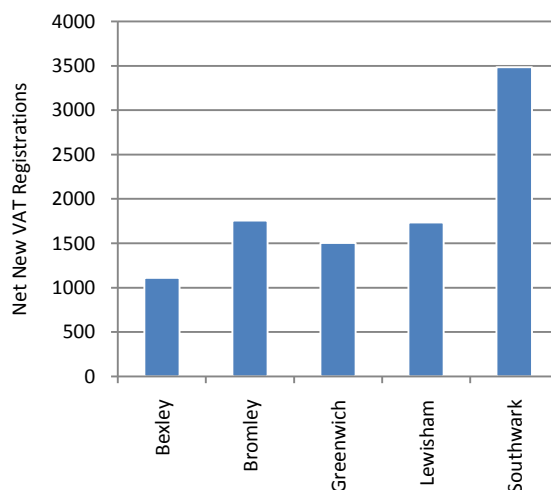


Figure 38

Net New VAT Registered Businesses by Borough in South East London: 1998-2007 (Source: VAT Registrations)



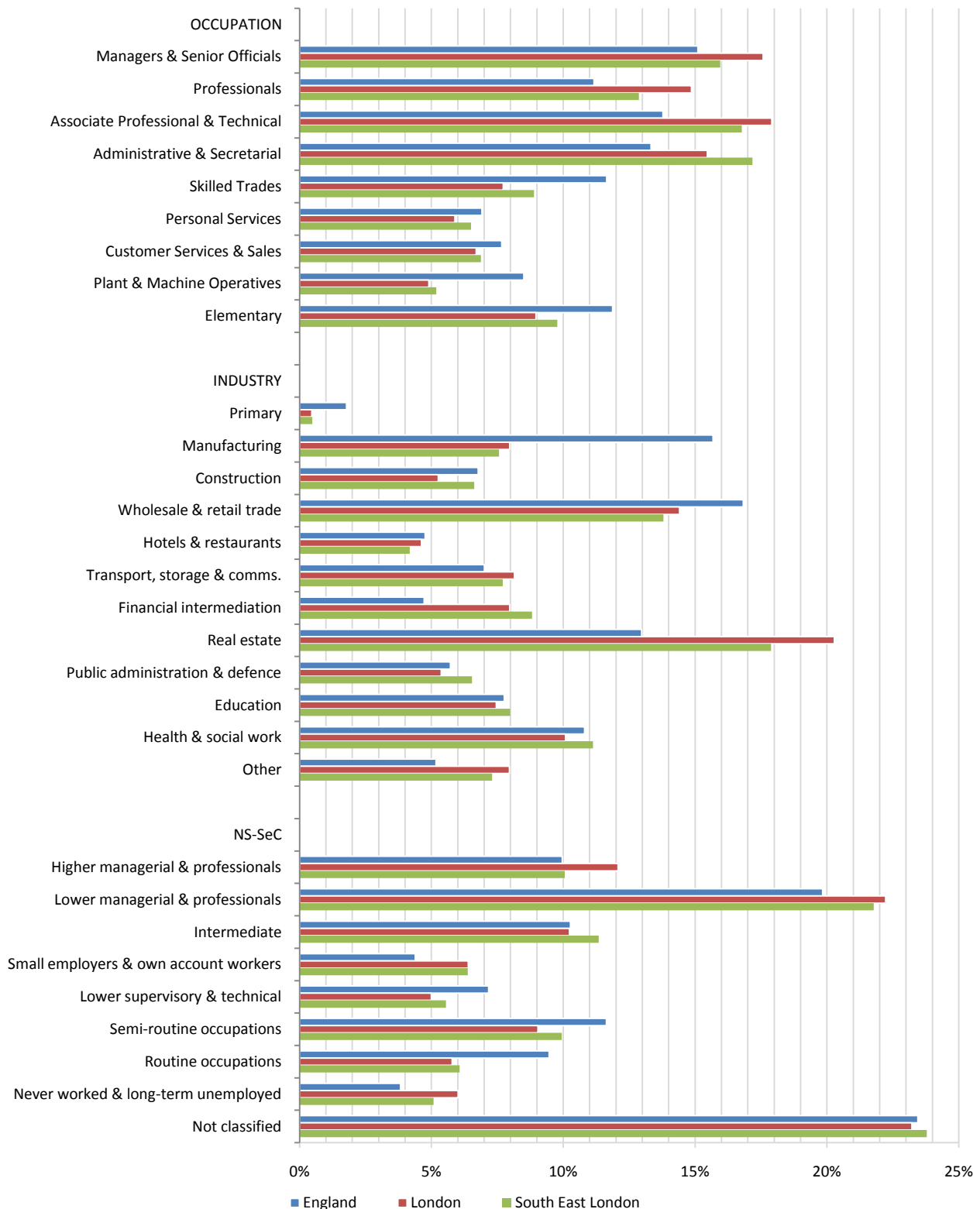
- 4.46 The 2001 Census highlights that the range of occupations of South East London residents differs from those of the overall population of London, with proportionately fewer managers and senior officials and people employed in professional occupations and more in administrative and skilled trades. Therefore, when compared with the rest of London, residents of South East London are disproportionately to be found in lower paying occupations, which could limit their ability to access housing.
- 4.47 When considering the industry of employment of residents, it is apparent that construction, financial intermediation, public administration and health and social work are relatively important to the South East London economy.
- 4.48 Another measure of the nature of residents in an area is the National Statistics Socio-economic Classifications (NS-SeC). This classification was introduced by the Office for National Statistics in 2001 to replace the traditional Social Class based on Occupation (SC) and Socio-economic Groups (SEG) with a new system for classifying the socio-economic circumstances of individuals and households. The system is based on eight classes shown in Figure 39.

Figure 39
Description of NS-SeC Classes (Source: Office of National Statistics)

NS-SeC Class	Description
Higher managerial and professional	Persons who employ others in enterprises employing 25 or more persons, and who delegate some part of their managerial and entrepreneurial functions on to salaried staff. Positions involving general planning and supervision of operations on behalf of the employer. Positions covering all types of higher professional work.
Lower managerial and professional	Positions in which those employed generally plan and supervise operations on behalf of the employer under the direction of senior managers. Positions which involve formal and immediate supervision of others engaged in intermediate occupations.
Intermediate	Positions not involving general planning or supervisory powers, in clerical, sales, service and intermediate technical occupations. Positions in this group are 'mixed' in terms of employment regulation, i.e. are intermediate with respect to the service relationship and the labour contract. This group normally have little authority and are bureaucratically regulated.
Small employers and own account workers	Persons (other than higher or lower professionals) who carry out all or most of the entrepreneurial and managerial functions of the enterprise but employ less than 25 employees. Self-employed positions in which the persons involved have no employees other than family workers.
Lower supervisory and technical	Positions having a modified form of 'labour contract' and involve formal and immediate supervision of others engaged in such occupations often including a job title such as foreman or supervisor.
Semi-routine occupations	Positions in which employees are engaged in semi-routine occupations which have a slightly modified labour contract and have at least some need for employee discretion.
Routine occupations	Positions where employees are engaged in routine occupations which have a basic labour contract and little need for employee discretion.
Never worked and long-term unemployed	Those who are over 16 years of age who have left full-time education, but have never been in paid employment, or have been unemployed for more than a year.

Figure 40

Occupation, NS-SeC and Industry of Employment for South East London Compared to London and England (Source: UK Census 2001)



4.49 London contains 2% fewer higher managers and professionals when compared with the rest of London while it has proportionately 0.5% more people in lower supervisory and routine occupations. This again indicates that employees in South East London tend to have relatively lower paying jobs when compared with the rest of London.

Incomes and Earnings

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

4.51 Since 2002 the New Earnings Survey (NES) and subsequently the Annual Survey of Hours and Earnings (ASHE) has recorded both measures for all local authorities. There are some concerns about the sample sizes within ASHE at district level – so, it is worth emphasising that this data is shown for information only, in order to understand how relative incomes have changed over time. This data is not the basis of the affordability analysis – which utilises data from the 7,250 interviews conducted for the study.

4.52 Figure 41 shows the comparisons for mean gross annual earnings for 2008. The results show that residents in South East London typically earn more than those employed in the sub-region.

4.53 Figure 42 shows that average salaries have risen in all South East London Boroughs albeit at different rates. Median gross annual earnings in Bromley rose by around £10,500 (63%) for those full time employees since 1999 whereas earnings in Southwark only increased by £8,300 (37%). It also shows that median earnings for full-time employed residents in Southwark are higher than the other boroughs in the sub-region, however the gap between them has been decreasing over recent years.

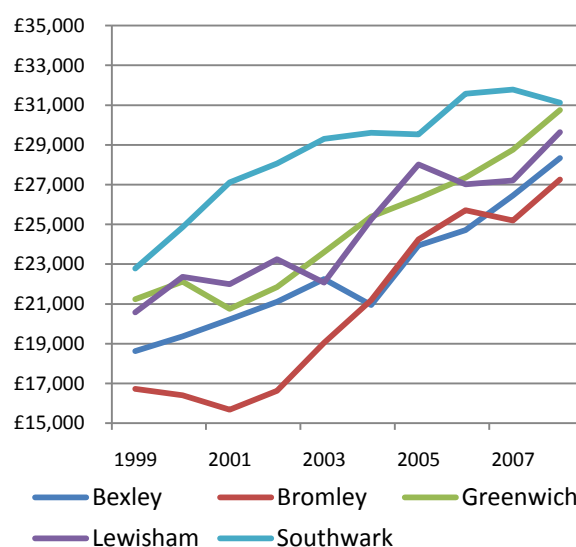
4.54 Figure 43 shows the gross household income levels in all boroughs in South East London. Gross household income includes income from all sources such as earnings, pensions, interest on savings, rent from property and state benefits, but does not include housing benefit. This measure of income is more important than individual earnings for housing purposes because household income gives a better guide to how much a household can afford to spend on housing. This indicates that almost 30% of households have an income of over £40,000 but 37% of households have an annual income of less than £15,000. This finding from the household survey includes income from benefits as well as employment. It explains a great deal about the current housing market, especially the high levels of demand for affordable housing and for the private rented sector.

4.55 In particular, it can be seen that there are great differences in household incomes between the boroughs. Greenwich follows a very similar pattern to that of South East London as a whole, whereas Bexley and Bromley have a much higher proportion of those earning over £30,000 and Southwark and

Figure 41
Median Gross Annual Earnings for South East London in 2008 for all and Full-time Employees (Source: ASHE 2008)

Local Authority	Employed in Area	Resident in Area
Median Earnings	£23,221	£26,662
Median Full-time Earnings	£29,424	£30,979

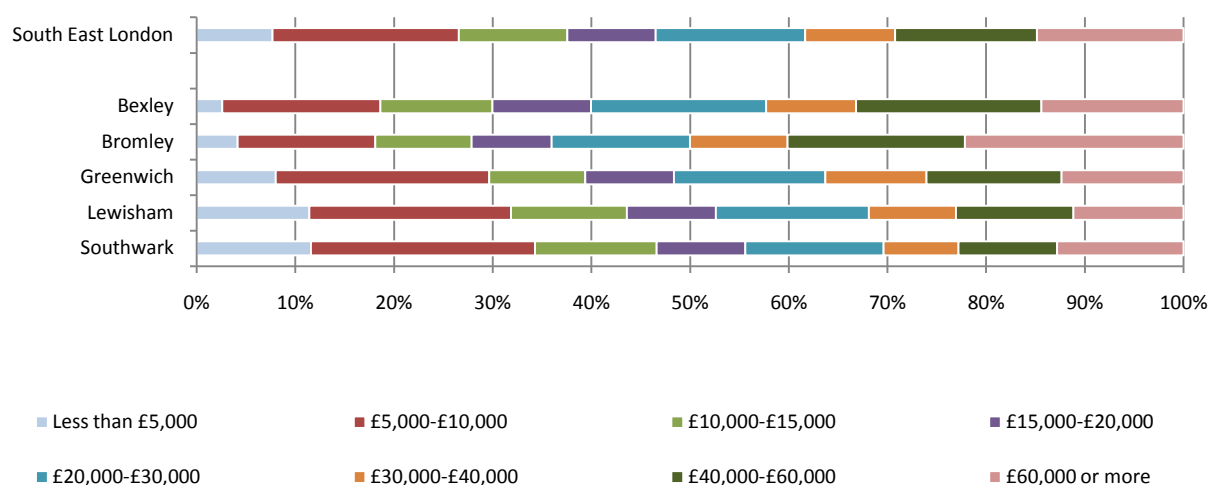
Figure 42
Median Gross Annual Earnings for Employed in South East London Boroughs 1999-2008 for Full-time Employees (Source: ASHE 1999-2008)



Lewisham have a much higher proportion of those earning under £15,000. Therefore, the levels of demand for different types of housing may vary accordingly in each borough.

Figure 43

Household Income (Source: South East London Household Survey 2007-08)



3.27 Figure 44 indicates that the median household income in South East London is £22,200 while the mean household income is £33,300. This shows that a relatively small number of households with high incomes inflate the mean income of the area. Bromley has the highest mean and median income for any borough, while the median income of Southwark is the lowest.

Figure 44

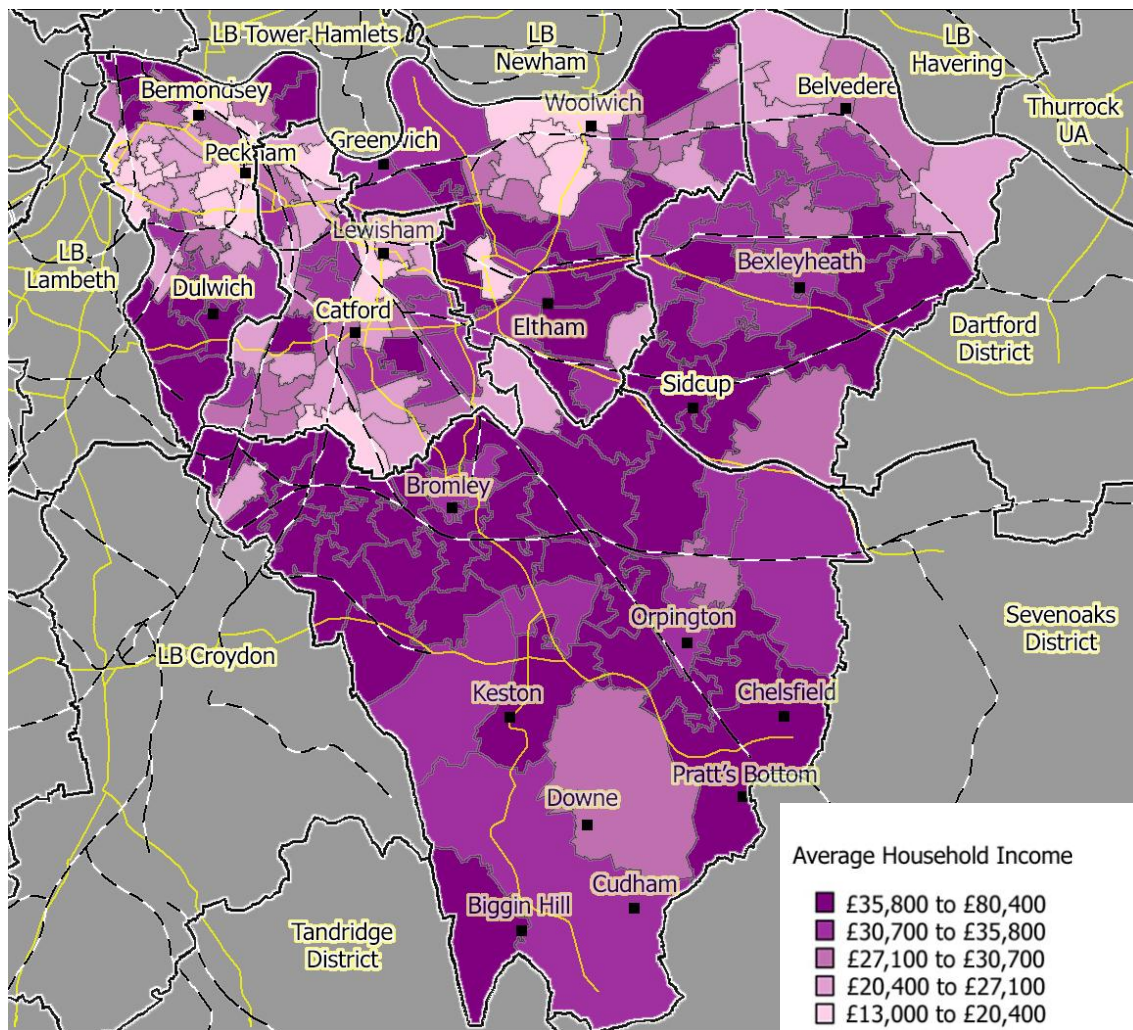
Mean and Median Household Income by Borough (Source: South East London Household Survey 2007-08. Note: Figures rounded to nearest 100)

Category		Mean	Median
Tenure			
	Bexley	£34,200	£25,800
	Bromley	£41,300	£33,600
	Greenwich	£32,800	£22,200
	Lewisham	£27,900	£19,200
	Southwark	£29,800	£16,800
South East London Total		£33,300	£22,200

4.56 Figure 45 how average household incomes vary across South East London, with central parts of the sub-region generally being associated with higher incomes and areas to the north and west containing many parts with relatively low incomes. It is possible that some of the areas with higher levels of income, such as the Thamesmead wards, reflect a high proportion of households containing a group of adults with multiple workers.

Figure 45

Average Household Incomes by middle-level Super COA (Source: South East London Household Survey 2007-08)



Skills and Education

^{4.57} Figure 46 provides information on education level based on the highest educational qualification obtained.

Figure 46

Description of Education Levels (Source: Office of National Statistics)

Education Level	Description
Level 0 / No qualifications	No academic, vocational or professional qualifications.
Level 1	1+ 'O' levels/CSE/GCSE (any grade) NVQ level 1 Foundation GNVQ
Level 2	5+ 'O' levels 5+ CSEs (grade 1) 5+ GCSEs (grade A - C) School Certificate 1+ A levels/AS levels NVQ level 2 Intermediate GNVQ or equivalents
Level 3	2+ 'A' levels 4+ AS levels Higher School Certificate NVQ level 3 Advanced GNVQ or equivalents
Level 4 / 5	First degree Higher Degree NVQ levels 4 – 5 HNC HND Qualified Teacher Status Qualified Medical Doctor Qualified Dentist Qualified Nurse, Midwife, Health Visitor or equivalents
Other qualifications / Level unknown	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel) Other professional qualifications.

^{4.58} Figure 47 shows the proportion of the population over 16 years who are educated to NVQ4 or higher level, and those with no formal qualifications. Compared with London as a whole, South East London has a lower percentage of people with a degree or above and more people at level two or below. However, the levels vary between borough, with Southwark and Lewisham containing a higher proportion of those with a degree or above, and Bexley and Greenwich a higher proportion of those with no qualifications.

Figure 47

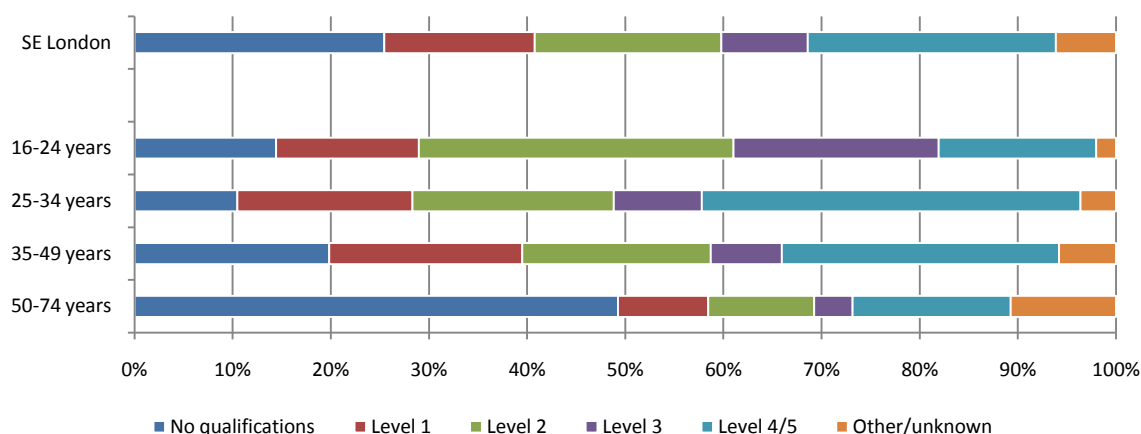
Qualification Levels for South East London Boroughs, South East London and England (Source: UK Census of Population 2001)

Education Level	England	London	SE London	Bexley	Bromley	Greenwich	Lewisham	Southwark
Level 0	28.9%	23.7%	25.5%	28.7%	22.2%	29.4%	24.2%	24.4%
Level 1	16.6%	13.0%	15.3%	20.6%	16.4%	15.0%	14.2%	11.0%
Level 2	19.4%	17.1%	19.0%	22.6%	22.6%	17.6%	17.4%	14.6%
Level 3	8.3%	9.8%	8.8%	6.9%	9.2%	8.3%	9.1%	10.0%
Level 4 / 5	19.9%	31.0%	25.3%	13.3%	23.4%	23.7%	29.4%	34.8%
Other / unknown	6.9%	5.4%	6.1%	7.9%	6.2%	6.0%	5.7%	5.1%

^{4.59} Figure 48 shows that almost 50% of the population aged over 50 years in South East London have no formal qualifications. However almost 33% of everyone aged 25-49 years have the equivalent of a degree or higher.

Figure 48

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

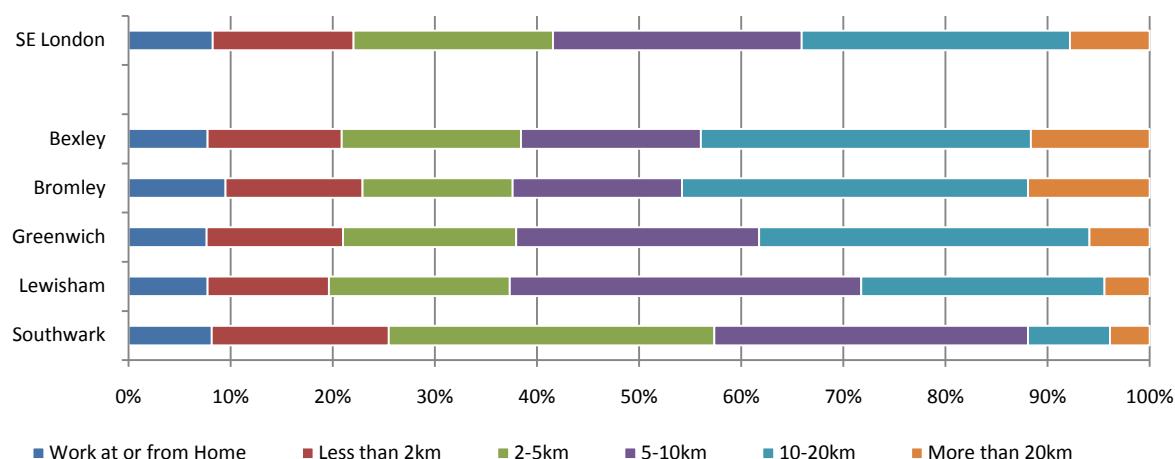


Travel to Work

^{4.60} Evidence from the 2001 Census shows that around 59% of South East London residents travel more than 5km to work, with 35% travelling 10km. Therefore, those residents who are taking 45-90 minutes to travel to work are typically only travelling between 10 and 20km. This reflects the travel to work circumstances of many people who work in London with relatively short travel to work distances taking relatively long periods of time. Figure 49 also shows that residents in Southwark typically travel lesser distances to work, with 57% travelling less than 5 km and 88% less than 10km.

Figure 49

Travel to Work Distance (Source: UK Census of Population 2001)



Access to Services

^{4.61} A variety of factors, including the ease of access to a range of facilities, may influence households' housing choices. Households interviewed in the survey, were asked how easy or difficult it was to access each of the following services and facilities from their home:

- Childcare facilities
- Cultural and recreational facilities
- GP
- Health, sport and leisure facilities
- Local schools
- Parks and open spaces
- Place of work
- Place of worship
- Public transport
- Shopping facilities

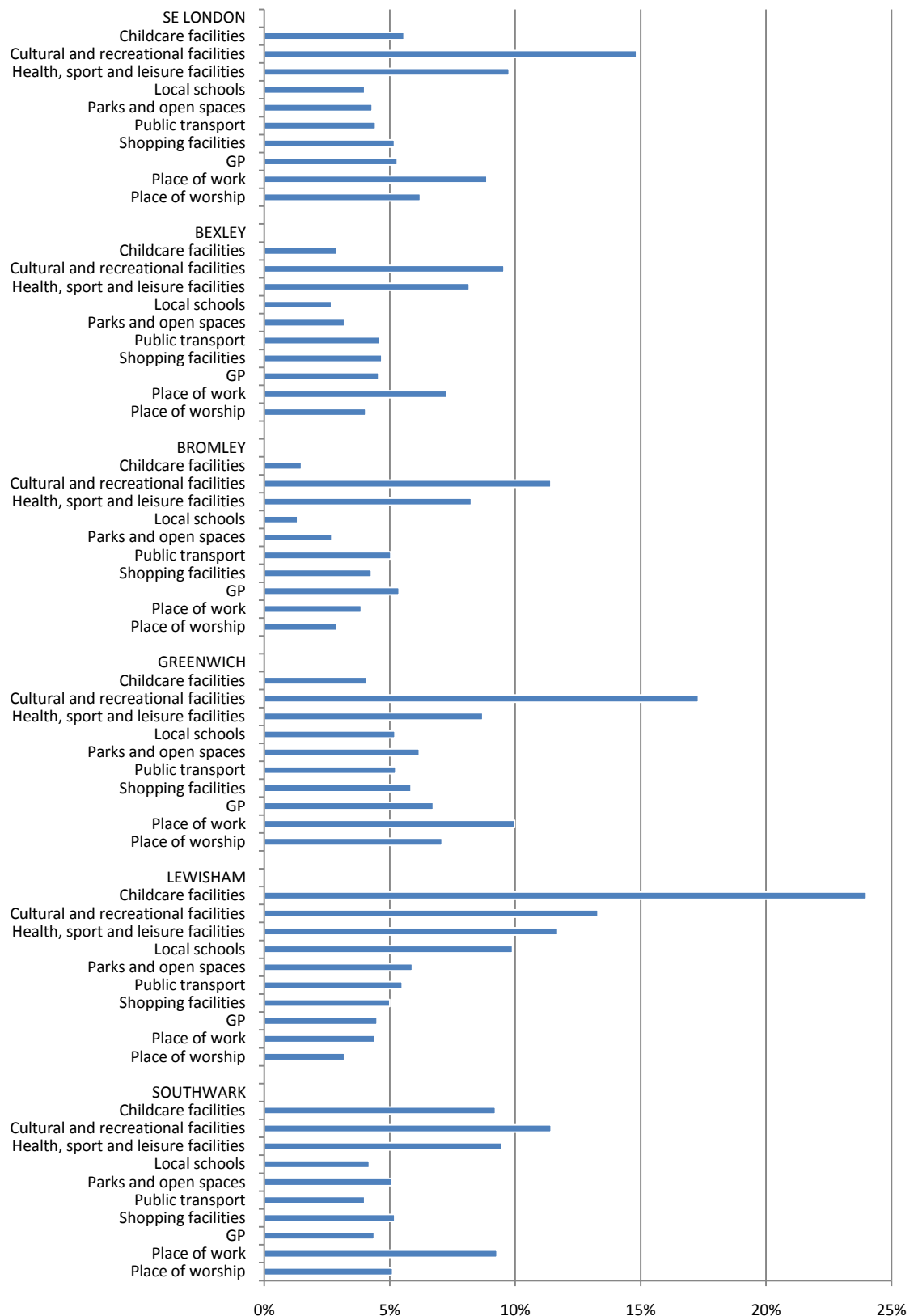
^{4.62} Figure 50 shows that almost 15% of households in South East London reported difficulties (either very or fairly difficult) in accessing cultural and recreational facilities such as cinemas. Just under 10% of households reported difficulties with accessing health, sport and leisure facilities and 8.9% of households had difficulties in accessing their place of work. However, only 4% reported difficulties in accessing local schools and 4.3% reported difficulties accessing parks and open spaces.

^{4.63} If difficulties accessing services in each borough are compared it can be seen that while less than 5% in Bexley, Bromley and Greenwich have difficulty accessing childcare facilities, as much as 9% in Southwark and 24% in Lewisham do so. Residents in Lewisham are also more likely to have difficulty accessing cultural and health facilities, and local schools than other boroughs, but less likely to have

difficulty accessing their place of work or worship. In general residents in Bexley and Bromley have less difficulty in accessing all services

Figure 50

Difficulties Accessing Services (Source: South East London Household Survey 2007-08)

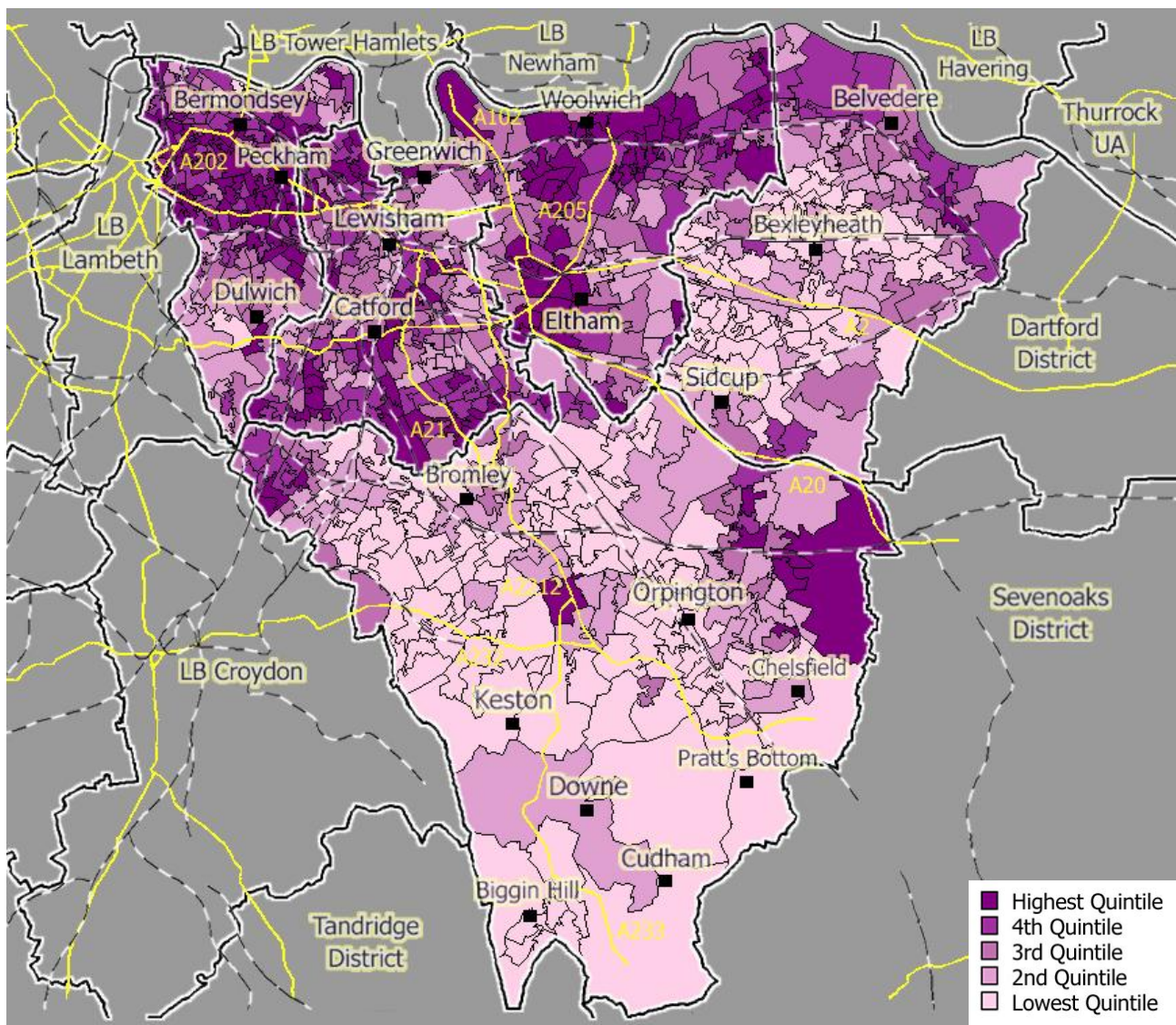


Index of Multiple Deprivation

- 4.64 Many characteristics of an area can be aggregated to generate an overall picture of the relative wellbeing of an area. This is the Index of Multiple Deprivation (IMD) and is shown in Figure 51. Darker colours on the map are associated with higher levels of deprivation and the boundaries are lower super output area.
- 4.65 The map shows the areas with the highest levels of deprivation in South East London are to the north of the sub-region while the lowest levels are in the south of the sub-region. There are however still significant pockets of deprivation in areas of Bromley, particularly in the north east and north west of the borough.

Figure 51

Index of Multiple Deprivation (Source: DCLG. Note: Data shown at lower-level Super COA. Higher levels of deprivation shown in darker shading)



- 4.66 It is also possible to compare IMD scores between 2004 and 2007. In Figure 52 areas marked in blue indicate the levels of deprivation have risen since 2004 while those in red have seen a decline in deprivation since 2004. This indicates that much of the north east of the sub-region (Greenwich and

Change in Index of Multiple Deprivation 2004-2008 (Source: CLG. Note: Data shown at lower-level Super COA. Higher levels of deprivation shown in darker shading)

Summary of Key Points

- The number of households in the UK has increased recently predominantly as a result of international migration, people living longer and a trend of smaller households; the latter driven largely by relationship breakdown.
- Taking the 1981 population as a base, the population of South East London rose by 7.7% in the period up to 2007 from 1,187,000 to 1,278,800 people. This compares with a rise in population of over 9% for the whole of England and 11% for London.
- The GLA estimate that the population of South East London will rise to 1,375,315 by 2016, which will represent a 7.5% rise in a decade. This growth is unevenly spread across the sub-region with Southwark and Greenwich expected to experience the greatest growth and Bromley and Bexley both experiencing population decline.
- There are proportionally fewer children and young adults aged 10-19 and fewer over 50 year olds in South East London when compared to the national picture. The households survey found that the population of children aged 0-4 is higher in South East London than is shown by the 2007 mid-year estimates. The implications of this are that there may soon be far more school aged children in the area than anticipated.
- Around 29% of Bromley's households contain pensioners only while 26% of households in Southwark are single persons. This shows variety across the boroughs. However, half of all households in South East London contain more than one non-pensioner adult and 31% of all households contain children.
- The household survey discovered that of South East London's 1,282,900 residents in households almost 11% had moved in the last 12 months. 44% of these had moved within the same borough, 48% moved to their current borough from elsewhere in the UK and 8% arrived from overseas.
- Between 2002 and 2007 net migration into SE London was from other parts of London and from overseas. Net migration out of SE London was to other parts of the UK, particularly the South East region.
- All of the top ten local authority areas receiving more in migrants from SE London than they have out migrants to SE London are in Kent, confirming an overall pattern of south-eastward migration.
- International migration has a significant impact on the sub-region with a total of 26,210 new National Insurance numbers issued in 2006/07. 14% of these were issued to Polish nationals.
- The household survey shows that current tenure differs significantly between in and out migrants. Over 50% of in migrants are renting privately and over 35% are home owners whereas over 50% of out migrants are home owners and over 30% are private renters. The proportion of in and out migrants who are socially renting is significantly less than their proportion of the overall resident **population**. Over 30% of in-migrants and around a quarter of out-migrant households are single persons (non pensioners).
- Both in and out migrants have more income when compared to all households in South East London. However, the income levels of in-migrants are slightly higher than for out migrants, suggesting that there is a wealth gain from in-migration often found in other housing markets.
- **In terms of** the economy the number of VAT registered businesses in the sub-region has grown by 9,590 since 1998.
- Based on the NS-Sec classification the population of South East London contains 2% fewer higher managers and professionals when compared with the rest of London while it has proportionately 0.5% more people in lower supervisory and routine occupations. This again indicates that employees in South East London tend to have relatively lower paying jobs when compared with the rest of London which could limit their ability to access housing.
- Almost 30% of households have an income of over £40,000 but 37% of households have an annual of less than £15,000. This finding is from the household survey and will be income from benefits as well as employment. It explains a great deal about the current housing market, especially the high levels of demand for affordable housing and for the private rented sector.

Summary of Key Points (continued)

- There are differences between the boroughs in terms of household income also. Greenwich follows a similar pattern to the whole of the sub-region, Bexley and Bromley have a much higher proportion of those earning over £30,000 and Southwark and Lewisham have a much higher proportion of those earning under £15,000. Therefore the levels of demand for different types of housing will vary considerably for each borough.
- Almost half of the population of South East London have no formal qualifications but a third of everyone aged 25-49 years has the equivalent of a degree or higher.
- Almost 15% of households in South East London reported difficulties in accessing cultural and recreational facilities such as cinemas. Just under 10% of households reported difficulties with accessing health, sport and leisure facilities and 8.9% of households reported difficulties in accessing their place of work. However, only 4% reported difficulties in accessing local schools and 4.3% reported difficulties accessing parks and open spaces.
- Access to services issues differ by borough. Less than 5% in Bexley, Bromley and Greenwich have difficulty accessing childcare facilities, as much as 9% in Southwark and 24% in Lewisham do so. Lewisham's residents are more likely to have difficulty accessing cultural and health facilities, and local schools than other boroughs, but less likely to have difficulties accessing their place of worship. Generally speaking, residents of Bexley and Bromley have less difficulty accessing all services.

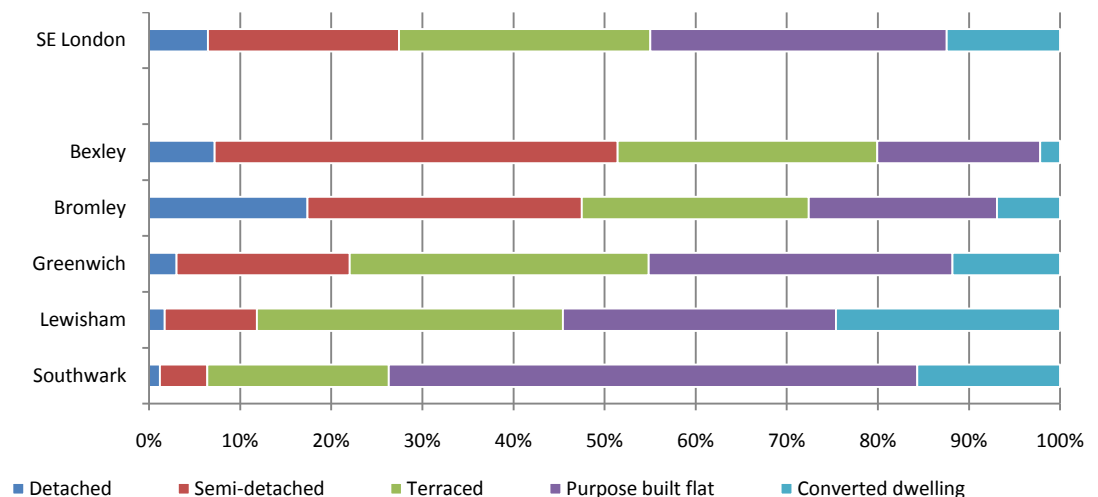
Chapter 5: Existing Housing Stock

- 5.1 The general character of the existing housing stock is important in understanding the type of housing available to residents of an area and the relationship that dwelling type, age and location has on dwelling condition. The mix of property type available will have a bearing on home-owners' choices in terms of accommodation and the type of investment properties available to landlords and therefore also in the make-up of the population.
- 5.2 The following analysis examines a number of general physical characteristics of the stock before exploring the relationship between dwelling characteristics and the condition of housing across the sub-region.

Property Type and Age

- 5.3 Figure 53 shows the mix of existing properties in South East London in terms of property type. Across the whole of the sub-region around 28% of the stock is either detached or semi-detached properties, 27% is terraced, 32% are purpose built flats and around 13% are a part of a converted dwelling.

Figure 53
Property Type (Source: South East London Household Survey 2007-08). Note: Numbers in parenthesis are the actual number of dwellings



- 5.4 However, property type varies greatly by borough with detached or semi-detached properties comprising around half the stock in both Bexley and Bromley, compared to just over 20% in Greenwich, just over 10% in Lewisham and around 6% in Southwark. Over 70% of the stock in Southwark is flats, which is a much higher proportion than in any other borough, although Lewisham have the highest proportion of converted properties at around 25% of the total stock. The distribution of property type in Greenwich is very similar to that of the sub-region as a whole.

5.5 When considering dwelling size, Figure 54 shows that two thirds have two or three bedrooms. Only 13.5% have four or more bedrooms, compared to 20% containing only one bedroom.

5.6 In terms of age, around 11% of the households interviewed estimated that their property was built after 1980, with almost a further 29% estimating a build date of 1945-1979. 27% of the stock predates 1919, with an estimated 29% having a build date of 1919-1945. Therefore over half of the housing stock of South East London was built before 1945. As the English House Condition Survey indicates these dwellings are more likely to be larger than their more modern equivalents, but older dwellings are more prone to having physical defects.

5.7 47% of the stock of detached, 71% of semi-detached and 60% of terraced housing was built before 1945. However, over 80% of the purpose built flats were built after 1945 and over 30% were built after 1980.

5.8 The converted properties are dominated by properties built before 1945 with around 85% built before 1919. Therefore, many older properties in South East London have been sub-divided to form smaller units, with a total of 45,300 conversions of pre-1945 buildings.

Figure 54
Property Size (Source: South East London Household Survey 2007-08)

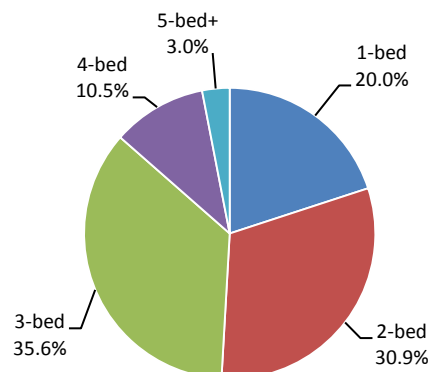


Figure 55
Property Age (Source: South East London Household Survey 2007-08)

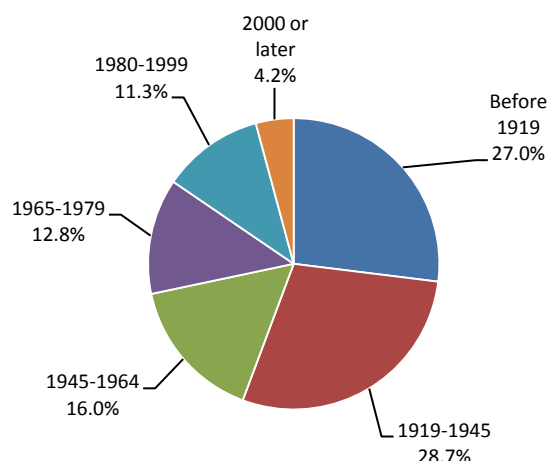
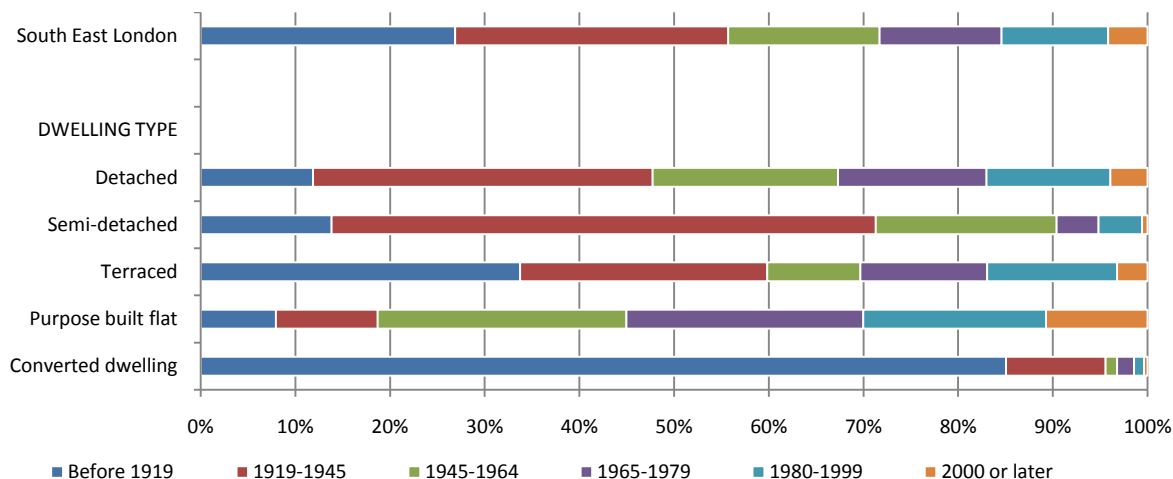


Figure 56
Property Age by Property Type, (Source: South East London Household Survey 2007-08)

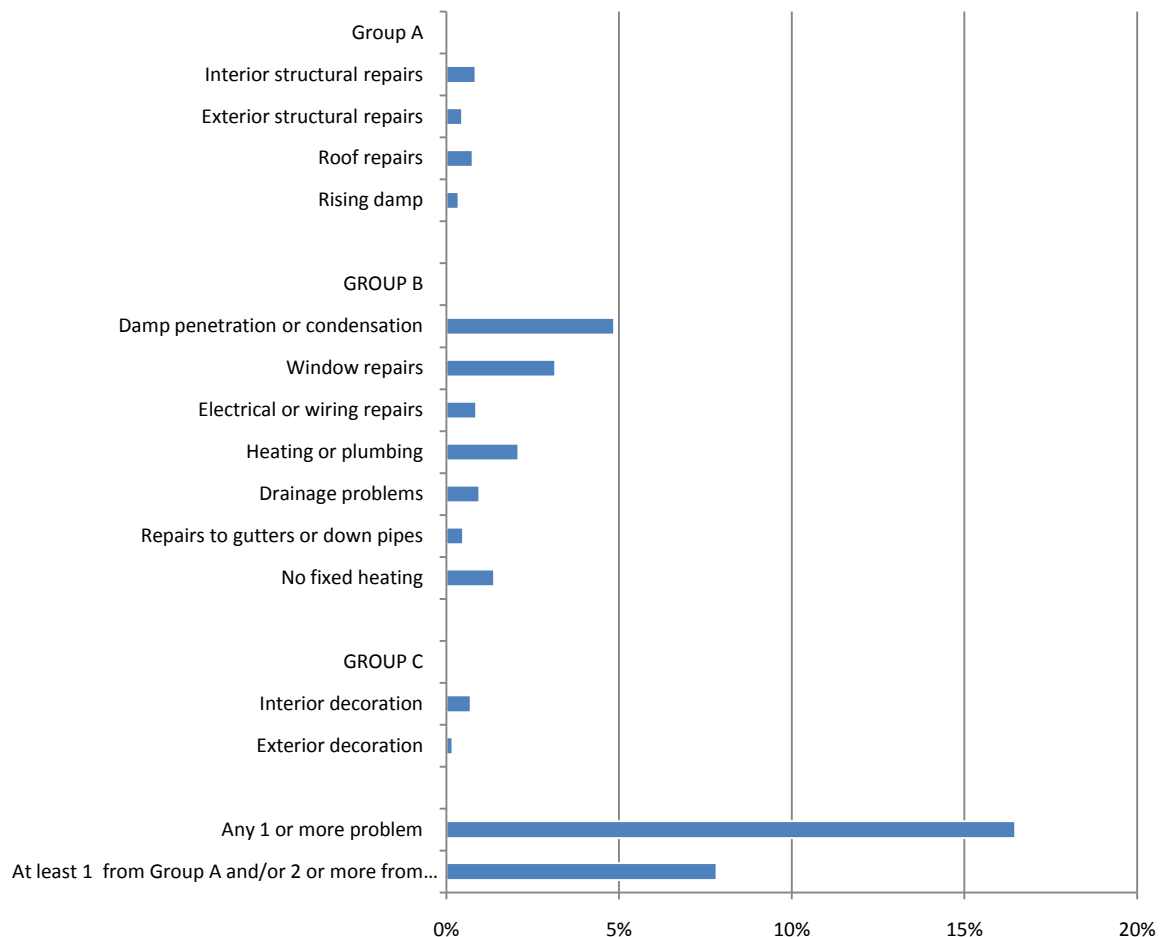


Problems with Condition of Stock

- 5.9 A total of 16.5% of households across South East London reported that there was at least one serious problem with their property. Figure 57 provides further detail on the nature of problems experienced by households across South East London. The most common problems are damp penetration or condensation, window repairs, heating or plumbing, and a lack of fixed heating.

Figure 57

Proportion of Households with Serious Problems with their Property (Source: South East London Household Survey 2007-08)



- 5.10 This assessment is based solely on the occupier perception, and is not based on the expert opinion of a qualified surveyor. Furthermore, the figure considers neither the true severity of any identified problems nor the occupiers' ability to afford any required repairs.

5.12 Of the households across South East London, 7.8% identified at least one problem from Group A or two or more problems from Group B shown in Figure 57. This equates to 43,763 households whose housing has serious condition problems (with the caveat that this is still based on occupier perceptions).

5.13 Of these households 7,715 had no fixed heating whilst 38,861 experienced other disrepair problems. 2,813 had both disrepair problems and no fixed heating.

5.14 Of the 38,861 households experiencing serious disrepair, 10.8% stated that they could afford the work required and would undertake the repairs as time permitted or that the problem did not affect the household. 4.8% of households indicated that they were currently saving (or in the process of borrowing funds) and a further 8.8% said that their landlord was to undertake the repair – but both groups expected the problem(s) to be repaired soon.

5.15 13.0% of households said that they were responsible for the repairs but felt that they would be unable to afford the repairs (equivalent to 4,700 households). A further 57.4% (21,950) households stated that the repairs were their landlord's responsibility, but that they didn't expect the work to be undertaken soon, if at all.

Figure 58
Households with Serious Problems with the Condition of their Home
(Source: SE London Household Survey 2007-08)

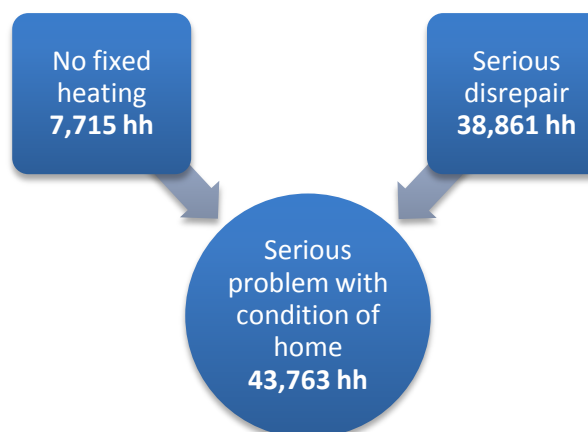
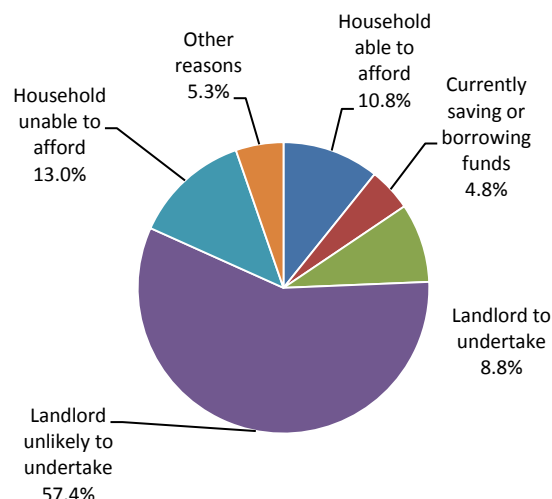


Figure 59
Expectations of Resolving Identified Disrepair Problems
(Source: South East London Household Survey 2007-08)



Housing Tenure

- 5.16 Figure 60 shows the proportion of dwellings in each of the local authorities in London that were classified as social housing in 2008.
- 5.17 In the South east London sub-region, Southwark, Greenwich and Lewisham have significantly higher proportions of social housing than both the London and England averages and Bexley and Bromley have much lower proportions.
- 5.18 Figure 61 overleaf shows the overall tenure of housing stock in South East London. Across the whole sub-region owner occupation forms just over half of the housing stock with around 29% rented from social landlords and 20% from private landlords. However in Bexley and Bromley over 70% falls into the owner occupied sector. Private renting rates are highest in Lewisham, with almost 30% of the housing stock in the borough falling into this category. The proportions of social rented dwellings are relatively high in both Southwark (47%) and Greenwich (36%).

Figure 60
Proportions of Social Rented Housing in London by Borough 2008
(Source: Housing Strategy Statistical Appendix, DCLG)

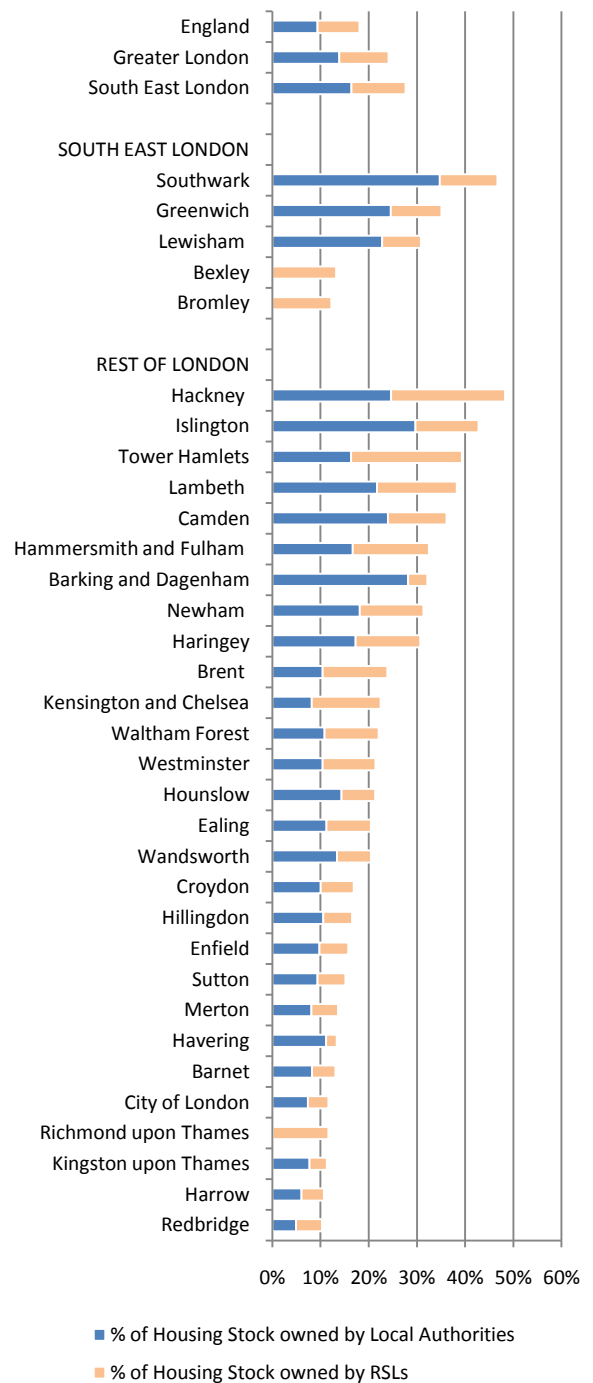
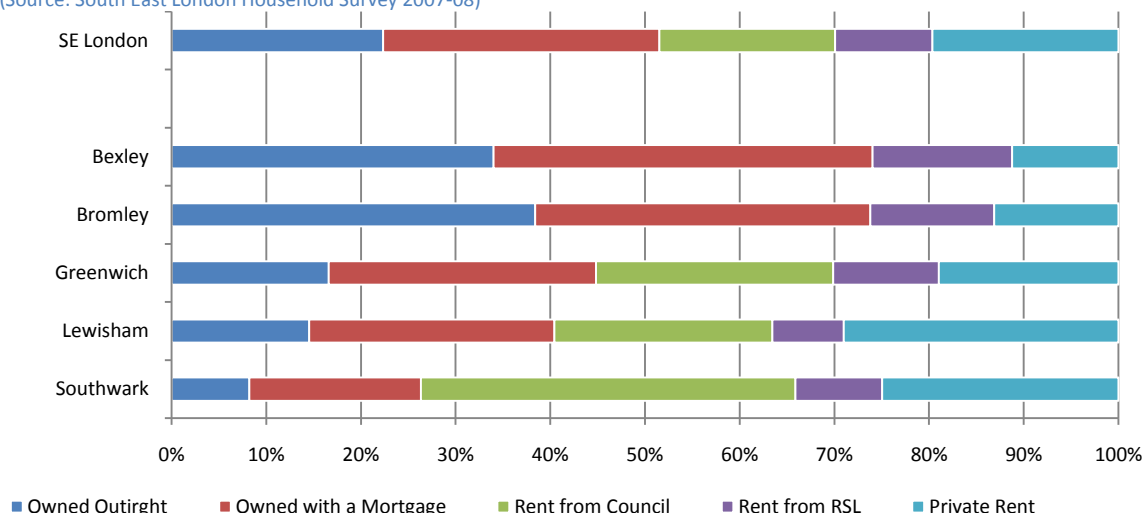


Figure 61

Housing Tenure (Source: South East London Household Survey 2007-08)



5.19 Figure 62 and Figure 63 shows the changes which have occurred to tenure in South East London since 2001. It should be noted that the 2001 data is drawn from the UK Census of Population, while the 2008 data is from the South East London Household Survey. In 2001, 42.1% of all households were owner occupiers who had a mortgage, but by 2008 this has fallen to 29.2% although those who own outright has risen from 18.8% to 22.4%. The social rented sector has risen slightly from 26.9% to 28.9% of all households and in 2001, private rent tenants formed 12.1% of all households, but by 2008 this had risen to 19.6%. The proportion of those who own with a mortgage has fallen across all boroughs in the sub-region but the most marked change is in Bexley which has seen a 14% decrease since 2001. Conversely, the private rented sector has risen across all boroughs but it varies from an increase of 4.5% in Bromley and Bexley to 15.5% in Lewisham. It should be noted that this data is taken from two separate sources, the 2001 census and the household survey, however they should still provide a useful comparison.

5.20 This evidence points to buy-to-let landlords purchasing many of the properties which have come onto the market. At a time when house prices were rising rapidly buy-to-let investors were often able to compete more effectively than individual householders for available properties. The growth in the buy-to-let market is likely to have been supported by migrant workers and young employees who are unable or unwilling to access owner occupation, but who are able to afford to pay the necessary rents.

5.21 The consequence of this is to make it much more difficult for households to access home ownership. Private rented households also tend to be more likely to move regularly and therefore the growth in the private rented stock is also likely to be associated with a greater turnover of households.

Figure 62

Housing Tenure 2001

(Source: UK Census of Population 2001. Note: Owned with a mortgage includes shared ownership)

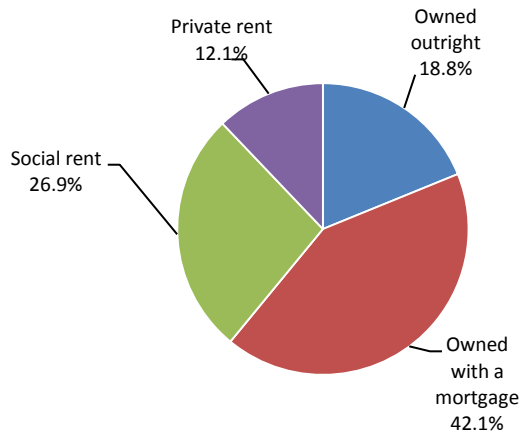
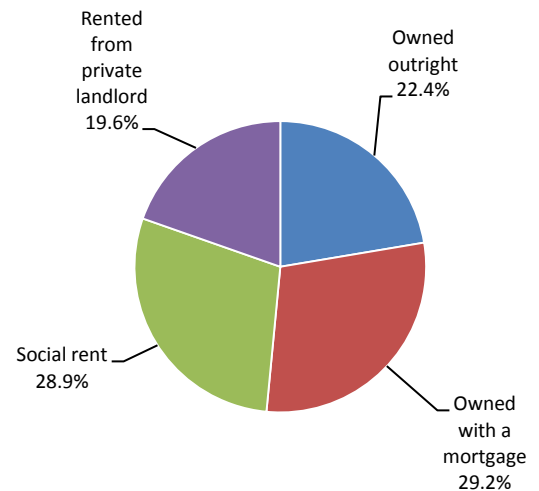


Figure 63

Housing Tenure 2008

(Source: South East London Household Survey 2007-08. Note: Owned with a mortgage includes shared ownership)



5.22 Figure 64 and Figure 65 below show the change in the proportion of private rented stock across the sub-region from 2001 to 2008, where it is apparent that there has been a significant growth in rented housing towards to the north and west of the sub-region and to the south-east. In total the household survey indicates that private rented stock has risen from 12% to 20% of the total housing stock since 2001.

Figure 64

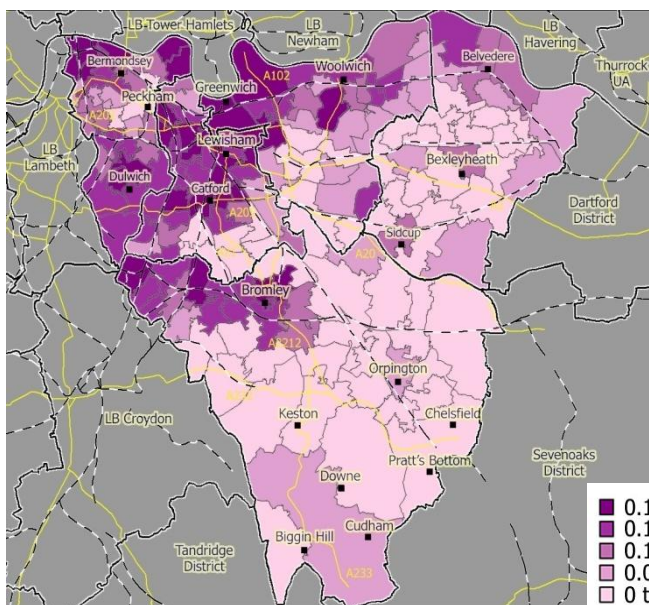
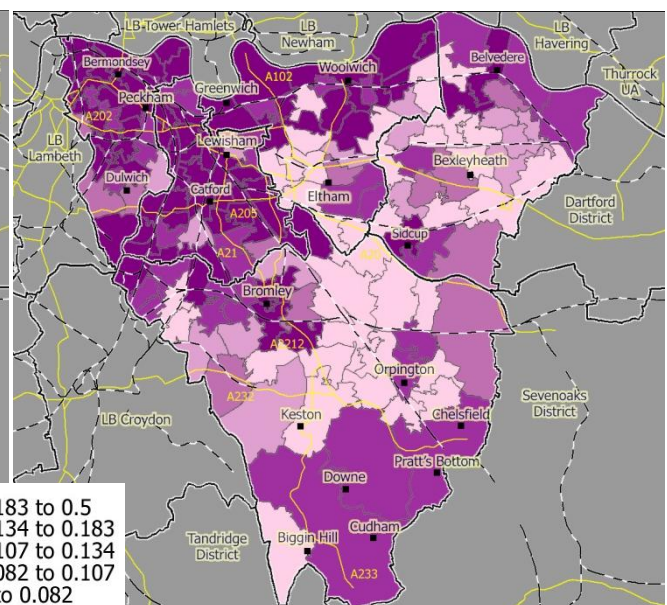
Distribution of Private Rented Housing by Middle-level Super Output Area 2001 (Source: UK Census of Population 2001)


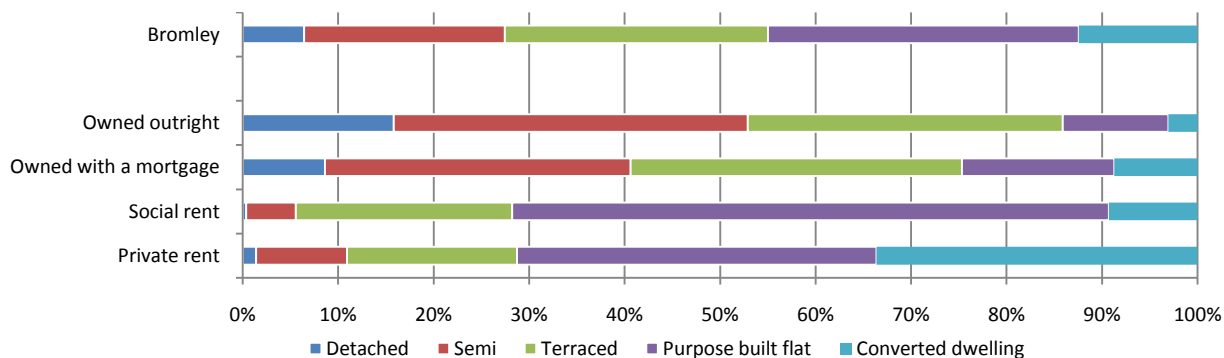
Figure 65

Distribution of Private Rented Housing by Middle-level Super Output Area 2008 (Source: South East London Household Survey 2007-08)


- 5.23 Figure 66 shows the difference in property type which exists between different tenures in South East London. Most notably, over 60% of the social rented sector and almost 40% of the private rented sector households occupy a purpose built flat whereas those who own outright or own with a mortgage are most likely to be living in a semi-detached property. Those living in a converted dwelling are most likely to be renting privately with around a third in this tenure.

Figure 66

Property Type by Tenure (Source: South East London Household Survey 2007-08)



Overcrowding and Under-Occupation

- 5.24 Under or over occupation of properties is important in assessing housing need. In the Household Survey the majority (76%) of households felt that they had about the right number of rooms. However, as many as 20% of those households interviewed felt that they had too few rooms, with around 4% considering their current home to be too large.
- 5.25 Overall, a total of 40,126 households are currently living in technically overcrowded housing (a full definition of overcrowding can be found in the introduction to chapter 5) – though as many as 10,745 of these households (27%) consider their home to be about the right size. Nevertheless, although most households consider their home to have “about the right number of rooms”, as many as 259,065 of these households (62%) technically under-occupy their property – 42% of these by two bedrooms or more. It is also interesting to note that as many as 25,601 households who already under-occupy their property still consider that they have too few rooms.

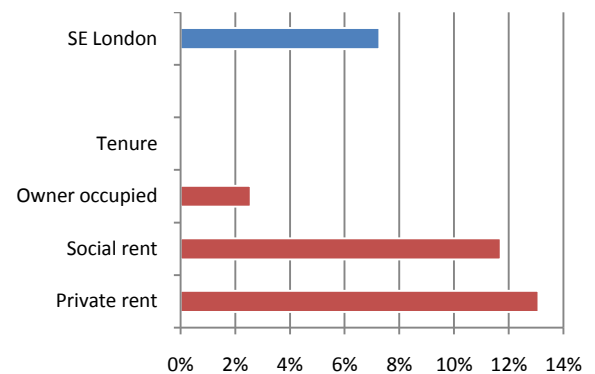
Figure 67

Overcrowding and Perceived Size Problems (Source: South East London Household Survey 2007-08. Note: Figures may not sum due to rounding)

Occupancy Level	Household Perception			Total
	Too Many Rooms	About Right	Too Few Rooms	
2+bedrooms too few	0	2,107	4,510	6,687
1 bedroom too few	177	8,638	24,458	33,439
Correct number of bedrooms	1,108	148,488	54,412	204,169
1 bedroom too many	4,048	149,870	19,850	173,925
2 bedrooms too many	11,211	89,293	5,119	105,623
3+ bedrooms too many	7,525	19,902	632	28,059
Total	24,069	418,298	108,981	551,902

- 5.26 A total of 7.3% of all households across South East London live in overcrowded conditions. However, only 2.6% of households in owner occupied accommodation were overcrowded. However, 11.7% of those in social rent and over 13% of those in private rent were overcrowded. The result for owner occupied overcrowding is consistent with housing studies conducted by ORS in other London Boroughs and the London region SHMA.

Figure 68
Proportion of Households Overcrowded by Tenure (Source: South East London Household Survey 2007-09. Note: Owner occupied figures include shared ownership)



Satisfaction with Home

- 5.27 Figure 69 shows that overall almost 90% of householders in South East London were satisfied with their current property. Only 7% expressed dissatisfaction with their property. When compared by borough it is clear that while 95% of those in Bexley and Bromley and 90% in Greenwich are satisfied with their property, almost 20% in Lewisham and Southwark are dissatisfied with their property to some extent.
- 5.28 Figure 70 shows that owner occupiers are much more likely to be satisfied with their home with less than 5% expressing dissatisfaction compared to around 14% in the social rented sector and just under 10% in the private rented sector.

Figure 69
Satisfaction with Current Home (Source: South East London Household Survey 2007-08)

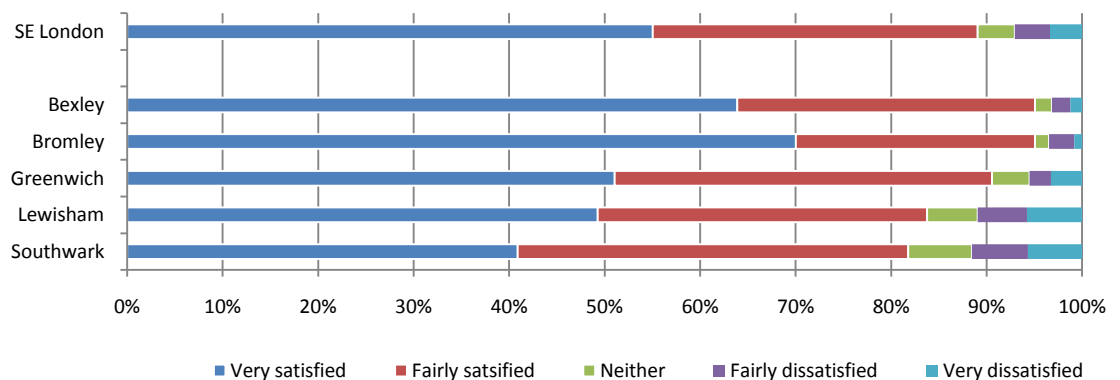
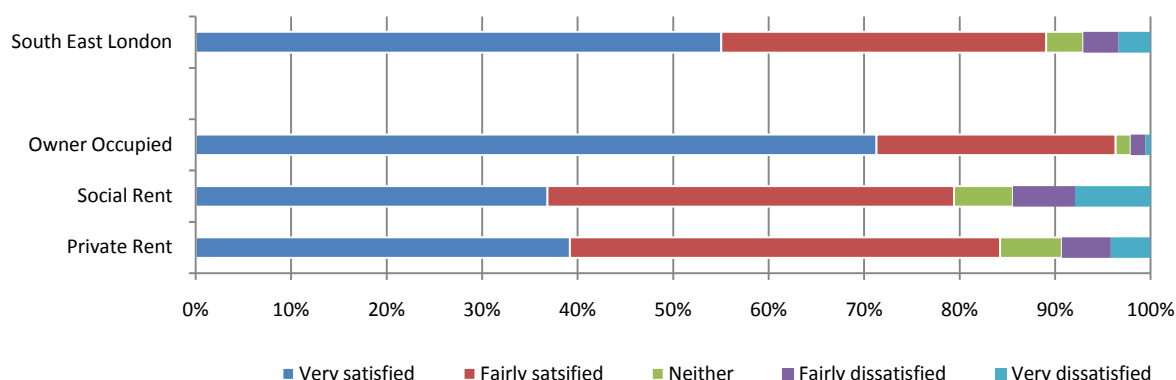


Figure 70

Satisfaction with Current Home by Tenure (Source: South East London Household Survey 2007-08)



Households Wanting to Move

5.29 One of the key factors which will influence how the housing market in South East London develops in the future is the number of current households who are seeking to move. Where these households want to move to and the type and tenure of dwellings they are seeking will influence the requirement for the future provision of housing in the sub-region. Households, seeking to move, will also leave their existing dwellings behind to form part of the future supply which will help to meet other households' requirements within South East London.

5.30 From the household survey; 27% of respondents across South East London reported that they wanted to move, with the remaining 73% being content to remain in their current property. The proportion wanting to move varied from 19% in Bexley to 36% in Lewisham.

5.31 Figure 72 shows the main reasons given for wanting to move. It should be noted that respondents were allowed to offer multiple reasons for wanting to move.

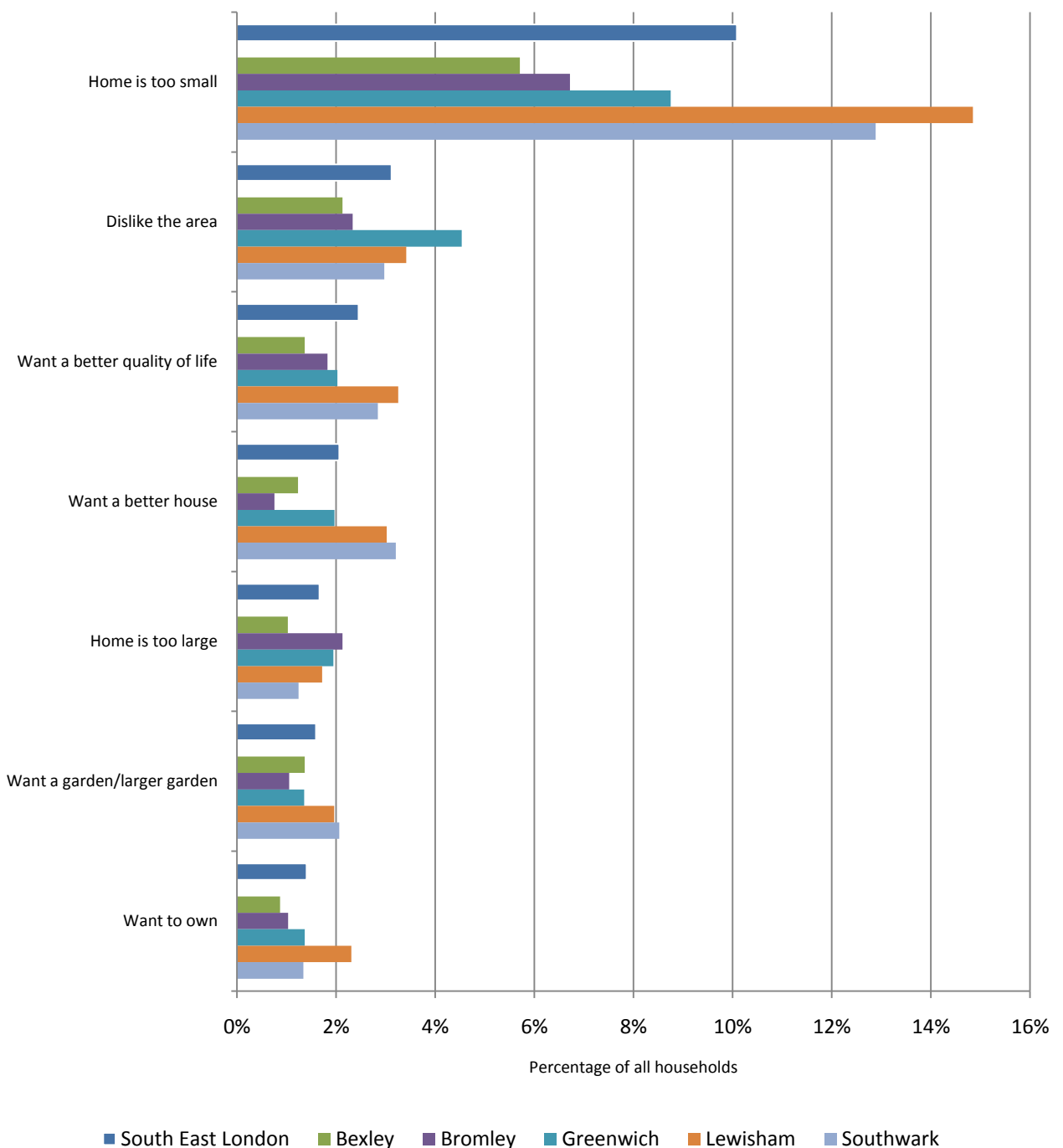
5.32 Around 10% of all households (not just households who want to move) in South East London would like to move because they feel that their current property is too small - this is as high as 15% in Lewisham and 13% in Southwark. Other households also want to move because their home is too large or they would like a garden or a better property. However, just around 3% of all households want to move because they dislike the area in which they are living or want to move because they want a better quality of life. These results imply that households feeling overcrowded and seeking a larger dwelling is a key factor which is likely to drive the housing market of South East London.

Figure 71

Households who are Seeking to Move (Source: South East London Household Survey 2007-08)



Figure 72

Why Want to Move (South East London Household Survey 2007-08)

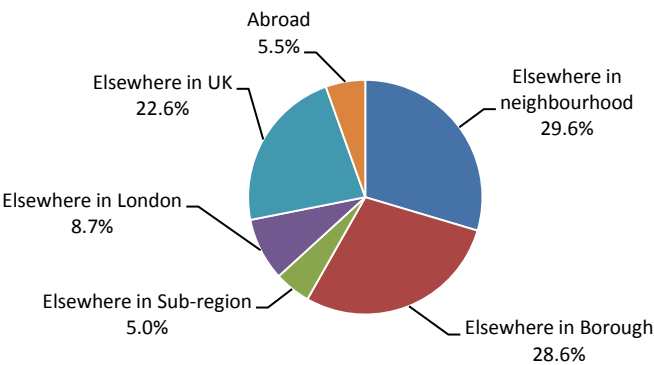
5.33 Figure 73 shows that of those who are expecting to move:

- 30% expect to remain in the same neighbourhood;
- 29% expect to move to other areas of their current borough;
- 5% expect to move to another part of the sub-region and
- 28% expect to leave London, with some of these moving overseas.

5.34 Therefore, it does not appear that households are seeking to leave the area. Instead, many expect to move within the area and of those who expect to leave many are seeking better housing rather than

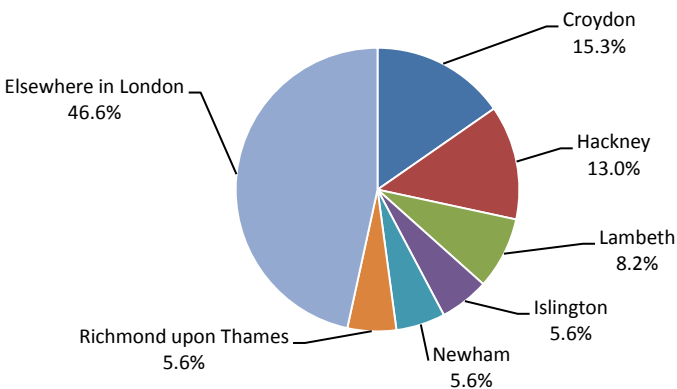
wanting to move because they dislike the area. However, while many households do not expect to move across local authority boundaries, in practice the evidence from the household surveys shows that it is likely that the need to find suitable affordable housing will lead to more households moving to neighbouring boroughs.

Figure 73
Expected Destination (Source: South East London Household Survey 2007-08)



- 5.35 Figure 73 details the expected destinations of those who want to move, where it can be seen that over 58% expect to stay within the same borough, with half of these staying in the same neighbourhood. A further 5% expect to move to another part of the sub-region, and 8.7% expect to move to another part of London; only 28.1% expect to leave London.
- 5.36 The majority of those who expected to move thought it would likely to be to somewhere in South East London, however Figure 74 shows that 8.7% still expected to move out of the sub-region but remain within London. Of these, 15.3% expect to move to Croydon and 13% to Hackney.

Figure 74
Expected Destination in the London (Source: South East London Household Survey 2007-08)



Local House Price Trends

5.37 Figure 75 shows the average property prices in South East London for each quarter from the first quarter of 2000 until the fourth quarter of 2008. Discounted local authority properties bought under the 'right-to-buy' are not included in these statistics because they are not recorded as sales by the Land Registry.

5.38 During this time period prices rose steeply until the end of 2007, but have been falling since 2008.

5.39 Figure 76 shows that prices in Bromley and Southwark have remained consistently the highest in the sub-region, while those in Bexley have been the lowest.

Figure 75
Average Price of Properties Sold in SE London: Q1 2000-Q4 2008
(Source: HM Land Registry)

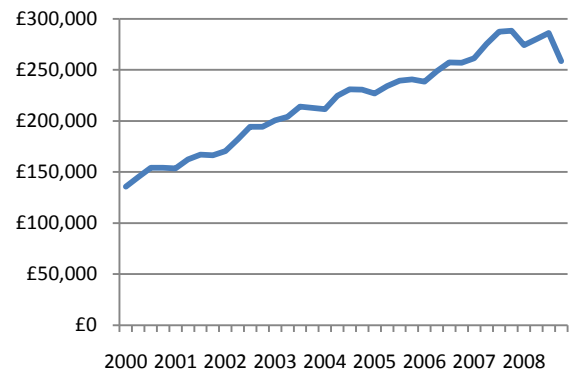
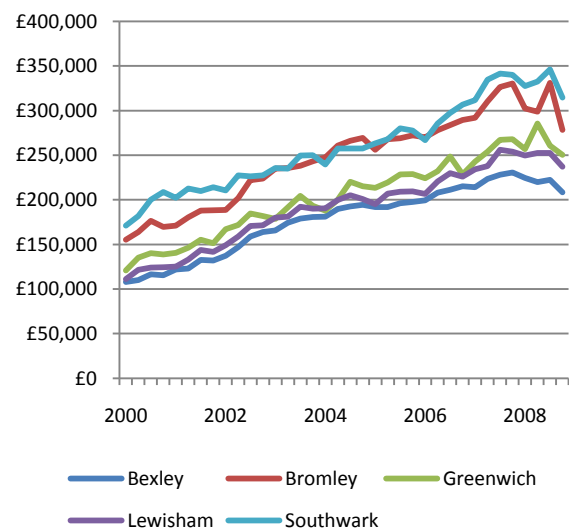


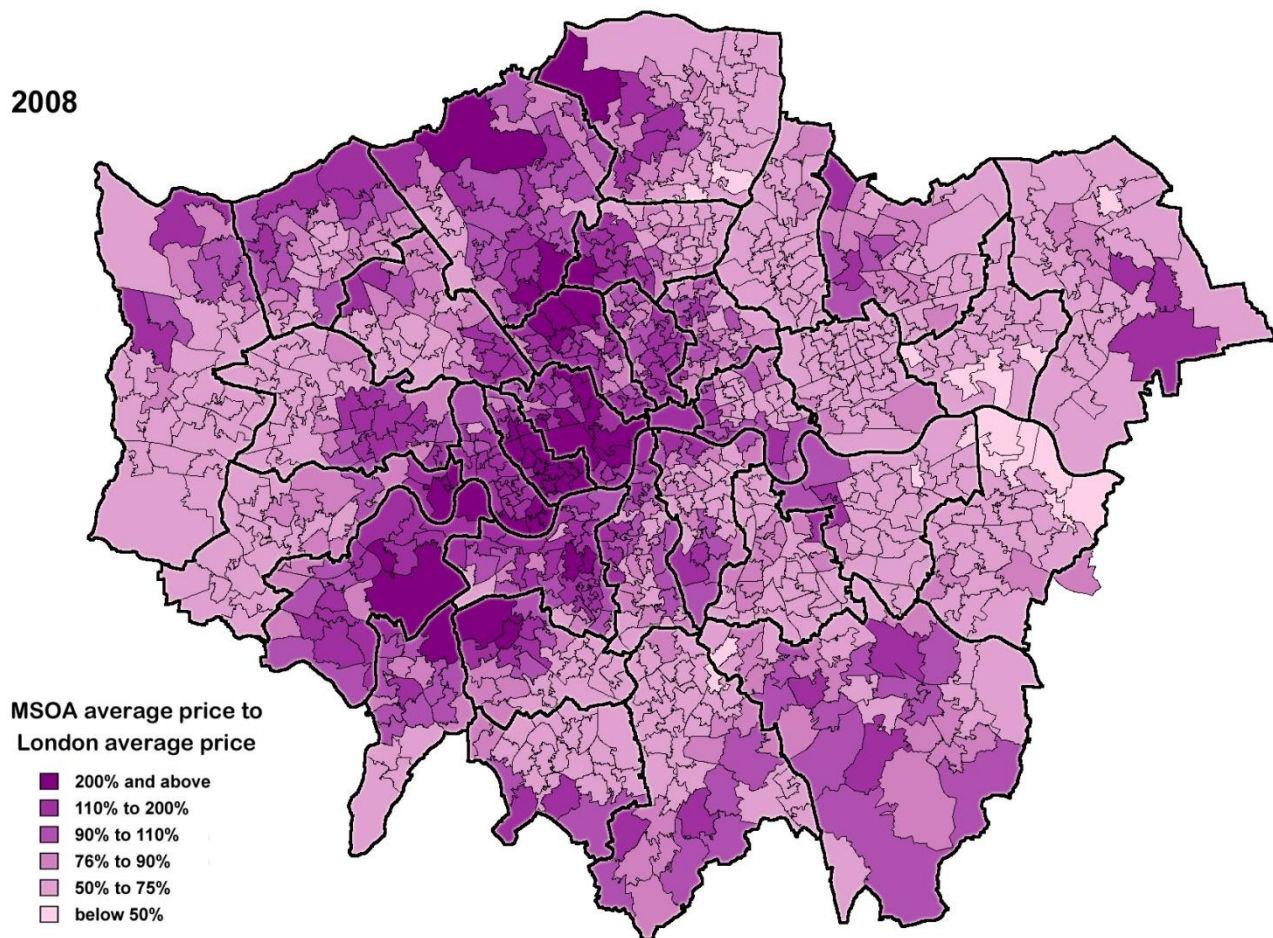
Figure 76
Average Price of Properties Sold in SE London Local Authorities: Q1 2000-Q4 2008 (Source: HM Land Registry)



3.28 Figure 77 shows relative house prices across Greater London in 2008. This shows that the majority of South East London has house prices which are below the Greater London average, but a few areas of Southwark, Greenwich and Bromley do have above average prices.

Figure 77

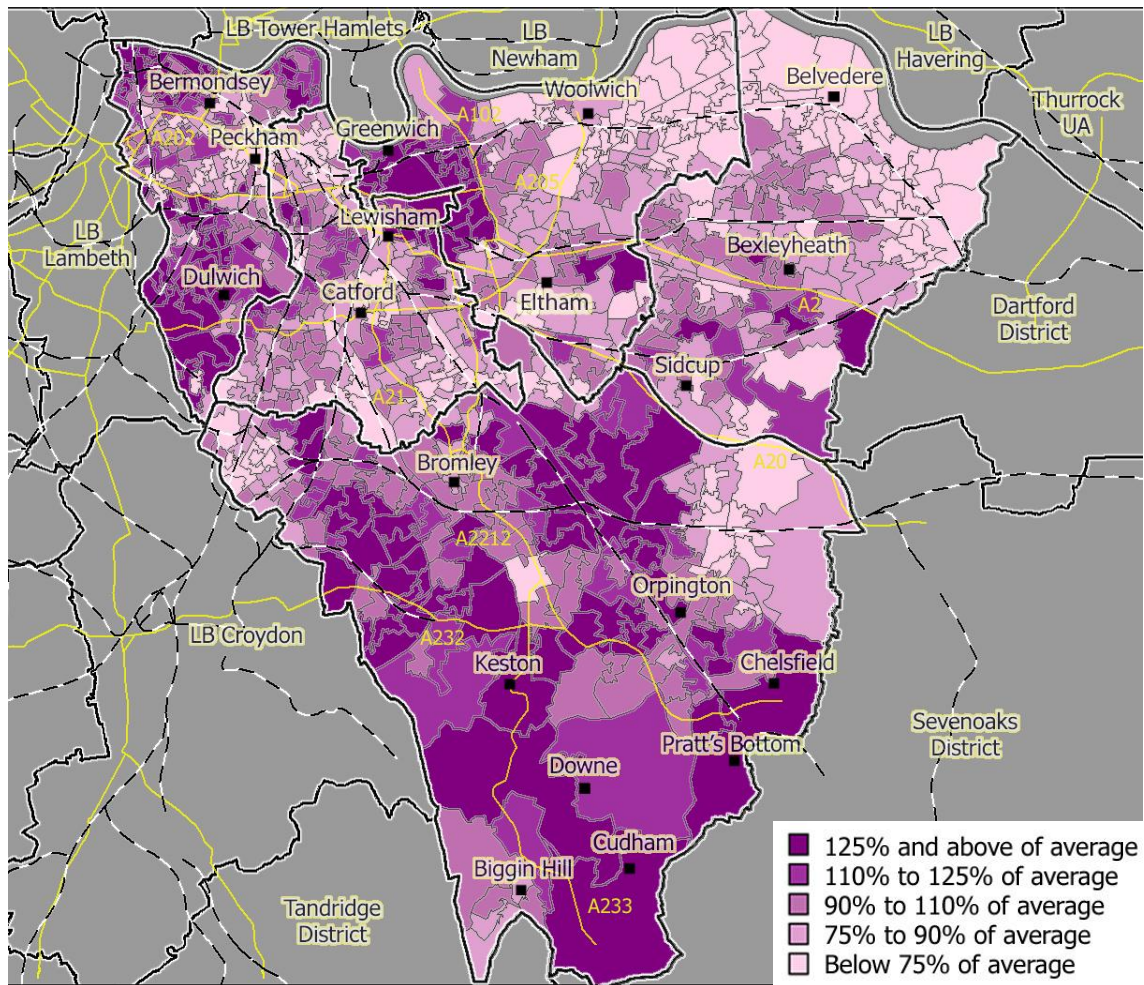
Relative House Prices Across Greater London 2008 (Source: UK Land Registry)



5.40 Figure 78 shows how average property prices vary across South East London in more detail. Darker colours represent areas which have prices above the average for South East London.

Figure 78

Average House Prices across South East London Q1 2008 – Q4 2008 (Source: HM Land Registry)



5.41 The average property price for an area provides only a limited amount of information about the conditions in a local housing market. The overall picture of the housing market is much more dependent upon the spread of property prices, and how these prices relate to incomes in the area.

5.42 Figure 79 illustrates how property prices have changed in South East London. In the second quarter of 2000, 40% of all completed property sales were priced at less than £100,000. Since mid 2003 this figure was below 5% of all sales.

5.43 Conversely, the number of houses selling for over £150,000 has risen from just over 30% of all completions to around 90% of the total. This leaves the majority of properties in South East London beyond the reach of many first time buyers.

5.44 Beyond looking at the obvious measure of the prices at which properties are sold, it is also worth exploring the volume and composition of sales, as this can tell us more about the dynamics of the housing market.

5.45 Figure 80 shows the volume of annual property sales since 2001. This indicates that the number of completions peaked at 29,150 sales in 2002. There was a similar peak over the 12 month period from late 2003 to mid 2004, but thereafter the number of sales has sharply declined – to only 23,250 transactions in the year to mid 2005. Prices and transaction both increased together in 2006 indicating a renewed confidence in the housing market and peaked at 29,750 in mid 2007, but began to fall again and 2008 figures already show a marked decline with only 13,050 transactions for the year.

Figure 79
Percentage of Houses Sold for Less Than Key Price Bands in Lewisham: Q2 2000-Q1 2007 (Source: HM Land Registry)

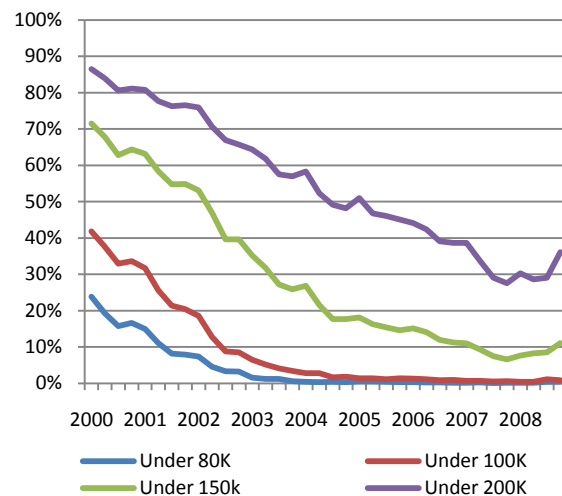
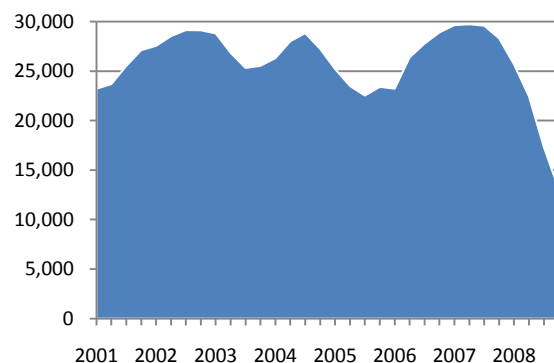


Figure 80
Volume of Properties Sold Annually in South East London: Q2 2000-Q4 2008 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)



Cost of Local Housing by Property Size

5.46 Combining information published by the Land Registry with information from the Household Survey about the relationship between property price, property size and property type, it is possible to identify the distribution of housing prices in terms of the number of bedrooms and determine appropriate thresholds. Of course, very few properties will be available at or near the minimum price -so merely being able to afford the minimum price would not guarantee households appropriate homes. For this reason, the lowest quartile is normally used – for households able to pay this amount should be able to afford at least a quarter of the appropriately sized properties sold.

5.47 The lowest decile, lowest quartile and median purchase prices for properties of different sizes have also been calculated.

Figure 81

South East London Property Prices for Owner Occupation by Property Size (Source: Computed based on HM Land Registry Q1 2008-Q4 2008 and South East London Household Survey 2007-08)

Property Size	Lowest Decile	Lowest Quartile	Median
1 bedroom	142,000	165,000	193,000
2 bedrooms	155,000	185,000	220,000
3 bedrooms	185,000	224,995	260,000
4 bedrooms	249,000	300,000	381,000
5+ bedrooms	325,000	410,000	499,950

Understanding Local Rents

- 5.48 Given that the private rented sector has grown significantly since the time of the Census, it is important to understand the nature of the sector – including, in particular, local rents.
- 5.49 Following the introduction of the Local Housing Allowance, The Rent Service publishes information about rents in the private rented sector for Broad Housing Market Areas (BRMAs). South East London boroughs fall into both Inner and Outer South East London Rent Service Areas.
- 5.50 Figure 82 shows the minimum, maximum and median weekly rents recorded for both of these Broad Housing Market Areas. The median is the mid-point of all rents recorded in each property type – so half of the rents will be above the median price and half will be below the median price.

Figure 82

Local Housing Allowance Rents by Property Size and Broad Housing Market Area (Source: The Rent Service Local Housing Allowance website for the period Q4 2007 - Q3 2008)

Property Size	Weekly Rent for Inner SE London			Weekly Rent for Outer SE London		
	Minimum	Median	Maximum	Minimum	Median	Maximum
1 bedroom (shared)	16.85	89.00	585.00	23.31	80.00	130.00
1 bedroom (self-contained)	39.92	180.00	2,388.00	110.77	155.77	311.45
2 bedrooms	31.92	230.00	1,100.00	74.31	190.38	675.00
3 bedrooms	50.00	288.46	1,500.00	70.00	225.00	461.54
4 bedrooms	196.15	392.31	850.00	173.08	300.00	1,384.62
5+ bedrooms	196.15	484.62	1,846.15	207.69	346.15	1,615.38

- 5.51 In considering rents for market housing in each borough we utilised the range of available data. This included the Local Housing Allowance, the result from the Household Survey and evidence collected from surveys of local estate and letting agents. For the sub-region we have taken an average of the threshold rents from each of the individual boroughs.
- 5.52 The following table proposes a ‘threshold’ for access to market rent (determined by the lowest quartile rent).

Figure 83

Weekly Threshold Rents by Property Size and Tenure (Source 1: Housing Corporation Data March 2008. Source 2: South East London Household Survey 2007-08. Source 3: ORS Survey of Letting Agents 2007-08)

Property Size	Market Rent Threshold (Private Rent Lowest Quartile)
1 bedroom	133.98
2 bedrooms	180.82
3 bedrooms	230.68
4 bedrooms	306.77
5+ bedrooms	419.09

Housing Benefit

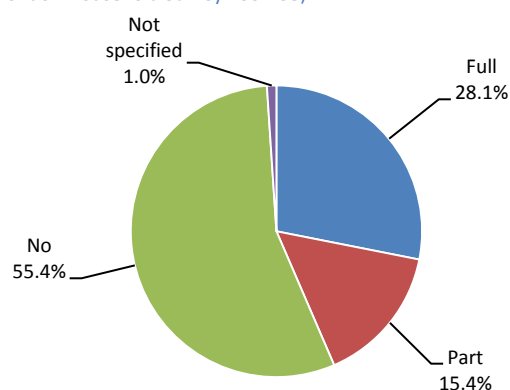
5.53 Figure 84 shows the percentage of all households in the rented sector in South East London who are in receipt of housing benefit. Only households in the rented sector can potentially claim housing benefit, and 44.6% of households in the rented sector do so.

5.54 Across all households (including owner occupiers) 20.7% were in receipt of housing benefit. The results from the Household Survey are consistent with those published by the Department of Work and Pensions in the Housing Benefit and Council Tax Benefit Quarterly Summary Statistics for August 2007, where the figures across South East London indicate that 21.7% of all households claim housing benefit.

5.55 Across the different tenures in South East London, 64.0% of all Council tenants and 62.2% of housing association tenants are in receipt of housing benefit. This means that almost two-thirds of social tenants in South East London receive housing benefit and indicates that the majority of households in social housing are not able to afford to live in any other tenure.

5.56 Only 16.4% of households who privately rent receive housing benefit. This indicates that the private rented sector is only partially being supported by income from housing benefit, with the majority of households receiving no help. The growth in the private rented sector in South East London is therefore likely to be supported by households, such as migrant workers and young employees who cannot afford to buy, but who are able to meet their own rent costs.

Figure 84
Housing Benefit Receipt for Those in Rented Sector (Source: South East London Household Survey 2007-08)



Houses of Multiple Occupation and Communal Establishments

5.57 When looking at housing needs it must be remembered that not all people live in standard households. Many households occupy houses in multiple occupation (HMO). The definition of a HMO was changed by the Housing Act 2004 and is currently:

2004 Housing Act definition of an HMO

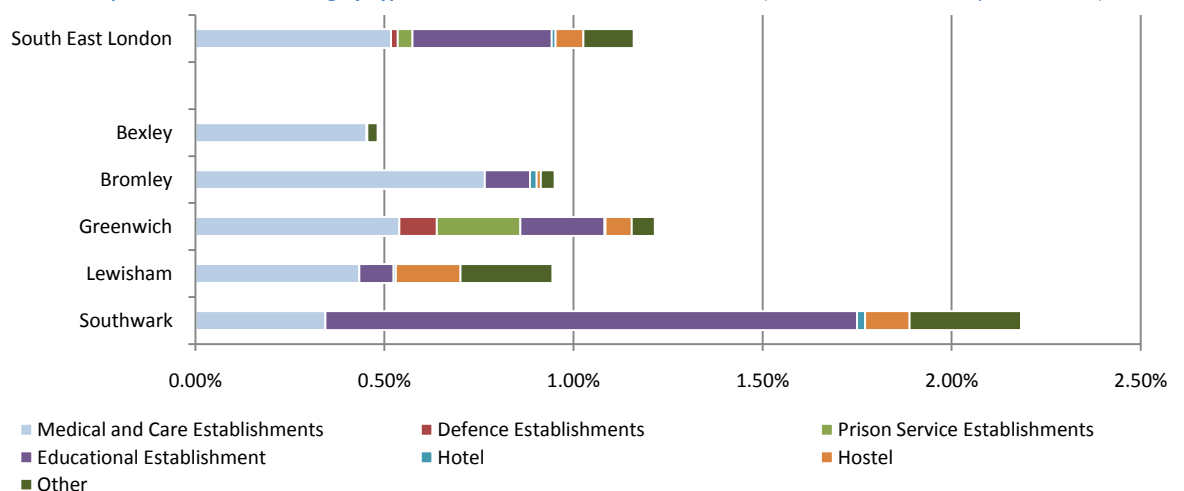
- An entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet
- A house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more 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
- 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

In order to be an HMO the property must be used as the tenants' only or main residence and it should be used solely or mainly to house tenants. Properties let to students and migrant workers will be treated as their only or main residence and the same will apply to properties which are used as domestic refuges

- 5.58 Across South East London, HMOs form part of the private rented housing stock. The Housing Strategy Statistical Appendix (HSSA) 2008 estimated that there were 9,350 HMOs in the sub-region. HMOs differ from multi adult households in that they are made up of more than one household (defined in box above).
- 5.59 It is also important to note that not all people live in traditional household units. Around 1.2% of the population of South East London live in communal residences – almost half of these are medical and care establishments. The majority of 'other establishments' are educational establishments
- 5.60 The type and number of communal establishments vary by borough. Less than 0.5% of Bexley's population live in communal housing compared to around 2.2% in Southwark. 1.4% of Southwark's population are educational establishments, which is significantly higher than in any other borough. Bromley has a relatively high proportion of people living in medical and care establishments.

Figure 85

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



Summary of Key Points

- Across South East London 28% of the stock is made up of either detached or semi-detached properties, 27% is terraced, 32% are purpose built flats and around 13% are a part of a converted dwelling.
- The stock type varies by borough. Around half of the stock in Bexley and Bromley being detached and semi-detached houses, compared to just over a fifth in Greenwich, just over 10% in Lewisham and around 6% in Southwark. Regarding flats, over 70% of the stock in Southwark is flats, a far higher proportion than any other borough.
- Two thirds of the stock in the sub-region has two or three bedrooms with only 13.5% having four or more bedrooms, compared to 20% containing only one bedroom.
- The Household Survey indicates that over half of the housing stock in South East London was built before 1945. 47% of the stock of detached, 71% of semi-detached and 60% of terraced housing was built before 1945. However, over 80% of the purpose built flats were built after 1945 and over 30% were built after 1980.
- 16.5% of households across South East London reported that there was at least one serious problem with their property. The most common problems experienced are damp penetration or condensation, window repairs, heating or plumbing, and a lack of fixed heating.
- Across the whole sub-region owner occupation forms just over half of the housing stock with around 29% renting from social landlords and 20% from private landlords. This varies by borough however, with 70% being owner occupiers in Bexley and Bromley and almost 30% of Lewisham residents privately renting. There have been changes in tenure since 2001 with a drop in the proportion of owner occupiers who had a mortgage from 42% to 29%.
- There has been large growth in the private rented sector in South East London in recent years. The evidence points to buy-to-let landlords purchasing previously owner occupied properties as they come onto the market. In total the household survey indicates that private rented stock has risen from 12% to 20% of the total housing stock since 2001.
- The household survey identified that 76% of households felt that they had about the right number of rooms. However, as many as 20% of those households interviewed felt that they had too few rooms, with around 4% considering their current home to be too large. Overall a total of 40,126 households are currently living in technically overcrowded housing, although as many as 27% of these consider their house to be about the right size. Similarly, although most households consider their house to have 'about the right number of rooms', as many as 62% technically under-occupy their property. It is also worth noting that as many as 25,601 households who already under-occupy their property still consider that they have too few rooms.
- A total of 7.3% of all households across South East London live in overcrowded conditions. However, only 2.6% of households in owner occupied accommodation were overcrowded compared to 11.7% of social tenants and 13% of private renters.
- Almost 90% of households in South East London were satisfied with their property, with only 7% expressing dissatisfaction. However, although 95% of those in Bexley and Bromley and 90% of those in Greenwich expressed satisfaction as many as 20% of those in Lewisham and Southwark were dissatisfied.
- The household survey identified that 27% of South East Londoners want to move. This proportion varied from 19% in Bexley to 36% in Lewisham. Around 10% of households want to move because they feel that their current property is too small, although many also want to move because they feel that their home is too large or they would like a garden. Around 3% of all households want to move because they dislike the area in which they are living or want to move because they want a better quality of life. These results imply that a desire for larger dwellings is a key factor driving the housing market.
- Of those expecting to move 30% expect to remain in the same neighbourhood, 29% to move to other areas of the borough and 28% expect to leave to London, with some of these going overseas. Therefore it does not appear that households are seeking to leave the area, but rather wish to pursue better housing.
- In the second quarter of 2000, 40% of all completed property sales were priced at less than the key price of £100,000. Since 2003 however this figure was below 5% of all sales.

Summary of Key Points (continued)

- The number of houses selling for over £150,000 has risen from just over 30% of all completions to around 90% of the total. This leaves the majority of homes in South East London out of the financial reach of many first time buyers.
- Across all households in South East London 20.7% of them are in receipt of housing benefit. This includes almost two thirds of social tenants indicating that they are not able to afford any other tenure. Only 16.4% of those in private rented accommodation are in receipt of housing benefit, suggesting that the sector is only partially supported by the benefit system. Rather, the growth in the private rented sector is supported by households who cannot afford to buy such as migrant workers and young people.

Chapter 6: Existing Households in Housing Need

Introduction

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

Identifying Unsuitably Housed Households

- 6.2 **Housing need** is defined in the government guidance PPS3 as ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. **Housing demand** is defined as ‘the quantity of housing that households are willing and able to buy or rent’. Therefore, to identify existing housing need we must first consider the adequacy and suitability of households’ current housing circumstances.
- 6.3 A classification of unsuitable housing is set out below, taken from CLG’s SHMA Practice Guidance Table 5.1.

Figure 86

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

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

- 6.4 Figure 86 establishes four main categories for identifying unsuitable housing, each with a number of sub-divisions. Most of the indicators relate to the circumstances of existing households, although some relate to households currently without their own housing.

- 6.5 Most of the identified issues concern those in established households. Some of the issues around unsuitability will mean households need to move property but others could continue to live in the same property if appropriate changes were made. Even where a move is necessary, facilitating households to relocate from one property to another does not necessarily imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.
- 6.6 Nevertheless, to satisfy the needs of all households, it may be necessary to provide some additional housing with particular characteristics leaving an equivalent number of dwellings with different characteristics available to meet housing needs and demands from elsewhere in the market. For example a single older person may leave a larger property suitable for a family and move to a single floor property fitted with handrails or bathroom adaptations.
- 6.7 Whilst the majority of sub-divisions concerning established households may not contribute directly to the additional housing requirement, households who are currently in temporary housing or form part of the social needs category may each require additional housing provision.

Assessing Established Households in Unsuitable Housing

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

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

Figure 87
Assessment of Unsuitably Housed Households

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

Continued..

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

^{6.15} Households are classified as being unsuitably housed if one or more of the above factors are found to apply. The households identified are considered to be living in unsuitable housing regardless of the number of problems that are identified. This avoids potential double counting.

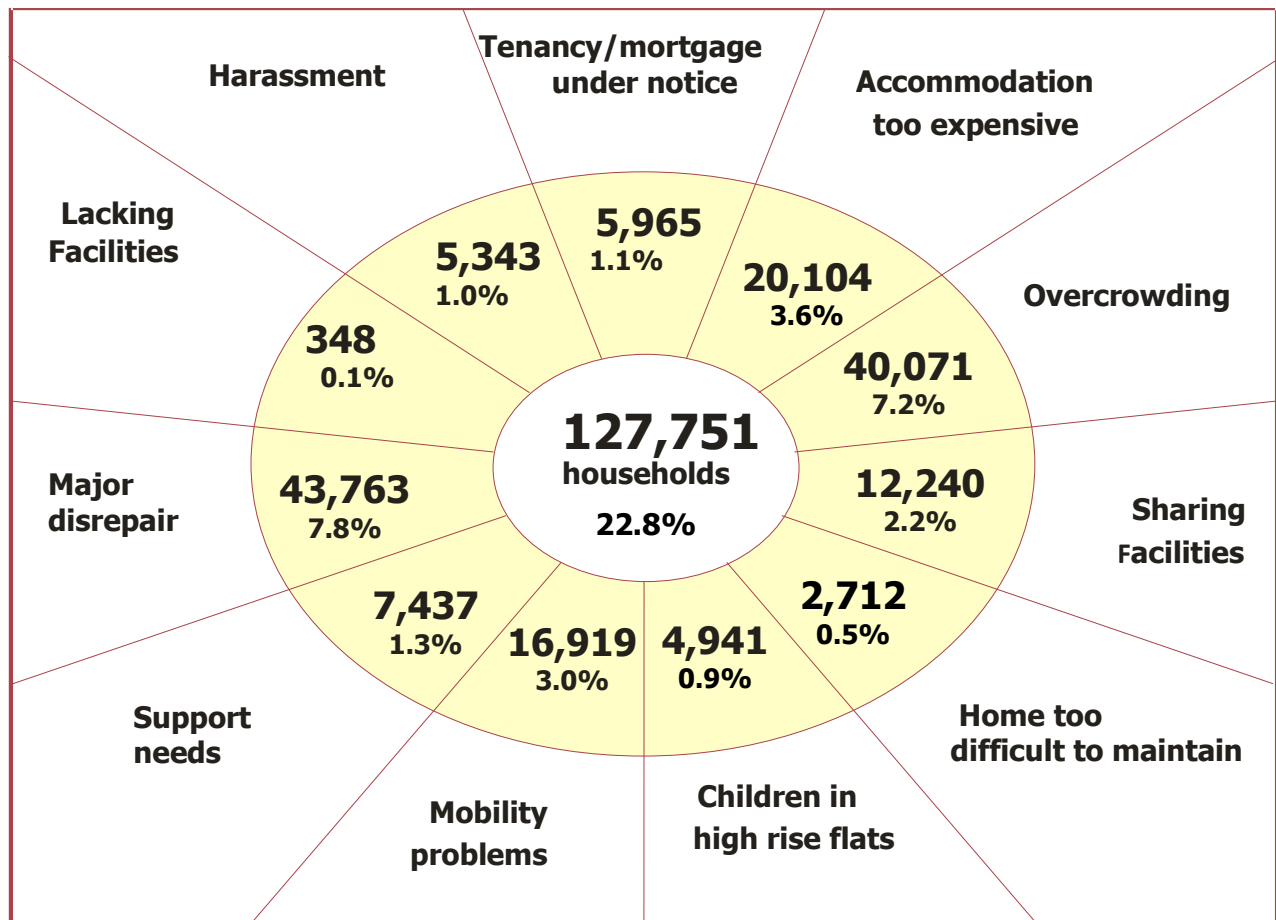
^{6.16} Although local authorities typically use points or banding systems to prioritise overall needs, our analysis does not use artificial calculations to score the relative unsuitability of housing. After all, to say that some homes are more unsuitable than others does not mean that the households in the latter are not in need.

Established Households Living in Unsuitable Housing

- ^{6.17} Overall, a total of 127,751 households were assessed as living in unsuitable housing due to one or more factors. The unsuitability problems experienced are shown below (Figure 88).

Figure 88

Established Households Living in Unsuitable Housing (Source: South East London Household Survey 2007-08)



- ^{6.18} Overall 22.8% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems. This is because in-situ solutions may be more appropriate. As a comparison the GLA Housing Requirements Study 2004, found that 18.4% of all households across London were living in unsuitable housing. Definitions of the unsuitability conditions vary slightly between the two studies.
- ^{6.19} There are big differences between the proportion of households in unsuitable housing by local authority in the sub-region. As many as 31.1% of households in Southwark are assessed as being unsuitably housed, while as few as 13.9% of households in Bromley are unsuitably housed. As a comparison 18.4% (560,000) are unsuitably housed across the whole of London which is lower than the average for South east London, and in particular emphasises the proportion of unsuitably housed households in Lewisham and Southwark.

Figure 89

Proportion of Established Households in Unsuitable Housing by Local Authority and Problem Category (Source: South East London Household Survey 2007-08. Notes: Households experiencing problems in more than one unsuitability category are only counted once within the overall total)

Unsuitability Category	Local Authority					SE London
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Homeless or with Insecure Tenure						
Tenancy/mortgage under notice	0.7%	0.4%	1.0%	1.6%	1.5%	1.1%
Accommodation too expensive	2.4%	1.2%	4.0%	4.6%	5.7%	3.6%
Mismatch of Household and Dwelling						
Overcrowding	3.6%	3.3%	7.1%	10.0%	11.3%	7.2%
Sharing facilities	0.6%	0.1%	3.0%	3.9%	3.9%	2.2%
Home too difficult to maintain	0.2%	0.4%	0.3%	1.0%	0.4%	0.5%
Children in high-rise flats	0.4%	0.0%	0.9%	0.7%	2.3%	0.9%
Mobility problems	2.3%	2.8%	3.0%	4.0%	2.9%	3.0%
Support needs	0.9%	1.0%	1.8%	1.8%	1.2%	1.3%
Dwelling Amenities and Condition						
Lacking facilities	0.3%	0.0%	0.0%	0.0%	0.1%	0.1%
Major disrepair	5.2%	6.5%	7.8%	9.2%	9.6%	7.8%
Social Requirements						
Harassment	1.1%	0.6%	1.3%	0.5%	1.4%	1.0%
TOTAL	14.5%	13.9%	24.7%	29.4%	31.1%	22.8%

- 6.20 There are big differences between the proportion of households in unsuitable housing based on their current tenure – with only 11.6% of owner occupiers being unsuitably housed, compared to 32.0% of those who rent privately and 37.7% of households renting from a social landlord. The reasons for households' housing being classified as unsuitable by tenure are detailed below.

Figure 90

Proportion of Established Households in Unsuitable Housing by Problem Category (Source: South East London Household Survey 2007-08. Notes: Households experiencing problems in more than one unsuitability category are only counted once within the overall total. Owned figures include shared ownership properties. Private rent figures include rent free housing, tied housing and other properties rented from employer)

Unsuitability Category	Tenure			All Tenures
	Owned	Social Rent	Private Rent	
Homeless or with Insecure Tenure				
Tenancy/mortgage under notice	0.1%	1.4%	3.2%	1.1%
Accommodation too expensive	0.5%	8.9%	4.1%	3.6%
Mismatch of Household and Dwelling				
Overcrowding	2.5%	11.7%	13.1%	7.2%
Sharing facilities	0.2%	1.9%	8.0%	2.2%
Home too difficult to maintain	0.2%	1.1%	0.4%	0.5%
Children in high-rise flats	0.2%	2.7%	0.2%	0.9%
Mobility problems	2.4%	5.4%	1.5%	3.0%
Support needs	0.8%	3.0%	0.4%	1.3%
Dwelling Amenities and Condition				
Lacking facilities	0.1%	0.0%	0.0%	0.1%
Major disrepair	5.3%	12.7%	7.8%	7.8%
Social Requirements				
Harassment	0.7%	1.7%	0.7%	1.0%
TOTAL	11.6%	37.7%	32.0%	22.8%

- 6.21 When we consider household characteristics, 45.1% of lone parent households, 23.7% of adult couples with children and 56.1% of groups of adults with dependent children are living in unsuitable housing. This means that there is a high proportion of households containing children living in unsuitable housing in the sub-region. For those households without children, 21.5% of single persons, 11.6% of adult couples and 15.3% of pensioner couples currently live in unsuitable housing.

Figure 91

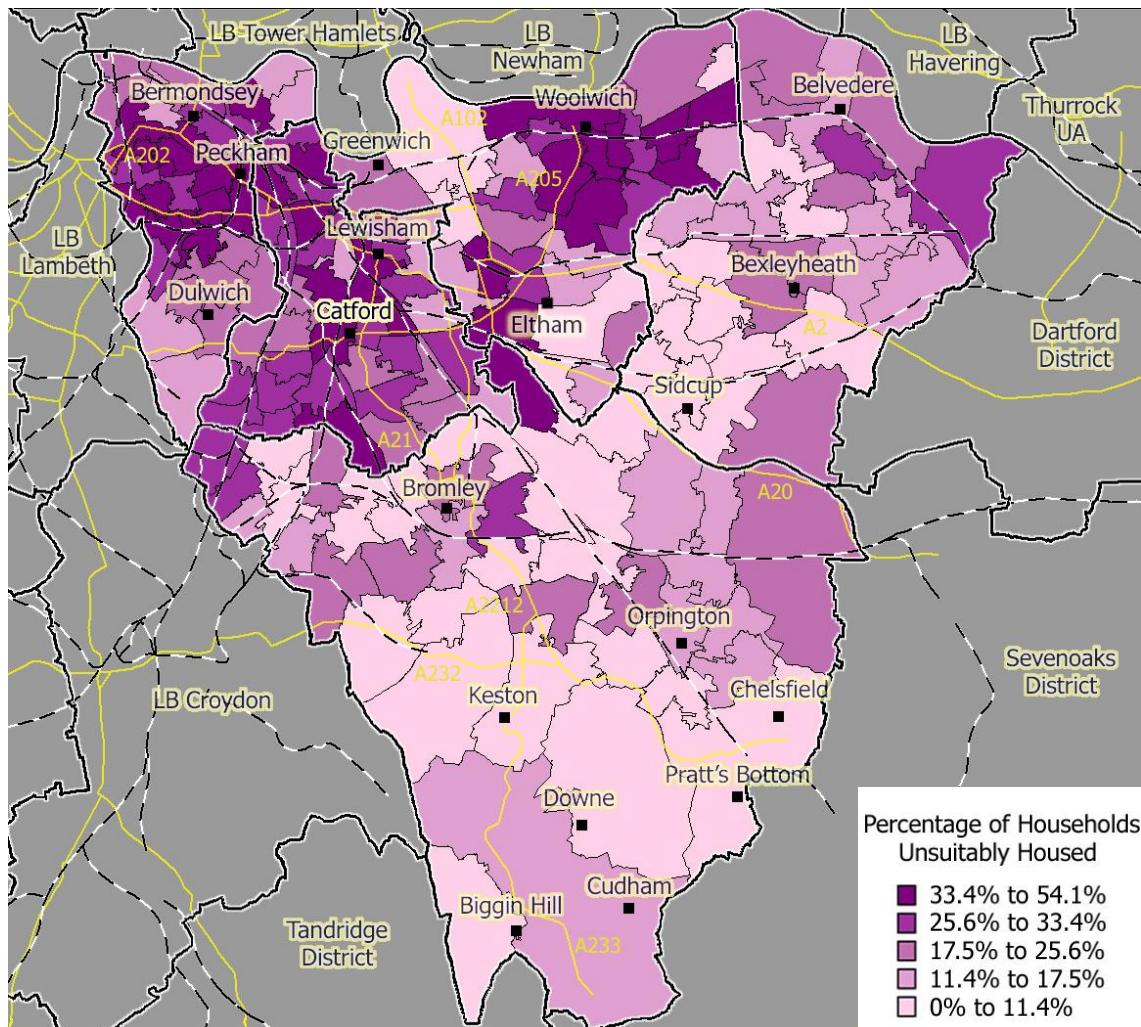
Proportion of Established Households in Unsuitable Housing by Household Type (Source: South East London Household Survey 2007-08)

Unsuitability Category	Number of Households Unsuitably Housed	% of All Households in Unsuitable Housing	% of Households of each Type in Unsuitable Housing
Single person	21,757	12.6%	21.5%
Lone parent	26,699	16.5%	45.1%
Adult couple	9,353	7.6%	11.6%
Adult couple with children	24,316	19.6%	23.7%
Group of adults	21,369	15.2%	26.8%
Group of adults with children	6,333	3.6%	56.1%
All pensioners	17,981	24.9%	15.3%
ALL HOUSEHOLDS	127,809	100.0%	22.8%

- 6.22 Figure 92 shows that the northern parts of the sub-region were the most likely to contain unsuitably housed households.

Figure 92

Proportion of Established Households Living in Unsuitable Housing (Source: South East London Household Survey 2007-08. Note: Data shown at middle-level Super COA)



Migrant Worker Households

- 6.23 As noted earlier, South East London is an area which has attracted a significant number of migrant workers. Many of these workers live in households which do not fit traditional housing patterns with extreme over-occupation of dwellings and bed sharing occurring. This implies that many households exist within a single dwelling.
- 6.24 When modelling the housing market the ORS Housing Market Model normally assumes that each household requires a separate dwelling. Therefore, for a dwelling composed of a number of unrelated migrant workers it would assume that each worker requires a separate dwelling. However, in practice migrant workers are typically seeking to minimise their housing costs and do not wish to live in separate dwellings. Therefore, the ORS Housing Market Model would identify housing requirements for households who would not occupy the dwellings if they were provided.
- 6.25 On this basis it was agreed with the South East London Housing Partnership that households containing many migrant workers living in conditions which fall outside those of traditional households would be removed from the modelling system to prevent them artificially skewing the

total housing requirement. In total this type of migrant worker households occupy around 850 dwellings across South East London. The households within these dwellings are therefore not treated as generating their own separate and individual housing requirements set out in Chapter 5. However, if the number of migrant workers in South East London falls during the current economic decline in the UK then a number of currently occupied dwellings may become available for other households to occupy.

Resolving Housing Unsuitability

- 6.26 Not all housing unsuitability problems require the households involved to move from their current home. In-situ solutions may be more appropriate to resolve some of the problems identified. For example, overcrowding could be resolved by one or more member(s) of the household leaving to live elsewhere, or an alternative solution could be to extend the existing property. Similarly, homeowners or landlords may undertake repairs to resolve problems with the condition of the property. In these cases (and many others) the problems identified can be resolved without the need for relocation to alternative accommodation.
- 6.27 Although in practice it is important to resolve the housing needs of individual households, a strategic analysis is primarily concerned with addressing overall housing need. In this context, it is particularly relevant to consider housing suitability issues concerned directly with the dwelling stock – such as major disrepair. Resolving such individual household needs (through enabling a move to alternative housing) will not reduce the overall level of housing need because the vacancy that arises will inevitably (over time) be occupied by another household, who will once again be in housing need. In such cases, it is investment in the existing stock (or in some cases, clearance and redevelopment) that is required to reduce the number of people unsuitably housed.
- 6.28 It should be noted that any dwellings that are lost from the stock through demolition programmes would need to be replaced in addition to the number of additional housing units identified by this study – that is, our analysis considers the housing requirement in the context of a net increase in dwelling stock.
- 6.29 Where a move is appropriate and required to resolve a housing problem, some households may need to move to homes outside the area (for example, those moving for care or support), and others will choose to move further afield for other reasons. Where unsuitably accommodated households are likely to leave the area willingly, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the area will add to the total requirement.
- 6.30 Finally, a proportion of the households remaining will be able to afford to buy or rent an appropriate dwelling at (or above) threshold market prices (shown previously in Figure 83). Therefore, when considering households who are in housing need, we must also discount from the total those who are able to afford such prices. The impact of each of these stages is summarised in Figure 93.
- 6.31 After discounting the households whose needs do not require alternative housing provision in South East London, 32,518 (25.4%) of the identified 127,751 unsuitably housed households remain. The balance of households previously identified can either afford to resolve their housing problems without financial subsidy or their needs will be satisfied without having to move from their current home.

Figure 93

Resolving Housing Suitability Problems (Source: South East London Household Survey 2007-08. Note: Figures may not sum due to rounding)

Factor	Number of Households	
	Discounted	Remaining
Households assessed as currently living in unsuitable housing	-	127,751
Households with an objectively assessed in-situ solution	35,507	92,244
Households with a subjectively assessed in-situ solution (where the household neither wants nor expects nor needs to move)	43,376	48,868
Households that need to move, but that will leave the area	9,162	39,706
Households that need to move, but will be moving into institutional housing or join another household	374	39,332
Households that need to move, but can afford to rent or buy market housing	6,814	32,518
Households that need to move, but cannot afford to rent or buy market housing		32,518

The Backlog of Need in the ORS Housing market Model

6.32 More details on the ORS Housing Market Model are provided in the next chapter, but for clarification we will briefly explore the role of existing households in need at this point. The key issue to note with existing households in need who require to move to an alternative dwelling within the sub-region is that when move they will also vacate a dwelling. Therefore, while each of these households will require one unit of affordable housing, they will also vacate one unit of housing. This means that existing households in need do not contribute to the total net housing requirements of the sub-region. However, the households in need do have a significant impact on the final mix of dwellings which are required across tenures and number of bedrooms. On this basis, the households in need form part of the total existing households who will be moving in the ORS Housing Market Model.

Homelessness

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

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

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

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

Households Defined as being in Priority Need

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

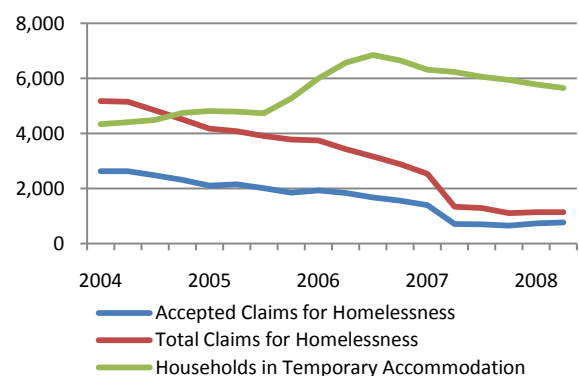
- pregnant women;
- persons with whom a pregnant woman resides, or might reasonably be expected to reside;
- persons with dependent children, or with whom dependent children might reasonably be expected to reside;
- persons who are vulnerable – because of old age, mental or physical disability, or other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

The following categories were added to this list by the Homelessness (Priority Need for Accommodation) (England) Order 2002:

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

6.35 Figure 94 indicates that the total number of claims and acceptances for homelessness has been falling since 2004 and the figures are currently around 69% and 78% lower respectively than their 2004 values. Recent government guidance has encouraged local authorities to be more pro-active in addressing potential homelessness cases. This has resulted in the number of homelessness presentations and acceptances falling nationally. However, the number of households held in temporary accommodation continued to rise and were around 58% higher in 2006 than they were in 2004 though the numbers began to fall again after this time. At the end of June 2008 there were 5,649 households in temporary accommodation across South East London.

Figure 94
Unintentionally Homeless and in Priority Need Applications and Households in Temporary Accommodation for South East London Q1 2004- Q3 2008 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)



Households in Housing Need

6.36 When considering all current housing needs (including those established households living in unsuitable homes, homeless households in temporary accommodation and people sleeping rough), the study identified a total of 34,794 households in need. This figure includes the 32,518 households who were found to be unsuitably housed, requiring alternative

Figure 95
Summary of Existing Households in Housing Need (Source 1: South East London Household Survey 2007-08. Source 2: Local Authority P1E Homelessness Data Q4 2008. Source 3: Local Authority Housing Strategy Statistical Appendix (HIP) Data 2008. Note: Figures may not sum due to rounding)

Local Authority	Number of Households
Households currently living in unsuitable housing that need to move and cannot afford to rent or buy market housing ¹	32,518
Households accepted as statutorily homeless currently housed in housing leased temporarily from the private sector (PSL housing) or Households accepted as statutorily homeless temporarily housed in Bed & Breakfast or hostel accommodation ²	2,259
Single people currently sleeping rough ³	17
Total	34,794

housing in South East London and who cannot afford market housing.

- ^{6.37} It is worth noting that all these figures relate to the reference period for the study, which corresponds with the fieldwork period for the interview sample of March 2008.

Summary of Key Points

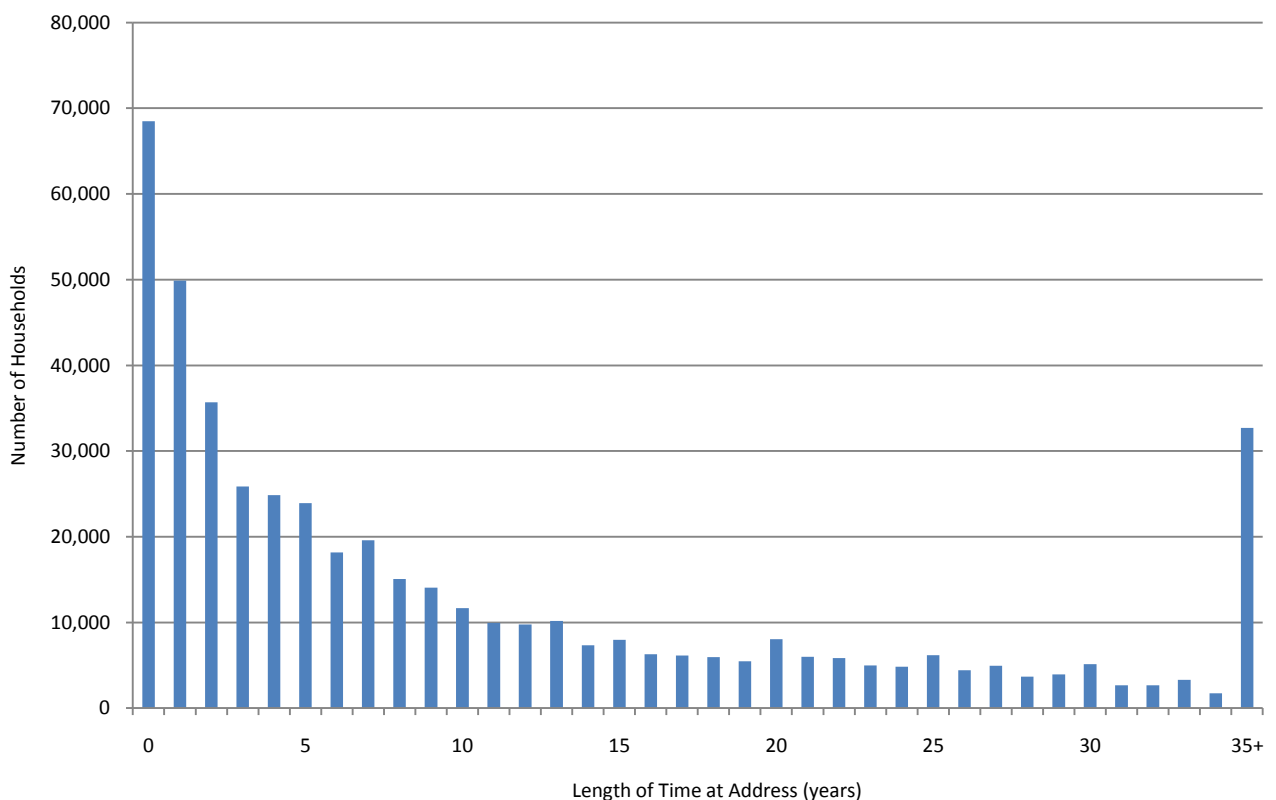
- Overall a total of 127,751 (22% of all households) households were assessed as living in unsuitable housing due to one or more factors. By far the most commonly cited problems were overcrowding and major disrepair at more than twice the number as third and fourth placed support needs and accommodation expense.
- 22.8% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems.
- As many as 31.1% of households in Southwark are assessed as being unsuitably housed, compared to as little as 13.9% in Bromley.
- Only 11.6% of owner occupiers are unsuitably housed compared to 32% who rent privately and 37.7% who rent from a social landlord. There is also a high proportion of households with children living in unsuitable housing compared to those without.
- After discounting the households whose needs do not require alternative housing provision in South East London 32,518 unsuitably housed households remain.
- The total number of approaches and acceptances for homelessness has been falling in South East London since 2004 and are currently at around 69% and 78% respectively.
- The study found a shortfall of 34,794 households in need. This figure includes the 32,518 households who were found to be unsuitably housed, requiring alternative housing in South East London and who cannot afford market housing.

Chapter 7: Housing Market Dynamics

- 7.1 As well as understanding existing housing needs, it is important to consider the dynamics of the housing market. This is key to understanding how housing demand helps to meet the need for affordable housing, and how existing housing need is likely to change in the future.
- 7.2 Figure 96 shows the high degree of turnover or ‘churn’ of the South East London housing market – with over one in every eight households (12.4%) having moved within the last 12 months, and a further 9.0% having moved within the last two years. This compares to one in seven households that have moved within the last year across the whole of London, therefore the turnover in South East London is slightly lower than for Greater London.

Figure 96

Length of Time at Current Address (Source: South East London Household Survey 2007-08)



- 7.3 Very few households who own outright (2.2%) have moved within the last year, although as many as 8.9% of those who own with a mortgage moved to their current home during this period. In terms of affordable housing, 8.2% of households currently renting from one of the local RSLs or the Council were housed in the last year. This is a relatively high figure for social housing moves and is dominated by moves within the social housing sector in Southwark. Many of these moves are ‘decants’ of existing social rented dwellings to allow for demolitions or major repairs. Nevertheless, undoubtedly the most significant turnover was in the private rented sector – with as many as 36.3% of all tenants having lived at their current address for less than a year.

- 7.4 25.1% of households that have been living at their current address for less than a year either own outright or with a mortgage or loan, which is equivalent to 16,756 households across South East London. Of the remaining households that have recently moved, 437,371 (55.9%) currently rent their home privately, and a further 19% now live in affordable housing.

Figure 97

Household Moves in Last 12 Months (Source: South East London Household Survey 2007-08. Notes: Private Rent category also includes Tied Housing and Other Rented. Owner occupation category includes shared ownership. Figures may not sum due to rounding)

Current Housing Circumstances	Previous Housing Circumstances				
	Established Households			Living With/ Rent a Room	All Households
	Owner Occupation	Private Rent	Affordable Housing		
Housing Tenure					
Owner Occupation	8,785	5,964	192	1,815	16,756
Private Rent	2,894	25,042	1,268	8,168	37,371
Affordable Housing	112	1,926	7,677	3,029	12,743
All Households	11,790	32,932	9,137	13,012	66,871

- 7.5 Of all households that moved in the last year, 49.2% moved from other private rented accommodation to their current home, 17.6% were previously in owner occupied accommodation and 13.7% lived in affordable housing.
- 7.6 A total of 13,012 households were identified as previously living with family or friends (including those households who were previously living in communal housing). These households can be regarded as concealed households. At the point that they moved into self contained housing they are regarded as emerging households. 62.8% (8,168) of these households took up residence in the private rented sector. Their take up of private rented housing is likely to be partly due to high local house prices in relation to income of newly forming households, and difficulty of accessing affordable housing.
- 7.7 It is also noteworthy that some households leave affordable housing in South East London to move into the private rented sector. 1,268 (3.4%) of the new households in the private rented sector came from affordable housing.
- 7.8 Considering those currently in affordable housing – 23.8% of new tenants (3,029 households) were formerly “living with family or friends”, “renting a room in lodgings” or housed temporarily in hostels or other similar accommodation. Households previously in private rent accounted for 15.1% (1,926) new households in the affordable housing sector. Therefore, South East London is an area where there is movement between the private and social rented sectors, with this movement being particularly strong in Lewisham and Southwark. Some of these households may be moving between the two sectors while maintaining their housing benefit, while in other cases the movement may be driven by the end of private rent tenancies or exclusions from social rent properties.

Assessing Affordability

- 7.9 Household affordability critically underpins the housing requirement analysis – determining both the ability to afford market housing (i.e. effective demand for market housing) and the inability to afford market housing (i.e. demand for affordable housing). For clarity, using PPS3 definitions housing need arises when a household is living in unsuitable housing and cannot afford suitable market housing.

^{7.10} Affordability is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis. The affordability of any particular household will depend on the relationship between:

- The cost of appropriate local housing, and
- The amount that the household is able to afford.

^{7.11} The affordability tests used for this study are outlined below and seek to ensure that households are not committed beyond their means. Neither do they regard households as part of requirement for affordable housing if they can afford market housing and vice versa, although this does occur in practice.

Assessing Affordability for Owner Occupation

^{7.12} Most owner occupiers will normally rely upon a loan or mortgage from a building society or other lender. Therefore it is important that the householder is not only able to afford the repayments of such a loan but that also such a loan is accessible to that household. For this reason, a mortgage multiplier is normally applied to determine the amount households are able to afford when considering home purchase.

^{7.13} The assessment of mortgage eligibility adopted for this analysis is based upon the method proposed by CLG in the Practice Guidance for Strategic Housing Market Assessments – with lending for single incomes assumed to be 3.5x the income and lending for joint incomes based on a 2.9x multiplier. It is also important that the assessment of affordability for owner occupation considers other household resources, including:

- Savings;
- Debts;
- Equity (positive or negative) from current home (for current owners); as well as the
- Amount that can be borrowed.

^{7.14} Perhaps the most important additional resource is any equity that a household may have in their existing home because, whilst the early years of a mortgage may not impact significantly on the amount of capital repaid, increases in house prices can bring significant additional resources.

^{7.15} In summary, the amount affordable for owner-occupation is therefore:

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

Assessing Affordability for Weekly Rent

^{7.16} Unlike with owner-occupation, the rental market does not require a single capital payment to be made upfront that has to be funded from a source such as a mortgage. Instead, it is based exclusively on a recurring payment taken from the individual household budget. Once again, the assessment for rent has been based upon that proposed in the Practice Guidance, with 25% of household gross income assumed to be available for rent.

^{7.17} In practice, the use of gross income (as opposed to net income) reduces the assumed payments for lower income households – because they are typically liable for fewer deductions (such as income tax and national insurance) from their income. Where households have no deductions from their

earnings, they are assumed to pay only 25% of their net income on housing cost – but this increases to a maximum contribution of 31.5% of net income for those households earning up to £15,000 gross.

Understanding Housing Supply

Monitoring Targets and the Trajectory of new housing completions

- ^{7.18} Figure 98 shows recent housing completions in South East London compared with the monitoring targets which are set out within the London Plan. The recent completion rate in South East London are slightly short of the requirement to meet the 2006 revised London Plan monitoring target (published Feb 2008), despite three of the boroughs exceeding the annual monitoring target.
- ^{7.19} However, subject to earlier remarks about the short term effects of the credit crunch, completion rates are expected to rise in the future to 6,517 dwelling per annum until 2012 and before rising further to 8,212 per annum from 2012 onwards.

Figure 98

Annual Monitoring Targets and Completions (Source: Annual Monitoring Reports 2008)

Allocation	Annual Average					
	Bexley	Bromley	Greenwich	Lewisham	Southwark	South East London
2008 London Plan Annual target	345	485	2,010	975	1,630	5,445
Completions 2007/08	283	700	784	1,278	1,785	4,830
Annual Planned completions 2007/08-2012	307	759	1,671	980	2,800	6,517
Annual Planned completions 2012-2017	343	407	2,353	2,309	2,800	8,212

Affordable Housing

- ^{7.20} Figure 99 shows the number of new RSL rented properties which were completed in each year from 2003/04 to 2007/08. Recent affordable housing completions in the sub-region are projected to increase alongside the rise in projected completions in the future.

Figure 99

Actual New RSL Dwellings 2003/04– 2007/08 and Projected New RSL Dwellings 2008/09 – 2009/10 (Source: Local Authority Housing Strategy Statistical Appendix (HIP) Data)

Local Authority	Actual Completions					Annual Average	Projected Completions	
	2003/04	2004/05	2005/06	2006/07	2007/08		2008/09	2009/10
Bexley								
Rented Dwellings	30	47	33	37	212	72	36	90
Intermediate Rent	0	0	0	0	0	0	0	0
Shared Ownership	0	34	12	57	111	43	69	61
Total	30	81	45	94	323	115	105	151
Bromley								
Rented Dwellings	66	157	111	130	106	114	207	111
Intermediate Rent	0	0	0	28	6	7	75	200
Shared Ownership	2	30	27	68	113	48	310	210
Total	68	187	138	226	225	169	592	521
Greenwich								
Rented Dwellings	391	161	167	206	219	229	241	564
Intermediate Rent	0	0	0	0	20	4	0	9
Shared Ownership	251	118	178	164	175	177	55	318
Total	642	279	345	370	414	410	296	891
Lewisham								
Rented Dwellings	193	424	323	222	325	297	341	336
Intermediate Rent	0	0	0	0	26	5	0	0
Shared Ownership	174	84	11	58	159	97	185	156
Total	367	508	334	280	509	399	526	492
Southwark								
Rented Dwellings	476	462	412	445	397	438	234	409
Intermediate Rent	0	0	0	104	36	28	20	12
Shared Ownership	72	74	129	313	342	186	250	380
Total	548	536	541	862	775	652	504	801
Sub-region								
Rented Dwellings	1,156	1,251	1,046	1,040	1,259	1,150	1,059	1,510
Intermediate Rent	0	0	0	132	88	44	95	221
Shared Ownership	499	340	357	660	900	551	869	1,125
Total	1,655	1,591	1,403	1,832	2,247	1,745	2,023	2,856

Modelling the Housing Market

Introducing Micro-Simulation Models

- ^{7.21} Models can be used to provide forecasts of the future, based on current and past sets of primary and secondary data. These forecasts may vary according to the assumptions that are made during the modelling process. In the case of SHMAs, the figures produced are best estimates of the different needs in the housing market and give a picture of the size of the ‘problem’ and support the understanding of how that picture might change if certain variables change.

- 7.22 ORS uses a micro-simulation model with simultaneous equations to interpret demand and supply. Such models are used by academic researchers and by government to understand and make predictions about a wide range of issues. Commonly recognised examples include:
- Labour supply and wages;
 - Unemployment;
 - Household formation rates;
 - Education and training choices; and also for
 - Macro-economic forecasting.
- 7.23 Micro-simulation models are the best way of maximising the value of any dataset by considering the links between demand and supply simultaneously so that all possible information is used to make the best projections possible. The methodology used in the ORS model is consistent with micro-simulation models derived from other large datasets such as the General Household Survey, Labour Force Survey, National Child Development Survey and the British Household Panel Survey.
- 7.24 Micro-simulation models are sophisticated tools that produce central point estimates using all the information available. The central point estimate is the most probable result, but this falls at the centre of a range and it is this range (known as the mean forecast error) that determines the accuracy of micro-simulation models. More details on assessing the error margins on micro-simulation models can be found in the technical appendix.
- 7.25 Calculating the mean forecast error depends on comparing modelling estimates with appropriate trend based data (data which shows what has actually happened) – but it is clearly difficult to test any estimate of housing need and requirements through unambiguous comparison with ‘reality’, because there is no single objective, non-model-based account of ‘reality’ that can be used to measure housing market performance.
- 7.26 Although central point estimates produced by micro-simulation models are subject to a mean forecast error this does not disqualify their importance or usefulness when developing public policy, and despite it not being possible to determine a mean forecast error for the ORS model (due to the nature of the simulation), the central point estimate still provides the most reliable estimate.

The ORS Housing Market Model

- 7.27 For any housing market assessment, some of the key or core issues are:
- How many additional units are required?
 - How many additional units should be affordable homes?
 - For what type of open-market housing is there demand?
 - How will ‘demand’ and ‘need’ change under different assumptions?
- 7.28 The ORS Housing Market Model addresses these issues by analysing the whole housing market. Instead of focusing only or primarily upon poorer households and social sector need, it interprets the interaction of requirement and supply across all sectors of the housing market. Social sector needs are interpreted within the context of market housing demands. This takes account of the interaction of effective and ineffective demands and needs, and the likely supply from the range of properties vacated within the existing stock.

- ^{7.29} The Model interprets the market dynamically – by likening the interchange between households and vacancies to “musical chairs”. The “musical chairs” analogy brings out the dynamic relationship between requirement and supply – most households find suitable vacancies only because others move or suffer dissolution. In this context, the Model is primarily concerned with households likely to (or that otherwise need to) move. Of course, some households likely to stay in their current home may still have housing needs that should be addressed – but, by definition, the appropriate solutions for such problems will be provided in-situ and will therefore not have an impact on the mix of additional housing provision.
- ^{7.30} Whether households want or need to move, and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. Effective demand is driven primarily by choice – however, even well-off households can only find accommodation only if suitable vacancies arise. On the other hand, housing need is considered objectively – by evaluating households’ current housing circumstances alongside their ability to afford local housing it is possible to establish a realistic assessment of housing need.
- ^{7.31} Through analysing the creation and take-up of vacancies the Model recognises that it is only because some households wish to and do move that others can find suitable homes. Nevertheless, the lack of suitable existing housing does not constrain the allocation process – for the mix of housing required by all households (including those currently without housing and unable to afford) is analysed, and it is the shortfalls identified in the existing stock that determine the mix of new housing required.
- ^{7.32} The elements of housing need and demand are detailed overleaf. A key point to note is that the initial assumption of the model is that the backlog of need will be addressed over the next 10 years.

Figure 100
Derivation of Elements of Housing Need and Demand (ORS Housing Market Model)

Element	Derivation
Established households currently in need	<p>Households currently living in unsuitable housing that need to move to resolve their housing problems and cannot afford to buy or rent market housing (including homeless households temporarily accommodated in PSL housing).</p> <p>By definition, all households require affordable housing – but the split between intermediate and social rent is based on affordability.</p> <p>The size of property required is based on household composition.</p> <p>It is assumed that the identified existing need is addressed over a 10-year period, therefore 10% of the total is counted annually.</p>
Newly arising need from established households	<p>The future projection for this flow is based on recent trend figures for the last 12 months.</p> <p>Households currently living in unsuitable housing who were suitably housed one-year ago are assumed to constitute new need during the period, together with households who were forced to move during the period and were re-housed in affordable housing due to a problem that would have not been identified 12 months ago.</p> <p>By definition, all households require affordable housing – but the split between intermediate and social rent is based on affordability.</p> <p>The size of property required is based on household composition.</p>
Effective demand from established households	<p>The future projection for this flow is based on expectations of existing households moving within the sub-region over the next 12 months.</p> <p>Households are only counted if they are able to afford to buy or rent market housing, therefore by definition all will require market housing.</p> <p>Size of property required is based on household expectations in the context of expressed demand.</p>
In-migrant households to the sub-region	<p>The future projection for this flow is based on recent trend figures for the last 12 months, with five-year projections adjusted on the basis of ONS migration data for the last five years.</p> <p>Households are allocated to market, intermediate or social housing on the basis of affordability.</p> <p>Size of property required is based on trends in terms of the number of bedrooms in properties occupied by recent in-migrant households.</p>
Hidden households emerging as new households	<p>The future projection for this flow is based on recent trend figures for the last 12 months. The figure only includes newly forming households from host households in the sub-region.</p> <p>Households are allocated to market, intermediate or social housing on the basis of affordability.</p> <p>Size of property required is based on trends in terms of the number of bedrooms in properties occupied by recent newly forming households.</p>
Homeless households housed in hostels and B&B accommodation	<p>Households currently living in communal housing that require re-housing in traditional housing.</p> <p>It is assumed that the identified existing need is addressed over a 10-year period, therefore 10% of the total is counted annually.</p>

^{7.33} The extent to which the market balances depends upon the match or mismatch between the households seeking housing, on the one hand, and the available stock, on the other. The sources of housing supply are detailed below.

Figure 101
Derivation of Elements of Housing Supply (ORS Housing Market Model)

Element	Derivation
Property vacated by established households moving home	<p>The future projection for this flow is determined by the three flows of established households considered within the elements of housing need and demand:</p> <ul style="list-style-type: none"> – Established households currently in need; – Newly arising need from established households; and – Effective demand from established households. <p>All established households moving are assumed to vacate their current home.</p> <p>The type and size of property counted within the supply is based on the actual tenure and number of bedrooms in the current home, i.e. the property being vacated.</p>
Property vacated by out-migrant households leaving the sub-region	<p>The future projection for this flow is based on expectations of existing households moving away from South East London over the next 12 months.</p> <p>All out-migrant households are assumed to vacate their current home.</p> <p>The type and size of property counted within the supply is based on the actual tenure and number of bedrooms in the current home, i.e. the property being vacated.</p>
Property vacated following household dissolution due to death or household merging	<p>The future projection for this flow is based on the structure of individual households coupled with ONS survival rate statistics. Each household is allocated a probability of survival such that a residual probability of dissolution can be derived.</p> <p>All households identified as moving to “live with” another household, moving to communal housing or otherwise no longer requiring independent housing are also counted as vacating their current home.</p> <p>The type and size of property counted within the supply is based on the actual tenure and number of bedrooms in the current home, i.e. the property being vacated.</p>

7.34 New housing development and property conversions will also contribute to housing supply in South East London, but these components are not considered by the Model, for it is seeking to understand how the existing housing stock will (or more importantly will not) be able to house future households in the area.

7.35 The Model notionally assigns available housing to households. Through matching gross housing requirements with supply (vacancies created), the model identifies net housing requirements – i.e. those households who are unlikely to find suitable housing within the existing housing stock.

7.36 The key stages of the model and the main modelling assumptions can be summarised as follows:

- **Housing Requirement =** Established Households +
New Households +
In-migrant Households
- **Housing Supply =** Established Households +
Household Dissolution +
Out-migrant Households
- **Net Housing Requirement =** Gross Housing Requirement -
Housing Supply

Core Modelling Assumptions

Housing Requirements

- Housing requirements are generated from three sources;
 - Existing households moving;
 - Newly forming households;
 - In-migrant households.
- Existing household moves are based upon the expectation of moving in the next 12 months
- Newly forming household and in-migrant households are both based upon trends from the previous 12 months controlled by 6 month trends.

Housing Supply

- Housing supply is generated from three sources ;
 - Existing households moving;
 - Death and dissolutions;
 - Out-migrant households.
- Existing household moves are based upon the expectation of moving in the 12 months;
- Deaths and dissolutions are based upon ONS mortality rates for deaths and trends over the previous 12 months for households merging for dissolutions
- Out-migrant households are based upon expectations of moving in the next 12 months.

Affordability

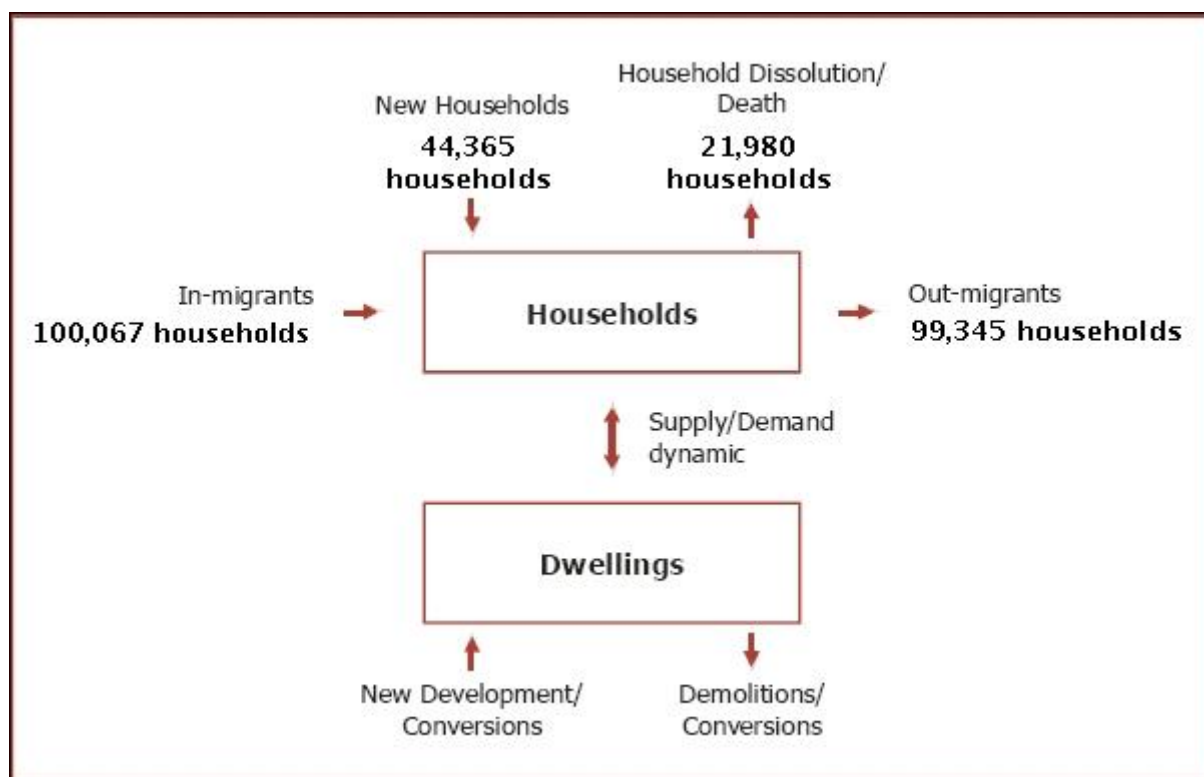
- Households are allocated to tenures based upon affordability and not preference.
- For owner occupation lending for single incomes assumed to be 3.5x the gross income and lending for joint incomes based on a 2.9x multiplier. The assessment of affordability for owner occupation also includes:
 - Savings;
 - Debts;
 - Equity (positive or negative) from current home (for current owners).
- Households are assumed to spend 25% of their gross income on rent
- Following PPS3 definitions, households who can afford private rent are assumed to access this, rather than specialised intermediate housing products
- Following PPS3 definitions households who can afford more than a social rent , but cannot afford a market rent are regarded by the model as requiring social rent if no suitable intermediate affordable housing products exist.
- The lowest quartile of private rents is considered to form part of the existing supply of intermediate housing because it fulfils the same role of meeting the needs of households in housing need
- A household is in the backlog of need if they are unsuitably housed, require alternative housing provision in the borough and cannot afford market housing. The Model addressed the backlog of need over 10 years.
- The number of bedrooms a household is allocated in affordable (social and intermediate) housing is based upon the CLG Bedroom Standard.
- The contribution to future affordable housing requirements of any household who were overcrowded within one year of moving to their new address has been adjusted to account for this overcrowding. As an example, if a household was allocated to a one bedroom social property, but within a year they required two bedrooms, the projected impact of this household will be to generate a need for a two bedroom social rented dwelling.

7.37 The projected flows of housing need, demand and supply derived from the Housing Market Model are summarised below. In considering this combination of inward and outward household flows, we can

determine the likely pressure placed upon the dwelling stock – and the implicit requirement for additional housing provision.

Figure 102

5-Year Requirement/Supply Flow Analysis (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009)



7.38 Figure 103 details the net gains and losses of each pair of flow streams, where it is apparent that a net 23,106 additional dwellings should be provided over the 5-year period to sustain the existing supply/ demand imbalance. If this number of homes is not provided, one or more flows will have to change. The change in flows could include fewer new households forming, no resolution of overcrowding issues or households leaving the area due to a lack of suitable available housing.

Figure 103

Summary of 5-Year Housing Requirements by Household Flows (Source: ORS Housing Market Model, South East London Strategic Housing Market Assessment 2009. Note: Figures may not sum due to rounding)

Housing Type	Inward Flow	Outward Flow	Net Requirement
5-Year Requirement			
Migration – households moving to and from the sub-region	100,067	99,345	722
Indigenous change – household formations and dissolutions	44,365	21,980	22,384
Established household moves	127,489	127,489	-
Total	271,921	248,814	23,106

Understanding the Required Housing Mix

7.39 In seeking to understand the required housing mix, household affordability has been grouped into three classifications. In allocating households to specific types of housing, the determining factor is affordability:

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

7.40 Nevertheless, whilst PPS3 defines intermediate housing as being for those households able to afford more than social rents, it should be recognised that it may not be possible to pragmatically deliver a housing product for those households only able to afford fractionally more than social rents.

7.41 As an illustration of the importance of this distinction, Figure 104 highlights the level of household income necessary to afford particular tenures. This shows that any household with an income of more than £14,900 per annum requiring a 1-bed property can afford more than Target Rents. Target rents are assessed locally and applied by social landlords in line with government regulations. Therefore, under PPS3 definitions, these households are defined as requiring intermediate affordable housing. Figure 104 also shows that the household income necessary to afford lower quartile market rents for 1-bed dwellings is £27,900. This implies that, following PPS3 definitions, intermediate affordable housing is required for any household requiring a 1-bed dwelling which has a household income of £14,900 to £27,900.

7.42 In practice there has been no provision of intermediate housing products which are accessible for households with incomes close to £14,900. If no 1 bed intermediate housing product can be delivered for households earning between £14,900 and £27,900 then their requirements may only be met in the social rented sector.

Figure 104

Annual Household Income Required for Dwellings by Tenure for SE London (Source: Housing Corporation Data March 2008, Survey of Letting Agents in South East London 2008 and Land Registry Records January-December 2008. Note: Social and Private Rents are an average across all boroughs)

Housing Type	Target Social Rents	Lowest Quartile Market Rent	Lowest Quartile Owner Occupation
Bedroom Size			
1-Bed	£14,900	£27,900	£47,100
2-Bed	£17,700	£37,600	£52,900
3-Bed	£20,100	£48,000	£64,300
4-Bed	£22,100	£63,800	£85,700

7.43 It should also be remembered that many young workers in London are prepared to live in shared, rather than self-contained, accommodation. The 2008 Greater London Housing Market Assessment conducted by ORS on behalf of the GLA assumes that workers aged 25 years or less are willing to live in shared accommodation if they cannot afford to access the full market threshold price for housing. Therefore, some households on relatively low incomes may be able to have their housing requirements met through shared accommodation rather than social housing (effectively reducing the requirement for social housing) and they are reported separately in the modelling results tables.

7.44 When considering the appropriate housing supply, the following sources of supply are considered:

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

^{7.45} Using these definitions in relation to the range of housing types, it is possible to develop the earlier analysis by considering the housing market as a matrix of housing ‘origins and destinations’. This balances the gross requirements for market housing, intermediate housing and social housing against the equivalent identified supply.

^{7.46} As previously noted, the ORS Housing Market Model identified an overall requirement for 23,106 additional dwellings over a 5-year period (Figure 103). By matching the above column totals for total housing requirement (need and demand) against the corresponding row totals for housing supply, it is possible to arrive at the overall net housing requirement for South East London.

^{7.47} The balance of this net requirement between the different housing types is detailed below in Figure 105. This shows the identified gross 5 year housing requirements for market, intermediate and social housing and their expected supply from existing stock. The difference between the gross requirement and supply in each tenure represents the net requirement.

^{7.48} It should be noted that this result includes addressing the backlog of housing need over 10 years, so 10% is addressed each year. This does not contribute anything to net housing requirements because each of these households is already occupy a dwelling which will be vacated. Therefore, they represent established households moving which will see a balance between requirement and supply. However, the backlog of need does contribute to the tenure mix because households may be moving from any tenure to either intermediate or social housing.

Figure 105

Summary of 5-Year Housing Requirements by Housing Type (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Type	Gross Housing Requirement	Housing Supply	Net Housing Requirement (Surplus)
5-Year Requirement			
Market Housing	141,737	132,232	9,505
Intermediate Housing	43,695	43,376	319
Social Rented Housing	86,489	73,206	13,283
Total	271,921	248,815	23,106

Profiling the Housing Requirement

^{7.49} Figure 106 identifies the gross requirement for housing over the next five years in terms of housing type and size.

Figure 106

5-year Gross Housing Requirement by Housing Type and Size (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Gross Requirement				
Shared housing for 25 years or under	12,194			12,194
1 bedroom	30,937	15,703	29,059	75,699
2 bedrooms	48,503	14,773	30,713	93,989
3 bedrooms	35,135	9,486	21,578	66,199
4 bedrooms	11,619	2,506	3,963	18,088
5+ bedrooms	3,349	1,226	1,177	5,751
Total	141,737	43,695	86,489	271,921

7.50 It is important to note that some households within the market housing sector will create a demand for intermediate housing products – where in principle they could afford market rented housing but would prefer to buy their home. This is particularly true at the time of writing this report. In this context, the actual demand for intermediate housing products is likely to be stronger than the model would suggest in the context of a needs-based assessment – but such demand is in addition to the affordable housing need already identified.

7.51 Figure 107 details the net requirement for additional housing after the model has taken account of vacancies arising within the existing stock.

Figure 107

5-year Net Housing Requirement by Housing Type and Size (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement				
Shared housing for 25 years or under	10,925			10,925
1 bedroom	194	(9,025)	9,719	889
2 bedrooms	(2,847)	2,345	237	(265)
3 bedrooms	1,894	6,873	(289)	8,477
4 bedrooms	2,244	(491)	2,460	4,213
5+ bedrooms	(2,905)	618	1,156	(1,132)
Total	9,505	319	13,283	23,106

7.52 The model is showing an overall requirement for 23,100 additional dwellings over the 5-year period.

7.53 This is calculated by considering the number of new households in the area (both newly forming households and households projected to migrate to the area) against those properties likely to be vacated by households (either as out-migrant households leaving the area or following household dissolution). It should be noted that this result is based on a snapshot of information concerning current and recent housing market trends.

7.54 The requirement for social rented housing shows that the number of households in housing need and are unlikely to be re-housed within the existing housing stock in the sub-region is projected to be 13,300 households over the 5-year period.

Comparison with Borough Level Studies

^{7.55} This study for the South East London sub-region has used the data which was obtained from conducting individual studies in each of the five boroughs. Figure 108 and Figure 109 highlights the results which are obtained by aggregating the results of the five individual studies. These show a total housing requirement of 39,900 units over the next 5 years with a relatively balanced split between market, intermediate and social housing.

Figure 108

Sum of Individual Borough Studies by Bedroom Size and Tenure (Source: Borough Level Housing Requirements Studies 2007-2009)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement				
Shared housing for 25 years or under	8,622			8,622
1 bedroom	(2,944)	(3,376)	8,135	1,815
2 bedrooms	2,235	6,945	1,689	10,869
3 bedrooms	7,202	7,640	748	15,590
4 bedrooms	1,824	(466)	1,852	3,210
5+ bedrooms	(2,354)	1,040	1,097	(217)
Total	14,586	11,784	13,521	39,889

Figure 109

Sum of Individual Borough Studies by Tenure (Source: Borough Level Housing Requirements Studies 2007-2009)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement				
Bexley	752	2,437	3,184	6,373
Bromley	(362)	1,947	2,649	4,233
Greenwich	8,405	2,229	1,211	11,844
Lewisham	725	(3,706)	9,758	6,777
Southwark	5,066	8,877	(3,281)	10,662
Total	14,586	11,784	13,521	39,889

^{7.56} Figure 110 directly compares the consequences of aggregating the five individual studies and the results from the combined analysis of all data across the sub-region. This shows a marked difference between the two methods of analysis with the total requirement being 16,800 lower when the data is analysed at the sub-regional level rather than on a borough by borough basis. This net reduction in housing requirements is generated by a large drop in the requirement for intermediate housing and a smaller reduction in the requirement for market housing. The requirement for social housing is similar across the two methodologies.

Figure 110

5-year Net Housing Requirement by Housing Type and Size (Source: ORS Housing Market Model, South East London Strategic Housing Market Assessment 2009. and Individual Borough level Studies)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement: Sum of Borough Studies				
Shared housing for 25 years or under	8,622			8,622
1 bedroom	(2,944)	(3,376)	8,135	1,815
2 bedrooms	2,235	6,945	1,689	10,869
3 bedrooms	7,202	7,640	748	15,590
4 bedrooms	1,824	(466)	1,852	3,210
5+ bedrooms	(2,354)	1,040	1,097	(217)
Total	14,586	11,784	13,521	39,889
5-year Net Requirement: SE London				
Shared housing for 25 years or under	10,925			10,925
1 bedroom	194	(9,025)	9,719	889
2 bedrooms	(2,847)	2,345	237	(265)
3 bedrooms	1,894	6,873	(289)	8,477
4 bedrooms	2,244	(491)	2,460	4,213
5+ bedrooms	(2,905)	618	1,156	(1,132)
Total	9,505	319	13,283	23,106

- 7.57 The primary factor which causes this difference between the results is migration between the boroughs within the sub-region. For the individual authority level studies, in-migration into each borough from other boroughs in the sub-region was measured through the number of actual moves which had occurred. However, out-migration from each borough was measured by the expectation of households that they would be moving, and their expected destination. This allowed for the possibility that the number of expected moves between boroughs could be very different from the number of actual moves which had occurred.
- 7.58 To take an example, the number of households who moved to Lewisham in the year before their household survey from other boroughs in the sub-region was 2,400. However, the number of who expected to move to Lewisham from the results of the remaining four boroughs household surveys is around 1,200 households per annum. Therefore, only half the number of households expect to move to Lewisham when compared to those who actually did so.
- 7.59 In practice many households who are thinking of moving have only a limited understanding of the options which are available to them. A household who is seeking to move in Southwark may wish to stay in the borough, but is unable to do so because they cannot find a suitable property in the borough at a price they can afford. In this case they may eventually move to another borough such as Lewisham to find a property which suits their needs at a price they can afford. This gives rise to unexpected out-migration from boroughs which is not recorded in the household survey.
- 7.60 When analysed from a sub-regional perspective, it must be the case that moves between boroughs balance. In the example above the number of households projected to move from Southwark to Lewisham must exactly match the numbers who are expected to arrive in Lewisham from Southwark.

If they do not balance then either there is double or under counting of housing requirement due to migration across borough boundaries.

- ^{7.61} For this study we have used the actual number of moves which took place between boroughs as the basis for future moves which are modelled to take place. Using past moves gives results which are based upon the observed behaviour of households rather than their expectations of future actions. By using actual moves, the indirect consequence is to increase the amount of out-migration which is anticipated to take place from each of the boroughs and this in turn reduces the total housing requirement across the sub-region from the level which was modelled in the individual borough level studies.
- ^{7.62} The households who are anticipated to move unexpectedly are not evenly distributed across tenures. Instead, households who require social housing typically do not cross local authority boundaries, while those in the private rented and owner occupied sectors are more likely to move across boundaries seeking suitable housing they can afford. Therefore, the unexpected out-migrants are largely drawn from the market and intermediate (lower quartile private rent) tenures.
- ^{7.63} This sees the intermediate housing requirement fall significantly when analysed at a sub-regional perspective than from the aggregation of individual studies. In many cases this will be due to households not being able to find cheap private rented accommodation in their current borough, but being able to find it in a neighbouring borough.
- ^{7.64} The evidence presented above also raises questions around the accuracy of the individual borough level studies. If they do not sum to the sub-regional total, does this imply that they are inaccurate? Fortunately, the difference between summing the five individual studies and the results from the sub-regional study does not imply any errors in the borough level studies. Instead, it indicates that in many cases the aspirations of households cannot be met in their own borough and households decide to move elsewhere.
- ^{7.65} When viewed from the perspective of an individual borough any household who is seeking a dwelling there forms part of the housing requirement. If the household has to move to another borough, this indicates that their options available in the borough are not sufficient to meet the needs of the population. However, from a sub-regional perspective the needs of households in one borough may naturally be met in another borough. This will see a greater movement of households across local authority boundaries.
- ^{7.66} This is not unusual – many households intend to move within their current locality but find they have to cross a borough boundary to access suitable or affordable housing. Counting these households as a requirement in one borough, but as an incoming household in another would be to double count the total requirement. These households – moving within the sub region - therefore need to be excluded from the sub regional findings

Comparison with GLA SHMA 2008

- ^{7.67} The results from the sub-regional analysis can also be compared with the Greater London SHMA 2008 which was modelled using an identical methodology. Figure 111 shows that the results for South East London in many ways mirror those obtained from the Greater London SHMA with a significant requirement for market and social sector dwellings and a surplus of 1 bed intermediate housing balanced by a requirement for larger intermediate units. From this perspective South East London

appears to represent a microcosm of London in that the pattern of its housing requirements are similar.

Figure 111

5-year Net Housing Requirement by Housing Type and Size for Greater London and South East London (Source: ORS Housing Market Model, South East London Strategic Housing Market Assessment 2009. and Greater London Strategic Housing Market Assessment 2008)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement: GLA				
1 bedroom	64,200	(27,000)	(250)	37,000
2 bedrooms	33,150	3,200	62,000	98,350
3 bedrooms	8,200	8,400	(12,700)	3,950
4+ bedrooms	(16,350)	11,650	40,150	35,400
Total	89,200	(3,750)	89,250	174,700
5-year Net Requirement: SE London				
1 bedroom	11,119	(9,025)	9,719	11,813
2 bedrooms	(2,847)	2,345	237	(265)
3 bedrooms	1,894	6,873	(289)	8,477
4+ bedrooms	(661)	127	3,616	3,081
Total	9,505	319	13,283	23,106

- 7.68 However, there are important differences in the results between Greater London and South East London. As set out in (Figure 112) 1 bed market housing in South East London forms the bulk of the total market requirement with a 2 bed surplus, while for Greater London there is a requirement for 2 bed market units.
- 7.69 Meanwhile, Figure 113 shows that the social housing requirement is concentrated on 1 bed dwellings in South East London, while there is no net requirement for 1 bed social rented dwellings in the Greater London SHMA. Instead, there is large net requirement for 2 bed social rented dwellings alongside a high requirement for larger 4+ bed units.
- 7.70 The simplest of these differences to explain is the higher proportional requirement for larger social units across the whole London than in South East London. South East London has a lower share of large households than is the case across the whole of London. This in turn may be reflected by the area having a disproportionately lower share of Asian households who on average contain more household members.

Figure 112

Market Housing Requirements by Number of Bedrooms Required (Source: ORS Housing Market Model, South East London Strategic Housing Market Assessment 2009, and Greater London Strategic housing Market Assessment 2008)

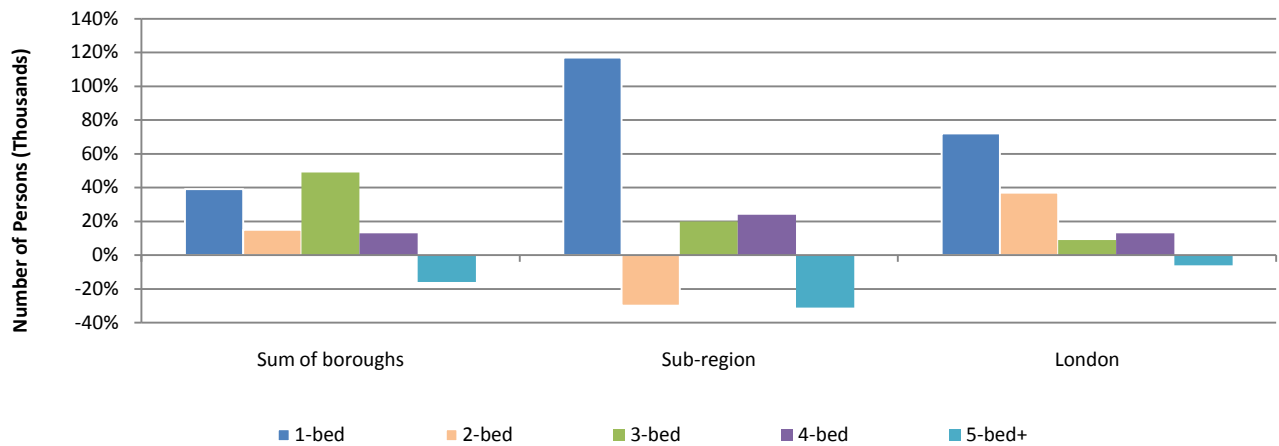
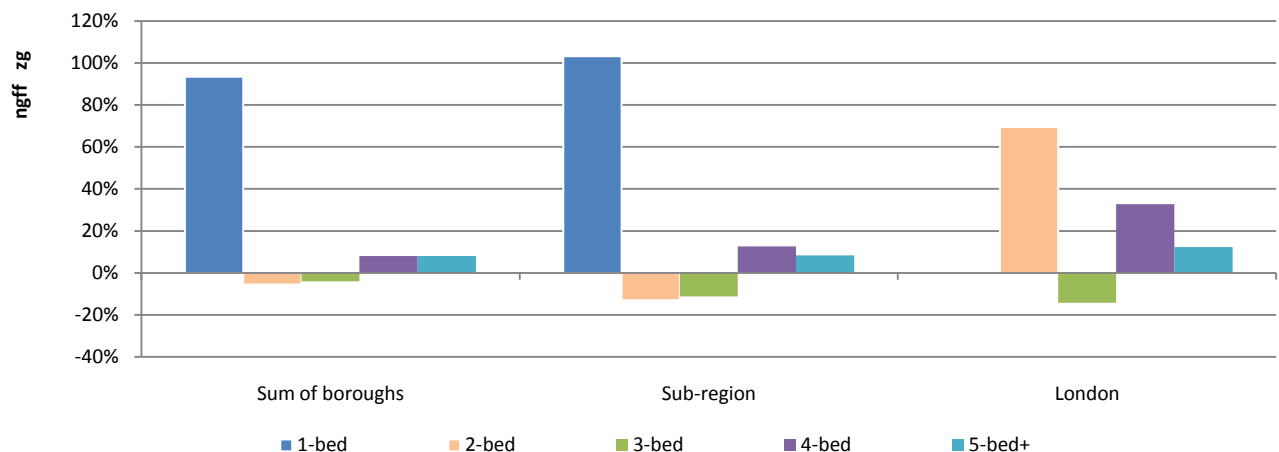


Figure 113

Social Housing Requirements by Number of Bedrooms Required (Source: ORS Housing Market Model, South East London Strategic Housing Market Assessment 2009, and Greater London Strategic Housing Market Assessment 20 t08)

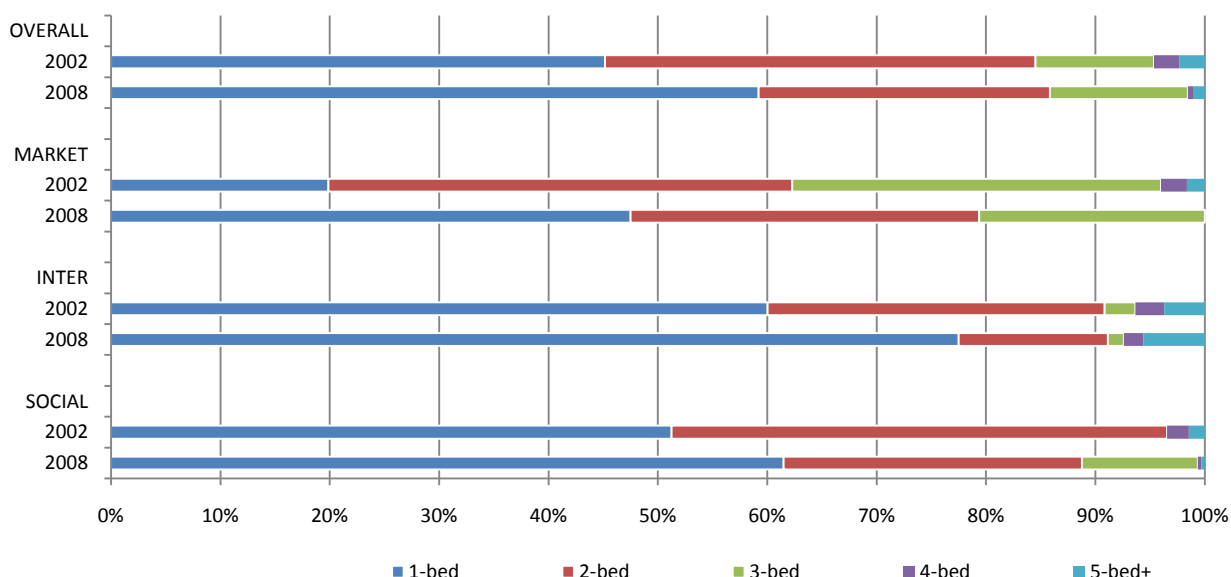


- ^{7.71} This still leaves the question as to whether the higher requirement for 1 bed market and social dwellings in South East London is a real difference between the area and the rest of London, or is there another explanation for the difference in modelled outputs.
- ^{7.72} To understand the difference between the results it must be remembered that the South East London results are based upon household survey information from 2007-08 while the Greater London SHMA results were based upon 2002 household survey information combined with demographic forecasts derived from the GLA DMAG unit.
- ^{7.73} A key change between these two time periods has been the way in which households form. Figure 114 shows the size of dwellings occupied by newly forming households in London in 2002 and South East London in 2007-08. This shows that proportionally more households are forming in 1 bed units in South East London than was the case in 2002 across the whole of London.

- 7.74 The household formation changes have been driven by affordability pressures which have seen the demand for smaller housing rise, which in turn has led to supply being delivered by the market. As noted earlier in the report there is evidence that substantial numbers of dwellings have been converted into smaller units across the sub-region.
- 7.75 The availability of small, relatively inexpensive private rented stock has in turn allowed households to form who under other circumstances would have either left the sub-region or remained concealed households. The conversion of properties has also seen fewer multi-adult households which has created a lower requirement for larger dwellings.
- 7.76 Therefore, households have been forming in smaller units in the private rented sector. Some of these households can afford the open rents and within the modelled output create a future requirement for 1 bed market housing. Other households are occupying 1 bed private rent dwellings, but cannot afford to do so under affordability tests and are contributing to the 1 bed social housing requirement.

Figure 114

Newly Forming Households in 2002 and 2008 by Number of Bedrooms (Source: South East London Household Survey 2007-08 and Greater London Household Survey 2002)

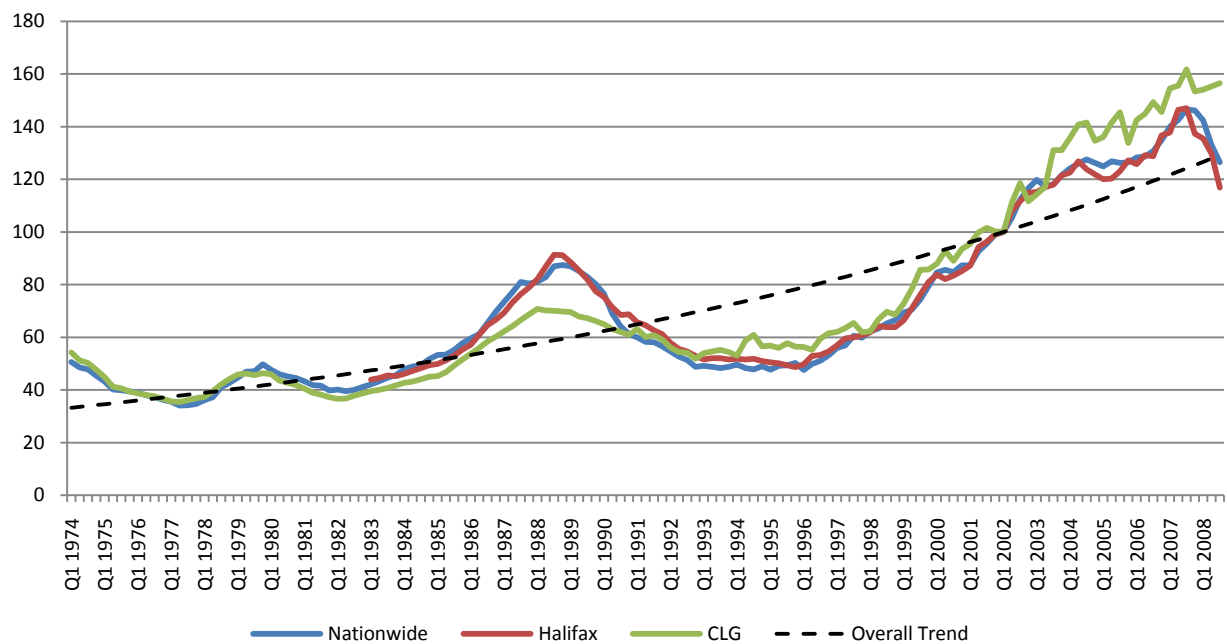


- 7.77 Therefore, it would appear that the difference in the requirement for 1 bed market and social housing between the Greater London and South East London studies are primarily due to differences in household formation. This in turn leads to the question as to which of the household formation patterns is more accurate.
- 7.78 It may be thought that because the South East London data is much more recent it is more accurate. However, it may be the case that the household formation patterns modelled for the Greater London SHMA are more typical.
- 7.79 To illustrate this point, ORS has developed a projection of long term trends. The result is shown overleaf for the whole of Greater London and shows the real trends in house prices adjusted to take account of inflation. Also shown is the long-term trend of growth in house-prices.

- 7.80 Across the whole of 2007 the chart shows that the long-term trend was on average 16.5% lower than the actual house price indices for the period. Put another way, house prices in London were 16.5% above long-term trend levels across the whole of 2007.
- 7.81 Since the start of 2008, house prices across Greater London have been falling and when looked at from the point of view of either the Halifax or Nationwide indices they were close to their long-term trend levels when approaching the end of 2008.

Figure 115

Real House Price Trends in Greater London after inflation (Note: April 2002 = 100. Source: Nationwide House Price Index, Seasonally Adjusted; Halifax House Price Index, Seasonally Adjusted; CLG Live Tables; Retail Price Index, ONS)



- 7.82 The evidence presented above shows that in 2002, house prices were at their long-term trend level in London, while they were exceptionally high in 2007 and 2008. Therefore, the results identified in the 2007-08 household survey for South East London may reflect these exceptionally high house prices and will not continue into the future.
- 7.83 To take an illustrated scenario, the current recession in Britain is likely to be associated with fewer international migrants coming to South East London and/or those already in the area starting to leave. International migrant households are typically small with many occupying 1 bed private rent dwellings.
- 7.84 If fewer migrants come to South East London then this is likely to see the demand for 1 bed private rent dwellings fall which in turn could see rents fall and could in turn generate the prospect of some landlords selling-up. This will also be associated with less incentive for landlords to buy and subdivide larger homes which could result in the prices of larger homes falling. If the prices of larger dwellings fall, households in smaller units will be able to consider a move to larger home in the area. This in turn frees up smaller stock for those households who require it.
- 7.85 Following the logic of this model through to its conclusion sees a future where the demand for smaller private rented dwellings is much lower than is currently the cases, while the demand for

larger dwellings will rise. This will have considerable consequences for the policy position facing the local authorities concerned.

Modelling Assumptions Specific to South East London

- 7.86 This section incorporates changes to standard ORS modelling assumptions which reflect local circumstances in South East London. These reflect affordability and housing allocation policies which more accurately reflect the position to be found in South East London and we propose to adopt the results of this section for policy conclusions.

Intermediate affordable rented housing

- 7.87 As noted above, in practice current intermediate affordable housing products that are based upon the shared ownership model are not affordable to households with incomes at the lower end of the intermediate affordable income spectrum. Intermediate rent is the product most likely to be able to accessible to those on lower incomes who will typically find difficulty in saving for a deposit and may not have the financial standing for a mortgage for shared ownership housing. If Intermediate rents were set at 75% of market rents in South East London would require an annual income of £20,900 for a 1 bedroom dwelling on the assumption that the households spends 25% of their gross income on rent. This is a much more plausible level for intermediate housing products in the area. The full range of incomes required to afford housing products by bedroom size is shown in Figure 116.

Figure 116

Annual Household Income Required for Dwellings by Tenure (Source: Housing Corporation Data March 2007 and Survey of Letting Agents in South East London 2008)

Housing Type	Social Rents	Intermediate Rent	Lowest Quartile Market Rent	Lowest Quartile Owner Occupation
Bedroom Size				
1-Bed	£14,900	£20,900	£27,900	£47,100
2-Bed	£17,700	£28,200	£37,600	£52,900
3-Bed	£20,100	£36,000	£48,000	£64,300
4-Bed	£22,100	£47,900	£63,800	£85,700

Bedroom Standard

- 7.88 Also, as previously noted at the start of Chapter 4, the bedroom standard used for the South East London study derives from CLG guidance and is also enshrined in the Housing Act 2004 and is as follows, providing one bedroom for each of the following groups or individuals:
- Each adult couple;
 - Each remaining adult (aged 21 or over);
 - Each pair of children of the same gender;
 - Each pair of children aged under 10;
 - Each remaining child that has not been paired.
- 7.89 Local variations in housing policy in South East London have led to us imposing two changes on these assumptions. Recent guidance from the Department of Work and Pensions (DWP) indicates that each single person aged over 16 years, rather than 21 years should have their own separate room.

^{7.90} It is also the case that allocation policies typically offer much greater alternatives to pensioner households than is indicated by the bedroom standard outlined above. For the purposes of this study we have adopted a simplified interpretation which allocated all pensioner households an extra bedroom to reflect their possible need to have a carer stay with them.

^{7.91} The results of incorporating these changes into the model are outline below in Figure 117. This shows that when only households who can potentially afford intermediate rent products form part of the intermediate housing requirement, there is now a substantial net requirement for social rented dwellings and a surplus of intermediate housing. In practice these households are currently in the lower quartile private rented sector in South East London with the aid of housing benefit, and can neither afford to access full market housing nor afford intermediate rents, but in reality only social rented housing is affordable to them.

Figure 117

5-year Net Housing Requirement by Housing Type and Size After Allocating Below Intermediate Rent Affordability to Social Housing and Applying new Bedroom Standard (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			Total
	Market Housing	Intermediate Housing	Social Rented Housing	
5-year Net Requirement				
Shared housing for 25 years or under	10,925			10,925
1 bedroom	194	(16,330)	17,024	889
2 bedrooms	(2,847)	(1,518)	4,099	(265)
3 bedrooms	1,894	2,133	4,450	8,477
4 bedrooms	2,244	(2,133)	4,102	4,213
5+ bedrooms	(2,905)	(608)	2,382	(1,132)
Total	9,505	(18,456)	32,058	23,106
Annual Requirement				
Shared housing for 25 years or under	2,185			2,185
1 bedroom	39	(3,266)	3,405	178
2 bedrooms	(569)	(304)	820	(53)
3 bedrooms	379	427	890	1,695
4 bedrooms	449	(427)	820	843
5+ bedrooms	(581)	(122)	476	(226)
Total	1,901	(3,691)	6,412	4,621

Scenario Testing: Sub-Regional Completions and Local Authority Distribution

^{7.92} Three target scenarios are now described

- Scenario 1: Build Equates to London Plan Monitoring Targets
- Scenario 2: Build Equates to 2007-2012 Housing Trajectory
- Scenario 3: Build Equates to 2012-2017 Housing Trajectory

^{7.93} The purpose of the scenario testing is understood how housing requirements would vary under different assumptions about the future. This is particularly relevant given that the figures produced to this point relate to 5 year timeframes. While these can simply be doubled to produce 10 year results, the time period covered by an LDF will run beyond a 10 year timeframe. Therefore, it is

important to understand how housing requirements will change when applied to long-term delivery projections.

Scenario 1: Build Equates to London Plan Monitoring Targets

- ^{7.94} The figures reported in Figure 107 represent the identified housing requirements for the sub-region for the next five years based upon current and recent trends. They can be refined further by using the ORS model using different assumptions.
- ^{7.95} It should also be noted that while the study identifies that 23,100 dwellings are required to meet current and recent trends for housing requirements, the current London Plan has a five year monitoring target for the boroughs in the sub-region of 27,225 dwellings (Figure 98).

Figure 118
Annual London Plan Monitoring Targets (Source: Annual Monitoring Reports 2008).

Allocation	Annual Average					
	Bexley	Bromley	Greenwich	Lewisham	Southwark	South East London
2008 London Plan monitoring target	345	485	2,010	975	1,630	5,445

- ^{7.96} SHMA Practice Guidance considers that a further stage of analysis is to look at future scenarios by considering different assumptions about the future housing supply. Any number of scenarios can be generated but it is considered that, though due to be revised, the current London Plan figures offer the best prediction of future supply. The purpose of using them, or any other proxy for future supply, is not to go full circle and justify or repeat previous planning targets.
- ^{7.97} In parts of London it may appear that predicted supply exceeds the additional housing needed to meet local requirements. In growth areas such as the Thames Gateway this may be an explicit policy aim of Government in order to help address a general shortage of housing. However, it is not the case that an actual surplus then arises. In London the result is to create the housing capacity for further in-migration.
- ^{7.98} It is also the case that the sub-regional housing requirement figures require to be distributed across the five boroughs. As noted above the individual borough level studies for each of the local authorities do not sum to the sub-regional housing requirement. The inability to directly aggregate the borough level study results to produce a sub-regional housing requirement figure also implies that the same studies cannot be used to distribute the sub-regional housing requirements figure back to borough level monitoring targets. Instead, a more complex procedure is required to ensure that the borough level results sum to give the sub-regional level results.

Sub-Regional and Local Authority Distribution Assumptions

Objectives

- The current housing requirements result represent a snapshot in time, which is unlikely to be consistent with future housing delivery programmes.. The baseline results are therefore initially aligned with the total London Plan monitoring targets to provide consistency between planning and housing perspectives
- The sub-regional housing requirement figures have to be distributed across the five boroughs. Whilst the borough totals cannot be meaningfully summed to yield a sub-regional total, the borough-level results can usefully inform the distribution of the sub-regional housing requirement between the individual boroughs

Sub-regional Provision

- An appropriate mix of dwelling sizes is determined for those single persons aged less than 25 identified by the model, some of whom are only able to afford the housing costs associated with renting a room in market housing. This distribution is based upon the size of dwellings currently occupied by single people of the same age living in the sub-region
- In aligning the baseline results in line with the London Plan monitoring targets for the boroughs, it is assumed that the households who will take the additional planned housing will share the characteristics of existing migrants. This is consistent with the approach used for the region-wide Greater London SHMA in considering the impact of the housing supply range published by NHPAU
- These assumptions yield overall requirements for market and affordable housing and an appropriate dwelling size mix across the sub-region in the context of the potential delivery programme

Borough Level Distribution

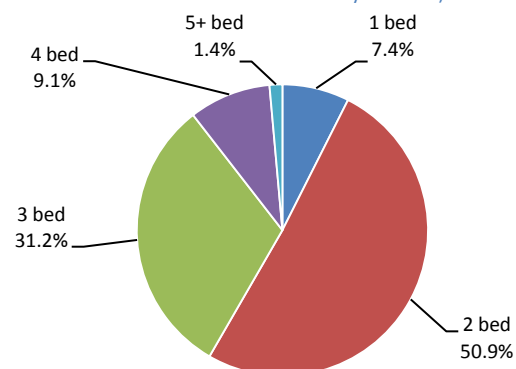
- Consistent with the sub-regional approach, projected supply at the borough level is assumed to reflect London Plan monitoring targets. Some boroughs will therefore deliver more housing than is required by their local population whilst others will deliver less – recognising that local housing requirement is only one factor that informs planning decisions about the appropriate distribution of housing supply
- To determine the balance between market and affordable housing at a borough level, a local need index has been calculated on the basis of the borough-level study results. These figures have been refined to ensure that any cross-boundary need arising within the sub-region is only counted once, in the borough in which the need originates
- The sub-regional affordable housing requirement is distributed between the individual boroughs on the basis of their overall planned housing delivery and the local need index. Those boroughs with higher delivery programmes are also expected to deliver a higher number of the affordable homes required across the sub-region. Those boroughs with higher levels of local need are allocated a higher proportion of affordable homes within their local delivery programme
- The balance between social rented housing and intermediate affordable housing is informed by the individual borough studies in the context of how well different sizes of intermediate affordable housing may be suited to the area given local affordability issues.

^{7.99} To produce a full housing requirement model which aligns with London Plan monitoring target requires a number of key interim stages to be taken. These are:

- Allocating single persons aged under 25 years to dwelling sizes based upon those occupied by current households of the same age in the sub-region;
- Allow the total housing requirement to equate to the London Plan monitoring target for each borough;
- Provide overall market and affordable housing requirements by bedroom size.

7.100 The study identifies nearly 11,000 single persons under the age of 25 years who will be occupying dwellings. Figure 119 shows that of current single persons aged less than 25 years, the majority are sharing 2 bed or 3 bed market dwellings. The projected future single persons have been allocated to the dwellings by number of bedrooms in the same ratio as existing households, so most have been allocated to 2 bed and 3 bed dwellings.

Figure 119
Distribution of Those Aged Under 25 Years by Bedroom Size
(Source: South East London Household Survey 2007-08)



7.101 To align the total housing requirement of the sub-region with its London Plan monitoring targets, it has been assumed that the additional dwellings will be occupied by households with the same profile as recent in-migrants. This approach is consistent with that adopted in the GLA SHMA in considering the impact of the housing supply range published by NHPAU.

7.102 When these changes are applied simultaneously and intermediate and social housing is aggregated into a single measure of affordable housing need, Figure 120 shows the sub-regional results. This identifies that 61.5% of the total housing requirement is for affordable housing and 38.5% is for market housing.

Figure 120
5-year Net Housing Requirement by Housing Type and Size Consistent with London Plan Monitoring Targets (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing		Total
	Market Housing	Affordable Housing	
5-year Net Requirement			
1 bedroom	3,412	1,861	5,273
2 bedrooms	2,532	3,339	5,871
3 bedrooms	4,425	7,425	11,850
4 bedrooms	82	4,149	4,231
Total	10,451	16,744	27,195

7.103 The results set out above provide the sub-regional position, but do not distribute the requirements to individual boroughs. To achieve a full model covering each borough requires further additional calculations. These are:

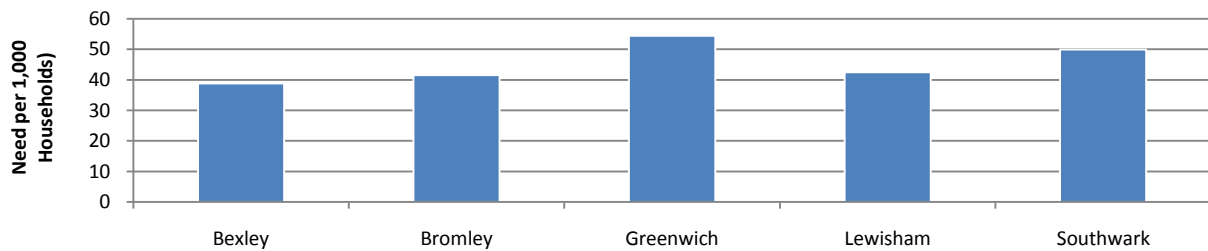
- Housing provision at the borough level is assumed to match the London Plan monitoring targets;
- A local needs index is calculated based upon the borough level studies with need being counted where it originates;
- The sub-regional affordable housing requirement is distributed between the individual boroughs on the basis of their overall planned housing delivery and the local need index.
- The balance between social rented housing and intermediate affordable housing is informed by borough level analysis undertaken around the affordability of existing intermediate housing products

^{7.104} Figure 121 shows the level of housing need which exists per 1,000 households in each of the boroughs in the sub-region. These figures are drawn from the results of the borough level studies corrected for migration flows.

^{7.105} It should be noted that the model measures need where it originates rather than where it arises. In practice more need arises in Bexley and Lewisham because both contain cheaper housing stock. However, much of their need originates in Bromley and Greenwich. Accordingly the model uses the assumption that if suitable housing was available in the borough of origin, the household would not have moved to a neighbouring one.

Figure 121

Needs Index by Local Authority (Source: ORS Housing Market Model and Borough Level Studies)



^{7.106} The needs index provided the basis for allocating the proportionate split between market and affordable housing at a borough level. The results assume that those boroughs with higher projected housing supply programmes are also expected to deliver a higher number of the affordable homes required across the sub-region. Those boroughs with higher levels of local need are allocated a higher proportion of affordable homes within their local delivery programme.

^{7.107} To split the affordable housing need into intermediate and social housing components, we have again used the results from the borough level studies. The distribution between intermediate housing and social housing is informed by the individual borough studies in the context of how well different sizes of intermediate affordable housing may be suited to the area given local affordability issues.

^{7.108} The results of these calculations for each borough are presented below in Figure 122.

Figure 122

5-year Net Housing Requirement by Borough by Housing Type and Size Aligned with London Plan Monitoring Targets (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	287	377	1,027	738	983	3,412
2 bedrooms	213	280	762	548	729	2,532
3 bedrooms	372	489	1,332	957	1,274	4,425
4+ bedrooms	7	9	25	18	24	82
Total	879	1,155	3,147	2,261	3,010	10,451
Intermediate Housing						
1 bedroom	25	0	0	178	336	539
2 bedrooms	57	115	1,004	122	0	1,298
3 bedrooms	181	4	1,845	539	1,770	4,340
4+ bedrooms	0	0	223	152	570	945
Total	264	119	3,072	991	2,676	7,123
Social Housing						
1 bedroom	68	141	766	112	235	1,321
2 bedrooms	111	138	370	399	1,023	2,040
3 bedrooms	193	558	1,211	618	505	3,085
4+ bedrooms	209	314	1,485	494	702	3,205
Total	582	1,151	3,831	1,623	2,465	9,651

Figure 123

Percentage 5-year Net Housing Requirement by Borough by Housing Type and Size Aligned with London Plan Monitoring Targets (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	16.6%	15.5%	10.2%	15.1%	12.1%	12.5%
2 bedrooms	12.3%	11.5%	7.6%	11.2%	8.9%	9.3%
3 bedrooms	21.6%	20.2%	13.3%	19.6%	15.6%	16.3%
4+ bedrooms	0.4%	0.4%	0.2%	0.4%	0.3%	0.3%
Total	50.9%	47.6%	31.3%	46.3%	36.9%	38.4%
Intermediate Housing						
1 bedroom	1.4%	0.0%	0.0%	3.7%	4.1%	2.0%
2 bedrooms	3.3%	4.7%	10.0%	2.5%	0.0%	4.8%
3 bedrooms	10.5%	0.2%	18.4%	11.1%	21.7%	15.9%
4+ bedrooms	0.0%	0.0%	2.2%	3.1%	7.0%	3.5%
Total	15.2%	4.9%	30.6%	20.4%	32.8%	26.2%
Social Housing						
1 bedroom	3.9%	5.8%	7.6%	2.3%	2.9%	4.9%
2 bedrooms	6.4%	5.7%	3.7%	8.2%	12.6%	7.5%
3 bedrooms	11.2%	23.0%	12.0%	12.7%	6.2%	11.3%
4+ bedrooms	12.1%	12.9%	14.8%	10.1%	8.6%	11.8%
Total	33.6%	47.4%	38.1%	33.3%	30.3%	35.5%

Scenario 2: Build Equates to 2007-2012 Housing Trajectory

^{7.109} The scenario outlined above represents one potential level of completions for the local authorities of South East London. However, it is also worth exploring other scenarios based upon different levels of future completions to illustrate how sensitive the results are to alternative projections. This is particularly relevant at the current time with a new London-wide Strategic Housing Land Availability Assessment (SHLAA). This has identified new capacity limits for London boroughs which have implications for the targets outlined in the London Plan.

^{7.110} One potential set of completion levels which could be considered is the housing trajectories for each borough from 2007-2012 which are outlined below in Figure 124 and represent a figure which is over 1,000 higher than that which is set out in the London Plan.

Figure 124

Annual Averages for Local Authority Housing Trajectories 2007-2012 (Source: Annual Monitoring Reports 2008)

Allocation	Annual Average					
	Bexley	Bromley	Greenwich	Lewisham	Southwark	South East London
2007-2012 Housing Trajectory Annual Average	307	759	1,671	980	2,800	6,517

^{7.111} To produce a full housing requirement model which is consistent with the local authority housing trajectories 2007-2012 requires similar key interim stages to be addressed as in Scenario 1. These are:

- Allocating single persons aged under 25 years to dwelling sizes based upon those occupied by current households of the same age in the sub-region;
- Controlling the total housing requirement to the housing trajectories 2007-2012 for each borough;
- Provide overall market and affordable housing requirements by bedroom size.

^{7.112} When these changes are applied simultaneously and intermediate and social housing is aggregated into a single measure of affordable housing need, Figure 125 shows the sub-regional results. This identifies that 56.3% of the total housing requirement is for affordable housing and 43.7% is for market housing. This represents a small increase in the share of for market housing when compared with using London Plan monitoring targets.

Figure 125

5-year Net Housing Requirement by Housing Type and Size Consistent with London Plan Monitoring Targets (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing		Total
	Market Housing	Affordable Housing	
5-year Net Requirement			
1 bedroom	4,740	2,466	7,207
2 bedrooms	3,955	3,717	7,672
3 bedrooms	5,219	7,820	13,039
4 bedrooms	332	4,336	4,668
Total	14,246	18,339	32,585

^{7.113} To achieve a full model covering each borough further additional calculations are again required. These are:

- Housing provision at the borough level is the same as 2007-2012 housing trajectories;
- A local needs index is calculated based upon the borough level studies with need being counted where it originates;
- The sub-regional affordable housing requirement is distributed between the individual boroughs on the basis of their overall planned housing delivery and the local need index.
- The balance between social rented housing and intermediate affordable housing is informed by borough level analysis undertaken around the affordability of existing intermediate housing products

^{7.114} The results of these calculations for each borough are presented below in Figure 122 and show a very similar distribution of requirements as were obtained when using the London Plan monitoring targets.

Figure 126

5-year Net Housing Requirement by Borough by Housing Type and Size Consistent with 2007-2012 Housing Trajectories (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	280	654	1,024	826	1,956	4,740
2 bedrooms	234	546	854	689	1,632	3,955
3 bedrooms	309	720	1,127	910	2,153	5,219
4+ bedrooms	20	46	72	58	137	332
Total	842	1,966	3,076	2,483	5,878	14,246
Intermediate Housing						
1 bedroom	25	0	0	200	643	868
2 bedrooms	48	169	782	114	0	1,113
3 bedrooms	143	6	1359	480	2695	4,683
4+ bedrooms	0	0	163	135	860	1,158
Total	216	175	2,304	929	4,198	7,822
Social Housing						
1 bedroom	68	246	710	125	449	1,598
2 bedrooms	93	202	288	375	1,646	2,604
3 bedrooms	152	774	892	551	769	3,137
4+ bedrooms	164	432	1,085	437	1,060	3,178
Total	476	1,654	2,975	1,488	3,924	10,518

Figure 127

Percentage 5-year Net Housing Requirement by Borough by Housing Type and Size Consistent with 2007-2012 Housing Trajectories (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	18.3%	17.2%	12.3%	16.9%	14.0%	14.5%
2 bedrooms	15.3%	14.4%	10.2%	14.1%	11.7%	12.1%
3 bedrooms	20.1%	19.0%	13.5%	18.6%	15.4%	16.0%
4+ bedrooms	1.3%	1.2%	0.9%	1.2%	1.0%	1.0%
Total	55.0%	51.8%	36.9%	50.8%	42.1%	43.6%
Intermediate Housing						
1 bedroom	1.6%	0%	0%	4.1%	4.6%	2.7%
2 bedrooms	3.1%	4.5%	9.4%	2.3%	0%	3.4%
3 bedrooms	9.3%	0.2%	16.3%	9.8%	19.3%	14.4%
4+ bedrooms	0%	0%	2.0%	2.8%	6.1%	3.6%
Total	14.0%	4.7%	27.7%	19.0%	30.0%	24.1%
Social Housing						
1 bedroom	4.4%	6.5%	8.5%	2.6%	3.2%	4.9%
2 bedrooms	6.1%	5.3%	3.4%	7.7%	11.8%	8.0%
3 bedrooms	9.9%	20.4%	10.7%	11.2%	5.5%	9.6%
4+ bedrooms	10.7%	11.4%	13.0%	8.9%	7.6%	9.8%
Total	31.1%	43.6%	35.6%	30.4%	28.1%	32.3%

Scenario 3: Build Equates to 2012-2017 Housing Trajectory

^{7.115} Another potential set of completion levels which could be considered is the housing trajectories for each borough for 2012-2017 which are outlined below in Figure 128 and are around 3,000 per annum higher than London Plan monitoring targets.

Figure 128

Annual Averages for Local Authority Housing Trajectories 2012-2017 (Source: Annual Monitoring Reports 2008)

Allocation	Annual Average					South East London
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Average annual 2012-2017	343	407	2,353	2,309	2,800	8,189

^{7.116} Again, to produce a full housing requirement model which is consistent with the local authority housing trajectories 2012-2017 requires similar key interim stages to be addressed as in Scenario 1 and Scenario 2. These are:

- Allocating single persons aged under 25 years to dwelling sizes based upon those occupied by current households of the same age in the sub-region;
- The total housing requirement is equivalent to the housing trajectories 2012-2017 for each borough;
- Provide overall market and affordable housing requirements by bedroom size.

^{7.117} When these changes are applied simultaneously and intermediate and social housing is aggregated into a single measure of affordable housing need, Figure 125 shows the sub-regional results. This

identifies that 50.9% of the total housing requirement is for affordable housing and 49.1% is for market housing. This represents a small increase in the share of for market housing when compared with using London Plan monitoring targets or housing trajectories 2007-2012.

Figure 129

5-year Net Housing Requirement by Housing Type and Size Consistent with Housing Trajectories 2012-2017 (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing		Total
	Market Housing	Affordable Housing	
5-year Net Requirement			
1 bedroom	6,812	3,429	10,241
2 bedrooms	6,188	4,331	10,519
3 bedrooms	6,429	8,487	14,915
4 bedrooms	729	4,656	5,385
Total	20,157	20,903	41,060

^{7.118} To achieve a full model covering each borough further additional calculations are again required:

- Housing provision at the borough level is the same as 2012-2017 housing trajectories;
- A local needs index is calculated based upon the borough level studies with need being counted where it originates;
- The sub-regional affordable housing requirement is distributed between the individual boroughs on the basis of their overall planned housing delivery and the local need index.
- The balance between social rented housing and intermediate affordable housing is informed by borough level analysis undertaken around the affordability of existing intermediate housing products

^{7.119} The results of these calculations for each borough are presented below in Figure 130 and show a very similar distribution of requirements as were obtained when using the London Plan monitoring targets.

Figure 130

5-year Net Housing Requirement by Borough by Housing Type and Size Consistent with Housing Trajectories 2012-2017 (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	342	387	1,693	2,153	2,237	6,812
2 bedrooms	311	351	1,538	1,956	2,032	6,188
3 bedrooms	323	365	1,598	2,032	2,111	6,429
4+ bedrooms	37	41	181	230	239	729
Total	1,012	1,144	5,010	6,371	6,620	20,157
Intermediate Housing						
1 bedroom	31	0	0	522	713	1,266
2 bedrooms	50	84	1,023	251	0	1,407
3 bedrooms	138	3	1,656	978	2,331	5,107
4+ bedrooms	0	0	196	271	737	1,204
Total	219	87	2,875	2,022	3,780	8,984
Social Housing						
1 bedroom	84	146	1,108	327	498	2,163
2 bedrooms	96	101	377	822	1,529	2,924
3 bedrooms	147	359	1,086	1,123	665	3,380
4+ bedrooms	157	198	1,308	881	907	3,452
Total	484	804	3,879	3,152	3,600	11,919

Figure 131

Percentage 5-year Net Housing Requirement by Borough by Housing Type and Size Consistent with London Plan Monitoring Targets (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
Market Housing						
1 bedroom	19.9%	19.0%	14.4%	18.6%	16.0%	16.6%
2 bedrooms	18.1%	17.2%	13.1%	16.9%	14.5%	15.1%
3 bedrooms	18.8%	17.9%	13.6%	17.6%	15.1%	15.7%
4+ bedrooms	2.2%	2.0%	1.5%	2.0%	1.7%	1.8%
Total	59.0%	56.1%	42.6%	55.1%	47.3%	49.2%
Intermediate Housing						
1 bedroom	1.8%	0%	0%	4.5%	5.1%	3.1%
2 bedrooms	2.9%	4.1%	8.7%	2.2%	0%	3.4%
3 bedrooms	8.0%	0.1%	14.1%	8.5%	16.7%	12.4%
4+ bedrooms	0%	0%	1.7%	2.3%	5.3%	2.9%
Total	12.7%	4.2%	24.5%	17.5%	27.1%	21.8%
Social Housing						
1 bedroom	4.9%	7.2%	9.4%	2.8%	3.6%	5.3%
2 bedrooms	5.6%	5%	3.2%	7.1%	10.9%	7.1%
3 bedrooms	8.6%	17.6%	9.2%	9.7%	4.8%	8.2%
4+ bedrooms	9.2%	9.7%	11.1%	7.6%	6.5%	8.4%
Total	28.3%	39.5%	32.9%	27.2%	25.8%	29.0%

Summary of Scenario Testing

^{7.120} Figure 132 compares the outputs from the three scenarios set out above. The figures have been converted to give the market, intermediate and social housing split for each borough under each scenario. These show that using the higher level of dwelling delivery set out in Scenario 3 provides a proportionately higher level of market housing requirement when compared with the lower delivery levels associated with the London Plan. However, the range of results is not excessively large indicating that the requirement split between tenures does not vary by a wide amount under different delivery assumptions. This is particularly important in light of the results of the London-wide SHLAA which will provide new figures for the housing capacity of each borough.

Figure 132

Comparing the Outputs of Different Scenarios (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009.

Note: Figures may not sum due to rounding)

Housing Requirement	Borough					Total
	Bexley	Bromley	Greenwich	Lewisham	Southwark	
London Plan Monitoring Targets						
Market	51.0%	47.6%	31.3%	46.4%	36.9%	38.4%
Intermediate	16.8%	17.9%	23.5%	18.4%	21.6%	21.1%
Social	32.3%	34.4%	45.2%	35.3%	41.5%	40.5%
Total	100%	100%	100%	100%	100%	100%
2007-2012 Housing Trajectories						
Market	54.9%	51.8%	36.8%	50.7%	42.0%	43.7%
Intermediate	15.4%	16.4%	21.5%	16.8%	19.8%	19.2%
Social	29.7%	31.8%	41.6%	32.5%	38.2%	37.1%
Total	100%	100%	100%	100%	100%	100%
2012-2017 Housing Trajectories						
Market	59.0%	56.2%	42.6%	55.2%	47.3%	49.1%
Intermediate	13.9%	14.8%	19.5%	15.2%	17.9%	17.3%
Social	27.1%	28.9%	37.9%	29.6%	34.8%	33.6%
Total	100%	100%	100%	100%	100%	100%

Housing Requirements in Perspective

^{7.121} The discussion in the following section is based upon controlling the delivery of housing in each borough to its London Plan monitoring target. However, as noted above the core results for each borough are not heavily sensitive to different assumptions around the level of delivery which will be achieved, with the key finding from the scenario testing being that a higher level of delivery will see a greater requirement for market housing as in-migrant households are attracted to the area.

Social Housing

There is a requirement for 9,651 social rented homes over the next 5-years.

Numbers of homes

^{7.122} To address any new needs that arise over the 5-year projection period as well as reducing the existing needs identified would require 9,651 additional social rented homes to be provided. This takes account of likely re-lets within the existing social rented stock and also assumes that the number of households in receipt of housing benefit to enable them to afford private rented housing remains constant.

^{7.123} If fewer than 9,651 additional social rented properties are provided, then it is likely that:

- The number of households living in unsuitable homes in the private rented sector will not reduce, and could increase;
- The number of households paying more than 25% of their income on housing costs could also increase;
- The number of households receiving housing benefit support to live in private rented housing could increase; and
- There is likely to be a continued dependency on temporary social housing (such as Private Sector Leased housing).

^{7.124} In practice it is unlikely that sufficient intermediate housing can be completed for, and made attractive to, households earning close to £15,000 per annum. Therefore, it is likely that the social housing sector will also be used to house households in these income ranges and that ideally even more than 9,651 units of future social housing will also be required to be developed to provide for the future needs of this group.

Mix of homes

^{7.125} The initial SHMA modelling (Figure 107) identified a requirement for 9,700 1 bed social units. However, this was in the context of a 9,000 surplus in the 1 bed intermediate housing sector. These two numbers are closely linked, with the 1 bed social requirement being identified to meet the needs of households in the private rented sector who cannot afford to be there. If the social rented units were to be provided, and households in the private rented sector move to them, there will be a potential surplus of cheaper private rented housing in the sub-region.

^{7.126} However, in practice it is likely to remain the case that households with affordability problems will remain in the private rented sector because few households who require 1 bedroom dwellings are unlikely to experience a high enough level of housing need to be offered a social housing tenancy. In

creating the affordable housing need variable in Figure 120 it has been assumed that households who technically cannot afford their 1 bed private rented dwellings continue to occupy them rather than move to 1 bed social units. There is a significant requirement for larger family homes in the affordable housing tenure. In contrast the households requiring them more likely to be in severe and urgent housing need and Local Authorities should target this group in order to reduce overcrowding levels. Large families on low income have little option but to seek social housing as all other tenures will not be affordable due to the high cost of large family homes. That said care should be taken not to have too many large families in a small area.

Intermediate housing

There is a requirement for of 7,123 intermediate homes over the next 5-years.

^{7.127} The net requirement for intermediate housing hides a complex pattern. The requirement for 1 bed intermediate housing is relatively low with only a small number of dwellings being identified. These dwelling are targeted towards households who can afford existing intermediate housing products in the sub-region.

^{7.128} The model also highlights a large net requirement for 2 and particularly 3 bed intermediate dwellings. This reflects a genuine gap in the market for households who can afford significant housing costs, but cannot afford full market prices. Therefore, the model highlights a clear need for the continued provision of intermediate housing in the sub-region with much of this being focused on Greenwich and Southwark.

Market housing

There is a requirement for 10,451 market homes over the next 5-years.

^{7.129} The need for market housing is focussed on dwellings with 1-3 bedrooms with little identified requirement for 4+ bedroom dwellings. As noted earlier (Figure 119) our model has placed households aged less than 25 years who cannot afford full market housing costs into shared dwellings in the market sector. This assumption is based upon analysing existing dwellings sizes occupied by this group. Over 80% of current single under 25 year olds who can afford to share occupy 2 or 3 bed dwellings and it is to meet the needs of this group that much of the identified market housing requirement is targeted.

Summary of Key Points

- Over one in every eight households (12.4%) has moved within the last 12 months and a further 9% have moved within the last two years. The most significant turnover was in the private rented sector where over a third (36.3%) of all tenants has lived at their current address for less than a year.
- The recent new build housing completions have been sufficient to meet the 2006 revised London Plan monitoring targets. Completion rates were expected to rise in the future to 7,200 dwelling per annum until 2012 and before rising further to 8,200 per annum from 2012 onwards. However the impact of the credit crunch may prevent these rates being achieved in the short term.
- Affordable housing completions from RSLs were running below target however recent HCA investment strategies are likely to have a positive effect in the short term at least until the housing markets recovery gathers pace.
- A total of 13,012 households were identified as previously living with family or friends so at the time they moved, they were forming a new household. Many of these (62.8%) of emerging households are moving into the private rented sector.
- In South East London a net 23,106 dwellings should be provided over the 5-year period equivalent to 4,621 completions per annum to sustain the existing supply/ demand imbalance. This figure includes address the existing backlog of housing need over a 10 year period, with 10% addressed each year. The backlog of housing need does not contribute to net housing requirements because each households who require to move in the sub-region will also vacate a dwelling
- The London Plan dwelling monitoring targets for South East London are 27,250 for the next 5 years. This figure was used as part of the scenario testing process to align the housing and planning perspective on projected supply
- The market housing requirement is mostly for 1-3 bedroom dwellings with a smaller requirement 4 bedroom dwellings. Much of the market housing requirement is for young single persons who can afford to share
- The intermediate requirement is mostly for 2 bedroom and 3 bedroom dwellings with a smaller requirement for 1 and 4 bedroom dwellings. Southwark and Greenwich have the highest identified need for intermediate housing.
- The social housing requirement shows a low level of need for 1 bed social rented units. This is only the case if households who have affordability difficulties continue to live in the private rented sector rather than have social rented units provided for them. Conversely households requiring larger social rented homes are often in acute need.
- The housing requirement has also been assessed using a method of adding together Borough Level results. This has produced a higher housing requirement and a different tenure and size mix. The different results can be reconciled by considering that some households are unable to find suitable housing in their present borough and decide to move elsewhere to find appropriate housing that is suitable for them and affordable to them.
- SE London requirements are broadly comparable to that of the London with the exception that the London Region shows a requirement for a larger number of two bedroom and a smaller requirement for one bedroom market dwellings. There is a higher requirement for 1 bedroom and a smaller requirement for 2 bedroom dwellings in South East London compared to the London Region.