# APPENDIX J

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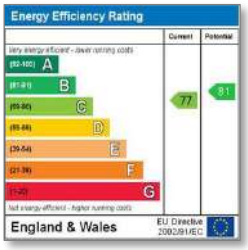

# London Borough of Hillingdon

# Strategic Housing Market Assessment Update

## Report of Findings

October 2018

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# Executive Summary

## Summary of Key Findings and Conclusions

### Introduction

1. Opinion Research Services (ORS) was commissioned by the West London Housing Partnership to prepare a Strategic Housing Market Assessment (SHMA) for the area, and for each of its constituent planning bodies. The West London Housing Partnership comprises the London Boroughs of Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow and the Old Oak and Park Royal Development Corporation. This is the Executive Summary for the London Borough of Hillingdon.

2. The SHMA methodology was based on secondary data, and the SHMA sought to:
   - Provide evidence of the need and demand for housing based on demographic projections;
   - Consider market signals about the balance between demand for and supply of dwellings;
   - Establish the Objectively Assessed Need for housing over the period 2016-41;
   - Identify the appropriate balance between market and affordable housing; and
   - Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

### Existing Planning Policy

3. The National Planning Policy Framework (NPPF) was updated in July 2018. Prior to July 2018, the NPPF 2012 contained a presumption in favour of sustainable development, and stated that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area.

4. The NPPF was updated in July 2018 and contains a number of changes. The underlying theme of sustainable development remains, but in relation of identifying and meeting housing needs several significant changes have been implemented. These include the NPPF 2018 containing:
   - No references to housing market areas;
   - No mention of Strategic Housing Market Assessments;
   - A new standard methodology to underwrite a local housing market assessment;
   - A new definition of affordable housing; and
   - A housing delivery test to assess if a planning authority is meeting its housing needs.

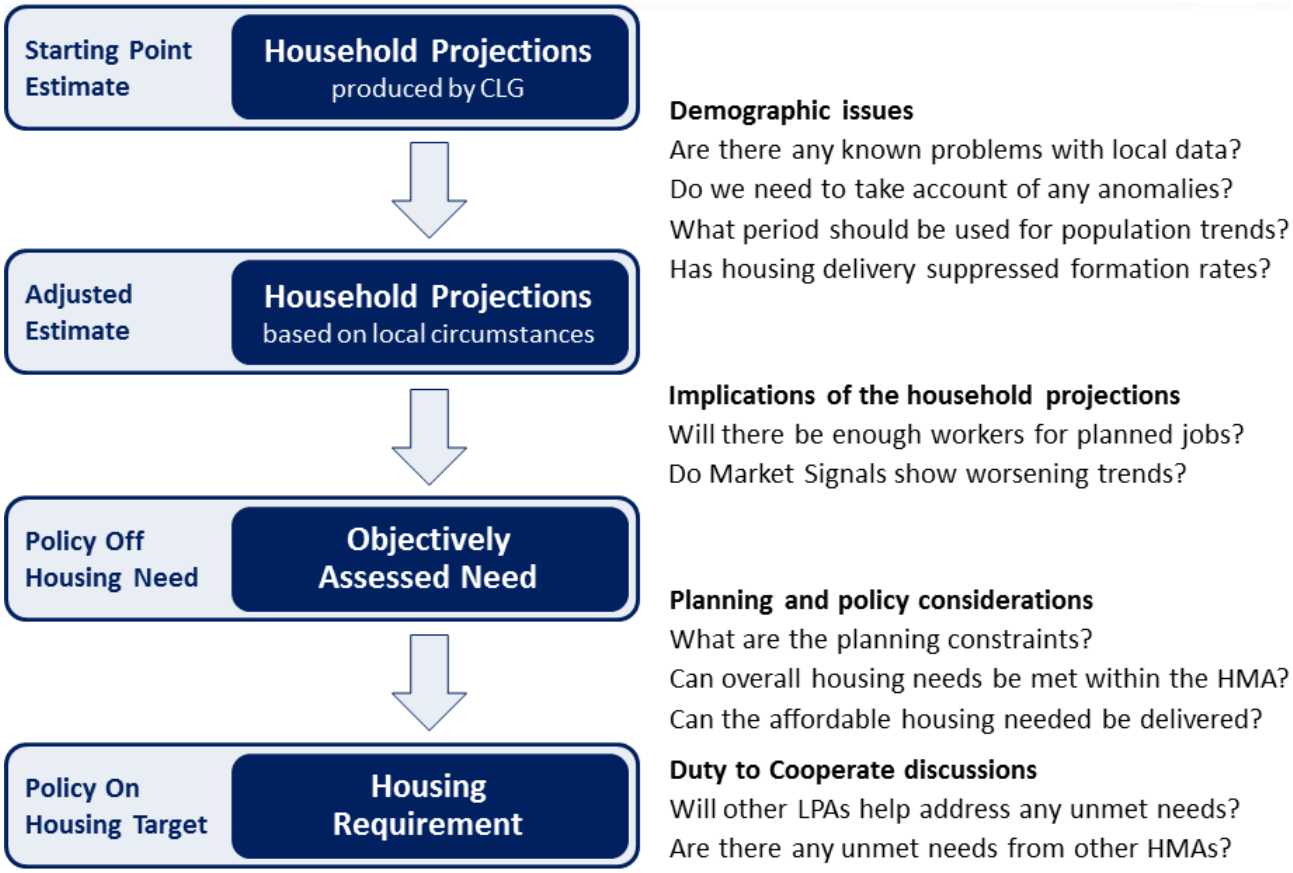
5. The NPPF 2018 also contains a transition period which implies that any Local Plan submitted before January 24th 2019 will be assessed against the NPPF 2012 and existing planning practice guidance.

6. Figure 1 sets out the process for establishing Objectively Assessed Need (OAN) under existing guidance. Planning Policy Guidance (PPG)[1] identifies that *"household projections published by the Department for*

[1] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

*Communities and Local Government should provide the starting point estimate of overall housing need"* (ID 2a-015) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied ('Market Signals') in order to embed the need in the real world.

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




7. This document represents the SHMA for the London Borough of Hillingdon. It considers the needs of Hillingdon as a separate planning authority and the results are then aggregated with the remaining planning authorities across West London to form a sub-regional SHMA as a separate document.

## Household Projections

8. The "starting point" estimate for OAN is the CLG household projections, and the latest published data are the 2014-based projections for period 2014-39. These projections suggest that household numbers across Hillingdon will increase by 42,295 over the 22-year period 2014-36, an average of 1,923 per year.

9. Whilst Planning Practice Guidance published in March 2014 identifies that the CLG household projections will normally provide the starting point estimate, in developing their Local Plans it is necessary for London Boroughs to ensure conformity with the Mayor's Spatial Development Strategy prepared by the Greater London Authority: The London Plan.

10. The London Plan is informed by household projections developed by the GLA. Given this context, the GLA projections have been routinely accepted for establishing overall housing need for London boroughs. The GLA have calculated 2016 based household projections also include scenarios using 5, 10 and 15-year migration trends. On the basis of 10-year migration trends, household numbers in Hillingdon are projected

to increase by 37,404 households over the 22-year period 2014-36, an average of 1,700 per year. Whilst this projection is lower than the CLG 2014-based household projection to 2036 (2,350 p.a.), as this scenario is based on longer-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

11. However, we would still note our concerns around the GLA demographic data. Using alternative reasonable assumptions regarding likely sizes of future households shows a growth in household numbers for 2014-36 of 25,171 households (1,144 per annum).

## Affordable Housing Need

12. Based on evidence of current unmet need for affordable housing and the future household projections, the analysis has identified that the overall housing need should include 1,278 households to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established there to be **5,460 households in need of affordable housing in 2014 in Hillingdon**.

13. Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. Overall, there will be a need to provide additional affordable housing for 14,030 households (14,100 dwellings). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

## Market Signals

14. NPPF sets out that *"Plans should take account of market signals…"* (ID 2a-017) and PPG identifies that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals"*. The SHMA has considered the Market Signals for Hillingdon and compared these to other London Boroughs. On the basis of this data we can conclude that in Hillingdon:

- The increase in lower quartile house prices over the previous 5 years has been greater than for Greater London as a whole; but prices remain below the Greater London lower quartile average;
- Average monthly rents have increased, though by less than for Greater London as a whole, and remain considerably lower than the Greater London average;
- Whilst the affordability ratio has increased over 5 years by more than the percentage increase for Greater London, affordability remains better than for Greater London;
- The percentage of overcrowded households has increased by more than for Greater London, but overall remains below the Greater London average;
- Housing delivery relative to stock has increased by more than for Greater London over 2011-16.

15. The indicators collectively show that circumstances in Hillingdon are generally better than those across other areas of London; so any uplift must be determined in this context. There is no single formula or methodology that can be used to consolidate the implications of the Market Signals. Given the relative market signal indicators for Hillingdon and the scale of uplift which has been applied in authorities such as Redbridge (15%) and Camden (20%), it would seem to be reasonable to consider **an uplift of 15% as appropriate for Hillingdon**

as the area experiences some housing market pressures which which remain significantly lower than the most highly pressurised markets in London.

## Conclusions on OAN

16. Based upon the information set out in the chapter on OAN, Figure 2 summarises the Full Objectively Assessed Need for Housing across Hillingdon, including a 15% response for market signals and 1.9% vacancy and second home rate[2].

17. The two figures presented can be seen to be at either end of a spectrum where one assumes the total number of households in the GLA Central trends projections is correct, while the second assumes that the mix of households is correct. In practice the key issue is that the population of Hillingdon must be accommodated and this can be done in a higher number of smaller dwellings, or fewer larger dwellings.

**Figure 2: Full Objectively Assessed Need for Housing for Hillingdon 2014-36**

| Stage | Hillingdon | |
|---|---|---|
| | GLA Central Trends | GLA "Housing Types" scenario |
| **Demographic starting point: CLG household projections 2014-36** | **42,295** | |
| **Difference between CLG and GLA** | -4,891 | -17,124 |
| **Baseline household projections based on GLA data 2014-36** | **37,404** | **25,171** |
| **Allowance for transactional vacancies and second homes** | +724 | +488 |
| **Housing need based on household projections taking account of local circumstances and vacancies and second homes** | **38,128** | **25,659** |
| **Adjustment for suppressed household formation rates.** Concealed families and homeless households with allowance for vacancies and second homes | 1,278 + 25<br>**= +1,303** | |
| **Baseline housing need based on demographic projections** | **39,431** | **26,962** |
| **In response to market signals**<br>Dwellings needed (in addition to the adjustment for concealed families and homeless households) | **15%** x 38,128 = **5,719**<br>(5,719 - 1,303)<br>**= +4,416** | **15%** x 25,659 = **3,849**<br>(3,849 - 1,303)<br>**= +2,546** |
| **Full Objectively Assessed Need for Housing 2014-36** | **43,848** | **29,507** |

18. Therefore, based upon the GLA 2016 round central trend migration projections the SHMA identifies the Full Objective Assessed Need for Housing in Hillingdon to be a rounded figure of 43,900 dwellings over the 22-year Plan period 2014-36, equivalent to an average of 1,993 dwellings per year.

[2] Source: MHCLG Live Table 615 (vacants), Council Tax Base (second homes)

## Size and Tenure Mix

19. It is possible to calculate the affordability of properties to households who require affordable housing as shown in Figure 3. The overall results clearly indicate that the vast majority of households who require affordable housing would need housing benefit support to afford housing at London Living Rents or Affordable Rent levels. A second category of need that can be identified is a group of nearly 15% of households who require affordable housing and have sufficient income to afford to meet the costs of Affordable Rents. This group therefore can be considered as intermediate housing need.

**Figure 3: Affordability of London Living Rent and Affordable Rent (Source: ORS Housing Model. Note: figures may not sum due to rounding and figures marked "–" are less than 10 dwellings)**

| Dwellings | Low Cost Rent | Intermediate | | TOTAL |
|---|---|---|---|---|
| | Can't afford London Living rent | Able to afford London Living Rent but unable to afford affordable rent | Able to afford "Affordable rents" | |
| **Hillingdon** | | | | |
| 1 bedroom | 840 | - | 210 | 1,000 |
| 2 bedrooms | 4,900 | 220 | 1,150 | 6,300 |
| 3 bedrooms | 4,120 | 330 | 860 | 5,300 |
| 4 bedrooms | 900 | 130 | 150 | 1,200 |
| 5+ bedrooms | 260 | 40 | 40 | 300 |
| **Total** | **11,000** | **700** | **2,400** | **14,100** |

## Analysing the Impact of Changes Proposed by CLG

20. On September 14th 2017, MHCLG published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating OAN. CLG produced a spreadsheet of indicative housing needs figures for every local authority area in England, with the figure for Hillingdon being 595 dwellings per annum.

21. Since the publication of the figures in September 2017 a range of new data has been released which allows for the model to be updated. This includes:

- New affordability data released in March 2018;
- New 2016 based sub-national population projections (SNPP) released in May 2018;
- New 2016 based household projections were released by the Office for National Statistics in September 2018; and
- Changes in Local Plan status including Hammersmith & Fulham adopting their Local Plan and Hillingdon's Local Plan becoming more that 5 years old.

22. The figure for Hillingdon as of September 2018 is 1,682 dwellings per annum.

# 1. Introducing the Study

## Background to the project and wider policy context

1.1 Opinion Research Services (ORS) was commissioned by the West London Housing Partnership to prepare a Strategic Housing Market Assessment (SHMA) for the area, and for each of its constituent planning bodies. The West London Housing Partnership comprises the London Boroughs of Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow and the Old Oak and Park Royal Development Corporation.

1.2 The document represents the SHMA for the London Borough of Hillingdon. It considers the needs of Hillingdon as a separate planning authority and the results are then aggregated with the remaining planning authorities across West London to form a sub-regional SHMA as a separate document.

### Government Policy

1.3 Wider policy issues are considered in more detail in the West London sub-regional SHMA, but to introduce this study and its purposes, the National Planning Policy Framework (NPPF) was updated in July 2018. Prior to July 2018, the NPPF 2012 contained a presumption in favour of sustainable development, and stated that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area.

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

> *To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.*
>
> **National Planning Policy Framework 2012 (NPPF), paragraph 47**

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

1.5 Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014 and was updated in March 2015 and was further updated in September 2018.

## Government Policy: Post July 2018

1.6 The NPPF was updated in July 2018 and contains a number of changes. The underlying theme of sustainable development remains, but in relation of identifying and meeting housing needs several significant changes have been implemented. These include the NPPF 2018 containing:

- No references to housing market areas;
- No mention of Strategic Housing Market Assessments;
- A new standard methodology to underwrite a local housing market assessment;
- A new definition of affordable housing; and
- A housing delivery test to assess if a planning authority is meeting its housing needs.

*60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*

*61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).*

*62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.*

**National Planning Policy Framework 2018 (NPPF), paragraph 60-62**

1.7 The NPPF 2018 also contains a transition period which implies that any Local Plan submitted before January 24th 2019 will be assessed against the NPPF 2012 and existing planning practice guidance.

## Assessing Overall Housing Need: Analysing the Impact of PPG Changes Proposed by CLG

1.8 On September 14th 2017, Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating objectively assessed housing needs (OAN). This contained a number of key proposals:

- The starting point for calculating the OAN for any area should be the most up to date household projections published by CLG;

» While, deviation from this starting point can be considered, the consultation proposals note that; *There should be very limited grounds for adopting an alternative method which results in a lower need*; and

» The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

1.9 CLG produced a spreadsheet of indicative housing needs figures which covers every local authority area in England, with the figure for Hillingdon being 595 dwellings per annum and for Greater London 72,408 dwellings per annum.

1.10 The NPPF 2018 confirms that planning authorities should use the standard methodology for plans to be submitted after January 24th 2019.

1.11 Since the publication of the figures in September 2017 a range of new data has been released which allows for the model to be updated. This includes:

- New affordability data released in March 2018;
- New 2016 based sub-national population projections (SNPP) released in May 2018;
- New 2016 based household projections were released by the Office for National Statistics in September 2018; and
- Changes in Local Plan status including Hillingdon's Local Plan becoming more that 5 years old and therefore no longer having a capped OAN figure.

1.12 Therefore, the figure for Hillingdon as of September 2018 is 1,682 dwellings per annum.

**Figure 4: Estimated Annual OAN Using CLG Standardised Methodology. (Source: CLG and ORS Estimates)**

| Local Authority | Annual OAN | | |
|---|---|---|---|
| | CLG Published Estimate September 2017 | Updated Estimate based upon March 2018 Affordability and 2016 based SNPP | Updated Estimate based upon March 2018 Affordability, and 2016 based ONS household projections |
| Hillingdon | 595 | 2,196 | 1,682 |
| **West London Total** | **14,098** | **12,026** | **8,993** |
| **Greater London Total** | **72,408** | **62,826** | **49,535** |

1.13 However, we would also note that the NPPF 2018 came with the following statement:

- Your attention is drawn to the following wording within the government response document to the revised National Planning Policy Framework:
- "A number of responses to this question provided comment on the proposed local housing need method. The government is aware that lower than previously forecast population projections have an impact on the outputs associated with the method. Specifically, it is noted that the revised projections are likely to result in the minimum need numbers generated by the method being subject to a significant reduction, once the relevant household projection figures are released in September 2018.
- In the housing white paper the government was clear that reforms set out (which included the introduction of a standard method for assessing housing need) should lead to more homes being built. In order to ensure that the outputs associated with the method are consistent with this, we will consider adjusting the method after the household projections are released in September 2018. We will consult on the specific details of any change at that time.
- It should be noted that the intention is to consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in Planning for the right homes in the right places consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid 2020s."

1.14 Therefore, while the NPPF 2018 places a clear duty upon local authorities to use the standard methodology housing assessment number for their area unless they have good reasons not to do so, it is also clear that MHCLG are seeking to revise those figures before it is even formally introduced. At this stage there is no indication of how the methodology will be changed by MHCLG.

.

# 2. Market Signals

## Considering the balance between housing need and supply

### Defining Market Signals

2.1 While the demographic trends set out in Chapter 3 of this document are key to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

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

2.2 The Market Signals include:

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

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

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

### Summary of Market Signals

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

2.5 In terms of headline outputs, the market signals for Hillingdon when compared to other London boroughs are shown below in Figure 5, where indicators marked green are 'better' than for Greater London and indicators marked red are 'worse' than for Greater London:

**Figure 5: Summary of Market Signals**

| | Indicators Relating to Price | | | | | | Indicators Relating to Quantity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Lower quartile house price | | Average monthly rent | | Workplace affordability ratio | | Overcrowded households | | Housing delivery relative to stock | |
| | 2016/17 £ | 5-yr change | 2016/17 £ | 5-yr change | 2016 ratio | 5-yr change | 2011 % | 10-yr change | % 2006-11 | % 2011-16 |
| **England** | **148,100** | **+19%** | **852** | **+21%** | **7.2** | **+7%** | **8.7%** | **+23%** | **4.1%** | **3.3%** |
| **Greater London** | **333,100** | **+54%** | **1,748** | **+33%** | **12.8** | **+42%** | **21.7%** | **+25%** | **4.5%** | **3.8%** |
| **West London Boroughs** | | | | | | | | | | |
| Barnet | 370,000 | +57% | 1,588 | +17% | 15.3 | +36% | 18.0% | +37% | 3.3% | 5.3% |
| Brent | 335,000 | +46% | 1,592 | +22% | 15.3 | +26% | 29.6% | +24% | 5.0% | 4.1% |
| Ealing | 355,000 | +51% | 1,519 | +31% | 17.4 | +57% | 23.6% | +23% | 3.6% | 3.2% |
| Hammersmith & Fulham | 525,000 | +57% | 2,161 | +29% | 20.1 | +66% | 27.6% | +9% | 3.9% | 3.9% |
| Harrow | 350,000 | +52% | 1,417 | +29% | 15.6 | +22% | 16.3% | +37% | 3.8% | 3.2% |
| Hillingdon | 310,000 | +55% | 1,198 | +26% | 12.6 | +45% | 15.9% | +43% | 2.6% | 4.1% |
| Hounslow | 290,000 | +41% | 1,496 | +25% | 11.8 | +30% | 21.8% | +34% | 7.2% | 2.5% |
| **Other London Boroughs** | | | | | | | | | | |
| Barking & Dagenham | 250,000 | +69% | 1,171 | +40% | 10.3 | +48% | 20.1% | +63% | 2.2% | 4.0% |
| Bexley | 260,000 | +54% | 1,086 | +29% | 11.8 | +40% | 8.1% | +29% | 1.7% | 1.9% |
| Bromley | 327,000 | +58% | 1,243 | +20% | 14.4 | +28% | 8.0% | +26% | 2.8% | 1.9% |
| Camden | 510,300 | +53% | 2,138 | +15% | 19.2 | +50% | 32.5% | +9% | 3.6% | 2.8% |
| City of London | 610,000 | +77% | 2,163 | +18% | 16.1 | +64% | - | - | 2.6% | 14.5% |
| Croydon | 270,000 | +56% | 1,104 | +27% | 12.2 | +46% | 16.4% | +43% | 3.6% | 4.4% |
| Enfield | 305,000 | +62% | 1,389 | +33% | 13.8 | +45% | 18.3% | +38% | 3.8% | 2.0% |
| Greenwich | 315,000 | +67% | 1,384 | +38% | 13.3 | +54% | 19.3% | +38% | 2.0% | 5.2% |
| Hackney | 405,000 | +71% | 1,804 | +44% | 16.8 | +79% | 32.2% | +16% | 9.0% | 5.0% |
| Haringey | 375,000 | +63% | 1,518 | +36% | 17.0 | +52% | 28.5% | +28% | 5.9% | 2.6% |
| Havering | 270,000 | +53% | 1,061 | +23% | 12.4 | +38% | 7.4% | +32% | 3.1% | 2.1% |
| Islington | 460,000 | +56% | 1,886 | +22% | 15.4 | +40% | 29.1% | +17% | 9.1% | 5.1% |
| Kensington & Chelsea | 750,000 | +51% | 3,544 | +31% | 32.1 | +46% | 27.1% | -8% | 0.2% | 2.5% |
| Kingston upon Thames | 367,500 | +54% | 1,417 | +48% | 16.5 | +36% | 12.9% | +21% | 1.5% | 2.2% |
| Lambeth | 390,000 | +67% | 1,670 | +29% | 14.9 | +64% | 26.4% | +20% | 5.6% | 4.1% |
| Lewisham | 319,000 | +73% | 1,307 | +39% | 13.1 | +45% | 22.2% | +26% | 4.5% | 5.7% |
| Merton | 345,000 | +57% | 1,608 | +28% | 16.4 | +48% | 16.1% | +30% | 0.5% | 2.8% |
| Newham | 295,000 | +64% | 1,391 | +52% | 12.1 | +36% | 34.9% | +33% | 5.0% | 6.8% |
| Redbridge | 302,500 | +44% | 1,253 | +35% | 12.8 | +22% | 16.9% | +47% | 3.8% | 1.3% |
| Richmond upon Thames | 450,000 | +53% | 1,830 | +39% | 17.1 | +23% | 10.0% | +20% | 2.1% | 2.2% |
| Southwark | 393,300 | +65% | 1,653 | +28% | 13.6 | +50% | 28.8% | +14% | 8.4% | 5.2% |
| Sutton | 276,000 | +53% | 1,159 | +32% | 13.3 | +33% | 10.6% | +25% | 1.5% | 2.4% |
| Tower Hamlets | 373,500 | +59% | 1,801 | +32% | 12.0 | +55% | 34.8% | +19% | 15.3% | 7.4% |
| Waltham Forest | 340,000 | +87% | 1,312 | +42% | 16.5 | +79% | 23.2% | +44% | 4.1% | 3.1% |
| Wandsworth | 483,000 | +74% | 1,853 | +30% | 19.4 | +69% | 20.1% | +22% | 5.8% | 5.2% |
| Westminster | 667,000 | +67% | 2,784 | +16% | 22.3 | +47% | 30.8% | +4% | 7.4% | 3.1% |

2.6 The trends for Hillingdon show:

- The increase in lower quartile house prices over the previous 5 years has been greater than for Greater London as a whole; but prices remain below the Greater London lower quartile average;
- Average monthly rents have increased, though by less than for Greater London as a whole, and remain considerably lower than the Greater London average;
- Whilst the affordability ratio has increased over 5 years by more than the percentage increase for Greater London, affordability remains better than for Greater London;
- The percentage of overcrowded households has increased by more than for Greater London, but overall remains below the Greater London average;
- Housing delivery relative to stock has increased by more than for Greater London over 2011-16.

2.7 Based on house prices, affordability and overcrowding, it is appropriate to consider an uplift to the household projection when establishing OAN in response to market signals. The indicators collectively show that circumstances in Hillingdon are generally better than those across other areas of London; so any uplift must be determined in this context.

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

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

2.9 The PAS Objectively Assessed Need and Housing Targets Technical Advice Note (July 2015) supports this approach as a method to estimate the uplift and says that "where the evidence suggest moderate under-provision…the projected housing need might be increased by 10%". The inspector at the Canterbury Local Plan in August 2015 stated that a 20% uplift was 'very substantial'[3] and a 20% uplift was accepted at the Examination on the London Borough of Camden Local Plan.

2.10 We would also note that impact of market signals adjustments for the Greater London SHMA was an increase of 13.5%, but the GLA SHMA also included under-delivery from 2011-16 taking the final housing requirement to around 25% above the baseline household projections.

2.11 Given the relative market signal indicators for Hillingdon, the views of the Eastleigh, Camden and Canterbury Inspectors and the Greater London SHMA**, it would seem to be reasonable to consider an uplift of 15% to be appropriate for Hillingdon** as the area experiences some housing market pressures which remain significantly lower than the most highly pressurised markets in London.

2.12 It is important to recognise that any uplifts applied when establishing housing need can have a cumulative impact. This was noted by the Inspector examining the County Durham Plan in his interim views (para 42):

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

[3] https://www.canterbury.gov.uk/localplan

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

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

2.14 This is important because we note below in Figure 27 that dwellings in Hillingdon are required for a total of 1,278 concealed and homeless households. **We wish to stress that the proposed 15% uplift for Hillingdon incorporates the adjustment for concealed and homeless households and is not in addition to them.** The final OAN incorporates the 15% uplift.

# 3. Objectively Assessed Need

## Establishing the need for new dwellings

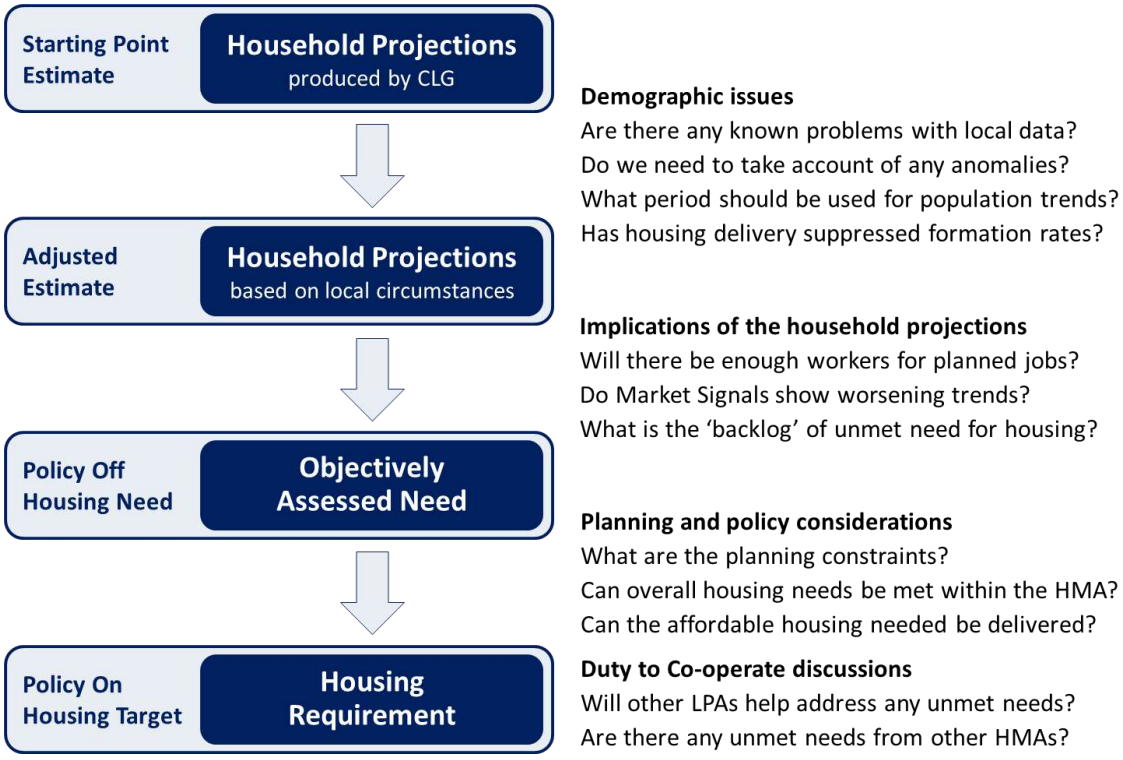
### Process for Establishing Objectively Assessed Need

3.1 The Objective Assessment of Need identifies the quantity of housing needed (both market and affordable) over future plan periods. This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).

3.2 Figure 6 sets out the process for establishing the housing number for Hillingdon. It starts with a demographic process to derive housing need from a consideration of population and household projections. This chapter therefore considers the most appropriate demographic projection on which to base future housing need.

3.3 To establish the Objectively Assessed Need (OAN), external market and macro-economic constraints are applied to the demographic projections ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings. Nevertheless, it is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors should subsequently be considered by the local planning authorities as part of the plan-making process in order to establish the appropriate Housing Requirement and planned housing number.

**Figure 6: Process for establishing the housing number for the HMA (Source: ORS based on NPPF and PPG)**




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

3.5 Whilst Planning Practice Guidance published in March 2014 identifies that the CLG household projections will normally provide the starting point estimate, in developing their Local Plans it is necessary for London

Boroughs to ensure conformity with the Mayor's Spatial Development Strategy prepared by the Greater London Authority: The London Plan.

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

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

3.7 Given this context, whilst the CLG household projections will always provide the *"starting point estimate"*, the GLA projections have been routinely accepted as the basis for establishing overall housing need for London boroughs.

## GLA Projections

3.8 The GLA London-wide SHMA which informed the Further Alterations to the London Plan (FALP) was based on the 2013-round projections, and favoured the scenario based on the 'Central variant' assumptions. This assumed short-term migration trends would persist for the initial 5-year period of the projection (2012-17); however, for later years of the projection, it was assumed that domestic migration outflows would increase by 5% and inflows would reduce by 3% to reflect longer-term trends.

3.9 The GLA has since published 2014-round projections (based on population estimates to mid-2013), 2015-round projections (based on population estimates to mid-2014), 2015-based interim projections and 2016-based projections. These projections now include three trend-based scenarios for future years – one based on short-term migration (taking trends for a 5-year period), a central scenario (taking trends for a 10-year period), and one based on long-term migration (taking trends for a 15-year period).

3.10 Figure 7 and Figure 8 show the projected number of households based on the three scenarios from the 2013-round projections and the three scenarios from the 2016-based projections. The GLA 2016-round central migration scenario (based on migration trends for the 10-year period 2006-2016) is the nearest equivalent to the 2013-round 'Central variant'; and this normally provides the most appropriate and up-to-date demographic projection for establishing OAN for London boroughs.

**Figure 7: Household estimates and projections for Hillingdon for the period 2001-2041 (Source: CLG estimates 2001-11; GLA estimates and projections 2011-41)**

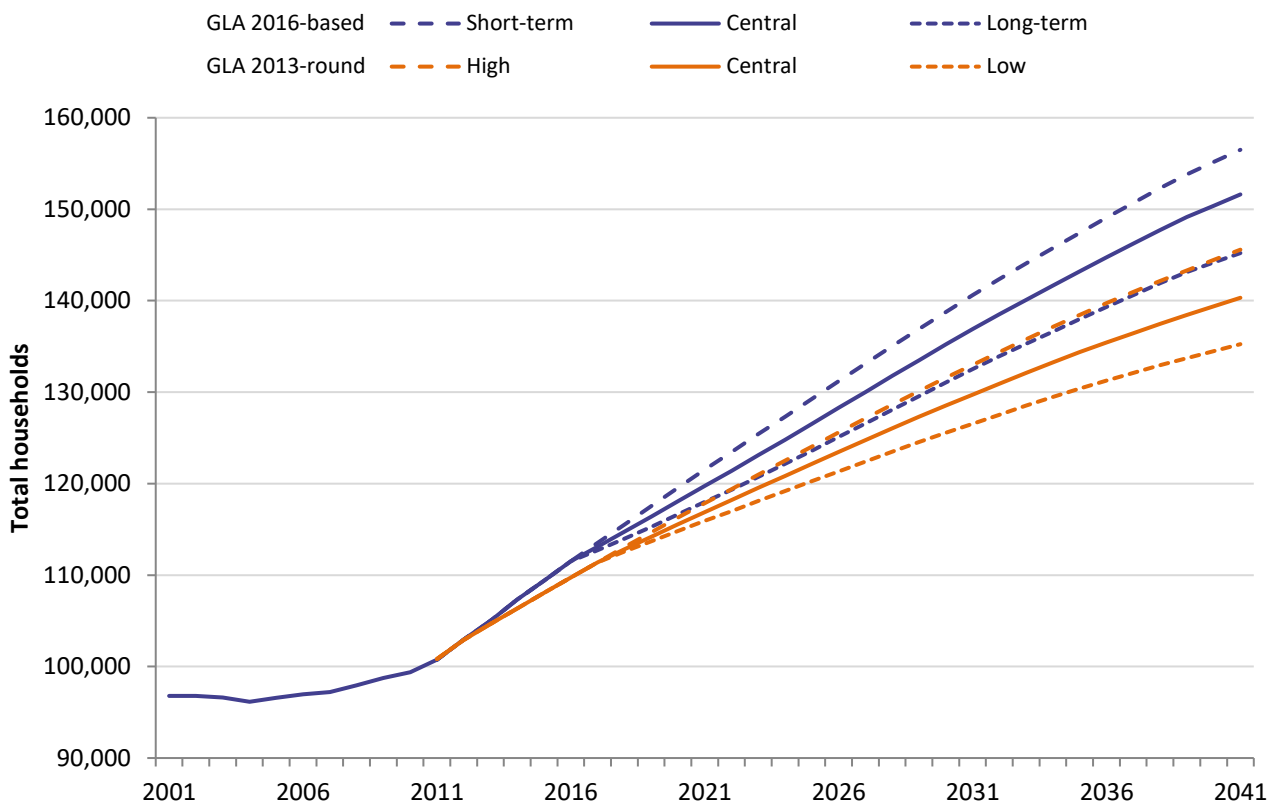



**Figure 8: Hillingdon household projections 2014-36 (Source: GLA; CLG. Note: All figures presented unrounded for transparency)**

| | | Projection base date | Migration trends | Total households | | |
|---|---|---|---|---|---|---|
| | | | | 2014 | 2036 | Change 2014-36 |
| **CLG Household Projections** | **2014-based (PPG "starting point")** | **2014** | **2009-14** | **107,342** | **149,637** | **+42,295** |
| | 2012-based | 2012 | 2007-12 | 106,375 | 145,854 | +39,479 |
| **GLA 2016-based Projections** | Short-term trend | 2016 | 2011-16 | 107,341 | 149,074 | +41,733 |
| | **Central trend (basis for GLA 2017 SHMA)** | **2016** | **2006-16** | **107,341** | **144,745** | **+37,404** |
| | Long-term trend | 2016 | 2001-16 | 107,341 | 139,311 | +31,970 |
| **Previous GLA Projections** | 2015-based: Central trend | 2015 | 2005-15 | 107,341 | 141,977 | +34,636 |
| | 2015-round: Long-term trend | 2014 | 2002-14 | 107,427 | 138,735 | +31,308 |
| | 2014-round: Long-term trend | 2013 | 2001-13 | 105,810 | 132,555 | +26,745 |
| | **2013-round: Central variant (basis for GLA 2013 SHMA)** | **2012** | **2007-12 adjusted** | **103,363** | **135,431** | **+32,068** |

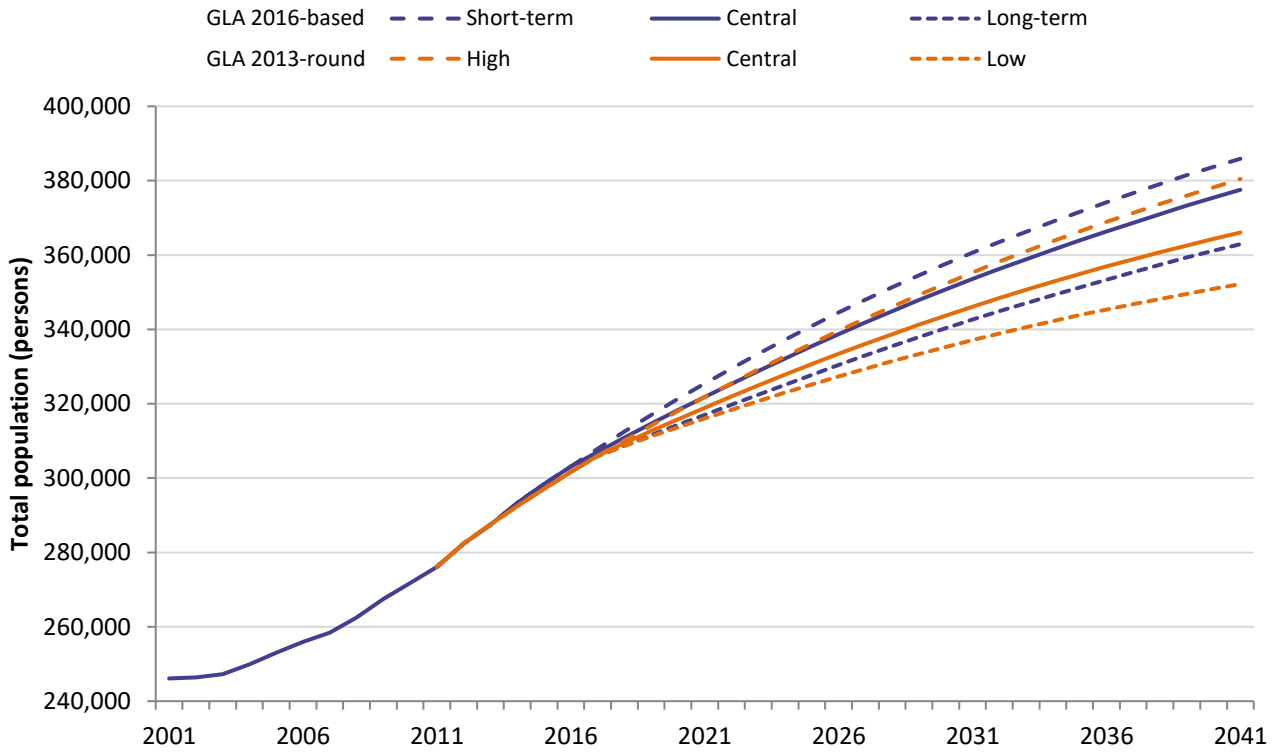
3.11 The GLA 2016-round central trend migration scenario projects an increase of 37,400 households over the period 2014-36, which is notably higher than the 32,100 household growth that was projected by the previous 2013-round 'Central variant' for the same period.

3.12 Both of these projections to 2036 are notably lower than the CLG 2014-based projection, which projects increases of 42,300 households. However, the CLG 2014-based projections are based on 5-year migration which the GLA does not consider to be appropriate for planning housing in London. Nevertheless, the GLA

2016-round high variant scenario was also based on 5-year migration trends, and this projected an increase of 41,700 households – a lower growth than the previous 5-year trend projections.

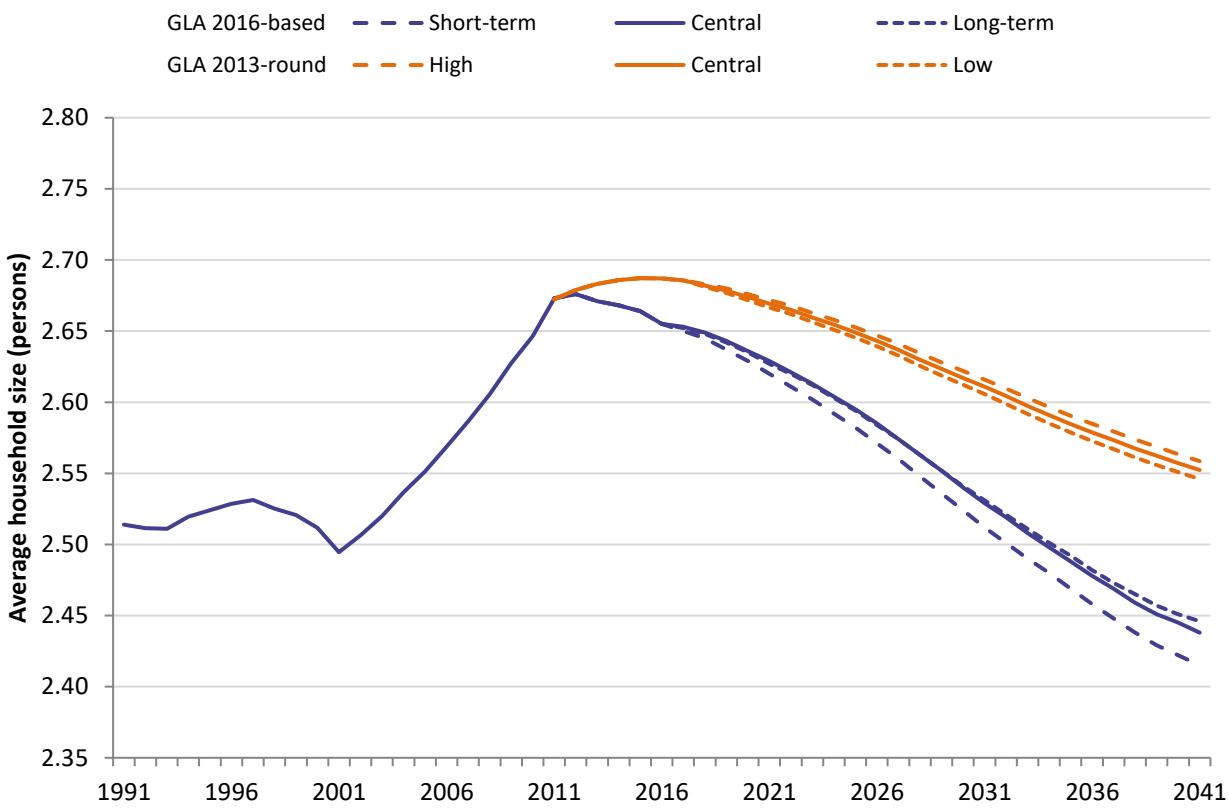
3.13 The number of households is influenced by two key determinants: the size of the population and the average number of persons in each household[4]. Figure 9 shows the population projections based on the three scenarios from the 2013-round projections and the three scenarios from the 2016-based projections; and Figure 10 shows the average household size projected by each scenario.

**Figure 9: GLA population estimates and projections for Hillingdon for the period 2001-2041 (Source: GLA)**




[4] Note that average household size is an output from the household projections; the number of households is determined by probabilities of each person representing a household (based on their age, gender and relationship status) known as Household Representative Rates

**Figure 10: Average household size estimates and projections for Hillingdon for the period 1991-2041 (Source: CLG estimates 1991-2011; GLA estimates and projections 2011-41)**



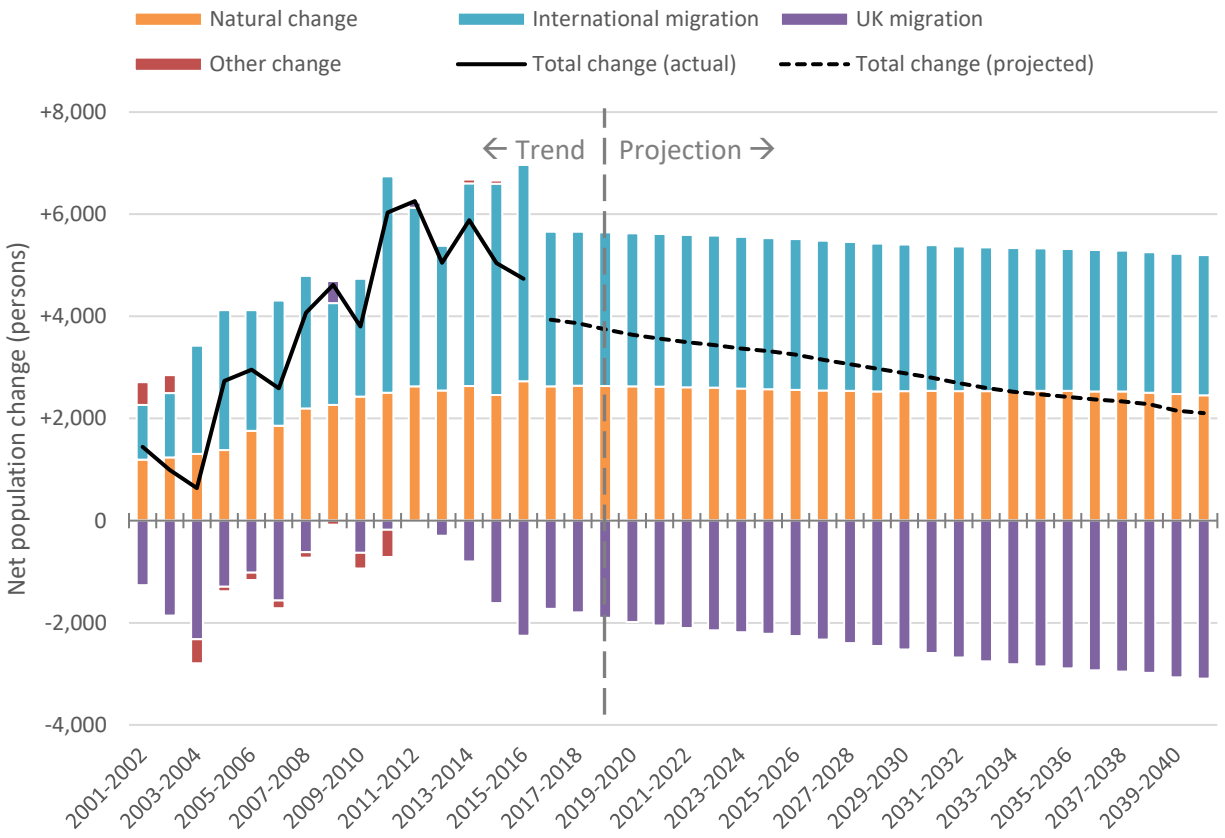

3.14 It is evident that there are notable similarities in the population projections, but underlying differences between the two household size projections derived from them:

- The 2013-round and 2016-round population projections are similar in each of the three scenarios. The 2013 High and 2016 Short-term scenario projections follow a similar trajectory resulting in a difference of 5,250 by 2036. Also by 2036, the difference between the 2013-round and 2016-round central points is less than 9,400 (366,300 compared to 356,900). By 2036, the difference between the 2013-round Low scenario and 2016-round Long-term scenario is about 8,000.
- The household size estimates based on the two population projections diverge. The 2013-round household projections suggest that household sizes will reduce from 2.69 persons in 2016 to between 2.57 and 2.59 persons by 2036. In contrast, the 2016-round projection suggests a greater change; a reduction from 2.66 persons in 2016 to between 2.46 and 2.48 persons in 2036.

3.15 The 2016-round long-term migration scenario projects that the population will increase by around 63,600 persons over the 22-year period 2014-36; similar to the 64,500 person increase that was projected by the 2013-round 'Central variant' scenario (on which the targets within the FALP were based). However, the 2016-round central trend projects that the population will increase by around 73,000 over the same period. As a point of comparison, the ONS Mid-Year Estimates identify that the population increased by around 58,230 persons over the previous 22-year period 1992-2014, and 63,760 persons over the more recent 22 year period 1994-2016.

3.16 Figure 11 illustrates the trend-based components of population change for the period 2001-2017 together with the projected components of change based on the 2016-round central migration scenario.

**Figure 11: Components of net population change for Hillingdon: annual trends 2001-16 and GLA 2016-based projections 2016-41 (Source: ONS mid-year estimates; GLA 2016-based population projection central trend scenario)**




3.17 Population growth for the 10-year period 2007-16 inclusive (on which the GLA 2016-round central-trend migration scenario trends are based) averaged 5,050 persons each year. In contrast, the 2016-round central-trend migration scenario projects an average growth of 3,160 persons each year up to 2036. The projection is consistent with past trends in terms of natural change, but projected UK based outward migration is larger than the trend-based data – which inevitably raises some doubt about the projection.

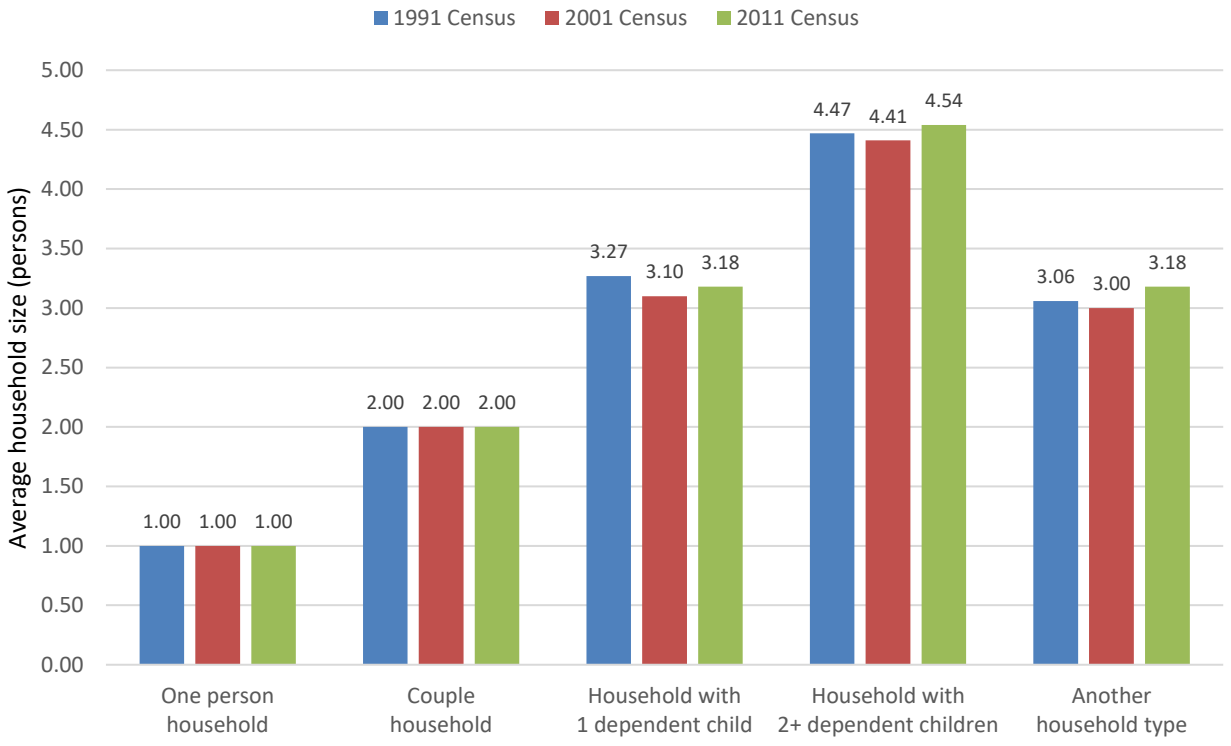
3.18 A reduction in average household size would suggest that there was likely to be progressively more small households and fewer large households over time; and an average household size of less than 2.0 persons would imply a larger number of 1 person households than households with 3 or more persons. The GLA 2016-round central-trend migration scenario projects that average household sizes will remain above 2.0 persons to 2036. The projections also show an increase in the number and reduction in the proportion of single person households and couple households (Figure 12) with similar proportional reductions in households with two dependent children. The only household type which is projected to increase proportionally is "other" households.

3.19 Figure 13 shows that the average size of each of the different household types has remained relatively stable over the last 20 years, so overall changes in average household size have been predominantly due to changes in the overall household mix.

**Figure 12: Hillingdon household projections by household type based on GLA 2016-based central trend scenario 2014-36 (Source: GLA. Note: All figures presented unrounded for transparency)**

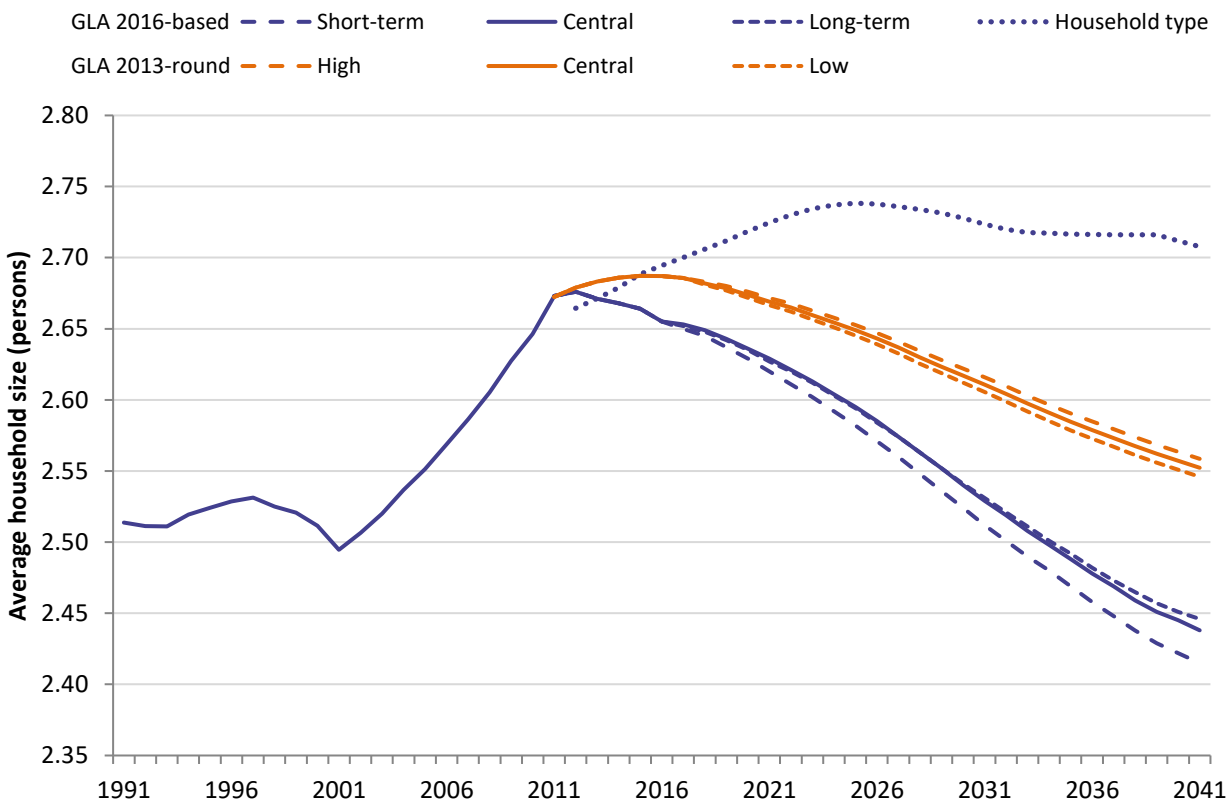
| | Total households | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2036 | | 2014-36 | |
| | N | % | N | % | N | % points |
| One person household | 26,556 | 24.7% | 33,296 | 23.0% | +6,740 | -1.7% |
| Couple household | 21,003 | 19.6% | 23,777 | 16.4% | +2,774 | -2.2% |
| Households with dependent children | | | | | | |
| One dependent child | 17,100 | 15.9% | 23,435 | 16.2% | +6,335 | +0.3% |
| Two dependent children | 14,312 | 13.3% | 16,324 | 11.3% | +2,012 | -2.0% |
| Three or more dependent children | 6,880 | 6.4% | 8,212 | 5.7% | +1,332 | -0.7% |
| Another household type | 21,490 | 20.0% | 39,701 | 27.4% | +18,211 | +7.4% |
| **All household types** | **107,341** | **100.0%** | **144,745** | **100.0%** | **+37,404** | **-** |

**Figure 13: Hillingdon average household size by household type (Source: UK Census of Population 1991, 2001 and 2011)**




3.20 Although the GLA 2016-round central-term migration scenario suggests that household sizes will fall to an average of around 2.48 persons by 2036, the household mix projected by the same projections combined with average household sizes identified by 2011 Census data (Figure 13) suggests that the average household size would only decrease to 2.72 persons by 2036, as illustrated in the following chart (Figure 14). This is notably higher than the household size that is suggested by the same projection, so there is an internal inconsistency with this data.

**Figure 14: Average household size estimates and projections for Hillingdon for the period 1991-2041, including overall average household size implied by projected household mix based on sizes recorded by 2011 Census data (Source: CLG estimates 1991-11; GLA estimates and projections 2011-41; Census 2011)**




3.21 It is a very significant issue that it is not possible to reconcile the population projections, total household projections and the household type projections for London boroughs. **If the population and total household projections for London are taken to be correct, then the household type projections cannot be correct.** Similarly, if the household type projections are taken to be correct at least one of the population or total household projections must be wrong.

3.22 It is helpful to recognise that the difficulties with the household projections arise from data published by CLG (which is adopted uncritically by the GLA when converting their independent population projections to household numbers). The key driver for the issue of household sizes is the household representative rates (HRRs) used by CLG in producing their household projections.

3.23 HRRs provide the probability of a households being a household representative and these currently draw on data from as far back as the 1971 Census. Therefore, HRRs are based upon long-term data, so the drop in household sizes projected reflects data from 1971 onwards for West London, not just recent data.

3.24 CLG had previously identified problems with the current approach and they had planned to improve the methodology used for the household projections. However, the Government announced in January 2017 that responsibility for these projections would be passed to ONS with immediate effect.

3.25 The ONS ran a consultation in January 2017 about proposed changes to the household projection methodology and, the 2016 based household projection followed through with these changes and now work with only data from the 2001 Census onwards. It is now possible to show the impact of these changes, as we have done in Figure 4 and they reduced the overall household need for Greater London by around 23,000 dwellings per annum, with 5,000 of these being in West London.

3.26 Considering the overall impact on the projections for Hillingdon in this context; the 2016-round central-term migration scenario projected a population of 366,300 persons for 2036, and of these 358,700 persons formed the household population (with the remaining 7,600 persons forming the institutional population living in communal establishments). Given an average household size of 2.25 persons, this implies a total of 159,400 households (358,700 divided by 2.25). However, taking forward the 'Household Type' line in Figure 14 would show a growth in household numbers of 25,170 households (1,144 per annum).

3.27 What is evident is that there are inherent uncertainties surrounding both the population and household projections, due in large part to the difficulties of establishing reliable trends at a local area. This is particularly difficult when working with data for London boroughs.

## Establishing Objectively Assessed Need for Hillingdon

3.28 The earlier part of this Chapter sets out the context for calculating OAN. Our approach for this section follows the format of the earlier section, with specific reference to Hillingdon. Essentially, therefore, this section is concerned with:

- CLG 2014-based household projections (the starting point);
- GLA 2016 based household projections
- Market signals, incorporating an uplift for concealed families;
- Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.

### CLG Household Projections

3.29 The "starting point" estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers across Hillingdon will increase by 42,295 over the 22-year period 2014-36, an average of 1,923 per year.

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

> *"The 2014-based household projections are linked to the Office for National Statistics 2014-based sub-national population projections.* ***They are not an assessment of housing need*** *or do not take account of future policies, they are an indication of the likely increase in households given the* ***continuation of recent demographic trends****."*

3.31 The ONS 2014-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2009-2014. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

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

## GLA Adjustments

3.33 The GLA have calculated 2016 based household projections also include scenarios using 5, 10 and 15-year migration trends. On the basis of 10-year migration trends, household numbers in Hillingdon are projected to increase by 37,404 households over the 22-year period 2014-36, an average of 1,700 per year.

3.34 Whilst this projection is lower than the CLG 2014-based household projection to 2036 (1,923 p.a.), as this scenario is based on longer-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

3.35 However, we would still note our concerns around the GLA demographic data and as an alternative scenario, taking forward the 'Household Type' line in Figure 14 would show a growth in household numbers for 2014-36 of 25,171 households (1,144 per annum). We have therefore included this figure as an alternative scenario in the OAN figures set out below.

# Employment Trends

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

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

3.37 The key issue here is that the balance between jobs and workers must be at the Housing Market Area, not local authority level. Therefore, this issue is explored in more detail in the West London sub-regional SHMA but in summary, the GLA projects that West London will deliver 210,000 extra jobs over the 25-year period 2016-41; the West London SHMA has considered the alignment with workers based on employment growth at this rate (8,400 jobs per year), assuming levels of unemployment do not change.

3.38 This combined increase of 210,000 jobs across the area would suggest broad alignment with the projected increase in workers given second job and current commuting patterns. **On this basis, there is no need to uplift housing delivery to align the increase in workers with the increase in jobs.**

## Market Signals

3.39 As previously noted, PPG suggests that "*household projections should be adjusted to reflect appropriate market signals*" where there is a "*worsening trend in any of these indicators*" (paragraphs 19-20). As discussed in Chapter 2, it is appropriate to consider an uplift to the household projection when establishing OAN in response to market signals.

3.40 Given the relative market signal indicators for the area, the views of the Eastleigh, Camden and Canterbury Inspectors and the Greater London SHMA, it would seem to be reasonable to consider an uplift of 15% to be reasonable for Hillingdon. This 15% uplift is included in the full OAN.

## Conclusions on OAN

3.41 Based upon the information set out above, Figure 15 summarises the Full Objectively Assessed Need for Housing across Hillingdon, including a 15% response for market signals and 1.9% vacancy and second home rate.

**Figure 15: Full Objectively Assessed Need for Housing for Hillingdon 2014-36**

| Stage | Hillingdon | |
|---|---|---|
| | GLA Central Trends | GLA "Housing Types" scenario |
| **Demographic starting point: CLG household projections 2014-36** | **42,295** | |
| **Difference between CLG and GLA** | -4,891 | -17,124 |
| **Baseline household projections based on GLA data 2014-36** | **37,404** | **25,171** |
| **Allowance for transactional vacancies and second homes** | +724 | +488 |
| **Housing need based on household projections taking account of local circumstances and vacancies and second homes** | **38,128** | **25,659** |
| **Adjustment for suppressed household formation rates.** Concealed families and homeless households with allowance for vacancies and second homes | 1,278 + 25<br>**= +1,303** | |
| **Baseline housing need based on demographic projections** | **39,431** | **26,962** |
| **In response to market signals**<br>Dwellings needed (in addition to the adjustment for concealed families and homeless households) | **15%** x 38,128 = **5,719**<br>(5,719 - 1,303)<br>**= +4,416** | **15%** x 25,659 = **3,849**<br>(3,849 - 1,303)<br>**= +2,546** |
| **Full Objectively Assessed Need for Housing 2014-36** | **43,848** | **29,507** |

3.42 The OAN includes the 'backlog' of unmet needs of homeless and other households living in unacceptable accommodation that will exist at 2014 and identified all needs arising over the 22-year period 2014-36, so there is no need to include any further 'backlog' of additional unmet need for housing at the start of new Plan period beyond the 15% market signal response.

3.43 Of course, it is important to remember that "establishing future need for housing is not an exact science" (PPG paragraph 14). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

3.44 Therefore, based upon the GLA 2016 round central trend migration projections the SHMA identifies the Full Objective Assessed Need for Housing in Hillingdon to be a rounded figure of 43,900 dwellings over the 22-year Plan period 2014-36, equivalent to an average of 1,993 dwellings per year.

3.45 This figure compares with the Hillingdon SHMA 2016 OAN of 1,674 per annum over the period 2014-36 and a figure of 1,695 from the CLG Standard methodology by Spetember 2018. Since the time of the production of the Hillingdon SHMA 2016 new data has been released which impacts upon the OAN. However, the 2016 SHMA contained bespoke demographic modelling and it is noticetable that the figure 1,674 sits in the middle of the range between 1,341 and 1,993. Overall, to be consistent with the GLA SHMA 2017 the OAN requires to be 1,993 for Hillingdon, but for reasons explored in more detail in the West London sub-regional study we do have concerns that this figure is at the upper end of the potential OAN figures.

# 4. Affordable Housing Need

## Identifying households who cannot afford market housing

### Introduction

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

4.2 While this chapter focuses upon the need for affordable housing under current national definitions until July 2018 it also considers the impact of the changes introduced in the NPPF July 2018. A wider discussion of the change in the definition of affordable housing is considered in more detail in the West London sub-regional SHMA. That document also considers the modelling approach adopted in the Greater London SHMA 2017 in more detail.

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

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

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

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

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

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

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

4.6 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

4.7 We would note at the outset that the NPPF July 2018 defines affordable housing to include a wider range of Low Cost Home Ownership (LCHO) products that are not subject to 'in perpetuity' restrictions or where the subsidy is recycled for alternative affordable housing provision. This represents a fundamental revision of the definition of affordable housing. It is also likely to require a complete revision of PPG sections relating to affordable housing as changing the definition for the supply of affordable housing will also change the nature of households who qualify for affordable housing. Therefore, while affordable housing supply may rise under the new definitions, the number of households who qualify as being in affordable housing need will also rise.

# Past Trends and Current Estimates of the Need for Affordable Housing

## Local Authority Data: Homeless Households and Temporary Accommodation

4.8 In Hillingdon, there has been a downward trend in households living in temporary accommodation. There were 1,873 such households in 2004; this had reduced to 549 in 2014.

**Figure 16: Households in temporary accommodation in Hillingdon (Source: CLG P1E returns for March 2004 and March 2014)**

| | | Hillingdon | | | England 2014 |
|---|---|---|---|---|---|
| | | 2004 | 2014 | Net change 2004-14 | |
| **Households in temporary accommodation** | Bed and breakfast | 138 | 211 | +73 | - |
| | Hostels | 98 | - | -98 | - |
| | Local Authority or RSL stock | 83 | 77 | -6 | - |
| | Private sector leased (by LA or RSL) | 1,389 | 209 | -1,180 | - |
| | Other (including private landlord) | 165 | 52 | -113 | - |
| | **TOTAL** | **1,873** | **549** | **-1,324** | **-** |
| | *Rate per 1,000 households* | 18.5 | 5.1 | -13.4 | 2.6 |
| Households accepted as homeless but without temporary accommodation provided | | 98 | **7** | -91 | **-** |

4.9 It is evident that statutory homelessness has not become significantly worse in Hillingdon over the period since 2004, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however many households facing homelessness are now offered private rented housing.

4.10 The Localism Act 2011, which amended the Housing Act 1996, gave Councils the power to discharge the main homelessness duty through offering a private rented sector tenancy. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2011 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

## Census Data: Concealed Households and Overcrowding

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

### Concealed Families

4.12 The number of concealed families living with households in Hillingdon increased from 1,141 to 2,567 over the 10-year period 2001-11, an increase of 1,426 families (125%).

**Figure 17: Concealed families in Hillingdon by age of family representative (Source: Census 2001 and 2011)**

| | 2001 | 2011 | Net change 2001-11 |
|---|---|---|---|
| Aged under 25 | 157 | 330 | +173 |
| Aged 25 to 34 | 334 | 963 | +629 |
| Aged 35 to 44 | 187 | 272 | +85 |
| Aged 45 to 54 | 76 | 249 | +173 |
| **Sub-total aged under 55** | **754** | **1,814** | **+1,060** |
| Aged 55 to 64 | 128 | 214 | +86 |
| Aged 65 to 74 | 198 | 325 | +127 |
| Aged 75 or over | 61 | 214 | +153 |
| **Sub-total aged 55 or over** | **387** | **753** | **+366** |
| **All Concealed Families** | **1,141** | **2,567** | **+1,426** |

4.13 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 1,426 families over the period 2001-11, nearly three quarters (74%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

## Sharing Households

4.14 The number of sharing households reduced from 98 to 96 over the 10-year period 2001-11 (Figure 18), a reduction of 2 households (2%).

**Figure 18: Shared Dwellings and Sharing Households in Hillingdon (Source: Census 2001 and 2011)**

| | 2001 | 2011 | Net change 2001-11 |
|---|---|---|---|
| Number of shared dwellings | 34 | 28 | -6 |
| Number of household spaces in shared dwellings | 104 | 111 | +7 |
| **All Sharing Households** | **98** | **96** | **-2** |
| Household spaces in shared dwellings with no usual residents | 6 | 15 | +9 |

4.15 Figure 19 shows that the number of multi-adult households living in the area increased from 5,114 to 7,049 households over the same period, an increase of 1,935 (38%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes Houses in Multiple Occupation (HMOs) with shared facilities, where for most purposes, the residents are not defined as forming a single household, as well as single people living together as a group who are defined as a single household for most purposes, and individuals with lodgers.

**Figure 19: Multi-adult Households in Hillingdon (Source: Census 2001 and 2011)**

| | 2001 | 2011 | Net change 2001-11 |
|---|---|---|---|
| Owned | 2,998 | 3,381 | +383 |
| Private rented | 1,608 | 3,074 | +1,466 |
| Social rented | 508 | 594 | +86 |
| **All Households** | **5,114** | **7,049** | **+1,935** |

4.16 The growth in multi-adult households was focused particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 1,466 households (an increase from 1,608 to 3,074 households) over the period.

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

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

## Overcrowding

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

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

4.20 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

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

4.21 For Hillingdon, overcrowding increased from 10,718 to 15,891 households (an increase of 5,173) over the 10-year period 2001-11 (Figure 20). The percentage of overcrowded households has also increased from 11.1% to 15.9%. When considered by tenure, overcrowding has increased by 261 households in the owner occupied sector, increased by 1,166 households in the social rented sector with the largest growth in the private rented sector where the number has increased from 2,415 to 6,161, a growth of 3,746 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 22.3% to 32.1%. Percentages for Greater London and the English average are also shown.

**Figure 20: Proportion of overcrowded households 2011 for Hillingdon and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

| | Occupancy rating (rooms) | | | | | | Occupancy rating (bedrooms) | |
|---|---|---|---|---|---|---|---|---|
| | 2001 | | 2011 | | Net change 2001-11 | | 2011 | |
| | N | % | N | % | N | % | N | % |
| **Hillingdon** | | | | | | | | |
| Owned | 4,772 | 6.8% | 5,033 | 7.8% | +261 | +14% | 3,445 | 5.4% |
| Private rented | 2,415 | 22.3% | 6,161 | 32.1% | +3,746 | +44% | 3,531 | 18.4% |
| Social rented | 3,531 | 21.9% | 4,697 | 28.0% | +1,166 | +28% | 2,775 | 16.6% |
| **All Households** | **10,718** | **11.1%** | **15,891** | **15.9%** | **+5,173** | **+43%** | **9,751** | **9.7%** |
| **All Households** | | | | | | | | |
| **ENGLAND** | **-** | **7.1%** | **-** | **8.7%** | **-** | **+23%** | **-** | **4.6%** |
| Greater London | - | 17.3% | - | 21.7% | - | +25% | - | 11.3% |

## English Housing Survey Data

## Overcrowding

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

4.23 The measure of overcrowding used by the EHS provides a consistent measure over time however the definition differs from both occupancy ratings provided by the Census. The EHS approach[5] is based on a "bedroom standard" which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

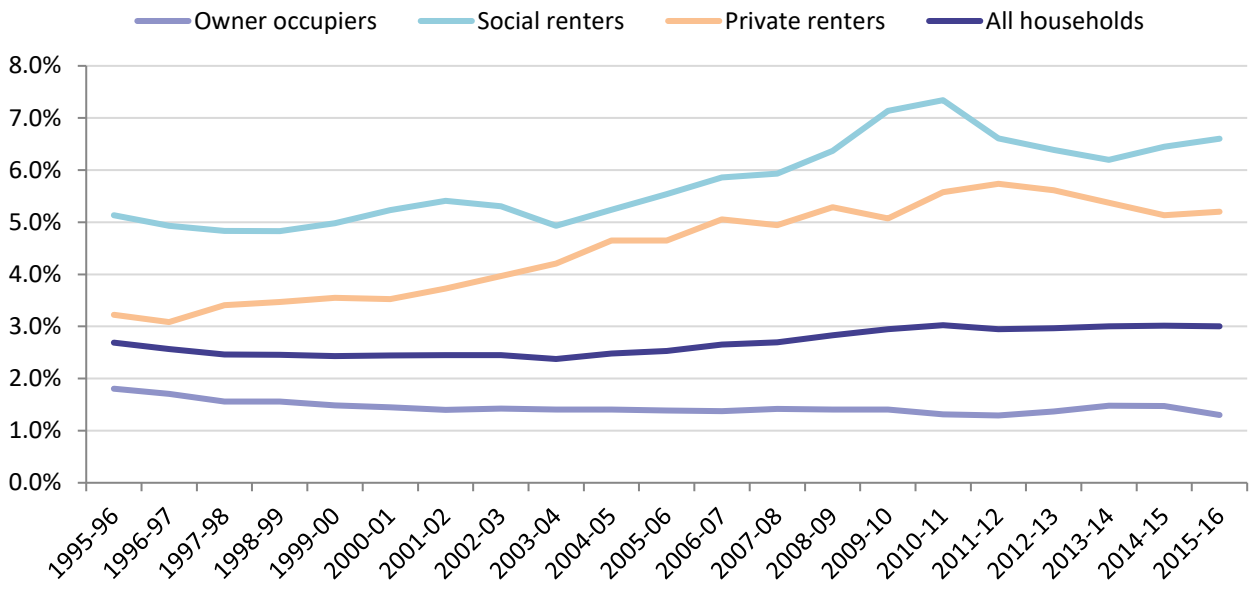
> *"The 'bedroom standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting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

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

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

4.24 Nationally, overcrowding rates increased for households in both social and private rented housing. While the proportion of overcrowded households declined in both sectors since 2011, both have increased since 2014. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

**Figure 21: Trend in overcrowding rates for England by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)**




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

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

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

4.27 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Hillingdon, we can estimate overcrowding using the bedroom standard. Figure 22 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms.

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

4.28 Based on the bedroom standard, it is estimated that 1,945 owner occupied, 1,365 private rented and 1,703 social rented households were overcrowded in Hillingdon in 2014. Student households have been excluded from this calculation given that their needs are assumed to be transient.

**Figure 22: Estimate of the number of overcrowded households in Hillingdon by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)**

| | Owned | | Private Rented | | Social Rented | |
|---|---|---|---|---|---|---|
| **ENGLAND** | | | | | | |
| **EHS bedroom standard 2011**<br>Percentage of households overcrowded [A] | | 1.3% | | 5.6% | | 7.3% |
| **Census occupancy rating**<br>Percentage of households overcrowded [B] | *Bedrooms*<br>2.3% | *Rooms*<br>3.3% | *Bedrooms*<br>8.8% | *Rooms*<br>20.2% | *Bedrooms*<br>8.9% | *Rooms*<br>16.9% |
| Proportion of these overcrowded households based on bedroom standard [C = A ÷ B] | 57% | 40% | 64% | 28% | 83% | 43% |
| **HILLINGDON** | | | | | | |
| **Census occupancy rating**<br>Number of overcrowded households [D] | *Bedrooms*<br>3,445 | *Rooms*<br>5,033 | *Bedrooms*<br>3,531 | *Rooms*<br>6,161 | *Bedrooms*<br>2,775 | *Rooms*<br>4,697 |
| Full-time student households [E] | 528 | 573 | 1,159 | 1,463 | 218 | 248 |
| Overcrowded households (excluding students) [F = D - E] | 2,917 | 4,460 | 2,372 | 4,698 | 2,557 | 4,449 |
| Estimate of overcrowded households based on the bedroom standard [G = C × F] | **1,663** | **1,784** | **1,518** | **1,315** | **2,122** | **1,913** |
| **Estimate of overcrowded households in 2011 based on the bedroom standard (average)** | | **1,723** | | **1,417** | | **2,018** |
| **EHS bedroom standard**<br>Change in overcrowding from 2011 to 2014 | | +13% | | -4% | | -16% |
| **Estimate of overcrowded households in 2014 based on the bedroom standard** | | **1,945** | | **1,365** | | **1,703** |

## Housing Condition

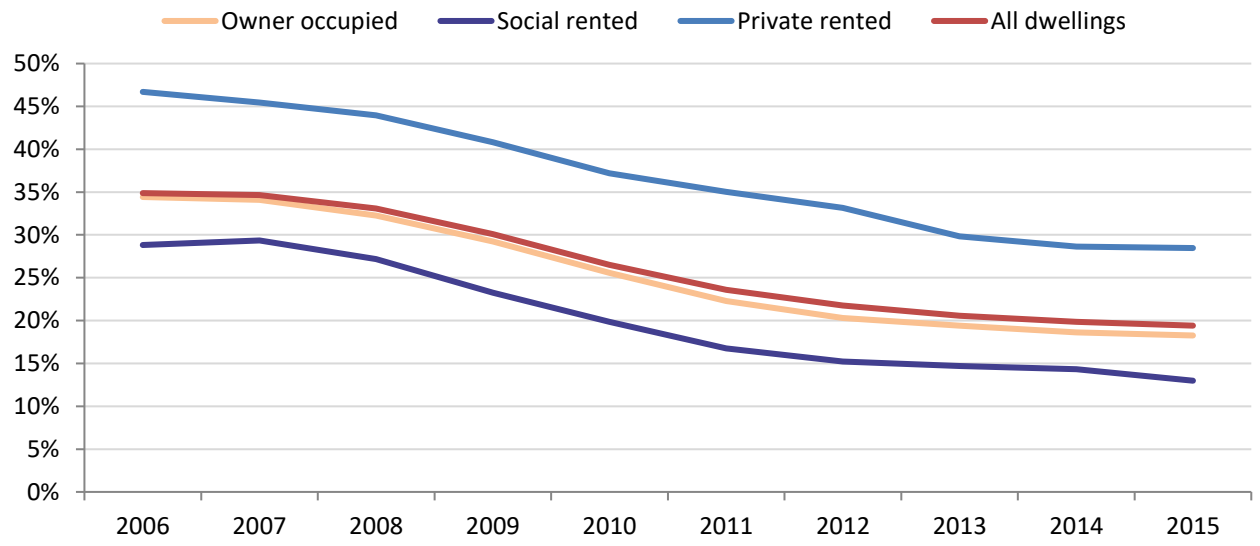
4.29 The Decent Homes Standard provides a broad measure of housing condition. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
- Be in a reasonable state of repair; and
- Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
- Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

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

4.31 Figure 23 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, over a quarter of the private rented sector (28.5%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

**Figure 23: Trend in non-decent homes in England by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)**




## Housing Register Data

4.32 The local authority housing register and transfer lists are managed through an assisted choice letting system; households are offered properties which meet their needs.

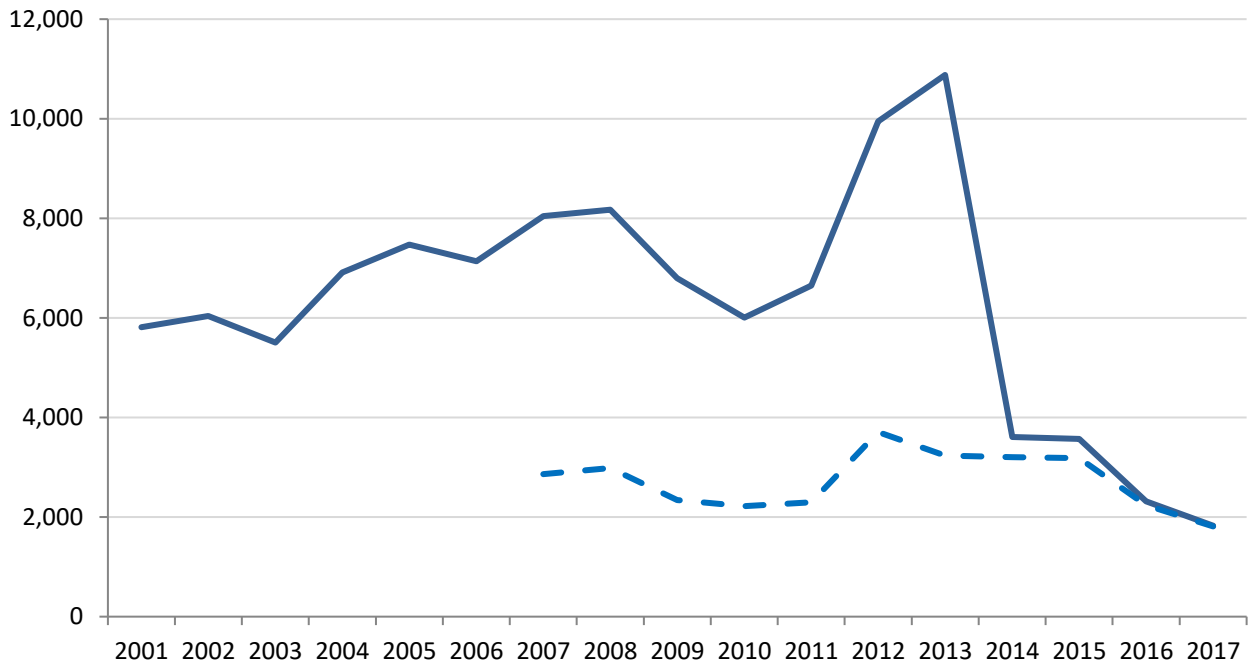
4.33 Figure 24 shows the trend in households on the housing registers over the period since 2001.

4.34 Overall, the trends show that the number of households registering for affordable housing between 2001 and 2017 has fallen sharply since 2013. The criteria for joining the housing registers in many areas changed as a result of policy changes following the Localism Act, often with households only qualifying for the housing register where they have a local connection, and households with adequate financial resources (including owner occupiers) not being eligible. This is important context for understanding trends in numbers on housing registers.

4.35 Figure 24 also shows the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

- Legally homeless;
- Living in unsatisfactory housing (as defined by the Housing Act 2004);
- Need to move on medical/welfare grounds; or
- Need to move to a particular area to avoid hardship.

**Figure 24: Number of households on the local authority housing register 2001-17 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)**




4.36 Figure 25 provides further detailed information for 2013 and 2014. The number of households in reasonable preference categories has also been subject to variation from year-to-year, although these have not always followed the trends in the overall number of households on the register. The number of households with a reasonable preference in 2013 was 3232. In 2014, 3200 were recorded as being in a reasonable preference category, all identified as homeless under the 1996 Housing Act. However, data for the people living in temporary accommodation is missing for 2014.

**Figure 25: Number of households on the local authority housing register at 1st April 2013 and 2014 (Source: LAHS returns to CLG. Note: Totals may not sum, * denotes missing data)**

| | Hillingdon | |
|---|---|---|
| | 2013 | 2014 |
| Total households on the housing waiting list | 10,879 | 3,606 |
| **Total households in a reasonable preference category** | **3,232** | **3,200** |
| People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness) | 0 | * |
| Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them | 651 | 382 |
| People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions | 2,261 | 2,042 |
| People who need to move on medical or welfare grounds, including grounds relating to a disability | 834 | 776 |
| People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others) | 0 | 0 |

4.37 The number of households recorded by the housing register as "occupying insanitary or overcrowded housing or otherwise living in unsatisfactory conditions" was 2,042 for 2014, a slight reduction on the 2,261 such households recorded in 2013. Nevertheless, we previously estimated that there were 5,013 overcrowded households in Hillingdon, based on the bedroom standard (Figure 22). Therefore, there are likely to be many households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability. For example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home. Others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.

4.38 When considering the types of household to be considered in housing need, the PPG also identified "households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ" and "households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move". It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category. Nevertheless, there were 776 people registered "who need to move on medical or welfare grounds, including grounds relating to a disability" but no households "who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)".

## Households Unable to Afford their Housing Costs

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

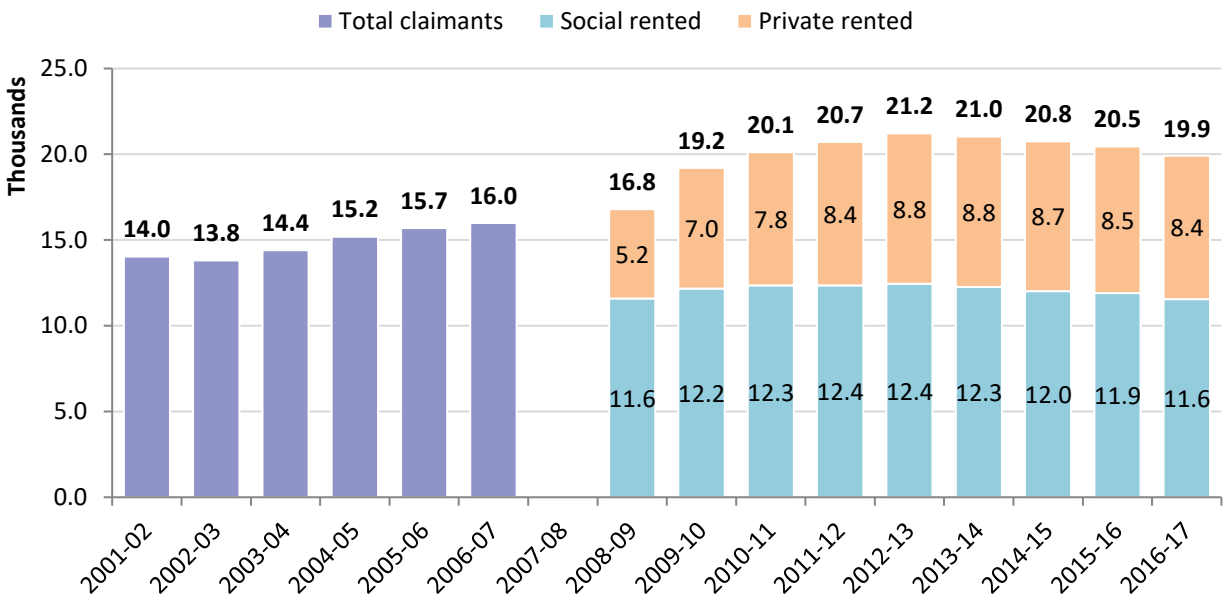
> *Plan makers … will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market* **(ID 2a-022, emphasis added)**
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of … those that cannot afford their own homes. Care should be taken to avoid double-counting … and to include only those households who cannot afford to access suitable housing in the market* **(ID 2a-024, emphasis added)**
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area*
> **(ID 2a-025, emphasis added)**
>
> **Planning Practice Guidance (March 2014)**

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

## Housing Benefit Claimants in Hillingdon

4.41 Figure 26 shows the trend in the number of housing benefit claimants in Hillingdon.

**Figure 26: Number of claimants in receipt of housing benefit in Hillingdon by tenure (Source: DWP)**




4.42 The number of housing benefit claimants in Hillingdon increased from around 14,000 to 16,000 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 400 families. The number of claimants in 2013-14 reached 21,000, therefore a faster growth of around 700 families each year on average over the period from 2006-07. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by about 2,400 families.

4.43 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from around 11,600 to 12,300 over the period 2008-09 to 2013-14 – an increase of around 700 families (6%); however, over the same period the number of claimants in private rented housing increased from 5,200 to 8,800 families – an increase of 3,600 families (69%).

4.44 This increase in housing benefit claimants, in particular those living in private rented housing, roughly coincides with the peaks in the housing register to 2013. Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so not all will necessarily need affordable housing, though many may prefer this type of housing if it were available.

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

## Establishing Affordable Housing Need

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

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

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

## Current Unmet Need for Affordable Housing

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

> ***How should the current unmet gross need for affordable housing be calculated?***
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:*
>
> » *the number of homeless households;*
>
> » *the number of those in priority need who are currently housed in temporary accommodation;*
>
> » *the number of households in overcrowded housing;*
>
> » *the number of concealed households;*
>
> » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
>
> » *the number of households from other tenures in need and those that cannot afford their own homes.*
>
> *Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*
>
> **Planning Practice Guidance (March 2014), ID 2a-024**

4.49 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on the data being the most relevant available as at March 2014). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

## Establishing the Current Unmet Need for Affordable Housing

4.50 Households assumed to be unable to afford housing include:

- All households that are currently **homeless**;
- All those currently housed in **temporary accommodation**; and
- People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

**4.51** Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2014.

4.52 Only around two-in-five households currently living in overcrowded housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

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

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

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

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

4.57 The needs of these households are counted when establishing the OAN for affordable housing and they also add to the OAN for overall housing, as concealed families are not counted by the CLG or GLA household projections. Figure 27 sets out the assessment of current affordable housing need.

**Figure 27: Assessing current unmet gross need for affordable housing for Hillingdon (Source: ORS Housing Model)**

| | Affordable Housing | | Increase in Overall Housing Need |
|---|---|---|---|
| | Gross Need | Supply | |
| **Homeless households in priority need** (see Figure 16) | | | |
| Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels) | 211 | - | 211 |
| Currently in temporary accommodation in market housing (Private sector leased or Private landlord) | 261 | - | 0 |
| Currently in temporary accommodation in affordable housing (Local Authority or RSL stock) | 77 | 77 | 0 |
| Households accepted as homeless but without temporary accommodation provided | 7 | - | 7 |
| **Concealed households** (see Figure 17) | | | |
| Growth in concealed families with family representatives aged under 55 | 1,060 | - | 1,060 |
| **Overcrowding based on the bedroom standard** (see Figure 22) | | | |
| Households living in overcrowded private rented housing | 1,365 | - | 0 |
| Households living in overcrowded social rented housing | 1,703 | 1,703 | 0 |
| **Other households living in unsuitable housing that cannot afford their own home** (see Figure 25) | | | |
| People who need to move on medical or welfare grounds, including grounds relating to a disability | 776 | 54 | 0 |
| People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others) | 0 | 0 | 0 |
| **TOTAL** | **5,460** | **1,834** | **1,278** |

4.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are 5,460 households currently in affordable housing need in Hillingdon who are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

4.59 Of these households, 1,834 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. There is, therefore, a net need from 3,626 households (5,460 less 1,834 = 3,626) who currently need affordable housing and do not currently occupy affordable housing in Hillingdon (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

4.60 This number includes 1,278 households that would not be counted by the household projections because of their being homeless or concealed households. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.

4.61 Providing the 3,626 net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 2,348 households (3,626 less 1,278) that are currently in affordable housing need who are unable to afford their own housing.

## Projected Future Affordable Housing Need

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

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

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

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

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

### Households Unable to Afford their Housing Costs

4.66 PPG identifies that "projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need" (paragraph 25); however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts. Therefore, the appropriate proportion is determined separately for each household type and age group.

4.67 The affordability percentages in Figure 28 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several assumptions underpinning the Model:

- Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
- Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
- The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

**Figure 28: Assessing affordability for Hillingdon by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)**

| | Under 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
|---|---|---|---|---|---|---|
| **Hillingdon:**<br>**Percentage unable to afford market housing** | | | | | | |
| Single person household | 30% | 19% | 24% | 31% | 35% | 28% |
| Couple family with no dependent children | 11% | 6% | 9% | 11% | 11% | 13% |
| Couple family with 1 or more dependent children | 38% | 29% | 24% | 18% | 20% | 32% |
| Lone parent family with 1 or more dependent children | 53% | 77% | 65% | 56% | 58% | 68% |
| Other household type | 12% | 16% | 19% | 22% | 18% | 13% |

## Components of Projected Household Growth

4.68 PPG identifies that the CLG household projections "*should provide the starting point estimate for overall housing need*" (paragraph 15) and that "*the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth*" (paragraph 16). However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a "*gross annual estimate*" (paragraph 25) suggesting that "*the total need for affordable housing should be converted into annual flows*" (paragraph 29).

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

4.70 Figure 29 shows the individual components of annual household growth over a 20 year period, with the first period containing 5 years.

**Figure 29: Components of average annual household growth for Hillingdon by 5-year projection period (Source: ORS Housing Model. Note; Figures may not sum due to rounding)**

| | Annual average for 5-year periods | | | | Annual average for 2 year remaining period | Annual average 2014-36 |
|---|---|---|---|---|---|---|
| | 2014-19 | 2019-24 | 2024-29 | 2029-34 | 2034-36 | |
| New household formation | 2,007 | 3,222 | 3,437 | 3,553 | 3,635 | 3,107 |
| Household dissolution following death | 801 | 1,342 | 1,394 | 1,478 | 1,557 | 1,282 |
| **Net household growth within Hillingdon** | **1,205** | **1,880** | **2,043** | **2,074** | **2,078** | **1,826** |
| Household migration in | 4,467 | 6,486 | 6,701 | 6,922 | 7,053 | 6,227 |
| Household migration out | 3,861 | 6,683 | 7,007 | 7,362 | 7,588 | 6,352 |
| **Net household migration** | **605** | **-198** | **-306** | **-440** | **-535** | **-126** |
| **Total household growth** | **1,811** | **1,682** | **1,737** | **1,634** | **1,543** | **1,700** |

4.71 Over the initial 5-year period (2014-19) the model shows that:

- There are projected to be 2,007 new household formations each year; but this is offset against 801 household dissolutions following death – so there is an **average net household growth of 1,205 households** locally in Hillingdon;
- There are also projected to be 4,467 households migrating to Hillingdon offset against 3,861 households migrating away from the area – which yields **an increase 605 households attributable to net migration;**
- The total household growth is therefore **projected to be 1,811** (1,205 plus 605) **households each year** over the initial 5-year period of the projection.

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

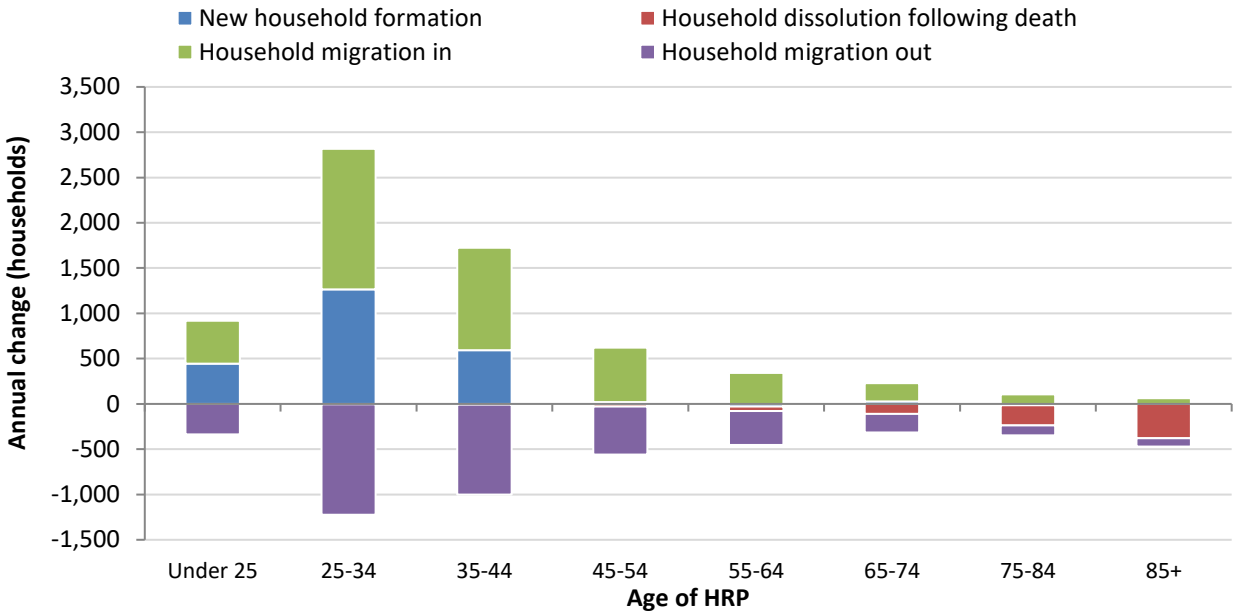
4.73 Over the 22 year period 2014-36, total household growth averages 1,700 households each year with an average annual net growth of 1,826 households within Hillingdon, but an average annual decrease of 126 through net migration. It should be noted however that net out migration is projected to steadily increase to 2036.

## Change in Household Numbers by Age Cohort

4.74 To establish the proportion of newly forming households unable to buy or rent in the market area, it is necessary to consider the characteristics of the 2,007 new households projected to form in Hillingdon each year over the period 2014-19 (Figure 29) alongside the detailed information about household affordability (Figure 28).

4.75 Figure 30 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

**Figure 30: Annual change in household numbers in each age cohort for Hillingdon by age of HRP (Source: ORS Housing Model)**




4.76 Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.

4.77 The Model identifies that 31% of all newly forming households are unable to afford their housing costs, which represents 625 households each year (Figure 31). The Model shows that 27% of households migrating to the area are unable to afford, but this represents 1,221 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. Together, there are 1,846 new households each year who are unable to afford their housing costs.

**Figure 31: Affordability of new households for Hillingdon over the initial 5-year period 2014-19 (Source: ORS Housing Model)**

| | All households (annual average) | Households able to afford housing costs | Households unable to afford housing costs | % unable to afford housing costs |
|---|---|---|---|---|
| Newly forming households | 2,007 | 1,381 | 625 | 31% |
| Households migrating in to the area | 4,467 | 3,246 | 1,221 | 27% |
| **All new households** | **6,473** | **4,627** | **1,846** | **29%** |

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

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

- Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
- Similarly, not all households that are unable to afford housing are allocated affordable housing;

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

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

4.81 Considering those components of household change which reduce the number of households resident in the area, the Model identifies 801 households are likely to dissolve annually following the death of all household members. Many of these households will own their homes outright; however, 22% are unable to afford market housing: most living in affordable housing.

4.82 When considering households moving away from Hillingdon, the Model identifies that an average of 3,861 households will leave the area each year. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted.

4.83 Figure 32 summarises the total household growth. This includes the 1,846 new households on average each year who are unable to afford their housing costs, but offsets this against the 1,216 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Hillingdon (as they have moved to live elsewhere).

**Figure 32: Components of average annual household growth for Hillingdon 2014-19 (Source: ORS Housing Model)**

| | All households (annual average) | Households able to afford housing costs | Households unable to afford housing costs | % unable to afford housing costs |
|---|---|---|---|---|
| Newly forming households | 2,007 | 1,381 | 625 | 31% |
| Households migrating in to the area | 4,467 | 3,246 | 1,221 | 27% |
| **All new households** | **6,473** | **4,627** | **1,846** | **29%** |
| Household dissolutions following death | 801 | 623 | 178 | 22% |
| Households migrating out of the area | 3,861 | 2,823 | 1,039 | 27% |
| **All households no longer present** | **4,663** | **3,446** | **1,216** | **26%** |
| **Average annual household growth 2014-19** | **1,811** | **1,181** | **630** | **35%** |

4.84 Overall, the Model projects that household growth will yield a net increase of 630 households on average each year (over the period 2014-19) who are unable to afford their housing, which represents 35% of the 1,811 total annual household growth for this period.

## Projecting Future Needs of Existing Households

4.85 PPG also identifies that in addition to the needs of new households, it is also important to estimate "*the number of existing households falling into need*" (ID 2a-025), which relates to households living in Hillingdon rather than those migrating in or out of the boroughs. Whilst established households that continue to live in Hillingdon will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of 496 established households fall into need each year in Hillingdon. This represents a rate of 4.6 per 1,000 household falling in to need each year.

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

» When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 28 showed that 19% of single person households aged 25-34 in Hillingdon could not afford housing, compared to 6% of couples without children of the same age.

4.87 Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 28 showed that 38% of couple families with dependent children aged under 25 in Hillingdon could not afford housing, compared to 29% of couples with dependants aged 25-34, and 24% of such households aged 35 to 44.

4.88 Given this context, it is clear that we must also recognise these improved circumstances can reduce the need for affordable housing over time, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of 620 households in Hillingdon improve each year such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 5.8 per 1,000 household climbing out of need each year.

4.89 Therefore, considering the overall changing needs of existing households, there is an average decrease of 124 households (496 less 620 = -124) who need affordable housing each year.

## Projecting Future Affordable Housing Need (average annual estimate)

4.90 Figure 33 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

**Figure 33: Components of future affordable housing need for Hillingdon 2014-19 (Source: ORS Housing Model)**

| | All households (annual average) | Households able to afford housing costs | Households unable to afford housing costs | % unable to afford housing costs |
|---|---|---|---|---|
| Newly forming households | 2,007 | 1,381 | 625 | 31% |
| Households migrating in to the area | 4,467 | 3,246 | 1,221 | 27% |
| **All new households** | **6,473** | **4,627** | **1,846** | **29%** |
| Household dissolutions following death | 801 | 623 | 178 | 22% |
| Households migrating out of the area | 3,861 | 2,823 | 1,039 | 27% |
| **All households no longer present** | **4,663** | **3,446** | **1,216** | **26%** |
| **Average annual household growth 2014-19** | **1,811** | **1,181** | **630** | **35%** |
| Existing households falling into need | - | -496 | 496 | 100% |
| Existing households climbing out of need | - | 620 | -620 | 0% |
| **Change in existing households** | **-** | **124** | **-124** | **-** |
| **Average annual future need for market and affordable housing 2014-19** | **1,811** | **1,305** | **506** | **28%** |

4.91 Overall, there is a projected need from 1,846 new households who are unable to afford their housing costs (625 newly forming households and 1,221 households migrating to the area) each year; however, 1,216 households will either vacate existing affordable housing or will no longer need affordable housing in Hillingdon (as they have moved to live elsewhere) thereby reducing the new need to a net total of 630 households.

4.92 Considering the needs of existing households, there are 496 households expected to fall into need each year but this is offset against 620 households whose circumstances are projected to improve. There is, therefore, an average decrease of 124 existing households that need affordable housing each year from this source.

4.93 Based on the needs of new households and existing households, there is a projected increase of 506 households each year on average for the initial period 2014-19 who will need affordable housing (630 minus 124 = 506).

4.94 Using the approach outlined above for the initial 5-year period of the projection, the Model also considers the need for affordable housing over the 22-year period 2014-36. The Model identifies that the number of additional households in need of affordable housing will be 10,404 households over the period 2014-36, equivalent to an annual average of 473 households per year. This represents 27.8% of the total household growth projected based on demographic trends from the GLA 2016-round central trend model.

## Assessing the Overall Need for Affordable Housing

4.95 Figure 34 brings together the information on assessing the unmet need for affordable housing in 2014, and the future affordable housing need arising over the 22-year period 2014-36.

**Figure 34: Assessing total need for market and affordable housing in Hillingdon (Source: ORS Housing Model)**

| | Housing Need (households) | | Overall Housing Need |
|---|---|---|---|
| | Market housing | Affordable housing | |
| **Unmet need for affordable housing in 2014** (see Figure 27) | | | |
| Total unmet need for affordable housing | - | 5,460 | 5,460 |
| Supply of housing vacated | 2,348 | 1,834 | 4,182 |
| **Overall impact of current affordable housing need** | **-2,348** | **3,626** | **1,278** |
| **Projected future housing need 2014-36** | | | |
| Newly forming households | 47,679 | 20,682 | 68,362 |
| Household dissolutions following death | 21,951 | 6,242 | 28,193 |
| **Net household growth within Hillingdon** | **25,728** | **14,440** | **40,169** |
| Impact of existing households falling into need | -13,163 | +13,163 | - |
| Impact of existing households climbing out of need | +17,336 | -17,336 | - |
| Impact of households migrating to/from the area | -2,899 | +136 | -2,762 |
| **Future need for market and affordable housing 2014-36** | **+27,002** | **+10,404** | **+37,406** |
| **Total need for market and affordable housing** | | | |
| Projected impact of affordable housing need in 2014 | -2,348 | +3,626 | 1,278 |
| Future need for market and affordable housing 2014-36 | +27,002 | +10,404 | +37,406 |
| **Total need for market and affordable housing** | **+24,654** | **+14,030** | **+38,684** |
| Average annual need for housing | 1,121 | 638 | 1,758 |
| **Proportion of need for market and affordable housing** | **63.7%** | **36.3%** | **100.0%** |

4.96 Figure 27 estimated there to be 5,460 households in need of affordable housing in 2014. However, as 1,834 of these already occupied an affordable home, our previous conclusion was therefore a net need from 3,626 households (5,460 less 1,834= 3,626) who need affordable housing and do not currently occupy affordable housing in Hillingdon.

4.97 The 22-year projection period 2014-36 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that the number of households in need of affordable housing will increase by 10,404 households over the period 2014-36, alongside an increase of 27,002 households able to afford market housing.

4.98 Overall, there will be a need to provide additional affordable housing for 14,030 households over the period 2014-36. This is equivalent to an average of 638 households per year. This represents 36.3% of the demographic growth for Hillingdon using 2016-round central-term trend growth. Please note that these figures related to the demographic growth not the OAN, which also includes the market signals uplift.

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

## Size and Tenure Mix

4.100 Figure 35 below shows the identified size mix for market and affordable housing in Hillingdon. This takes account of both overcrowded households who require to move to a larger dwelling and also under-occupying households who require to downsize. While Government polices such as those relating to the Spare Room Subsidy or Bedroom Tax are leading to more households downsizing, not all households will do so. Instead, we have modelled a gradual decline in the amount of under-occupation in the affordable housing sector. We would note that these figures do not include the potential impact of increased right to buy sales due to Registered Providers now being subject to this scheme or any direct consideration of the impact of Starter Homes being considered as affordable housing, as set out in the Housing and Planning Act 2016. Figure 35 shows a significant need for family sized housing to be provided as part of any market housing mix. The high need for larger affordable housing units is driven by a need to address overcrowding for those in need of affordable housing. Please note that these figures relate to the OAN, which includes the market signals uplift, and not just the demographic growth. All of the market signals uplift is assumed to be for market housing.

**Figure 35: Full Objectively Assessed Need for Housing; Size and Tenure Mix for Hillingdon for GLA 2016 based Central trend Migration 2014-36 (Note: Figures may not sum due to rounding)**

| | Hillingdon |
|---|---|
| **MARKET HOUSING** | |
| 1 bedroom | 300 |
| 2 bedrooms | 5,000 |
| 3 bedrooms | 18,200 |
| 4 bedrooms | 5,400 |
| 5+ bedrooms | 900 |
| **Total Market Housing** | **29,800** |
| **AFFORDABLE HOUSING** | |
| 1 bedroom | 1,000 |
| 2 bedrooms | 6,300 |
| 3 bedrooms | 5,300 |
| 4 bedrooms | 1,200 |
| 5+ bedrooms | 300 |
| **Total Affordable Housing** | **14,100** |
| **TOTAL** | **43,900** |

4.101 It is possible to calculate the affordability of properties to households who require affordable housing. We would note that at the time of writing there is a potential move away from Affordable Rents towards Living Rents in London. Instead of being based upon median rents, Living Rents will be based upon the median income of an area. However, these will still result in rents significantly above social target rents.

4.102 In Figure 36 we have made the following assumptions:

- Households can spend up to 33% of their gross incomes on rents;
- Affordable Rents are set at 80% of median market rents;
- London Living Rents are set at the average figure for Hillingdon derived from each of the ward levels set out by the GLA; and
- Households who can afford London Living Rents, but not 100% market rents effectively comprise the intermediate housing need, e.g. Low Cost Home Ownership.

4.103 The overall results clearly indicate that the vast majority of households who require affordable housing would need housing benefit support to afford housing at London Living Rents or Affordable Rent levels. Therefore, even though London Living Rents are below Affordable Rents, the vast majority of households who require affordable housing will still not be able to afford to meet the costs of London Living Rents, but a lower rent will reduce the housing benefit payments necessary to these households.

4.104 A second category of need that can be identified is a group of 22% of households who require affordable housing and have sufficient income to afford to meet the costs of Affordable Rents. This group therefore can be considered as intermediate housing need and some of these households could meet their needs via Low Cost Home Ownership products such as shared ownership.

**Figure 36: Affordability of London Living Rent and Affordable Rent (Source: ORS Housing Model. Note: figures may not sum due to rounding and figures marked "–" are less than 10 dwellings)**

| Dwellings | Low Cost Rent | Intermediate | | TOTAL |
|---|---|---|---|---|
| | Can't afford London Living rent | Able to afford London Living Rent but unable to afford affordable rent | Able to afford "Affordable rents" | |
| **Hillingdon** | | | | |
| 1 bedroom | 840 | - | 210 | 1,000 |
| 2 bedrooms | 4,900 | 220 | 1,150 | 6,300 |
| 3 bedrooms | 4,120 | 330 | 860 | 5,300 |
| 4 bedrooms | 900 | 130 | 150 | 1,200 |
| 5+ bedrooms | 260 | 40 | 40 | 300 |
| **Total** | **11,000** | **700** | **2,400** | **14,100** |

## Affordable Housing to Own

4.105 As noted earlier, the National Planning Policy Framework 2012 (NPPF) definition of affordable housing identifies that it is *"provided to eligible households whose needs are not met by the market"* (Annex 2) and Planning Practice Guidance (PPG) confirms that affordable housing need should be counted based on those *"who cannot afford to meet their needs in the market"* (ID 2a-022) and notes that *"care should be taken … to only include those households who cannot afford to access suitable market housing"* (ID 2a-024).

4.106 Therefore, when considering households in need of affordable housing, the PPG March 2014 has a clear focus on those households with a priority need who are unable to afford housing. Neither the NPPF nor PPG make specific reference to tenure in terms of the overall affordable housing need; however, to reiterate from earlier in this chapter, PPG states that when considering affordable housing need in the context of new household formation, it is necessary to consider *"the proportion of newly forming households unable to buy **or** rent in the market area"* (ID 2a-025, emphasis added).

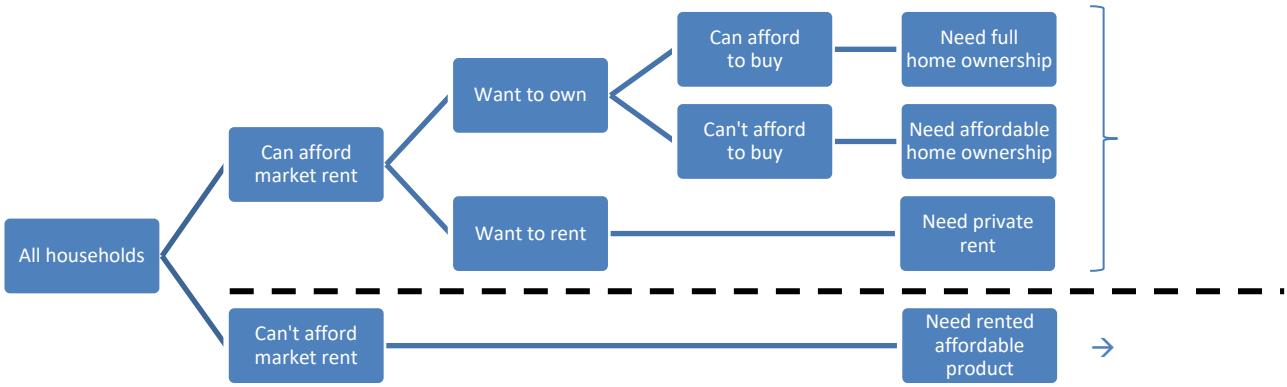
4.107 To this point within this SHMA, where households could afford to rent privately without Housing Benefit (HB) support, they were not counted as part of the affordable housing need; **only households unable to afford market rent are assessed to need affordable housing**. Households able to afford market rent were counted within the need for market housing, regardless of whether or not they wanted to own or rent or whether they could or could not afford home ownership.

4.108 However, it is also important to consider the role of other affordable housing products in the West London sub-region. This section concentrates upon the potential role which could be played by shared ownership, low cost home ownership (LCHO) and Starter Home dwellings in meeting the overall housing needs of the area.

4.109 Annex 2 of the NPPF July 2018 contains an updated definition of affordable housing which also considers households as needing affordable housing if they cannot afford to own.

4.110 Many households who can afford Starter Homes and other LCHO schemes will be able to afford a private rented property. On the previous definition of households in affordable housing need they would be able to meet their needs in the market and therefore would not require affordable housing. Figure 37 illustrates the breakdown of overall housing need under current NPPF and PPG definitions and highlights that it is fundamentally based on those households unable to afford market rent and who therefore are likely to need a rented affordable product. This includes those households who require HB support to pay their rent regardless of tenure, alongside those who can only afford social or affordable rented housing without HB support.

**Figure 37: Establishing the need for market and affordable housing: assessing affordability**




4.111 The Housing and Planning Act 2016 defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (£450,000 inside Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy. The Housing White Paper "*Fixing our broken housing market'* (published by the Government in February 2017) identified a likely change in the definition of affordable housing to include Starter Homes and also further proposed to restrict purchases from cash buyers and limit purchasers to non-owners aged 23-40 years with household incomes of less than £80,000 per annum.

4.112 The costs associated with Starter Homes can be notably higher than private sector rents and Shared Ownership schemes, and therefore they are unlikely to be affordable to those households that this SHMA identified as being unable to afford market housing. On this basis, the provision of Starter Homes and other LCHO schemes should be considered as being additional to (and not part of) the affordable housing need identified by this SHMA. Nevertheless, the initiative could help to widen opportunities for homeownership for those households able to afford market rents, but unable to afford to buy housing in the sub-region.

4.113 Therefore, while the affordable housing needs assessment based upon the NPPF 2012 definitions identified that around 78% of the need was for low cost rent and 22% for intermediate housing, when the needs of households who wish to own while being able to afford to rent are included the mix becomes much more balanced at the 70:30 split set out in the Greater London SHMA 2017.

## Conclusions

4.114 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 1,278 households to take account of concealed families and homeless households that would not be captured by the household projections.

4.115 The housing mix analysis identified a need to provide 14,100 additional affordable dwellings over the 22-year period 2014-36 (an average of 641 per year), **representing 32.1% of the overall OAN for Hillingdon**. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

4.116 The change is definition to affordable housing set out in the NPPF 2018 will see affordable housing being assessed against the ability to want and afford owner occupation. This will see households would otherwise be able to afford market rent being in need of affordable housing because they wish to become owner occupiers. The impact of this change would be to see a share of the market housing need move to intermediate housing need as households who cannot afford to be owner occupiers are counted in the affordable housing need category.

# 5. Needs of different groups

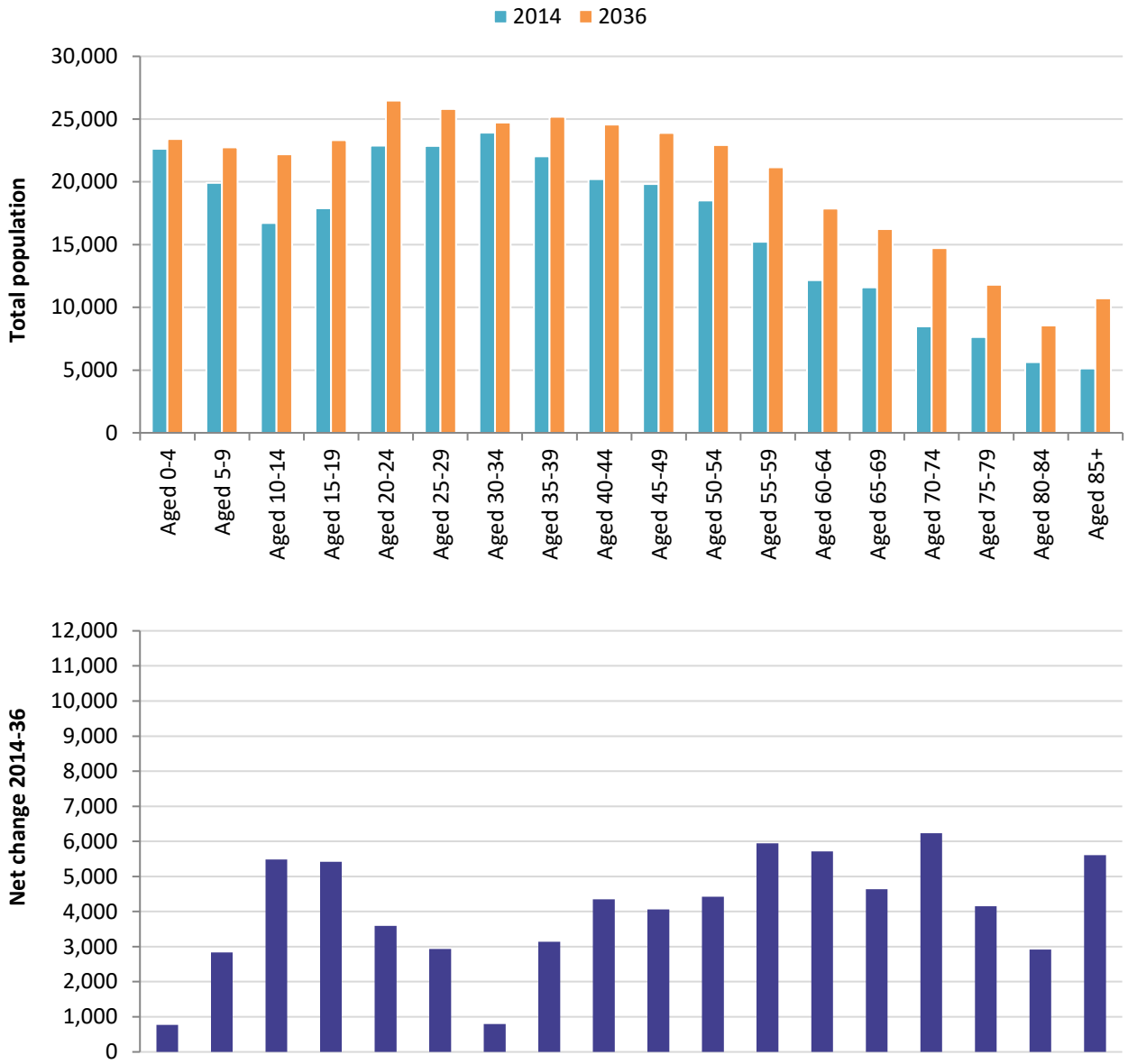
## Addressing the need for all types of housing

### Projected Population Age Profile

5.1 Population projections based on long-term migration trends and which take account of local demographic factors were considered in the SHMA. These projections show that the population is likely to increase from 293,300 persons to 366,300 persons over the 22-year period 2014-36; a 22-year increase of around 73,000 persons. Figure 38 shows the projected change in population by 5-year age band for the 22-year period 2014-36.

5.2 The number of persons in all age groups is projected to increase. The population aged 20-59 is projected to increase by 29,200 persons (which accounts for two fifths of the overall growth) and an increase of 14,500 persons aged under 20 accounts for a further fifth. Nevertheless, another two fifths of the overall population growth (29,250 persons) is projected to be aged 60 or over, including an increase of 18,900 persons aged 75 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

**Figure 38: Hillingdon population projections 2014-36 by 5-year age cohort based SHMA population projections**



## Household Projections

5.3 Figure 39 summarises the total number of households in 2014 and 2036 in terms of the age of household representatives, together with the change in the number of households in each category over the 22-year period 2014-36.

5.4 The trend-based household projections identified a growth of around 37,400 households based on the population projections above. Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to market signals and suppressed household formation.

**Figure 39: Total projected households for 2014 and 2036 and summary of 22-year change by age of household representative (Note: Figures may not sum due to rounding)**

| | Age of Household Representative | | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75-84 | 85+ | |
| **TOTAL HOUSEHOLDS** | | | | | | | | | |
| 2014 | 3,500 | 16,700 | 22,700 | 22,300 | 16,300 | 12,800 | 9,400 | 3,700 | 107,300 |
| 2036 | 4,200 | 18,200 | 27,900 | 27,900 | 24,300 | 20,600 | 14,000 | 7,600 | 144,700 |
| **TOTAL CHANGE 2014-2036** | **+700** | **+1,600** | **+5,200** | **+5,600** | **+7,900** | **+7,800** | **+4,700** | **+3,900** | **+37,400** |

5.5 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. Whilst the increase in people aged 65+ represented around a third of the overall population growth (32%), the increase in households aged 65+ represents more than two fifths (44%) of the household growth: 16,400 households out of the 37,400 total.

5.6 Many of these older households will already be established and living in existing homes in Hillingdon; they will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.

5.7 Figure 40 shows the projected number of households in 10 year age cohorts, showing their age in both 2014 and 2036.

**Figure 40: Total projected households for 2014 and 2036 and summary of 22-year change by age cohort of household representative (Note: Figures may not sum due to rounding)**

| | Age of Household Representative | | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Age in 2014 | <2 | 3-12 | 13-22 | 23-32 | 33-42 | 43-52 | 53-62 | 63+ | |
| Age in 2036 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75-84 | 85+ | |
| **TOTAL HOUSEHOLDS** | | | | | | | | | |
| 2014 | 0 | 0 | 3,500 | 16,700 | 22,700 | 22,300 | 16,300 | 25,800 | 107,300 |
| 2036 | 4,200 | 18,200 | 27,900 | 27,900 | 24,300 | 20,600 | 14,000 | 7,600 | 144,700 |
| **TOTAL CHANGE 2014-2036** | **4,200** | **18,200** | **24,500** | **11,200** | **1,600** | **-1,700** | **-2,300** | **-18,200** | **37,400** |

5.8 For example, there were 16,700 households aged 23-32 in 2014 and these same households would be aged 45-54 by 2036. The trend-based projection identified that total number of households aged 45-54 in 2036 would be 27,900; an extra 11,200 households, partly due to new household formations and partly due to net migration.

5.9 Based on the cohort analysis, it is apparent that around 59,700 extra households aged under 65 (in 2036) will be likely to form in Hillingdon over the 22-year period 2014-36. This includes 18,200 households aged 25-34 and 24,500 households aged 35-44 (although many of those aged 35-44 in 2041 may have already formed households by 2031, at which time that they were also aged 25-34).

5.10 We previously noted that the overall growth was 37,400 households over the 22-year period 2014-36, which is lower than the number of new households forming. Nevertheless, the 59,700 extra household aged under 65 are offset against a reduction of 22,200 households aged 65 or over (in 2036). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

- 25,800 households were aged 63+ in 2014, who would be aged 85+ in 2036 if they had survived;
- The projected number of households aged 85+ in 2036 is 7,600, which represents a reduction of 18,200 households whose existing homes would be vacated.

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

## Projected Household Types

5.12 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

5.13 Figure 41 shows the household numbers for 2014 and 2036 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.

5.14 In summary:

- Single person households represent just over an eighth of the overall household growth: an increase of 5,100 over the 25-year period, including 1,800 extra single person households aged 85 or over;
- Couples without dependent children represent a quarter of the growth, including an increase of 10,900 households aged 55+ offset against a reduction of 1,200 younger couples without children;
- Families with dependent children represent over a third of the overall growth: an increase of 13,100 households;
- “Other” households represent a quarter of the total, with an increase of 9,600 households over the 25-year period.

5.15 Families with children form the largest group in 2014 (38,600) and while they are projected to remain the largest group in 2036 (51,800), the number of single person households will increase to 31,500, and couples without children will increase to 41,500.

**Figure 41: Total projected households for 2014 and 2036 and summary of 22-year change by household type and age of household representative (Note: Figures may not sum due to rounding)**

| Household Type | Age of Household Representative | | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75-84 | 85+ | |
| **Total Households 2014** | | | | | | | | | |
| Single person | 500 | 2,300 | 3,400 | 4,100 | 4,100 | 5,300 | 4,300 | 2,400 | **26,400** |
| Couple without children | 400 | 4,300 | 2,800 | 5,200 | 8,300 | 6,000 | 4,100 | 800 | **31,900** |
| Families with child(ren) | 1,200 | 8,500 | 15,500 | 11,000 | 2,100 | 300 | 100 | 0 | **38,600** |
| Other households | 1,400 | 1,600 | 1,100 | 2,000 | 1,900 | 1,200 | 900 | 500 | **10,500** |
| TOTAL | 3,500 | 16,700 | 22,700 | 22,300 | 16,300 | 12,800 | 9,400 | 3,700 | 107,300 |
| **Total Households 2036** | | | | | | | | | |
| Single person | 200 | 1,100 | 3,000 | 4,500 | 5,300 | 9,700 | 3,500 | 4,100 | **31,500** |
| Couple without children | 200 | 4,800 | 2,800 | 3,600 | 11,100 | 7,700 | 9,300 | 2,000 | **41,500** |
| Families with child(ren) | 1,200 | 9,300 | 20,100 | 16,400 | 3,900 | 700 | 200 | 0 | **51,800** |
| Other households | 2,600 | 3,100 | 1,900 | 3,400 | 4,000 | 2,400 | 1,100 | 1,500 | **20,000** |
| TOTAL | 4,200 | 18,200 | 27,900 | 27,900 | 24,300 | 20,600 | 14,000 | 7,600 | 144,700 |
| **Total Change 2014-2036** | | | | | | | | | |
| Single person | -300 | -1200 | -400 | +400 | +1,200 | +4,400 | -800 | +1,800 | **+5,100** |
| Couple without children | -200 | +500 | +100 | -1,600 | +2,800 | +1,700 | +5,200 | +1,200 | **+9,600** |
| Families with child(ren) | 0 | +800 | +4,600 | +5,400 | +1,800 | +400 | +100 | 0 | **+13,100** |
| Other households | +1200 | +1500 | +900 | +1300 | +2,100 | +1300 | +300 | +1,000 | **+9,600** |
| TOTAL CHANGE | +700 | +1600 | +5,200 | +5,600 | +7,900 | +7,800 | +4,700 | +3,900 | +37,400 |

## Summary

5.16 The population and household growth projections for Hillingdon indicate that there are three main sources of household growth in the area:

- The impact of an ageing population will see more older single persons and couples. The majority of these households are already occupying dwellings in Hillingdon and the majority will not wish to downsize from the family size homes they currently occupy;
- The largest growth in projected households is for couples with dependent children, with the main growth being in households 35-65, again the majority will not wish to downsize from the family size homes they occupy; and
- Other households include multi-generation households and also those who occupy Houses in Multiple Occupation. These households would typically require at least 3 bedrooms in their property.

5.17 Therefore, all three sources of household growth are associated with either the continued occupation of family sized dwellings, or new households who require family sized dwellings.

5.18 In addition, families with children are projected to remain the third largest group by 2036 (51,800) and these will require family sized two or three+ bedroom homes.

## Housing for Older People

5.19 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.6m by 2037[7] for the over 60s, and from 1.4m (2012) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

> *The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over … Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under occupied.*
>
> *The future need for older persons housing broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care and, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

5.20 Current supply indicates that there are currently around 1,796 specialist Older Person housing units in Hillingdon:

**Figure 42: Current supply (Source: EAC 2015[8]. Figures may not sum due to rounding)**

| | | Number of dwellings |
|---|---|---|
| **RENT** | Housing with support | 1,231 |
| | Housing with Care | 158 |
| | **All rented** | **1,389** |
| **SALE** | Housing with support | 367 |
| | Housing with Care | 40 |
| | **All for sale** | **407** |
| **TOTAL** | | **1,796** |

5.21 The Older People housing options considered in this section follow the definitions in the 2012 Housing Our Ageing Population report (HAPPI2)[9]. This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes).

[7] http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2012-based-projections/stb-2012-based-npp-principal-and-key-variants.html#tab-Changing-Age-Structure

[8] The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: *"a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group"*. It is important to note that a considerable proportion of housing intended for older people falls outside this definition, and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' **are included**.

[9] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

5.22 The specialist housing requirements were modelled using the Housing LIN methodology (2012)[10]. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

**Figure 43: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012**

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

5.23 Based on the growth in population aged 75+ identified across the population projection scenarios, the table below identifies the potential additional requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, there is a significant need for LSE schemes and traditional sheltered schemes.

**Figure 44: Additional Modelled Demand for Older Person Housing (Source: Housing LIN Toolkit)**

| | | Hillingdon |
|---|---|---|
| **Population aged 75+** | | |
| 2014 | | 18,400 |
| 2036 | | 31,100 |
| **Change 2014-36** | | **12,700** |
| **Additional Modelled Demand for Older Person Housing** | | |
| **Traditional sheltered** | | 800 |
| Extra care | Owned | 400 |
| | Rented | 200 |
| Sheltered 'plus' or 'Enhanced' Sheltered | Owned | 100 |
| | Rented | 100 |
| Dementia | | 100 |
| Leasehold Schemes for the Elderly (LSE) | | 1,500 |
| **TOTAL** | | **3,200** |
| *Percentage of Overall OAN* | | *7.3%* |

5.24 The toolkit identifies future need for 3,200 specialist older person additional housing units of various types over the period 2014-36; however almost a half of this need (47%, 1,500 dwellings) is for LSE housing[11]. The total need for older person housing therefore represents around 3.4% of the overall OAN (43,900) for Hillingdon.

[10] www.housinglin.org.uk/housinginlaterlife_planningtool

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

5.25 The London Plan (Annex 5, p404) sets out an indicative annualised strategic benchmark to inform local targets and performance indicators for specialist housing for older people, by local authority. For the HMA, the GLA annual benchmark for Hillingdon 2015-2025 is a total of 155 homes, including 115 for private sale, 40 intermediate and 0 affordable rent. The annual total of 155 equates to 3,410 over 22 years, which is more the 3,200 identified by the Housing LIN model, but is based on figures projected to 2025 rather than to 2041. It should be noted that the modelling of older people's specialist housing need is complex and subject to various other issues and variables, which can lead to differing outputs. These are considered below.

5.26 PPG identifies that "assessments should set out the level of need for residential institutions (Use Class C2)" (ID 2a-021). Planning Practice Guidance for Housing and Economic Land Availability Assessment also states the following in relation to housing for older people:

> ***How should local planning authorities deal with housing for older people?***
>
> *Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.*
>
> **Planning Practice Guidance (March 2015), ID 3-037**

5.27 It is important to recognise that the identified OAN of 43,900 dwellings does not include the projected increase of institutional population. This increase in institutional population is a consequence of the CLG approach to establishing the household population[12], which assumes "that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s" on the basis that "ageing population will lead to greater level of population aged over 75 in residential care homes".

5.28 The Borough Council will therefore need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply. If bedspaces in residential institutions in Use Class C2 are counted within the housing supply, then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN). If these bedspaces are not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.

5.29 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

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

5.30 Although the institutional population is projected to increase to around 7,600 persons over the period 2014-36 (based on the CLG assumption that there will be a "greater level of population aged over 75 in residential care homes", an assumption shared by the GLA), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.

5.31 As a consequence, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.

5.32 More generally, it is important that the need for specialist older person housing is considered in partnership with other agencies, in particular those responsible for older person support needs. It is also important to consider other factors and constraints in the market:

- **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
- **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme;
- **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated;
- **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly LA Supporting People Teams and the Health Service; and
- **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

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# Appendix B

## Glossary of Terms

### Definitions

**Affordability** is a measure of whether housing may be afforded by certain groups of households.

**Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

**Category 2 and 3** are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

**Census Output Area** is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

**Concealed families** are defined as; *"family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"*[13].

**ECO** underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

**Equity** is the difference between the selling price of a house and the value of the outstanding mortgage.

**Green Deal** is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

**Headship rates** are defined by CLG as: "*the proportion of people in each age group and household type who are the 'head' of a household"*[14]

**A household** is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

[13] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

[14] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

**Household formation** refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

**A Housing Association** or **Registered Provider** is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

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

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

**House in Multiple Occupation** are currently defined by the Housing Act 2004 as:

- an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

**Housing market areas** are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

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

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

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

**Intermediate affordable housing** is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

**Lending multiplier** is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**Low cost home ownership** or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

**Lower quartile** means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Lower Super Output Area** is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

**Market housing** is private housing for rent or for sale, where the price is set in the open market.

**Market signals** are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

**Migration** is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

**A projection of housing needs or requirements** is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Registered Social Landlord/Registered Provider** see Housing Association.

**Secondary data** is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

**Shared ownership** see Low Cost Home Ownership.

**Social rented housing** is provided by social landlords and rented for less than would be paid if renting privately.

**Specialised housing** refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

# Acronyms and Initials

**ASHE** Annual Survey of Hours and Earnings

**BME** Black and Minority Ethnic

**BRMA** Broad Rental Market Area

**CACI** Private sector company providing modelled data

**CORE** The Continuous Recording System (for Housing Association and Local Authority lettings)

**DEFRA** Department for Environment, Food and Rural Affairs

**DWP** Department of Work and Pensions

**GIS** Geographical Information Systems

**HBF** Home Builders Federation

**HMO** House in Multiple Occupation

**IMD** Indices of Multiple Deprivation

**LA** Local Authority

**LDF** Local Development Framework

**LDP** Local Development Plan

**LHA** Local Housing Allowance

**NHSCR** National Health Service Central Register

**NPPF** National Planning Policy Framework

**ONS** Office for National Statistics

**ORS** Opinion Research Services

**POPPI** Projecting Older Person Population Information

**REIT** Real Estate Investment Trust

**RSL** Registered Social Landlord

**SAR** Share Accommodation Rate

**SHMA** Strategic Housing Market Assessment

**UDP** Unitary Development Plan