

**South East London
Strategic Housing Market Assessment 2009:
Key Findings Report**

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Contents

Section 1: Introduction.....	5
Strategic Housing Market Assessments and National Housing Policy	6
SHMAs and PPS3	6
Information sources	7
Population and Migration	8
Household Incomes.....	8
Current Housing Stock.....	9
Housing Tenure	10
Overcrowding and Under-Occupation	11
Households Wanting to Move.....	11
Affordability.....	12
Housing Need	13
Assessing Affordability	14
Assessing Affordability for Owner Occupation	14
Assessing Affordability for Weekly Rent	15
The ORS Housing Market Model	15
Understanding the Required Housing Mix.....	16
Profiling size mix of the housing requirement	17
Scenario Testing: Sub-Regional Completions and Local Authority Distribution	18
Housing Requirements in Perspective	27
Summary	28
Intermediate affordable housing	29
Market housing	30
Stakeholders views on the delivery of new housing.....	31
Achieving the Housing Requirement: Key Policy and Delivery Issues.....	38
Increasing the Amount of Affordable Housing.....	38
Balancing Demand for Social Rent and Intermediate Affordable Housing	40
The Growth of Private renting and the Buy-To-Let Market.....	41

Section 1: Introduction

- ^{1.1} Opinion Research Services (ORS) was commissioned by local authorities in South East London to undertake Housing Requirements Studies in each borough and a Strategic housing market Assessment 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, Homes and Communities agency (HCA), HM Land Registry, Office for National Statistics (ONS) 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 report of key findings. Other documents available include:
- A Core Data report which focuses upon the key statistical findings 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, and students;

- A technical appendix covering details of the fieldwork, modelling methodology
- A summary of 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;
- An executive summary designed for a wide range of audiences;
- Individual reports for each of the five boroughs involved in the study.

Strategic Housing Market Assessments and National Housing Policy

- 1.5 The purpose of Local Authorities undertaking Strategic Housing Market Assessments (SHMAs) was first set out by Government in 2005:

“[the]...strategic role of the local authority starts from its ability to look at land-use in an area and the operation of the housing market across all tenures - in other words, to be a custodian of the community and not just a custodian of some of its housing”.

David Milliband MP, for Minister of Communities and Local Govt, 2005

SHMAs and PPS3

- 1.6 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)

- 1.7 In terms of the development of local housing strategies the SHMA should be used to:

- Complement other evidence
- Inform the generation and appraisal of options
- Be informed by the engagement of stakeholders
- Develop policy recommendations

- 1.8 Additionally, the SHMA should be used to:

- Identify issues requiring further specific study at a greater level of detail
- Inform the development of other Strategies and similar documents, such as the Local Development Framework *Core Strategy* and associated *Development Plan Documents*
- Help inform a “Business Case” approach to examining potential service improvements and policy developments
- Help the Local Authority develop its policies and processes with a view to achieving positive assessments from Audit Commission inspection under *Key Line Of Enquiry (KLOE)2*

- 1.9 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 Local Authorities 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.

- 1.10 It should be noted that an SHMA cannot itself put forward detailed policy recommendations, largely because there are so many other factors of which account would need to be taken but which are beyond the scope of the SHMA. These include:
- Other relevant bodies of evidences
 - Other pre-existing Strategies dealing with associated themes
 - The Sustainable Communities Strategy and the Local Area Agreement
 - The Corporate Plans of the Local Authorities
 - Medium Term Financial Plans of the Local Authorities
- 1.11 The SHMA should therefore, in providing a robust and credible evidence-base, assist the Local Authorities and their stakeholders in drawing up detailed policy recommendations.
- 1.12 However, where possible (and appropriate) the SHMA will indicate the general direction of travel which the Local Authorities may wish to take on certain issues.

Information sources

- 1.13 The study drew 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 interviewed on a face to face basis which is considered to be a more reliable method than postal surveys. Non-response issues were addressed by a comprehensive statistical weighting process.
- 1.14 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)
- 1.15 It is noteworthy that for this study the definition of a household was more complicated than would typically be found in other study areas. 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.
- 1.16 In addition there was a programme of qualitative research drawn mostly from stakeholders which is described in a separate volume, 'The qualitative consultation report'. We have sought to summarise this information in the appropriate parts of this report rather than provide a separate summary.

Population and Migration

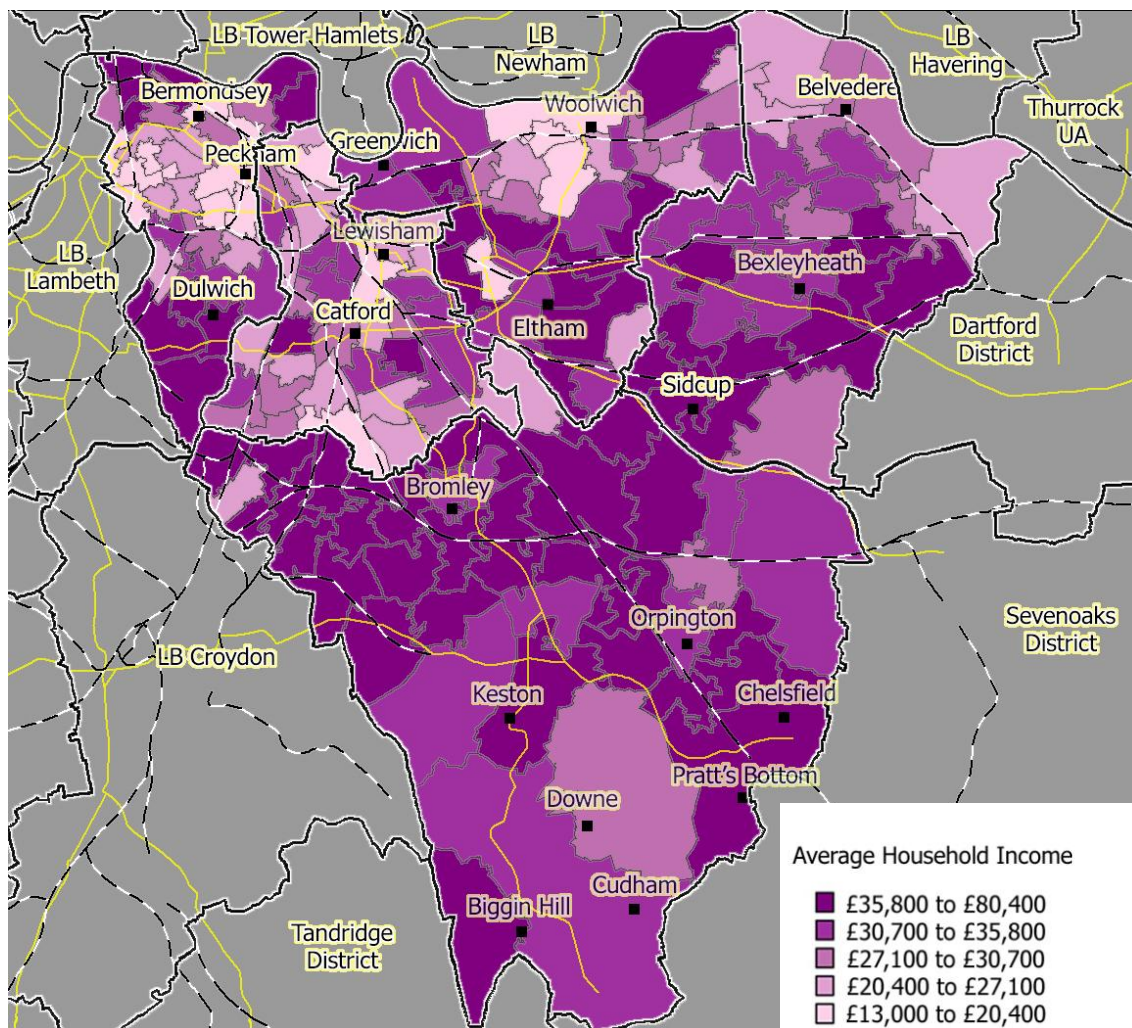
- ^{1.17} Overall, migration accounted for a fall in the sub-region's population of 55,600 people from 2002 to 2007 from the rest of England and Wales. This represents around 4.4% of the current population of the area. Out migrants have moved to the South East, the South West and the Eastern regions. The only net in-migration into South East London over this period came from other parts of London and overseas.
- ^{1.18} In recent years the UK has experienced a noticeable increase in the number of migrant workers arriving from overseas. 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.
- ^{1.19} The majority of in-migrants into South East London are buying their own home or renting privately. 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. Both in and out migrating households have more income when compared to all households in South East London.
- ^{1.20} Stakeholders commented that housing development plays a role in stimulating in-migration if it is suitably located. They cited the waterside apartments in Greenwich as a prime example of attracting city workers. Whereas the more family orientated housing in Bexley offers an opportunity to retain households in the sub region.

Household Incomes

- ^{1.21} Gross household income includes earnings, pensions, interest on savings, rent from property and state benefits, but does not include housing benefit. Figure 2 shows 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 2

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



- 1.22 Stakeholders were clear that higher quality new build housing had the potential to attract and retain higher earning households. On the other hand stakeholders were cautious about the impact on an area of a growing private rented sector especially if it housed large numbers of lower income groups. It was also noted that housing development with appropriate infrastructure had stimulated business start ups in Deptford.

Current Housing Stock

- 1.23 A total of 16.5% of households across South East London reported that there was at least one serious problem with their property. Of these, the conditions are such that the household is currently unsuitably housed due to the problems in 7.8% or 43,800 dwellings.

16.5% of households identified serious problems with their housing across South East London. This is equivalent to 43,800 dwellings.

- 1.24 Of the 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.

- 1.25 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). 57.4% of households (21,950) stated that the repairs were their landlord's responsibility, but that they didn't expect the work to be undertaken soon, if at all.

Housing Tenure

- 1.26 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. The proportion of housing in the Private Rented sector is highest in Lewisham, with almost 30% of the housing stock in the borough in this category. The proportion of social rented dwellings is relatively high in both Southwark (47%) and Greenwich (36%).
- 1.27 In 2001, 42.1% of all households were owner occupiers who had a mortgage, but by 2008 this had 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%.
- 1.28 This evidence is explained by 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 a market response to 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. There has also been an increase in students living in the area.
- 1.29 The consequence of this is that there is a reduced supply of housing for households for home ownership. Households in the private rented tenure tend to be more likely to move home more frequently and therefore the growth in the private rented stock is also likely to be associated with a greater turnover of households.
- 1.30 Figure 3 and Figure 4 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.
- 1.31 At the stakeholder workshops Landlords called for improved liaison with the Local Authorities. They cited problems with Local Authority placements from the housing register. This along with concern about Local Housing Allowance, reflected a reluctance among some landlords to accommodate households reliant on Housing Benefit.

Figure 3
Distribution of Private Rented Housing by Middle-level Super Output Area 2001 (Source: UK Census of Population 2001)

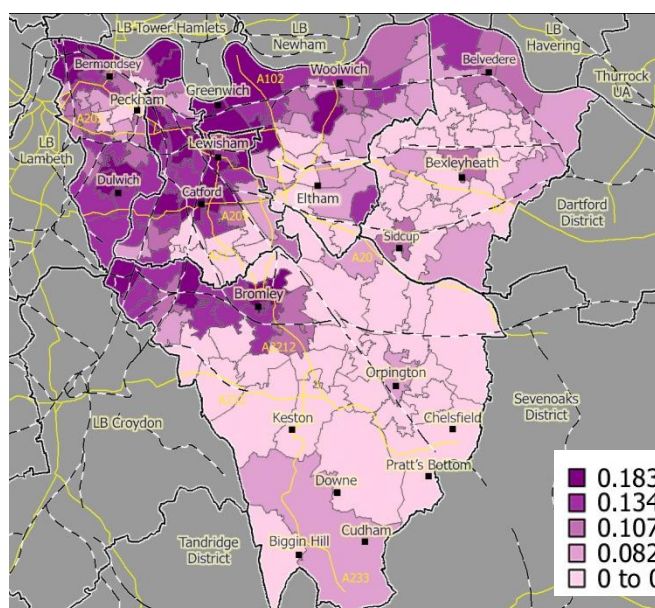
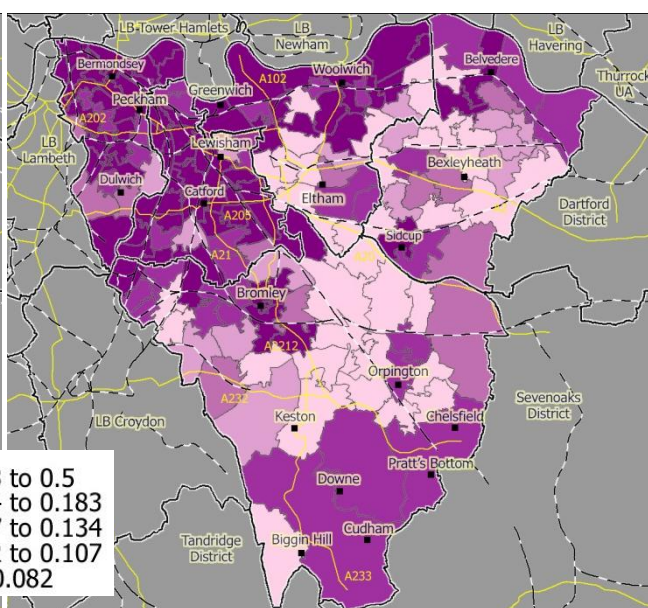


Figure 4
Distribution of Private Rented Housing by Middle-level Super Output Area 2008 (Source: South East London Household Survey 2007-08)



Overcrowding and Under-Occupation

^{1.33} The measure of overcrowding and under-occupancy is also calculated objectively. Overcrowding has been estimated using the following bedroom standard. One bedroom is provided 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.

^{1.34} Overall, a total of 40,100 (7.3%) households are currently living in overcrowded housing, while 259,065 households (62%) under-occupy their property, 42% of these by two bedrooms or more. 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.

Households Wanting to Move

^{1.35} From household survey data; 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.

^{1.36} 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. 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.

1.37 Of those who expect to move:

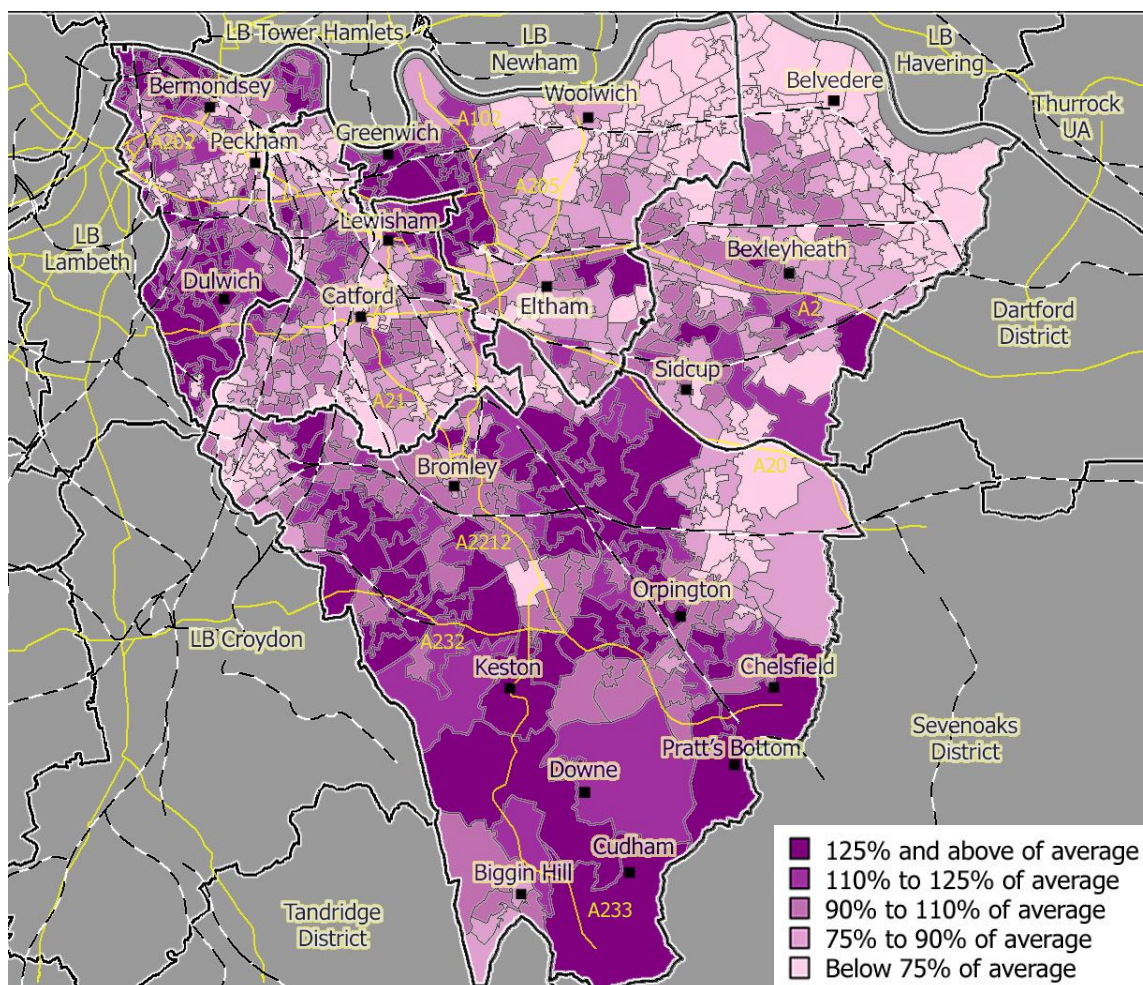
- 30% expect to remain in the same neighbourhood;
- 29% expect to move to other areas of their current borough;
- 5% expect to move to another part of the sub-region and
- 28% expect to leave London, with some of these moving overseas.

1.38 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 it is likely that the need to find suitable affordable housing will lead to more households moving to neighbouring boroughs.

Affordability

1.39 Figure 5 shows how average property prices vary across South East London. Darker colours represent areas which have prices above the average for South East London.

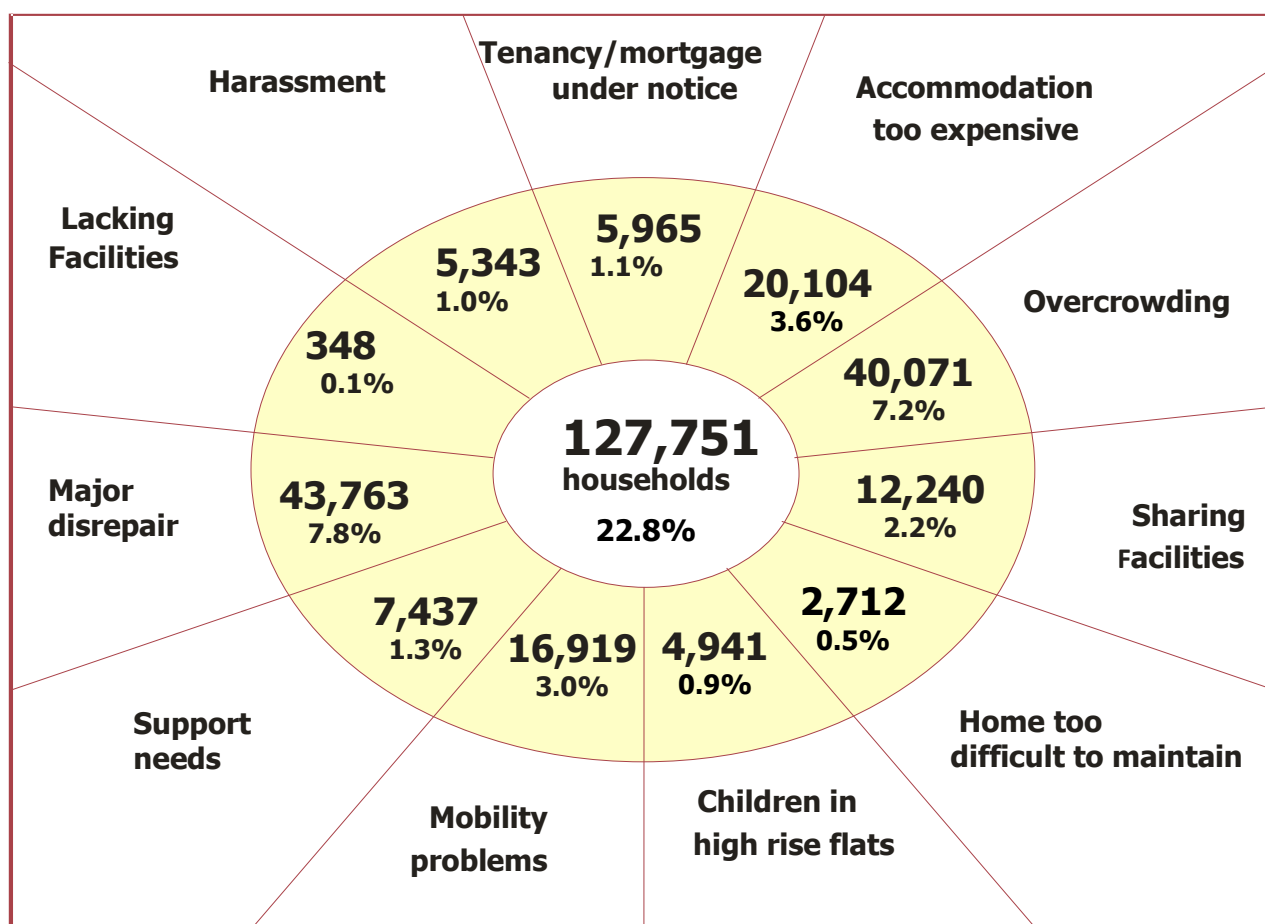
Figure 5
Average House Prices across South East London Q1 2008 – Q4 2008 (Source: HM Land Registry)



Housing Need

- ^{1.40} **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** 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.
- ^{1.41} Overall, a total of 127,750 households were assessed as living in unsuitable housing due to one or more factors. The unsuitability problems experienced are shown below (Figure 6).

Figure 6
Established Households Living in Unsuitable Housing (Source: South East London Household Survey 2007-08)



- ^{1.42} Overall 22.8% of all established households in the study area live in unsuitable housing with big differences between 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.
- ^{1.43} 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.
- ^{1.44} 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 that there is a high proportion of households containing children living in unsuitable housing in the sub-region.

- ^{1.45} 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. Following the application of in-situ solutions to the unsuitably housed households, 32,500 of the 127,750 require to move to alternative affordable housing. It is also the case that another 2,300 households can be classified as being unsuitably housed because they are homeless households in temporary accommodation or people sleeping rough. When taken together this implies that the study identified a total of 34,800 households requiring alternative housing in South East London and who cannot afford market housing.

127,750 current households in South East London are unsuitably housed. Of these 32,500 require to move to alternative affordable housing to have their housing needs met. Another 2,300 households are sleeping rough or living in temporary accommodation giving a total backlog of housing need of 34,800 households.

The Backlog of Need in the ORS Housing market Model

- ^{1.46} More details on the ORS Housing Market Model are provided in the Core Data Reprot and Technical Appendix, 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.

Assessing Affordability

- ^{1.47} Household affordability critically underpins the housing requirement analysis – determining both the ability to afford market housing (being effective demand for market housing) and the inability to afford market housing (and be in housing need if their present accommodation is also unsuitable). 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 as defined by CLG Practice Guidance.

Assessing Affordability for Owner Occupation

- ^{1.48} Owner occupiers will normally rely upon a loan or mortgage from a building society or other lender. A household must also have sufficient financial standing to qualify for a loan i.e have a good credit history and have a deposit. SHMA practice guidance states that reasonable mortgage to income ratios for single incomes are 3.5x a single household income and 2.9x for joint incomes. It is also important that the assessment of affordability for owner occupation considers other household resources, including:

- Savings;
- Debts including student loans
- Equity (positive or negative) from current home (for current owners); as well as the

- Amount that can be borrowed.

^{1.49} 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.

^{1.50} 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

^{1.51} Unlike owner-occupation, the rental market does not require a loan such as a mortgage. Instead, it is based exclusively on a recurring payment taken from the individual household budget. Affordability is based upon practice guidance, i.e. 25% of household gross income is assumed to be available for rent.

The ORS Housing Market Model

^{1.52} Important study aims are to estimate:

- How many additional homes are required?
- How many additional homes should be in the affordable housing tenure?
- What is the effective demand for market housing by size and type?
- How will 'demand' and 'need' change under different assumptions?

^{1.53} 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 models the interaction of requirement and supply across all sectors of the housing market.

^{1.54} The key stages of the model and the main modelling assumptions can be summarised as follows:

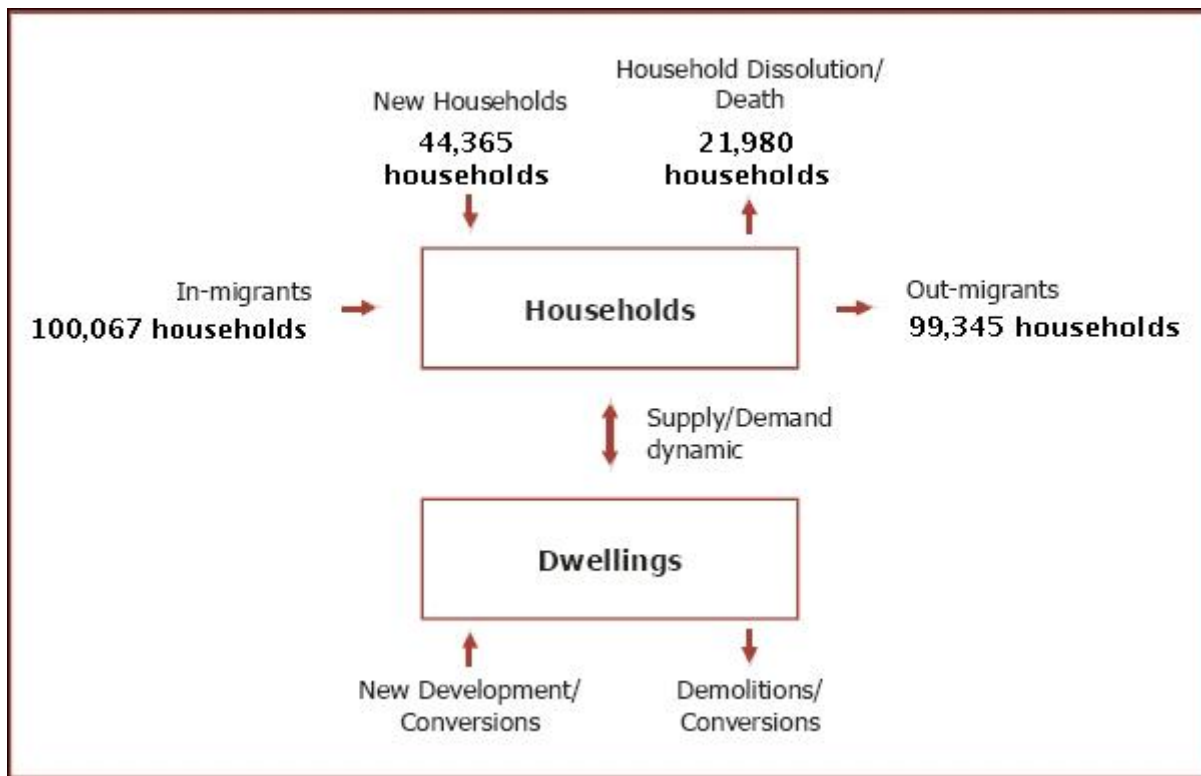
- **Housing Requirement** = Established Households +
New Households +
In-migrant Households
- **Housing Supply** = Established Households +
Household Dissolution +
Out-migrant Households
- **Net Housing Requirement** = Gross Housing Requirement -
Housing Supply

^{1.55} For South East London, the projected flows of housing need, demand and supply derived from the ORS Housing Market Model are summarised below. The net housing requirement can be obtained by adding in-migrant households to newly forming households and subtracting from this out-migrant and dissolving households.

^{1.56} The model identifies that a net 23,100 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 7

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



Understanding the Required Housing Mix

^{1.57} The ORS model allocates households to specific tenures according to the following criteria:

- **Social rented housing** – for those households unable to afford any more than social rents;
- **Intermediate housing** – for those households able to afford more than target 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.

^{1.58} Note that degrees of housing need are not considered at this stage. The tenure ‘destination’ of households is in practice influenced by a social housing letting priorities. The model does not take account of policy priorities but it can take account of local policies affecting the size of dwellings offered to households types.

^{1.59} Many young single person household workers in London live in shared market housing as there is no real alternative available to them. These households will be unable to afford a place of their own and will not be a priority for social housing. The 2008 Greater London Housing Market Assessment conducted by ORS on behalf of the GLA supports the assumption that workers aged 25 years or less are willing to live in shared accommodation if they cannot afford to access the market threshold price of housing. The effect of this is that the requirement for affordable housing is reduced as these households are occupying market housing and this is reflected in the study output, Figure 8 below.

^{1.60} 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 affordable 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.

^{1.61} 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.

^{1.62} The balance of this net requirement between the different housing types is detailed below in Figure 8. This shows the identified gross 5 year housing requirements for market, intermediate affordable and social housing and their expected supply from existing stock. The difference between the gross requirement and supply of each type tenure represents the net requirement.

Figure 8

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 size mix of the housing requirement

^{1.63} Figure 9 details the net requirement for additional housing by tenure and bedroom size identified by the ORS Housing Market Model.

Figure 9

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

^{1.64} It should also be noted that while the SHMA 5 year requirement is estimated at 23,100 dwellings, the current London Plan has a five year allocation for the boroughs in the sub-region of 27,225 dwellings. It is therefore worth exploring the impact of delivering dwelling numbers in line with London Plan targets in addition to the SHMA estimate of housing requirements.

- ^{1.65} It is also the case that the sub-regional housing requirement figures require to be distributed across the five boroughs. While ORS produced individual borough level studies for each of the local authorities the results from these do not sum to the sub-regional housing requirement. 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 calculated on the basis of the number of households in the survey that stated they expected to move, and their expected destination. In reality the number of expected moves between boroughs could be very different from the number of actual moves which had occurred.
- ^{1.66} Therefore for assessing housing requirements at the sub-regional level 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 rather than more aspirational survey findings.
- ^{1.67} Similarly a more complex method is needed to distribute the sub-regional housing requirements to borough level monitoring targets.
- ^{1.68} It is possible to test the effect of a number of assumptions that take into account the above factors. SHMA Practice Guidance states that an appropriate further analytical step is to look at future scenarios by considering future housing supply.

Scenario Testing: Sub-Regional Completions and Local Authority Distribution

- ^{1.69} 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
- ^{1.70} 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

- ^{1.71} As noted above, the study identifies that 23,100 dwellings are required to meet current and recent trends of housing requirements; the current London Plan has a five year monitoring target for the boroughs in the sub-region of 27,225 dwellings (Figure 10).

Figure 10

Annual London Plan Monitoring Targets (Source: Annual Monitoring Reports 2008. Note: Completions include vacancies brought back into use and newly created non self contained dwellings)

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

- ^{1.72} Any number of scenarios can be generated but it is considered that, though being revised, the current London Plan figures offer the best prediction of future supply.
- ^{1.73} 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. However, it is not the case that an actual surplus then arises. In London the result is to generate further in-migration.
- ^{1.74} 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.
- ^{1.75} 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.
- ^{1.76} Figure 11 shows the sub-regional results, aggregating social and intermediate housing in to 'affordable housing'. 61.5% of the total requirement is for affordable housing and 38.5% is for market housing.

Figure 11

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)

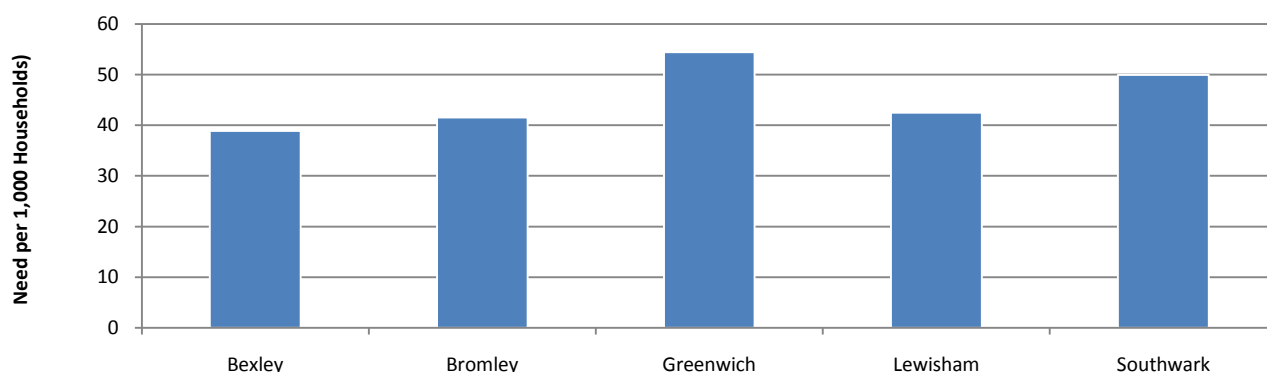
Housing Requirement	Type of Housing		Total
	Market Housing	Affordable Housing	
5-year Net Requirement			
1 bedroom	3,412	1,861	5,273
2 bedrooms	2,532	3,339	5,871
3 bedrooms	4,425	7,425	11,850
4 bedrooms	82	4,149	4,231
Total	10,451	16,744	27,195

- ^{1.77} 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:
- Assume future housing provision is the same as 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
- ^{1.78} Figure 12 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.

- 1.79 It should be noted that need is measured where it originates rather than where it is met in reality, i.e. more need is met Bexley and Lewisham because both contain cheaper housing stock even though the need arises in Bromley and Greenwich. However the model has allocated the need to where it arises as if suitable housing was available, the household would not have moved to another Borough

Figure 12

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



- 1.80 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 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.
- 1.81 To split the affordable housing need into intermediate and social housing components, we have again used the results from the borough level studies in the context of how well different sizes of intermediate affordable housing may be suited to the area given local affordability issues. The results of these calculations for each borough are presented below in Figure 13 and Figure 14.

Figure 13

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	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 14

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	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 2: Build Equates to 2007-2012 Housing Trajectory

- 1.82 The scenario outlined above represents one potential level of the future supply 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) due to be published soon. This will in-turn identify new capacity potential for London boroughs which will in turn have implications for the targets outlined in the London Plan.
- 1.83 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 15 and represent a figure which is over 1,000 higher than that which is set out in the London Plan.

Figure 15

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

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

- 1.84 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.
- 1.85 When these changes are applied simultaneously and intermediate and social housing is aggregated into a single measure of affordable housing need, Figure 16 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 market housing when compared with using London Plan monitoring targets.

Figure 16

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

- 1.86 To achieve a full model covering each borough further additional calculations are again required. These are:

- Housing provision at the borough level is controlled to reflect 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

^{1.87} The results of these calculations for each borough are presented below in Figure 17 and Figure 18 show a similar distribution of requirements as were obtained when using the London Plan monitoring targets.

Figure 17

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 18

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

^{1.88} 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 19 and are around 3,000 per annum higher than London Plan monitoring targets.

Figure 19

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	
Housing trajectories	343	407	2,353	2,309	2,800	8,189

^{1.89} 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;
- Controlling the total housing requirement to the housing trajectories 2012-2017 for each borough;
- Provide overall market and affordable housing requirements by bedroom size.

^{1.90} When these changes are applied simultaneously and intermediate and social housing is aggregated into a single measure of affordable housing need, Figure 16 XXXX 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 20

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

^{1.91} To achieve a full model covering each borough further additional calculations are again required:

- Housing provision at the borough level is controlled to reflect 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 products

^{1.92} The results of these calculations for each borough are presented below in Figure 21 and Figure 22.

Figure 21

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 22

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

^{1.93} Figure 23 compares the tenure mix 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 23

Comparing the Outputs of Different Scenarios by tenure (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%

1.94 The size mix outputs from each scenario have been compared in Figure 24. It is found that the mix for social and intermediate housing varies very little between the scenarios. However the size mix varies significantly for market housing. For each borough the proportion of 1, 2 and 4 bedroom dwellings increase as a proportion of the total build in as the quantity of new build increases. For 3 bedroom dwellings the reverse is true. The reason for this is considered in the part of the following section dealing with market housing. The significance of this for policy is considered in 'Key Policy and Delivery issues' at the end of this report.

Figure 24

Comparing the Outputs of Different Scenarios by Dwelling Size (Source: ORS Housing Market Model, South East London Housing Requirement Assessment 2009. Note: Figures may not sum due to rounding)

Scenario #	Housing Requirement	Borough					Average
		Bexley	Bromley	Greenwich	Lewisham	Southwark	
1	1 bedroom	16.60%	15.50%	10.20%	15.10%	12.10%	12.50%
2		18.30%	17.20%	12.30%	16.90%	14.00%	14.50%
3		19.90%	19.00%	14.40%	18.60%	16.00%	16.60%
1	2 bedrooms	12.30%	11.50%	7.60%	11.20%	8.90%	9.30%
2		15.30%	14.40%	10.20%	14.10%	11.70%	12.10%
3		18.10%	17.20%	13.10%	16.90%	14.50%	15.10%
1	3 bedrooms	21.60%	20.20%	13.30%	19.60%	15.60%	16.30%
2		20.10%	19.00%	13.50%	18.60%	15.40%	16.00%
3		18.80%	17.90%	13.60%	17.60%	15.10%	15.70%
1	4+ bedrooms	0.40%	0.40%	0.20%	0.40%	0.30%	0.30%
2		1.30%	1.20%	0.90%	1.20%	1.00%	1.00%
3		2.20%	2.00%	1.50%	2.00%	1.70%	1.80%

Housing Requirements in Perspective

^{1.95} The discussion in the following section is based upon the above modelling scenarios of the new housing supply. 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 are attracted to the area.

Summary

There is an estimated requirement for 9,650 additional social rented homes to be provided over 5 years.

^{1.96} This will address newly arising need and some of the backlog. This estimate takes account of any 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.

^{1.97} The ORS Housing Market Model estimates that there is a gross requirement for 86,500 households to be housed in social rented dwellings over the next 5 years. This result is based upon the modelling assumptions set out in CLG SHMA practice Guidance and Planning Policy Statement 3. In practice some households who have been identified as requiring social rent will be single persons on low incomes who will have little chance of being allocated a property because they will have a low priority status for social housing. However, other households who can technically afford more than social rented accommodation may be allocated to this tenure because of a lack of suitable, affordable intermediate housing.

^{1.98} Almost 40% of the requirement for social rent is for lone parents, while only 2% of the requirement for social rent is for adult couple households. 72% of households requiring social rent have an income of less than £10,000 per annum, and over 95% have an income of less than £15,000 per annum. Therefore it is clear that affordability is extremely low for households requiring social rented properties.

^{1.99} If fewer than 9,650 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 as other households will occupy them;
- 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).

Mix of homes

^{1.100} The initial SHMA modelling (Figure 9) 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

There is an identified requirement for 3,200 large social rented dwellings in the next 5 years. Providing these dwellings can help meet the needs of many households as smaller dwellings become available as a consequence.

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.

1.101 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 likely to fall into priority need.

1.102 It should also be noted that there is an estimated requirement for 3,200 additional social rented dwellings with 4+ bedrooms. If many extra 4+ bedroom social rented dwellings are provided, this will allow households who are overcrowded in 3 bedroom dwellings to have their needs addressed. This in turn will see 3 bedroom stock vacated which could in turn be occupied by households who are overcrowded in 2 bedroom dwellings. Therefore, the provision of more 4+ bedroom social rented dwellings could resolve more than one housing need by allowing households to move to more suitable dwellings. RSL stakeholders have advised that they are committed to maximising the number of family homes of 3 bedrooms or more in new developments. RSLs also report that they have a significant backlog of demand for family homes from their existing tenants.

Intermediate affordable housing

There is an estimated requirement for of 7,100 additional intermediate affordable homes over the next 5-years.

1.103 The model highlights a large net requirement for 2 and particularly 3 bed intermediate affordable homes. 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.

1.104 The gross requirement for intermediate housing products is 43,690 dwellings across the sub-region. However, the identified housing requirement for intermediate housing products is based upon affordability criteria and not preferences. The gross requirement is made up of 24,900 households who can afford at least intermediate rent (75% of market rents) and 18,800 who are classified as 'below intermediate'. This means that they have been assessed as being able to afford more than target social rents, but there are no intermediate housing products available that they can afford. These households can therefore either seek to occupy cheaper private rented housing or social housing, which will inflate the requirement for these tenures.

1.105 Half of the identified requirement for intermediate housing products has a household income of between £20,000 and £31,200, while a further 21% have an income of between £15,000 and £20,000. In total 40% of the identified requirement for intermediate housing is for households who

Around 40% of the identified housing requirement for intermediate housing is for households who have incomes of less than £20,000 per annum. There are few current intermediate housing products affordable to this group, so there is a clear need to develop new products in order to reduce the requirement for social housing.

have household incomes of less than £20,000 per annum. Some of these households may also have equity from their previous homes, but many will not and they will currently struggle to find intermediate housing in South East London which is affordable to them.

- 1.106 67% of households identified as requiring intermediate housing products currently live in the private rented sector, while 25% live in social rented housing. Therefore, on purely affordability criteria, intermediate housing can offer an alternative to some households in social rent who are seeking to move. However, in practice the cost of current intermediate housing is much higher than social rents and this is likely to deter many social tenants from moving to intermediate housing.
- 1.107 Stakeholders commented upon the variable impact of the credit crunch on the delivery of new intermediate affordable homes. Some reported a slowdown in sales others had felt little impact. It is apparent that this situation does have an impact on RSL resources. Some households have benefited due to dwellings being offered on rent to buy schemes.

Market housing

There is an estimated requirement for 10,450 additional market homes over the next 5-years.

- 1.108 The need for market (private rent and owner occupation) housing is focussed on smaller dwellings 1-3 bedrooms with little identified requirement for larger dwellings. As noted earlier this estimate included market housing for aged less than 25 years who cannot afford market housing prices, but who can afford to share to dwellings based upon the 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.
- 1.109 Renting in the private sector has grown in recent years as a proportion of all households in South East London. The increased proportion of people living in the private rented sector is reflected in the gross requirement for 92,300 dwellings of this tenure across the sub-region.
- 1.110 The requirement for private rented housing is based purely on affordability criteria, and not on their preferences. Some households who have been identified as being able to afford private rents may prefer to access shared ownership and the households discussed in this section could form a key part of the potential demand for this form of housing. The reverse is also true, some households who could afford to buy may prefer to rent.
- 1.111 Over 40% of the requirement for private rent is for single persons, with a further 28% being for adult couples with no children. There is also a high requirement for groups of adults with this group forming 17% of the private rent requirement. This will explain the result regarding size mix changing as the build rate increases.
- 1.112 Households that require private rent are in general younger, with 75% being aged less than 35. When combined with the evidence from household incomes, this highlights that private rent is helping to meet the housing requirements of working younger households in South East London.
- 1.113 Owner occupation rates have been falling across South East London, despite the number of households who own outright rising as a share of the population. The share of households who own with a mortgage has fallen sharply in recent years with far more households now renting in the private

sector. However there is still a sizeable gross requirement for 49,440 dwellings in this tenure across the sub-region.

- 1.114 Almost half the requirement for owner occupation is for adult couples, with a further quarter being for adult couples with children. Very few single persons (16%) or lone parents (2%) require market ownership.
- 1.115 The requirement for market home ownership is being generated by households who already live in owner occupied dwelling (59%) or the private rented sector (41%). Households who are identified as requiring market ownership are typically in higher income bands with 83% of having an income of over £40,000.

Stakeholders views on the delivery of new housing

- 1.116 In stakeholder workshops developers and RSLs were very positive about the strategy led approach to housing development and related regeneration especially in SE London. Although the present economic downturn was having an impact on sales, confidence about delivery in the medium to long term was high. RSLs were keen to point out that they were anxious to provide housing for special needs groups. They were also very keen to provide more family housing for their own tenants as well as prospective tenants and purchasers.
- 1.117 Developers and RSLs saw a tremendous opportunity within Thames Gateway regeneration but commented on the difficulties associated with many layers of bureaucracy, multiple delivery agencies and slow progress with infrastructure.

Sub-group Findings

BME

- 1.118 The 2001 census identified the BME population in South East London as accounting for 28.9% of the total population of the sub-region. 21.9% of this total population could be considered as non-white. This proportion is lower than for Greater London (40.2%) higher than for England and Wales (13%).
- 1.119 The Household Survey found 33.2% of the population to be not White British which indicates a likely rise in the BME population of South East London. The following summary information refers to the household survey.
- 1.120 All other ethnic groups (with the exception of White Irish and Black Caribbean) are less likely to contain pensioners and more likely to contain children than the White British ethnic group. Black and Mixed White and Black households are more likely to consist of a lone parent and less likely to contain an adult couple.
- 1.121 Figure 25 shows that White Other, Indian and Other Asian households incomes are on average more than other ethnic groups, including the White British households, with 48% of White Other, 40% of Indian and 39% of Other Asian households having incomes of £40,000 or more. Black ethnic groups have on average lower incomes than other households with over 30% having an income of £10,000 or less.

Figure 25

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



- 1.122 In terms of tenure over 60% of white British households are owner occupiers, 25% rent from a social landlord and the remaining 14% rent privately. Indian and Other Asian ethnic groups show a similar profile. 60% of Black and Mixed White and Black households are in the social rented sector, while 60% of White Eastern European households are in the private rented sector.
- 1.123 Across the whole of South East London around 17% of households had at least one serious problem with the condition of their home. This increases to 31% of Mixed White and Black Caribbean and 27% of Black African and Black Caribbean households, and decreases to less than 15% of Indian and Other Asian households, and 14% for White British households.
- 1.124 Figure 26 and Figure 27 shows that all Non-White BME groups are more likely to be unsuitably housed than all households (22.2%). Black and Mixed White and Black households are most likely to be unsuitably housed with between 33% and 44% falling into this category. White Eastern Europeans also have a relatively high proportion of unsuitably housed households at 30.1%. White British households are the least likely to be unsuitably housed with only 16.8 of households being so.
- 1.125 The reasons for households being unsuitably housed are also detailed in Figure 26 and Figure 27 where it can be seen that overcrowding is the most likely cause of a household being unsuitably housed - 23.7% of Black African households are overcrowded. White Eastern European households and Chinese households are more likely to be sharing facilities than other ethnic groups.
- 1.126 All non-white BME groups are more likely to be unsuitably housed than all households (22.2%). This is especially the case for Black and Mixed White and Black households (33% and 44%).
- 1.127 Although only 6% of all households are in the backlog of housing need. This compares to almost 18% of all Black African and 15% of Mixed White and Black households.

Figure 26

Proportion of Established Households in Unsuitable Housing by Ethnic Group and Problem Category (Source: South East London Household Survey 2007-08)

Unsuitability Category	Type of Family Household						SE London
	White British	White Irish	White Eastern European	White Other	Indian	Other Asian	
Homeless or with Insecure Tenure	0.8%	1.0%	2.8%	1.6%	0.0%	1.7%	1.0%
Tenancy/mortgage under notice							
Accommodation too expensive	2.4%	5.0%	1.8%	2.6%	3.1%	2.7%	3.7%
Mismatch of Household and Dwelling							
Overcrowding	3.6%	5.2%	13.6%	8.2%	10.9%	16.6%	7.1%
Sharing facilities	0.8%	3.7%	6.0%	1.4%	0.0%	1.0%	1.4%
Home too difficult to maintain	0.4%	1.5%	0.3%	0.2%	0.0%	0.0%	0.5%
Children in high-rise flats	0.3%	0.4%	0.9%	1.7%	0.4%	0.0%	0.9%
Support needs	4.1%	6.5%	1.2%	2.0%	5.8%	2.7%	4.2%
Dwelling Amenities and Condition							
Lacking facilities	0.1%	0.0%	0.1%	0.0%	0.5%	0.0%	0.1%
Major disrepair	7.1%	9.2%	7.1%	7.2%	7.6%	7.3%	7.9%
Social Requirements							
Harassment	0.8%	0.0%	1.4%	0.4%	0.0%	0.0%	0.9%
TOTAL	16.8%	21.5%	30.1%	21.5%	25.2%	29.7%	22.2%

Figure 27

Proportion of Established Households in Unsuitable Housing by Ethnic Group and Problem Category (Source: South East London Household Survey 2007-08)

Unsuitability Category	Type of Family Household						SE London
	Black African	Black Caribbean	Mixed White and Black African	Mixed White and Black Caribbean	Chinese	Other	
Homeless or with Insecure Tenure							1.0%
Tenancy/mortgage under notice	1.6%	1.7%	0.0%	4.4%	0.0%	2.7%	
Accommodation too expensive	8.6%	7.1%	8.8%	12.6%	5.0%	8.3%	3.7%
Mismatch of Household and Dwelling							
Overcrowding	23.7%	9.9%	20.0%	18.5%	13.0%	15.0%	7.1%
Sharing facilities	3.6%	2.2%	0.4%	1.5%	8.6%	2.1%	1.4%
Home too difficult to maintain	0.5%	0.9%	0.0%	1.5%	0.0%	0.3%	0.5%
Children in high-rise flats	4.8%	1.0%	1.1%	4.1%	0.0%	2.8%	0.9%
Support needs	4.0%	7.0%	2.3%	5.3%	1.1%	3.8%	4.2%
Dwelling Amenities and Condition							
Lacking facilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Major disrepair	9.6%	11.5%	10.5%	13.0%	5.5%	8.8%	7.9%
Social Requirements							
Harassment	1.5%	1.0%	0.6%	4.1%	0.0%	2.0%	0.9%
	43.7%	33.2%	36.0%	43.2%	24.1%	34.8%	22.2%

^{1.128} The household survey found that Black African and Mixed White and Black Caribbean households. Black African households were over 6 times more likely to be overcrowded than White British households.

A10 Migrant Worker Population

- 1.129 The household survey found that 2.2% of respondents were, and 2.7% of all households in South East London contained at least one person, from one of the 'A10' recent accession states from Eastern Europe (including Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia).
- 1.130 The majority of those identified by the households survey as being from the A10 countries have lived at their present address for less than two years (63%), confirming that this influx is a relatively recent phenomenon. Southwark has the highest proportion of A10 migrants, accounting for 4.6% of their population while Bromley has the lowest, at merely 1% of the population.
- 1.131 The A10 migrant worker population is younger than the whole population, with over half being aged 30 years of less and over 70% being aged 35 years or less. A10 migrant worker households have slightly higher annual incomes than all households with around 34% earning below £20,000 compared to around 47% for all households. Almost 30% of A10 migrant worker households earn between £20,000 and £30,000 and 28% earn £40,000 or more.
- 1.132 71% of A10 migrant workers live in private rented accommodation, compared to 20% for the whole population. Over 36% of A10 migrant households are unsuitably housed compared to 23% for the whole of South East London.

People with Health problems and Support Needs

- 1.133 In total 247,363 people living in South East London were reported as having health problems. This is around 19% of the total population. The main problems identified were walking and mobility problems, diabetes, respiratory problems and difficulties due to old age. Some of the individuals with health issues resided in the same household. Therefore, in total 150,524 households contained at least one member with a health problem. This represents around 27% of all households in South East London.
- 1.134 Of those households identified as containing members with a health problem 15%, reported that their care or support needs were left unmet. This equates to equating to 6,800 households of which 2,700 are social renting tenants and 2,100 are owner occupiers.
- 1.135 Of the 27% of households which contained someone who had a health problem, 26% (38,350) felt that this affected their housing requirements. Of those who do have special housing requirements 44% felt that these were met by their current home. The 56% who did not feel this way represent 3.8% (equating to 21,300) of all households in South East London.
- 1.136 Of this 3.8%; 53.9% thought their current home could be adapted to meet their needs, 17.9% felt they would need to move to another home which was more suitable to their needs and 26% felt physical adaptations could not solve their needs.
- 1.137 Over 40% of those who need to move to address their health related needs and those who require physical adaptations are social rented tenants. However, as some do not wish to move only 1,050 households who rent socially have identified they need and want to move to solve their health related housing requirements.

- 1.138 It is worth noting that across South East London there are 38,200 properties with adaptations occupied by households who do not require them, 12,600 of which are in the social rented sector.
- 1.139 Around 4,000 households across the sub-region contain a wheelchair user and around 45% of these are in the social rented sector, while nearly 40% own outright. Around a fifth of the households which contain a wheelchair user feel that their home is not adequately adjusted to meet the needs of the user. 84% of these felt that their home could be adapted to meet their needs, 16% felt that physical adaptation would not solve their needs but none felt that they would need to move home to meet their needs.

Older Persons

- 1.140 Mid-year population estimates from 2007 indicate that 12.7% of the population of South East London are aged 65 years or older. This equates to 161,900 persons aged over 65 years in the sub-region. In May 2008 a total of 180,550 people were claiming the state pension. The number claiming state pension has increased in Bromley and Bexley but decreased in Greenwich, Lewisham and Southwark.
- 1.141 The older person population of South East London is expected to rise in the future. Estimates from the GLA show that the number of households projected to be headed by a person aged 65 years is expected to rise by 13,000 in the period 2006-2026. POPPI projections show that 63% of the increase in the older population will occur in Bexley and Bromley will smaller rises projected in the remaining boroughs.
- 1.142 Pensioner households are in general more likely to be satisfied with their home than younger households. Pensioner households are less likely to be unsuitably housed than younger households with around 18% falling into this category. However the percentage of unsuitably housed households increases greatly to 26% for single pensioners aged 85 years.
- 1.143 In the social rented sector over half (51%) of pensioner households are under-occupying their dwelling. 35% of pensioner households in the social rented sector are under-occupying their home by only one room, however 15% (6,500) of pensioner households have 2 or more bedrooms too many for their needs.
- 1.144 11% of all pensioner households want to move within the next three years. 8,100 of these households are currently under-occupying their dwelling. This includes 2,050 in the social rented sector, of whom 950 under-occupy their dwelling by 2 or more bedrooms.
- 1.145 Across all pensioner households, 57% contain at least one person with a long-term health problem. There is also a clear increase in the proportion of health problems as the age of pensioner households increases – 77% of single pensioners who are aged 85 years or older suffer from a health problem.
- 1.146 The majority (72%) of pensioner households who contain at least one member with a health problem are able to care for themselves, however 23% (21,750 households) still require regular or daily care or support and 5% (2,800 households) require permanent 24 hours a day care or support. Single pensioner households aged 85 years or more are of most concern with less than 40% feeling they are able to care for themselves. Stakeholders were very concerned about meeting demand for services for the growing numbers of households in this group.
- 1.147 A total of 8,000 pensioner households in South East London occupy homes that do not meet their requirements due to mobility problems. The majority of pensioner households outside the social

sector (66%) felt that their current home could be adapted to meet their needs equating to 3,100 homes, however 21% (1,000 households) felt that although adaptations could resolve their needs, their home was not suitable.

- 1.148 56% of pensioner households in the social rented sector who have mobility problems feel that their current home could be adapted to meet their needs, 31% feel that adaptations would not resolve their needs. This means that a total of 1,800 socially rented homes could be adapted and 400 households that would need to move to resolve their housing needs.

Families

- 1.149 For the purpose of this report, a family is defined as a household containing at least one child and where all members are related. Extended families (with dependent children) include multi-generational households and siblings living together. In total 232,000 households in South East London contained a family which is around 41.5% of all households.
- 1.150 Around 40% of all families own their property with a mortgage, compared to 29% of all households, and a smaller proportion of family households live in the private rented sector. For single parent households however, 65% live in the social rented sector.
- 1.151 In general family households have slightly more bedrooms, with 66% of properties containing 3 or more bedrooms and 20% containing 4 or more, compared to 50% and 14% respectively for all households. Single parents with dependent children however are much more likely to be living in a property with 2 or less bedrooms (55%).
- 1.152 Family households are more likely to be unsuitably housed than all households with around 30% falling into this category. The percentage of unsuitably housed households increases greatly to 44.8% for single parents with dependent children and to 56.7% of extended families with dependent children. A particular problem for family households is overcrowding with 14.5% of all families, and 48.7% of extended families, falling into this category. Around 14% of extended family households have 2 or more rooms too few.
- 1.153 Of the family households who want to move, single parent families and extended families are more likely to remain within the borough or within London, while almost 30% of couples with dependent children and around 36% of families with non-dependent children expect to leave London. This would suggest that many family households are leaving London to find suitable, available and affordable accommodation.

Students

- 1.154 The Household Survey found that 1.6% of all households in South East London contain only students. If we only analyse dwellings occupied by students, it is the case that 6,064 dwellings (1.1%) contain students. Therefore, many of the dwellings contain more than one student households within them. Southwark has the highest proportion of students at 4.1% of the total while Bromley has the lowest at 0.3%.
- 1.155 Student households have significantly lower levels of household income than the population as a whole with 27% earning below £5,000 and a further 38.5% earning between £5,000 and £10,000 across the entire household compared to 26.6% for all households earning up to £1,000. However

around 14% of student households have incomes of over £20,000, suggesting that a significant proportion of the student population are in employment.

- 1.156 85% of students in the sub-region live in private rented accommodation compared to less than 20% of the whole population. It is worth noting also that 10% of the student population are in social rented accommodation.
- 1.157 22.4% of student households reported at least one serious problem with their property, compared to 17.8% for the sub-region. The most common problems for students are heating and plumbing problems, damp penetration or condensation and window repairs.
- 1.158 Student households are more likely to live in overcrowded conditions than the general population. This is the case for 11.7% of student households compared to 7.3% for the whole population.
- 1.159 29% of student households are unsuitably housed. The main reasons for this are overcrowding and the condition of the property.

Public Sector Workers

- 1.160 Around 18% of all households in South East London contained at least one public sector worker. Bromley and Lewisham have the highest proportion of public worker households at 46.7% and 47.3% respectively, while Southwark has the lowest at only 28.3% of their total households. Lewisham has the highest proportion of households with just one public sector worker in the household. Bexley and Bromley have the highest proportion of households with more than one public sector worker.
- 1.161 Households with just one public sector worker are most likely to feel they have too few rooms for their needs (27%) than other households; however they are less likely to be technically overcrowded. Households with no public sector workers are most likely to be overcrowded at over 8%.
- 1.162 Almost 25% of households with just one public sector worker and no other workers are living in housing that is unsuitable to their needs, which is slightly higher than the figure for all households or households with no public sector workers (22%). In contrast only 17% of households with public sector worker(s) plus other workers are unsuitably housed.
- 1.163 It can be concluded from the evidence above that there are significant differences between households with different employment situations. Households with one or more public workers and other workers are financially better off and consequently less likely to have problems with their housing; conversely households with just one public worker and no other workers are much more likely to be in housing need. However, albeit a slightly higher average income, working households with no public workers possess some similar characteristics to those of a single public worker household possibly indicating that the source of the difference lies more with the number of workers in a household rather than whether there are or are not public workers.

Private Renting

- 1.164 The requirement for private rented housing identified by the SHMA is based purely on affordability criteria, and not on household preferences. For example, some households who have been identified as being able to afford private rents may prefer to access shared ownership.

- 1.165 Over 40% of the requirement for private rent is for single persons, with a further 28% being for adult couples with no children. There is also a high requirement for groups of adults with this group forming 17% of the private rent requirement.
- 1.166 Households that require private rent are in general younger, with 75% being aged less than 35. When combined with the evidence from household incomes, this highlights that private rent is helping to meet the housing requirements of working younger households in South East London.

Achieving the Housing Requirement: Key Policy and Delivery Issues

Increasing the Amount of Affordable Housing

- 1.167 The study has identified a need for an extra 16,800 affordable homes over the next five years. Without substantial additional funding from the Homes and Communities Agency, local authorities will need to maximise delivery through the planning system wherever opportunities arise. Not all housing sites will contribute towards affordable housing delivery, either because of their small size or high development costs associated with the site. Increasing delivery through the planning system may therefore require higher percentages of affordable housing on qualifying sites and/or the reduction of site size thresholds.
- 1.168 The estimated requirement for social housing varies across the local authorities. Before a local authority can determine its affordable housing target, they must have regard to PPS3 paragraphs 22 and 29:

Abstract of PPS 3 paragraph 29

In Local Development Documents, Local Planning Authorities should:

- Set an overall (i.e. plan-wide) target for the amount of *affordable housing* to be provided. The target should reflect the new definition of affordable housing in this PPS.
- It should also reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, *including public subsidy and the level of developer contribution that can reasonably be secured.*

Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, *taking into account information from the Strategic Housing Market Assessment.*

PPS 3 Paragraph 22

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.

- 1.169 Whilst the SHMA evidence would support an affordable target of 50% or more it will also be essential to assess the viability of delivering affordable housing through the planning system.
- 1.170 There is a risk of focussing on these complex policy issues at the expense of a 'people' focus – which groups of people should benefit from an increased supply of affordable housing? Stakeholders have provided a considerable amount of information to draw attention to the specific requirements of household groups that take or understanding of requirements beyond the numbers.
- 1.171 Stakeholders have been prepared to blur the traditional boundaries between the tenures to ensure that people are able to live in suitable decent housing. Much of the stakeholder discussion was around the issues of utilising the private rented sector and its potential to provide effective solutions to non priority homeless and housing register households mostly with housing benefit support. Regarding capacity of the private rented sector there is no single accurate measure of the growth of the private rented sector since the 2001 census. However mortgage lending to private landlords gives a reasonable indication of growth of the sector. It can only be concluded that private landlords will continue to offer housing to these groups if it is economic for them to do so and provided they have suitable accommodation in their portfolio.
- 1.172 Similarly the private rented sector and the RSL sector have made significant contributions to providing housing for vulnerable people with statutory, voluntary and informal care and support.
- 1.173 A particular policy challenge is up scaling the housing and support provision for the growing number of older people. At the same time there is a need to re-align and re-model sheltered housing and care home provision in step with the aspirations of residents. Stakeholders noted the challenge for social and private landlords of supporting older people to remain in their existing home and the challenge for a Local Authority to provide support services and adaptations for a growing number of older owner occupiers.
- 1.174 A further policy challenge is to meet the housing needs of large households on Low income. Whilst they are relatively small in number there is an acute shortage of larger affordable homes. Such households therefore have to wait for long periods in urgent housing need – possibly overcrowded, before finding more suitable housing.
- 1.175 The SHMA concludes that bringing together SHMA model outputs with qualitative information from stakeholders leads to a discussion regarding the role of new build housing;
- Building new housing suited to the needs of older people including an appropriate amount of extra care housing will reduce support and adaptation costs, release housing either for older people or families and above all, will improve the health and safety of older people.
 - Building larger family homes will ease overcrowding and release smaller homes for smaller households. Above all it will improve the health and wellbeing of households in this form of unsuitable housing. Increasing the supply of affordable homes for low income large families is a particular priority. Certain ethnic minority groups are particularly vulnerable to overcrowding.

The size mix of future new build housing

- 1.176 The size mix of future new build housing was also estimated for each of the 3 delivery scenarios. Figure 24 compares the results for each scenario for market housing only as differences between the scenarios are only apparent for this sector.
- 1.177 The size requirements for new build social housing can be used to guide development as the size of social housing allocated to households tends to be very close to their requirements at the time of letting. Size requirements for market housing are more indicative. However further evidence from the SHMA suggests that because of affordability problems, most newly forming households seeking market housing in the sub-region will only be able to afford market rented housing and these are likely to be one and two person households. Thus larger numbers of new build housing in scenarios 2 and 3 will enable these households to migrate to the area and it is likely that Private Landlords will respond to this demand.
- 1.178 The noteworthy aspects of Figure 24 are that the greater part of;
- the market housing requirement is for 1 and 2 bedroom homes;
 - the intermediate housing requirement is for 2 and 3 bedroom homes; and
 - the social housing requirement is for 3, 4 and 4+ bedroom homes.

Balancing Demand for Social Rent and Intermediate Affordable Housing

- 1.179 There is a requirement for additional social rented housing in all local authority areas. It is likely that much of this provision will be developer led in multi tenure developments using the model that relies upon a mixture of S106, grant and RSL funding. Some of it will be provided on smaller sites and some as a product of regeneration. There is a strong argument for seeking to ensure that some of the development is channelled into existing areas of housing with the aim of diversifying the dwelling mix.
- 1.180 The housing requirement can be partly met by making better use of the existing housing stock. Again evidence from 'CORE' reveals that a proportion of affordable housing is let to households who can afford more than social rents. There are positive and negative implications of this.
- 1.181 The positive impact is it can help to dilute the concentrations of poverty that can exist in the remaining social rented stock (after RTB sales). Estates that contain high levels of poverty works against the aim of achieving social cohesion through balanced communities. These can be self perpetuating because of the 'poverty trap' partly caused because of the way Housing benefit works, reducing the incentive for households to seek employment.
- 1.182 The negative impact is that the vacancy is not allocated to the households who has no choice but to rely upon social housing – decent housing that they can afford.
- 1.183 There is a wider debate about 'who and what is social housing for' and how it contributes to a cohesive community whilst meeting the needs of those who have no choice but to seek it. This is beyond the scope of the SHMA however the issues are discussed in the Hills Report. It is necessary to highlight the issue if wider policy aims of mixed and cohesive communities are to be achieved.
- 1.184 The SHMA also contains a great deal of information about the size mix of affordable housing that is required and the balance between social and intermediate affordable housing. A deeper

understanding of affordability issues is provided by the SHMA and the importance and need for intermediate affordable housing is a key finding which will also inform the requirement of the last sentence of PPS3 paragraph 29:

Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment.

1.185 The SHMA points to considerable potential demand for intermediate housing but when PPS3 is considered, regard must be had to the price at which intermediate affordable products are pitched and how affordable they are to households in the intermediate band. If they are not affordable the situation arises that the subsidy or grant paid to provide housing at sub-market prices does not enable housing to be provided to the group for which it is intended. The model for the major part of current delivery of intermediate affordable housing is shared ownership. Clearly there is a role for shared ownership type products but these are only relevant to those households where home ownership is feasible for a household and suitable entry level market housing is either not available or just outside their reach.

1.186 So returning to SHMA findings, the estimated requirement for intermediate affordable housing is based upon affordability considerations. It has to be questioned to what extent the estimated requirement can be converted into 'effective demand';

- Developers and RSLs have pointed out that although they were committed to providing this tenure, current economic conditions made it difficult to deliver and sell new shared ownership homes.
- The credit crunch legacy may lead to fewer loans being made available to shared ownership applicants. This could be due to lenders being risk averse to lower income households or the consequence of larger deposits being required.
- It is not a feasible option for households who do not have the financial status for a home loan e.g. due to a poor credit history.

1.187 Otherwise there is a near absence of intermediate housing affordable to lower income groups. RSL stakeholders have suggested that unsold shared ownership dwellings might be offered on intermediate rent terms for the time being. However the long term implications of not providing truly affordable intermediate housing is that households either leave the area to find more affordable housing elsewhere, pay more for their housing than they can reasonably afford, find other devices to make housing affordable (such as sharing or receiving gifts or loans from parents) or fail to form as individual households.

1.188 The problem is that the price of intermediate affordable housing is linked to market housing thresholds and an expectation that RSLs will minimise the requirement for grant. There is no policy aim of making intermediate housing affordable to a wider range of households so the tension between the existing products and the aim of PPS stated above, remains.

The Growth of private renting and the Buy-To-Let Market

1.189 The growth of the Private Rented Sector broadly reflects a national trend. Its growth is a market response to meet house a growing number of households who cannot afford to buy housing and for

one reason or another are unable to obtain affordable housing. The SHMA has identified this sector as having a wider role of growing importance to the SE London Housing market and is included as a key issue. The narrative above relating to the other supply issues of affordable housing reinforces this.

- 1.190 The growth of the Buy-to-Let market is attributable to a complex of economic factors at a national level. Landlords are active in both new and second-hand housing markets.
- 1.191 Regarding the new build market they have focussed upon the apartment market. They have been able to secure discounts from developers by buying off plan. This has resulted in a real but unquantifiable impact in the tenure mix of new developments.
- 1.192 Regarding second-hand housing, Buy-to-Let landlords have in some areas significantly re-shaped the local market by buying family-sized properties and converting them into smaller self-contained units as a market response to demand from single person or small households. This has, of course, always happened but it is the recent rate and scale of activity which is notable, as it has removed a volume of family-sized stock from the overall existing supply. This, in turn, has effectively led to a scarcity premium being applied to the remaining family-sized private rented stock.
- 1.193 A factor recognised by PPS3 is the issue of converting the existing stock alongside new build housing as a means of achieving local housing requirements.

Abstract of PPS 3 paragraph 31: Making effective use of existing housing stock

Conversions of existing housing can provide an important source of new housing. Local Planning Authorities should develop positive policies to identify and bring into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase procedures.

- 1.194 The activity of conversion is undertaken by entrepreneurs and small builders in response to market demand for small homes. However this can have impacts, substantially altering the character of residential areas and the small businesses that support them. Whether the impact is positive or negative will depend on the neighbourhood. Such conversion work can also play a part in bringing vacant buildings back into use. The scale of such work is very difficult to quantify as some conversion work at the cheaper end of the market may be undertaken without planning consent.
- 1.195 Local authorities are clearly not able to control or even influence the economic factors which led to the BTL and conversion boom, and so it follows that they are largely limited to responding to its effects. Nevertheless, Local Authorities may wish to consider whether it is necessary to more tightly manage the rate at which the market converts family-sized stock into smaller units; they can control this by using planning powers.
- 1.196 Additionally, given that conversions do fulfil an important strategic function within the local housing market; Local Authorities will also wish to ensure that existing conversions are suitable in terms of quality and safety. It is assumed that each Local Authority has taken account of this in its Private Sector Housing Strategy.