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Richmond Local Housing Market Assessment

Final Stage 1 Report

Iceni Projects Limited on behalf of London
Borough of Richmond-on-Thames

December 2021

ICENI PROJECTS LIMITED
ON BEHALF OF LONDON
BOROUGH OF RICHMOND-
ON-THAMES

Iceni Projects

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH

Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH

Glasgow: 177 West George Street, Glasgow, G2 2LB

Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: iceniprojects.com | e: mail@iceniprojects.com

linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: [@iceniprojects](https://twitter.com/iceniprojects)

Richmond Local Housing Market
Assessment

FINAL STAGE 1 REPORT

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1. INTRODUCTION

1.1 In July 2018, the London Borough of Richmond upon Thames (“LBRuT”) adopted a Local Plan. This provides the current basis for determining planning applications within the Borough. The Council has however commenced work on a new Local Plan which, when it is adopted, will replace the 2018 Local Plan.

1.2 The need for a new Local Plan is driven by the declaration by the Council of a Climate Emergency, the need to plan for a changing and growing population, the adoption of a new London Plan in March 2021 and the evolving nature of national planning policy and guidance.

Core Objectives

1.3 To inform the preparation of the new Local Plan, and support the policies within it, the Council has commissioned Icení Projects (Icení) supported by Justin Gardner Consulting (JGC) and the Housing Learning & Information Network (Housing LIN) to prepare a Local Housing Market Assessment. The report is intended to provide updated evidence on housing need in the Borough to:

- Inform the context for LBRuT’s housing requirement;
- Determine the need for affordable housing in the Borough;
- Determine the need for specialist forms of housing including for older persons; and
- Inform housing policies in the emerging Local Plan.

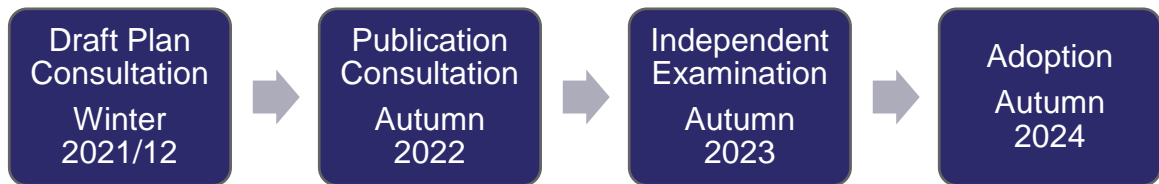
1.4 In London the context for studies such as this, and the preparation of policies within local plans for housing provision, is informed by the London Plan. In particular this is as the Council’s Local Plan will need to be in general conformity with the London Plan. The preparation of this report has however also had regard to national planning policies as set out within the National Planning Policy Framework (and relevant Ministerial Statements) as well as the associated Planning Practice Guidance.¹

¹ <https://www.gov.uk/government/collections/planning-practice-guidance>

Relationship to Local Plan Timetable

- 1.5 The diagram below summarises the process and timescales for preparing the new Local Plan which is expected to have a plan period 2024-2039. This report is intended to feed into preparation of a Draft Local Plan for Regulation 18 consultation in Autumn 2021.

Figure 1.1: Timetable for preparing a new Local Plan



- 1.6 This Local Housing Market Assessment (“LHMA”) report represents the Stage 1 report. The intention is that the LHMA will be refined and updated in Spring 2022 to take account of the latest evidence and any further evolution of national policies, in advance of the Regulation 19 consultation and the submission of the Plan for independent Examination.
- 1.7 The “Stage 2” report will provide the opportunity to update this report and assess current priorities including whether there might be a local hierarchy of need to focus the priorities for affordable housing and the broader range of supported living needs, including for example people with learning disabilities or autistic spectrum disorders and mental health needs.
- 1.8 The Stage 2 work will also enable us to recognise the potential disruptive influence of the Covid-19 pandemic, and to some extent Brexit, on longer-running trends and allows review of the latest evidence of the impacts of these on housing need to be further considered in advance of the submission of the Plan.
- 1.9 Nonetheless, this report has been prepared having regard to the best information available at the time of writing; and is a relevant material consideration in the determination of planning applications.

Scope and Structure of the Report

- 1.10 This Local Housing Market Assessment is structured to address the following:
- Section 2: Context and London Plan policies;
 - Section 3: Housing stock and market circumstances;
 - Section 4: Overall housing need and demographics;

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- Section 5: Affordable housing need;
 - Section 6: Housing needs of older and disabled people;
 - Section 7: Need for different sizes of homes;
 - Section 8: Other market segments and specific groups; and
 - Section 9: Draft Conclusions.

2. CONTEXT AND LONDON PLAN POLICIES

- 2.1 Outer London Boroughs such as Richmond are under significant pressure for housing. Richmond has the highest house prices of any Borough in Outer London with a trend of households moving outwards from Inner London to the Borough, influenced by life changes (including the formation of families), financial resources, and its parks and high quality of place.
- 2.2 This pattern of migration has been accelerated by the Covid-19 pandemic with households also moving out of the Borough into Surrey and further afield. The general market trend has been households searching for more indoor and outdoor space which in the context of LBRuT has seen greater demand for larger properties with gardens and an overall increase in pressure on the Borough as well Outer London Boroughs more generally.
- 2.3 However, it is an area which is relatively built-up and available land supply is constrained. These considerations, together with the London Plan, provide an important context to the preparation of this Local Housing Needs Assessment.
- 2.4 In a context in which development needs are not going to be met in full, consideration should rightly be given to how to appropriately prioritise housing provision in particular, where possible, to meeting those with the greatest needs and/or local needs arising within the Borough. This is consistent with Richmond's current policy approach.

Richmond's 2018 Local Plan

- 2.5 Richmond's current Local Plan was adopted in 2018 and sets out the current strategic planning framework for development in the Borough to 2033. The Plan seeks to protect local character, and sets out that there are limited locations where taller buildings are appropriate, with development needs expected to be met on brownfield/ previously-developed land.
- 2.6 Policy LP34: New Housing sets a housing target for 3,150 new homes over the 2015-25 period, but this has now been superseded by that in the 2021 London Plan. This fell substantially below the minimum need figure identified in the 2016 SHMA (1,047 homes per annum).
- 2.7 Policy LP35: Housing Mix and Standards outlines that developments should mainly provide family housing, except in the 5 main centres and Areas of Mixed Use where a higher proportion of smaller units would be appropriate. All new housing is required to meet the Nationally Described Space Standard and provide amenity space. 90% of new-build housing is required to meet M4(2) accessible and adaptable dwellings standard, with 10% required as M4(3) wheelchair-accessible dwellings. These policies were informed by the 2016 Strategic Housing Market Assessment (SHMA).

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- 2.8 Policy LP36: Affordable Housing sets out the Council's expectation of 50% affordable housing on new developments, with a tenure mix of 40% affordable housing for rent and 10% intermediate housing. A sliding scale of financial contributions is sought from schemes of less than 10 dwellings. The affordable housing requirement is now however influenced by the London Plan position (see below). On development schemes, the Council seeks the maximum reasonable amount of affordable housing having regard to viability (using an EUV+ approach), the availability of public subsidy, the overall mix of uses and other planning benefits (consistent with the London Plan position).
- 2.9 Policy LP37: Housing Needs of Different Groups resists the loss of existing housing where it does not meet an identified community needs and supports the protection of the existing Traveller site in Hampton. The supporting text describes the needs evidence relating to older persons housing but identified a higher priority for delivery of affordable housing in the Borough. It sets out that student housing will only be supported where it meets a demonstrable local need, does not compromise capacity for conventional homes or undermine policies to secure mixed and balanced communities or prejudice the supply of affordable / supported housing.
- 2.10 Policy LP38 supports the retention of existing housing and seeks to ensure that where conversion of larger homes to flats is proposed, it is compatible with local character, does not lead to parking stress and provides a good standard of accommodation. Equally LP39 is supportive of infill and back land development in certain circumstances; but seeks to protect local character and avoid back garden development.

Richmond's Housing Policies

Richmond Housing & Homelessness Strategy

- 2.11 The Richmond Housing and Homelessness Strategy sets out the Borough's plans for housing and homelessness services for the period 2021–2026. The previous Strategy covered the period 2018–2023; and this has now been refreshed now to ensure that the Council's housing objectives reflect current challenges (including COVID-19) and respond to significant developments in the sector including new legislation.
- 2.12 The Housing and Homelessness Strategy is organised into four key themes:
- Addressing housing market pressures, preventing homelessness and increasing housing options: Homelessness and Rough Sleeping Strategy 2021-2026
 - Delivering affordable homes; new supply and redevelopment of existing social housing stock
 - Ensuring good quality homes; providing choice, standards and quality for renters; and

-
- Supporting the needs of vulnerable residents, working with care and support services to provide quality housing options.

2.13 The strategy recognises that the scale of homelessness in the Borough presents a significant challenge in the Borough. It sets out that high property prices and rents ultimately result in many people facing homelessness with an inability to independently find solutions to their housing problems.

2.14 There is also notable challenge of delivering affordable housing in the Borough in a context whereby more than two thirds of LBRuT is protected by Open Land or Conservation designations. This means that development is often focused on smaller sites (which do not necessarily trigger the requirement to deliver affordable homes).

2.15 Across the four key themes, the strategy acknowledges a number of challenges such as providing appropriate accommodation, supporting vulnerable groups, delivering new homes, improving the quality of existing accommodation and providing financial support.

2.16 The strategy also sets out how the Council will respond to these challenges including through significantly increasing homeless prevention interventions, providing alternative housing options (i.e. in the private rented sector), ensuring vulnerable groups have access to support and working proactively with RPs, private developers and other households to increase the delivery of affordable homes.

Tenancy Strategy 2019

2.17 The Richmond Tenancy Strategy was published in June 2019 and outlines the Council's position with regard to the type, duration and renewal of tenancies available to registered providers in the Borough. The Council's policy position on affordable rent is also set out.

2.18 The Localism Act 2011 requires local authorities to provide information that registered providers will have 'regard' in relation to:

- the type of tenancies registered provider's grant,
- the circumstances in which they will grant a tenancy of a particular kind,
- where they grant tenancies for a fixed term the duration of the term; and
- the circumstances in which they will grant a further tenancy on the expiry of a fixed term tenancy.

2.19 The strategy provides an overview of what the Council would support under each of these matters. This includes supporting lifetime or fixed term tenancies being let at London Affordable Rent to households on the housing register as well as introductory tenancies (often for 1 year, providing the tenant with a trial period). The strategy outlines circumstances to be taken into account when deciding on the type and length of tenancy.

2.20 The Council expects RPs to ensure that affordable housing rents in LBRuT are set with regard to the London Affordable Rent levels approved by the GLA annually and as these do not include service charges, the Council expects RPs to have special regard to the service charges imposed on residents of low income households, always ensuring that these charges are affordable.

Intermediate Housing Policy Statement

2.21 The Council's Intermediate Housing Policy Statement was published in December 2017. The statement outlines the Council's position with regards to (1) the prioritisation of applicants for intermediate housing and (2) the income eligibility range for applicants to intermediate housing schemes in the Borough and (3) the role of RPs in providing intermediate housing in LBRuT.

2.22 In terms of priority, there is a Priority Cascade for applicants in LBRuT which is set out as follows:

- **Priority 1** – Housing Association Tenants residing in LBRuT and members/former members of the Armed Forces;
- **Priority 2** – Households living in LBRuT with an assessed priority for social housing who are able and wish to purchase low cost housing; and
- **Priority 3** – LBRuT residents and workers who are:
 - First-time buyers;
 - Meet the income criteria set by the Council; or
 - Existing intermediate housing residents and those living in market housing who can demonstrate they are overcrowded and can also evidence that they do not have the financial resources to access appropriately sized market housing in the borough.

2.23 The statement outlines that in instances where two applicant households apply within the same band, priority will be assigned in order of gross salary (whereby the lower household income applicant receives greater priority). There is an upper cap on salaries set by the GLA of £90,000 per annum for shared ownership and £60,000 per annum for intermediate rent.

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- 2.24 RPs are expected to ensure that some units are affordable to those on lower incomes (£19,000 per annum upwards for working households) through lower equity shares. A guiding principle is that 40% of equity across a development should be sold.
- 2.25 In LBRuT, the majority of intermediate housing schemes are shared ownership schemes. However, there are a handful of intermediate rent properties which are targeted at key workers. The statement is clear that the Council will support, subject to planning requirements being met, innovative forms of housing which help support the delivery of intermediate housing.

2021 London Plan

- 2.26 The new London Plan was formally published on 2nd March 2021. The new Local Plan for Richmond will be required to be in general conformity with the new London Plan which seeks to prioritise building new homes and sets out a housing target for Richmond equal to 411 homes per annum with an expectation that 234 homes per annum will be delivered on small sites.
- 2.27 The London Plan includes a number of key housing policies to which the LHNA should respond. London Plan Policy H5 is clear that there should be a minimum of 35% of homes provided as affordable on major sites with a requirement for 50% of homes as affordable on public sector and industrial land with a policy compliant tenure profile. Developments may follow the Fast Track Route where this can be achieved; however, on some schemes developers seek to argue viability.
- 2.28 The new London Plan under Policy H6 sets out the tenure split which should be applied to residential development as a minimum, of 30% low-cost rented, 30% intermediate and 40% to be determined by the Borough.
- 2.29 In respect of housing mix, the new London Plan under Policy H10 sets out a range of considerations which should feed into determining the appropriate mix of sizes required with a separate requirement for Boroughs to set out a specific size mix for low cost rented homes.
- 2.30 Policy H11 in the new London Plan states that Boroughs should take a positive approach to the Build to Rent sector which is a sector with distinct economics. The policy is clear on the criteria that must be met in order for schemes to qualify as Build to Rent, that the Policy H5 affordable housing requirements equally apply; and expects affordable provision at discount market rent at an equivalent rent to London Living Rent with the remaining 70% at a range of genuinely affordable rents (to be defined by Boroughs).
- 2.31 The new London Plan under Policy H12 also includes a specific policy on supported and specialist housing with an additional Policy H13 on specialist older persons housing. The former includes reference to support disabled Londoners whilst recognising London's diversity and is clear that

Boroughs should undertake assessments of the need in the short-term, medium-term and permanent supported and specialised accommodation.

2.32 Policy H13 makes clear that housing needs assessments should be clear on the type and tenure of demand; and conscious of the increasing need in London for accommodation suitable for people with dementia.

3. HOUSING STOCK AND MARKET CIRCUMSTANCES

3.1 In this section we move on to profile the current housing offer. An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure and size) and how the mix of properties varies between tenures and within each area.

Housing Offer

Tenure Profile

3.2 There were 81,853 dwellings in LBRuT in 2019. Of these, 88% are in the private sector (which includes both owner-occupied and private rented properties) and 12% owned by public sector organisations.

3.3 LBRuT does not own any housing stock whereas the London average sits at 11% and national average at 7%, therefore within LBRuT all public sector stock is owned by RPs operating within the Borough.

Figure 3.1: Housing Stock by Ownership, 2020



Source: MHCLG Table 100 (2020)

3.4 Within the private sector, there is limited reliable local data available on the split between owner occupied housing and private renting. The 2011 Census showed:

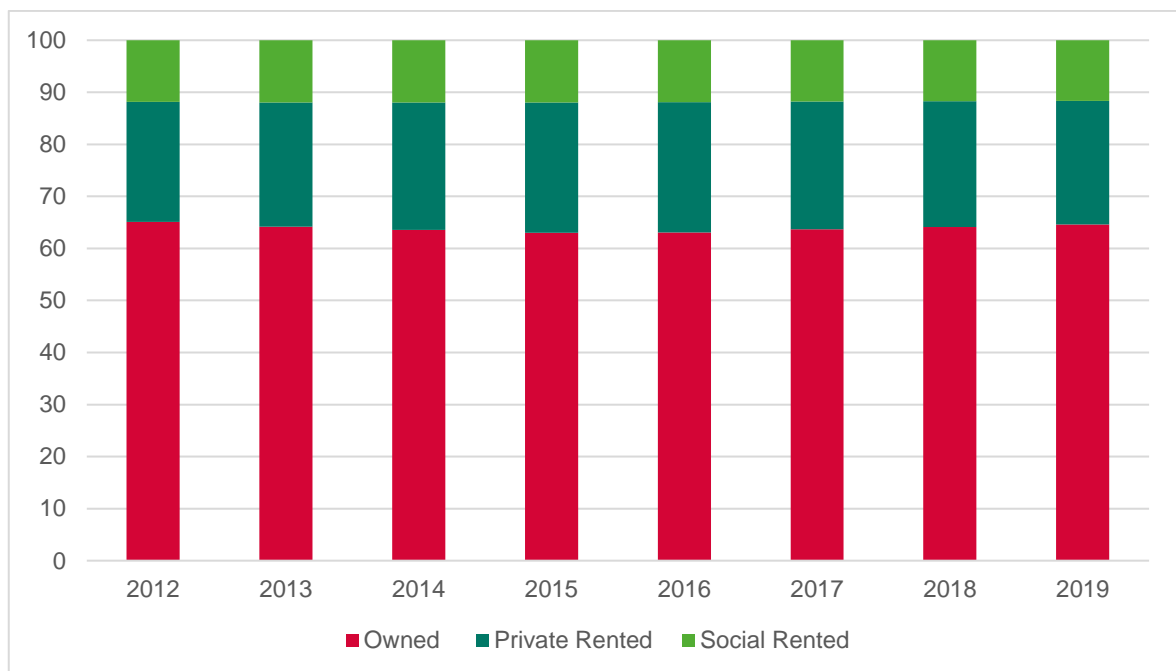
- Levels of home ownership in LBRuT were higher than London with 64% of homes in private ownership compared to 48% across London and 63% as the national average;

- In LBRuT, 22% of the housing stock was in the private rented sector in 2011. This compares to 25% in London and 17% in England.

3.5 The English Housing Survey can be used to assess trends at a national level. What this shows is that across England, the private rented sector now accommodates 20% of all households, with this proportion having doubled since 2006/07. It is notable that growth in the private rented sector accelerated from 2006/07; however, it appears to have slowed in more recent years since 2014 nationally.

3.6 The ONS has published sub-national estimates of homes by tenure over the period 2012 to 2019 which provides us with a more recent view of the potential tenure split the housing stock in the Borough; however, the data is largely experimental and are calculated using the Generalised Structure Preserving Estimator for small area estimation. The outputs are shown in the Figure below with a year-by-year breakdown.

Figure 3.2: Housing Tenure Profile in LBRuT, 2012-2019



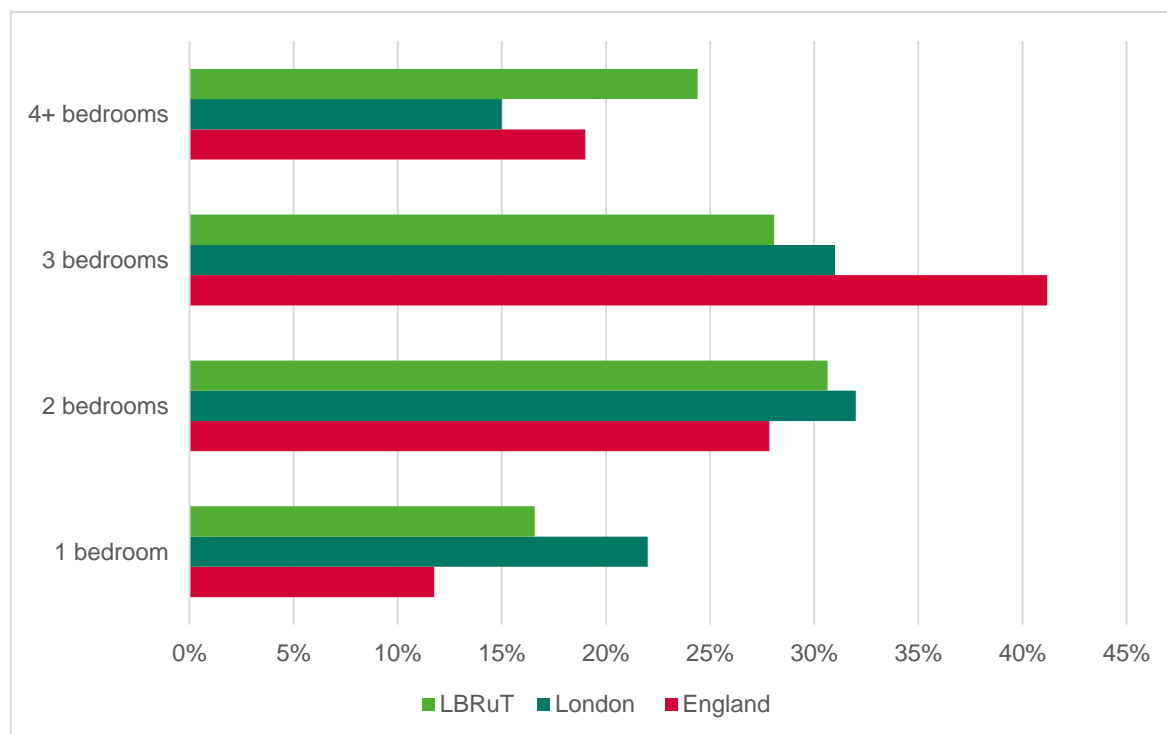
3.7 The analysis shows that the private rented sector is likely to account for around 24% of the housing stock in 2019 (set against 22% at the point of the 2011 Census). Although the sector has not experienced substantial growth over this period, it clearly plays a significant role in the market with almost a quarter of all homes and flats in the Borough in the private rented sector.

House Types and Sizes

3.8 To assess the profile of homes of different sizes, we have used 2011 Census data as a baseline. In LBRuT in 2011, 52% of the housing stock consisted of at least 3 bedrooms (i.e., family sized housing)

which compares with 46% in London and 60% across England. The size profile largely reflects the suburban characteristics of an Outer London Borough in comparison with London more widely.

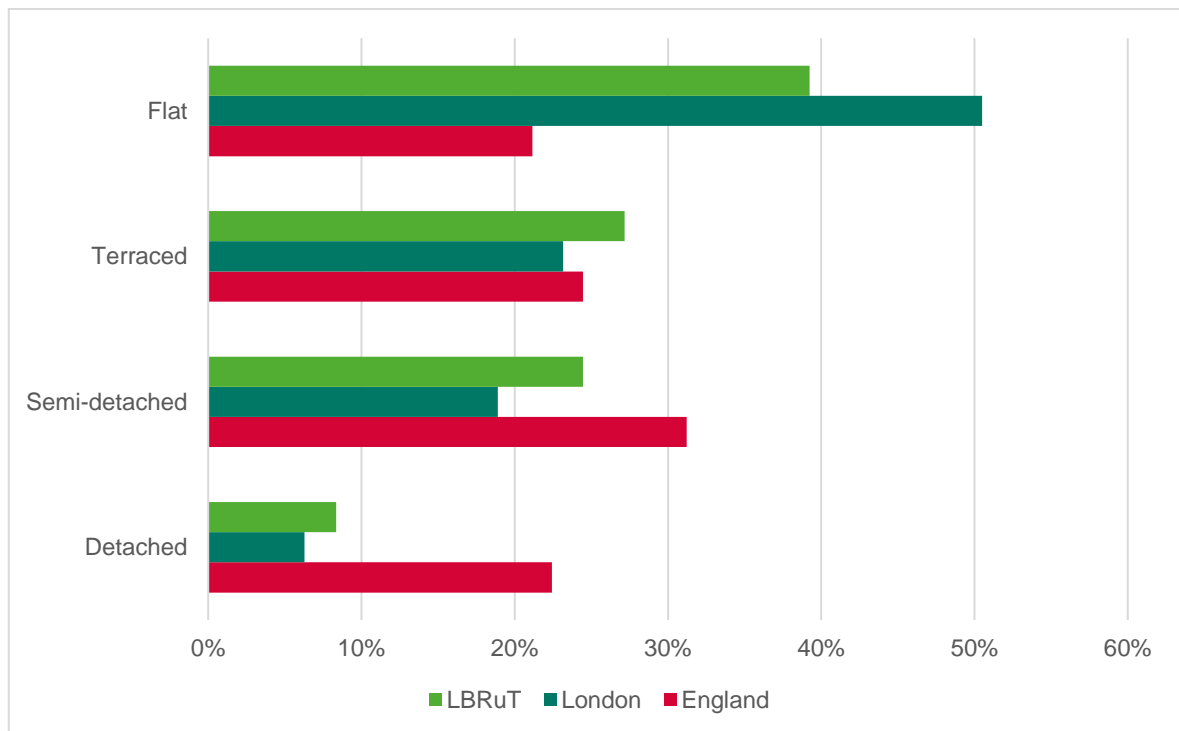
Figure 3.3: Housing Stock by Bedroom



Source: Census (2011)

- 3.9 In terms of the types of properties in LBRuT, the majority (39.2%) are flats which is lower than the proportion of this type of property across London as a whole where flats account for around half (50.5%) of the housing stock. However, the proportion remains notably higher than the national average of 21.2%.
- 3.10 Despite a relatively high proportion of family-sized homes, LBRuT has a notably lower proportion of detached homes compared to the national average (8.4% compared to 22.4% respectively) and only a marginally higher proportion of detached homes compared to London as a whole (6.3%).

Figure 3.4: Housing Stock by Type



Source: Census (2011)

3.11 The Regulator of Social Housing provides a summary overview of social rented units by type for local authorities in England. Currently in LBRuT, there are 31 private registered providers (RPs). 1.1% of the stock is owned by small RPs² and 98.9% is owned by large PRPs³. There is a total of 9,919 units of low cost rental stock owned in the Borough and 465 low cost home ownership units.

Table 3.1 Total Social Units By Provision Type

	LBRuT	London
General Needs Rented	8,789	362,202
LCHO (Shared Ownership / Equity)	465	48,444
Supported Housing	310	26,130
Housing for Older People	465	27,740
Total	10,384	464,516

Source: The Regulator of Social Housing, 2020

² <1,000 units owned

³ 1,000+ units owned, PRPs refers to providers of social housing in England that are registered with the social housing regulator, but are not LAs (this is the definition of PRP in the 2008 Housing Act)

How Households Occupy Housing

- 3.12 Overcrowding is defined as the number of properties which have fewer rooms than their households require. The requirement is calculated based on the size, age and relationship of household members. Under-occupied properties on the other hand are those with more bedrooms than the household needs. For instance, an under-occupied property can relate to a couple with no children living in a two or more-bedroom property.
- 3.13 There has been a notable increase in overcrowded households at a national level (including young people living with their parents for longer) and Houses in Multiple Occupation (“HMOs”). This has been a symptom of affordability pressures, restrictions on access to mortgage finance and housing under-supply.
- 3.14 The English Housing Survey (2016-2017) states the rate of overcrowding in England for 2016/17 was 3%, with approximately, 682,000 households living in overcrowded conditions. Overcrowding was more prevalent in the rented sectors than for owner occupiers. Only 1% of owner occupiers nationally (183,000 households) were overcrowded in 2016-17 compared with 7% of social renters (268,000) and 5% of private renters (231,000).
- 3.15 The English Housing Survey indicates that number and proportion of overcrowded households in the owner-occupied sector has remained relatively stable over the last 20 years or so. In the social rented sector, overcrowding peaked at 7% in 2010-11, before dropping to 6% in 2012-13. It remained at 6% until 2014-15 but increased to 7% in 2015-16 where it remained in 2016-17.
- 3.16 However, the proportion of overcrowded households in the private rented sector increased from 3% in 1995-96 to a peak of 6% in 2011-12, and since then has decreased slightly to 5%. The rapid overall growth in private renters between 1995-96 and 2016-17 explains the pronounced increase in actual numbers of overcrowded households from 63,000 in 1995-96 to 231,000 in 2016-17.
- 3.17 This national trend is evident in LBRuT where the proportion of residents living in over-occupied properties increased by 26% between 2001 and 2011. Given increasing affordability pressures, it is likely to have had further growth since.
- 3.18 Icenii have measured the occupancy of housing against the Census occupancy rating using the room standard, which allows comparison of trends over time. In 2011, the proportion of overcrowded dwellings was 10% for LBRuT as a total of the total housing stock which compares with the London average of 22% of all stock.

Table 3.2 Changes in Under Over Occupied Households, Occupancy Rating, 2001-2011

	Under-occupying households			Over-occupying households		
	2001	2011	% Change	2001	2011	% Change
LBRuT	54,538	54,886	1%	6,378	8,006	26%
London	1,705,027	1,666,514	-2%	522,471	707,437	35%
England	15,274,290	16,027,853	5%	1,457,512	1,928,596	32%

Source: 2001 and 2011 Census

- 3.19 Under occupation in LBRuT increased by 1% between 2001 and 2011. However, the bedroom standard – set out in Table 3.3 - can be used to provide a more accurate representation of overcrowding and under-occupancy, as it takes account of the age/sex of occupants and relationships between them.
- 3.20 In terms of under-occupancy, 67% of the housing stock in LBRuT was under-occupied in 2011 using the bedroom standard which is broadly in line with the national average (69% of all stock) and substantially above the proportion of homes across London as a whole. This compares with a relatively high level of over-occupation in London.
- 3.21 This is influenced by principally by high owner occupation of larger family-sized homes as well as the age structure of the Outer London Borough; whereby older owner occupying households can afford in essence to have more bedrooms than they might necessarily need, or this group may indeed lack suitable alternative housing options.

Table 3.3 Under and Over Occupied Households, Bedroom Standard, 2011

	Under-Occupying Households	Over-Occupying Households
LBRuT	67%	4%
London	49%	11%
England	69%	5%

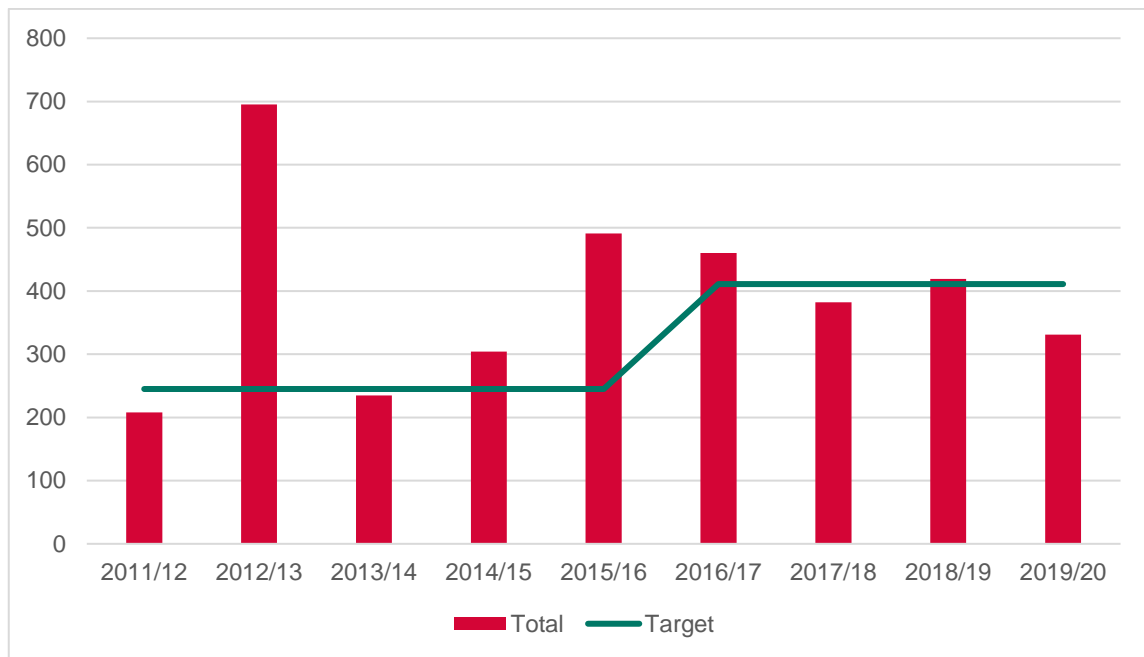
Source: Census 2011

Housing Supply Trends

Housing Completions

- 3.22 IcenI has examined housing completions data for LBRuT dating back to 2011 with the data having been shared directly from the Council. Over the period 2011 to 2020, the Borough delivered 144% of the corresponding London Plan Target appropriate at that time. In the years 2015-2020, the Borough provided 66% of the target as set out in updated London Plan 2015 which equates to a shortfall of 1,067 homes.

Figure 3.5: Housing Supply vs Target 2011-2020



Source: Data Supplied by Local Authority (2021)

3.23 Icenl have also considered net housing completions by tenure over the period 2008/09 to 2019/20 to understand the balance of market and affordable homes delivered. Over this period, 24% of all housing delivered was for affordable homes. However, since 2013, affordable housing delivery has fallen.

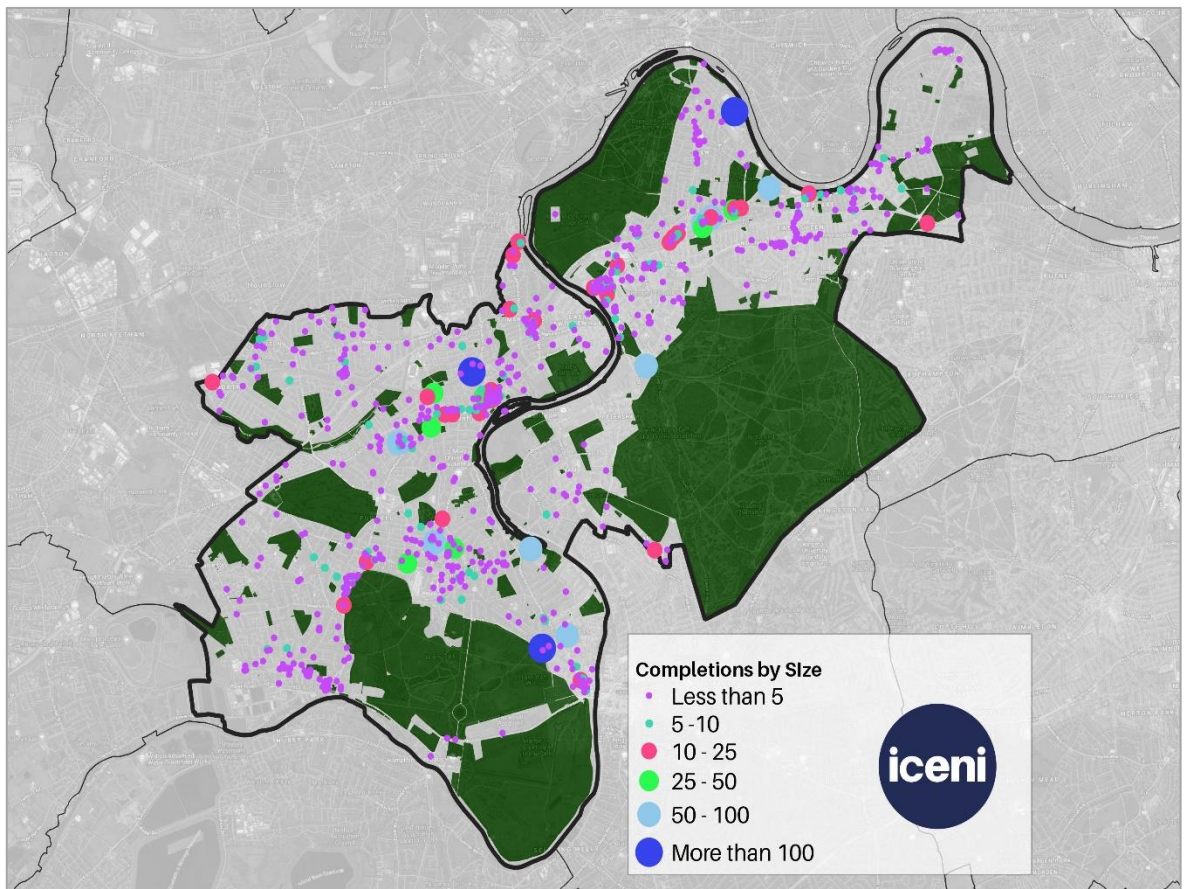
Table 3.4 Housing completions in LBRuT, 2005/06 – 2019/20

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Market	338	145	273	133	468	202	298	392	398	341	349	297	4,694
Affordable	98	0	126	75	227	33	6	99	62	41	70	34	1,143

Source: Data Supplied by Local Authority (2021)

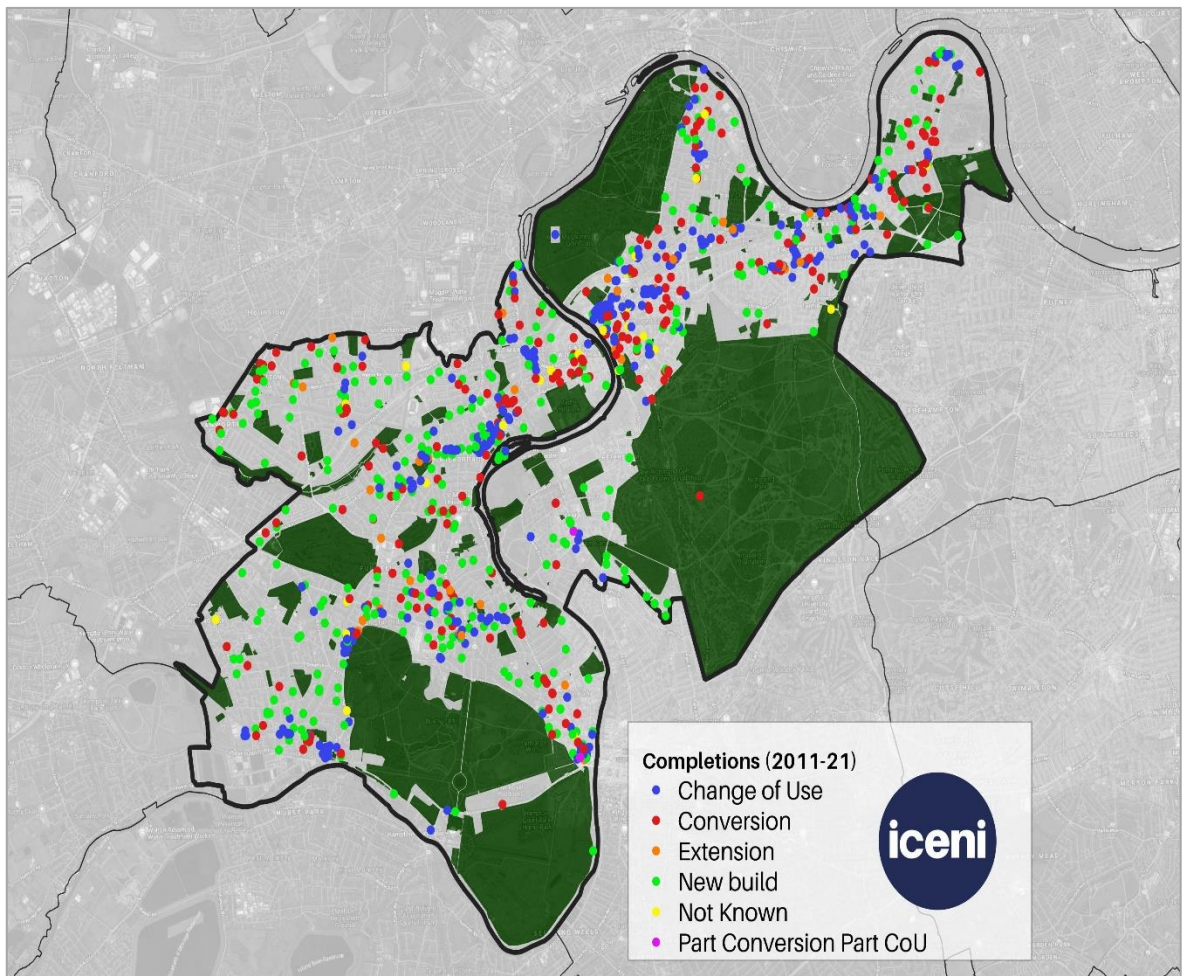
3.24 In respect of where development has been occurring, the Figure below shows housing completions in the Borough over the period from 2012-2019 by the number of net units delivered on site. This is clear in demonstrating (a) the limited nature of development overall since 2012, (b) the limited number of large development schemes of 50 homes or more and (c) the predominance of smaller scale development schemes.

Figure 3.6: Housing Completions by Size in LBRuT, 2012-2019



- 3.25 Instead of large-scale development opportunities, as is clear from the Figure below, there are particularly high concentrations of development through Change of Use and Extension applications which are most prominent on the eastern side of the River in Richmond, East Sheen and Barnes.
- 3.26 There are also applications for new-build development including most notably along Heath Road, Twickenham (i.e., Twickenham town centre) and around Teddington town centre, Whitton and Hampton; however, as is clear from Figure 3.7, these are largely smaller scale.

Figure 3.7: Housing Completions by Type in LBRuT, 2012-2019



Housing Market Dynamics

House Prices

3.27 The median value of house sales in LBRuT in 2020 was £675,000. This was 28% (£192,00) above the London average and 63% (£426,000) above the national average. Relative to the national and London average, prices for all properties in Borough are substantially higher (with the exception of flats in a London context) which points to stronger relative demand.

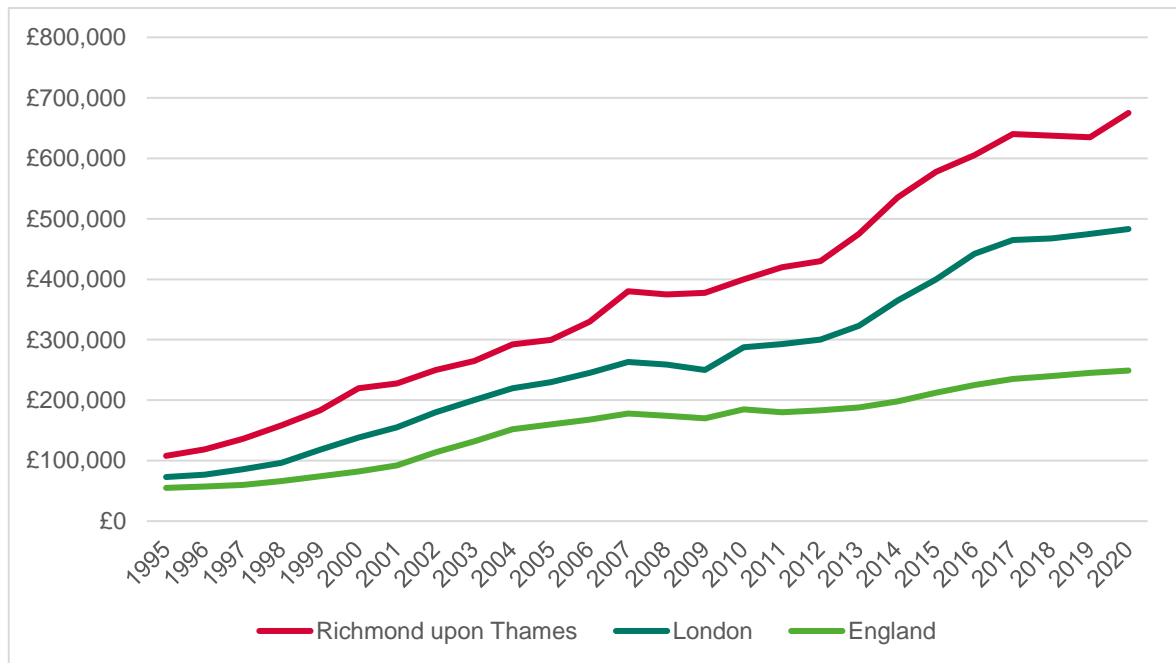
Table 3.5 Median House Prices

	Detached	Semi-Detached	Terraced	Flat/Maisonette	All Sales
LBRuT	£1,355,000	£894,000	£820,000	£439,675	£675,000
London	£790,000	£532,500	£500,000	£428,000	£483,000
<i>Differential</i>	<i>£565,000</i>	<i>£361,000</i>	<i>£320,000</i>	<i>£11,675</i>	<i>£192,000</i>
England	£350,000	£223,000	£195,000	£216,000	£249,000
<i>Differential</i>	<i>£1,005,000</i>	<i>£671,000</i>	<i>£625,000</i>	<i>£223,675</i>	<i>£426,000</i>

Source: Icen Analysis of ONS Small Area House Price Statistics (2020)

3.28 The Figure below charts growth in the median house price over the period since 1995. House prices in LBRuT closely followed the national trend across England over time, with stronger price growth in LBRuT in the pre-recessionary period between 2003-08, a more significant dip during the recession and a strong recent increase from 2015 to 2017 before levelling off. In the last year, the Borough has seen sharp increase in its median house price.

Figure 3.8: Median House Prices 1995-2020

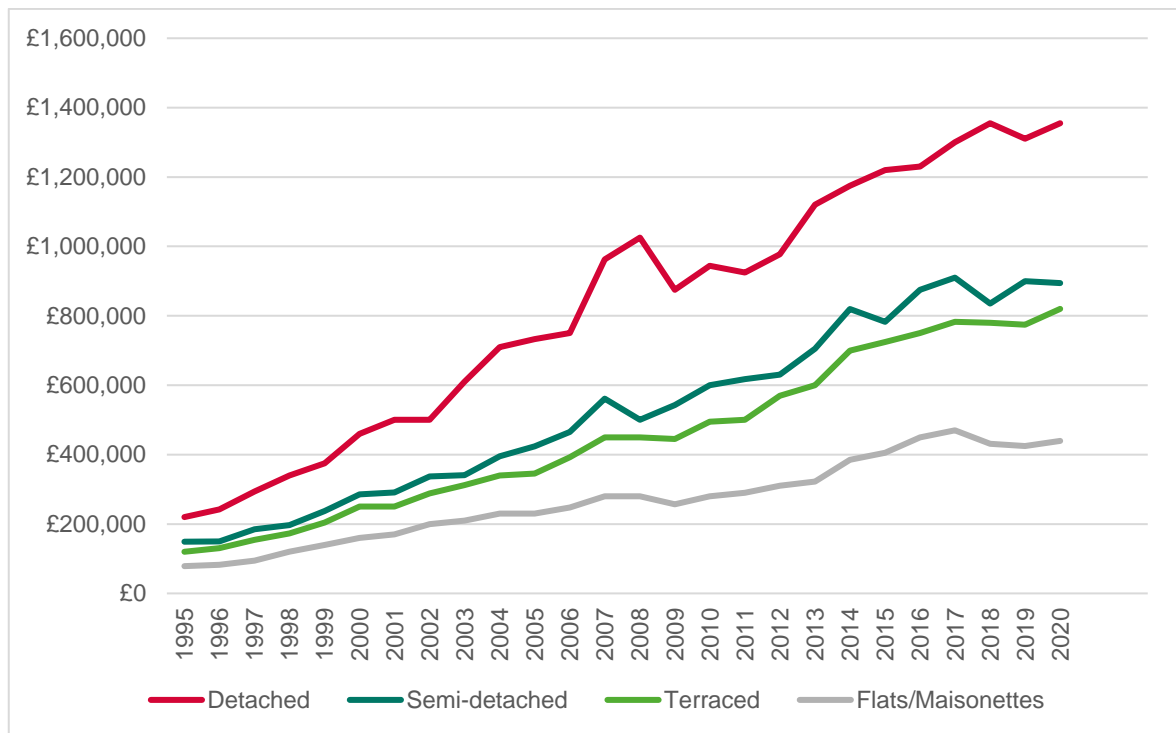


Source: Icen analysis of ONS Small Area House Price Statistics

3.29 Trends in the values of different types of properties in LBRuT are shown in Figure 3.6 below. It shows that in the longer-term, the strongest value growth has been for detached properties with particularly strong growth over the period from 2013 to 2020. This is a type of property that agents tell us is in high demand (particularly from families already living in the local area as well as those moving out from Inner London).

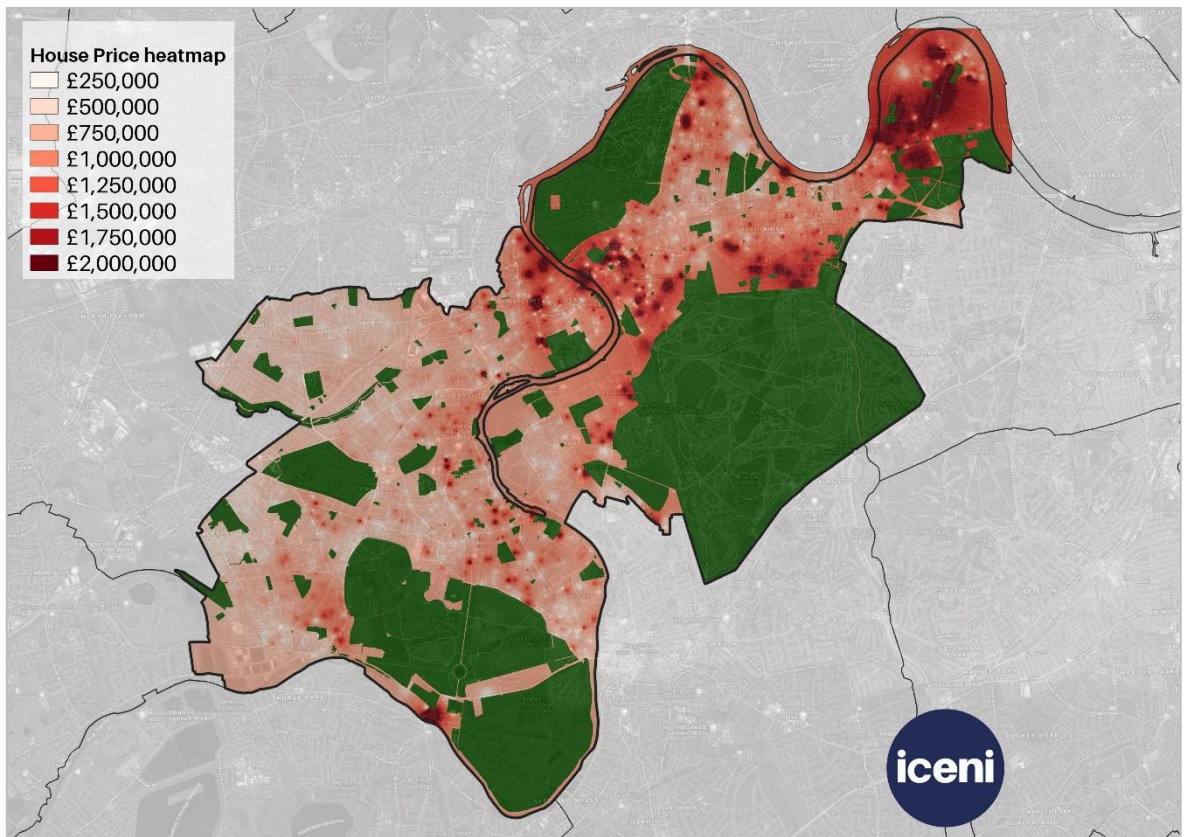
3.30 Meanwhile, semi-detached have terraced properties have seen similar trends in value growth over time. Values in 2020 were £394,000 above the 2008 peak for semi-detached homes, 370,050 for terraced homes. Flatted homes have seen a steadier increase in house prices since 2008, in 2020 values were £159,675 above the 2008 peak.

Figure 3.9: Trends in Median Price by Property Type, LBRuT



3.31 The Figure below shows that house prices are high across all areas of the Borough, with particular hotspots closer to Central London including around Richmond, Barnes and East Sheen (with lower relative values in Hampton and Whitton).

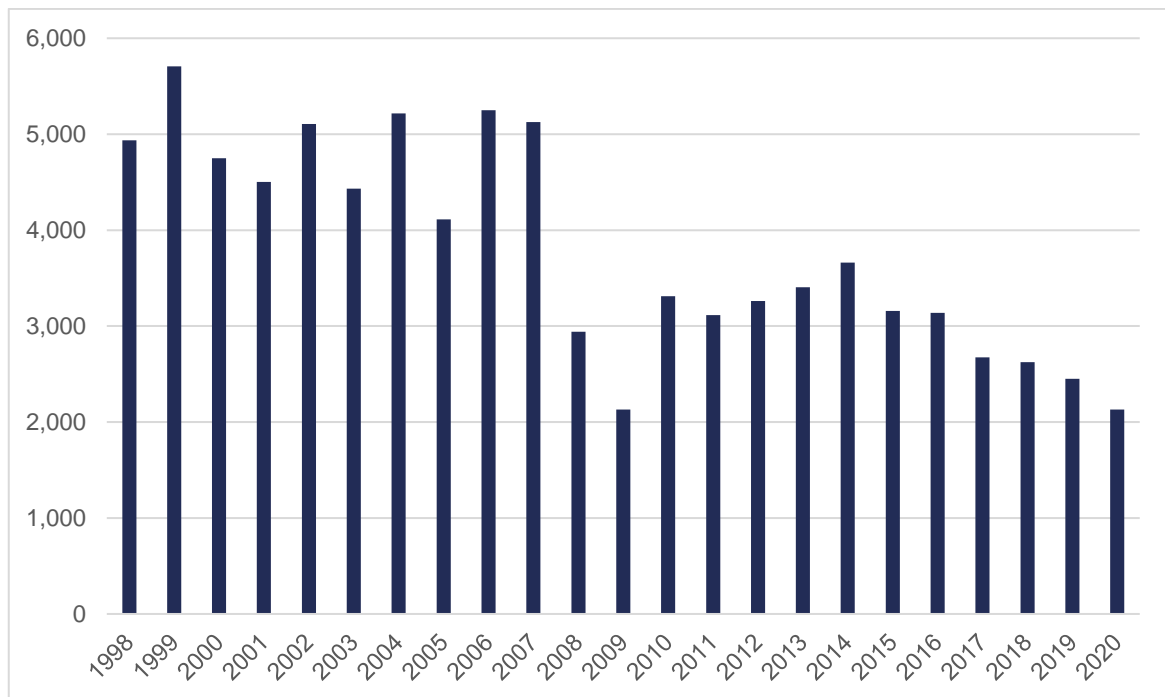
Figure 3.10: LBRuT House Price Map, 2020



Sales

- 3.32 Transaction levels or sales reflect the relative buoyancy of the market and provide an indication of 'effective demand' for market housing. In LBRuT, sales volumes averaged 4,735 per annum over the 10-year period to 2008 before the economic downturn. In the immediate economic downturn in 2008, sales fell dramatically.
- 3.33 Transaction levels picked up again relatively quickly from 2010 onwards as the availability of mortgage finance improved and as a result of Government support for the housing market; however, in absolute terms sales volumes remained well below pre-recession levels. Since 2014, transactions have fallen gradually to 2,131 in 2020 which compares with 2,129 in 2009 at the height of the recession.

Figure 3.11: Sales of Market Housing in LBRuT, 1998-2020



Source: IcenI analysis of ONS Small Area House Price Statistics

- 3.34 Structural issues with the housing market have inhibited a recovery in sales volumes to pre-2008 levels at a national level which is also clear in LBRuT. Access to mortgage finance is more restricted with lower availability of mortgages on high loan to value ratios and requirements for ‘stress testing’, which includes assessing the ability of households to pay higher interest rates than the current level.
- 3.35 A growing older population which typically moves less often has also restricted housing market activity and chains, with fewer older households moving in part because of a compression of prices between 2 and 3 bed properties according to analysis from UK Finance. This is a particular issue in LBRuT. A consistent low inflation environment has less reduction in the real value of debt.
- 3.36 The growth in house prices has created affordability issues which serve both to restrict the ability of non-homeowners to purchase a home and has led to significant rises in Stamp Duty, which means that the ‘transactional cost’ of moving is now significant, with many households looking to extend homes, rather than move.
- 3.37 Furthermore, in terms of more recent circumstances, the Stamp Duty holiday introduced in June 2020 appears to have had little influence on sales volumes in the context of COVID-19 in LBRuT. It is this combination of issues which underlies lower market housing sales and transactional activity over the last decade. Nevertheless, we understand anecdotally through our consultation with local estate agents that the market is more buoyant in 2021 than it has been for several years.

3.38 The analysis below benchmarks sales trends relative to average over the 1998-2008 period. It shows a strong correlation between sales trends in LBRuT and in London and nationally; however, it does show a stronger recovery from the economic downturn in LBRuT. Despite this strong recovery in the immediate aftermath, LBRuT has closely followed the London trend since 2014 with transactions well below pre-recession levels.

Figure 3.12: Comparative Analysis of Long-Term Trends in Sales of Market Housing



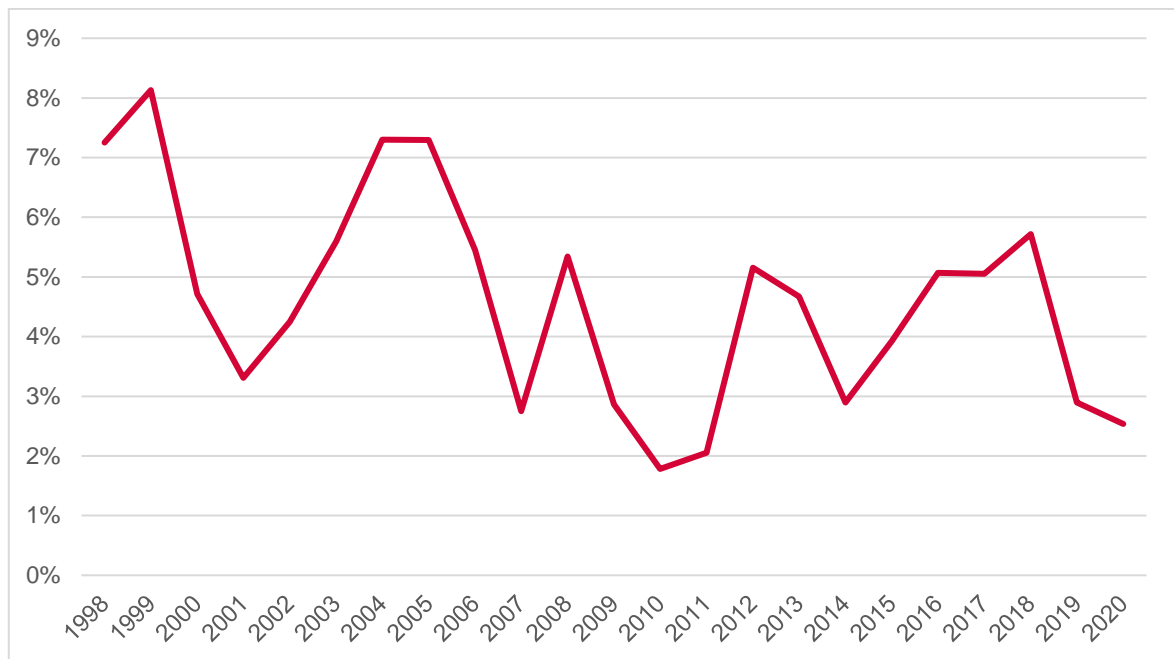
Source: Icen analysis of ONS Small Area House Price Statistics

3.39 The impacts of worsening affordability, higher house prices, Brexit uncertainty and more recently the impacts of COVID-19 have all evidently had a greater impact on the purchase market in LBRuT and London as a whole.

3.40 Influenced by Government support for the housing market, in many areas we have seen growth in the proportion of sales accounted for by new-build properties; however, although the proportion of new build sales increased marginally following the introduction of Help to Buy in 2013, in relative terms new build sales have remained low. In 2020, new build sales accounted for only 3% of total sales.

3.41 In part, these statistics will be influenced by the reality that the Borough will have a lower proportion of First Time Buyers owing to the documented affordability constraints.

Figure 3.13: New-Build Sales Trends in LBRuT



Source: IcenI analysis of ONS Small Area House Price Statistics

3.42 Despite overall new-build sales being low, our analysis suggests that new-build sales have been strongly supported by the Government’s Help-to-Buy Equity Loan Scheme since 2017 having supported an average of 56% of new-build over the 2017-20 period. Prior to this, Help to Buy did not support new build sales - the Government introduced a London Help to Buy scheme in February 2016 allowing Londoners to buy a home with just a 5% deposit, a mortgage as low as 55% and loans of up to £240,000.

Table 3.6 Market Support from Help-to-Buy Equity Loan, LBRuT

	2013	2014	2015	2016	2017	2018	2019	2020	Total
New-Build Sales	159	106	124	159	135	150	71	54	958
with HTB Equity Loan	0	0	1	25	74	63	35	43	241
% Supported by HTB	0%	0%	1%	16%	55%	42%	49%	80%	25%

Source: IcenI Analysis of HTB Equity Loan Statistics and New-Build Sales (from ONS Small Area House Price Statistics)

Private Rental Values

3.43 IcenI have also reviewed current private rents in LBRuT against the London and national average. The data is drawn from the ONS and Valuation Office Agency (“VOA”) Private Rental Market Statistics. As is shown in the Table below, median rents vary from £900 PCM for a studio to £3,500 PCM for 4+ bed properties in LBRuT.

Table 3.7 Monthly Rents in LBRuT, Year to March 2021

	Count of Rents	Lower Quartile	Median	Upper Quartile
Studio	40	£796	£900	£1,092
1-bed	270	£1,125	£1,250	£1,390
2-bed	470	£1,450	£1,600	£1,850
3-bed	190	£1,670	£2,000	£2,520
4+ bed	100	£2,950	£3,500	£4,500
All Lettings	1,060	£1,331	£1,575	£1,995

Source: IcenI Analysis of ONS Private Rental Market Statistics. Note there is no data on rooms in LBRuT.

- 3.44 Setting median rents in LBRuT against the wider comparators, the Table below shows that the median rent for all properties is 10% above the London average and a significant 116% above the national average. The private rents in LBRuT for all property sizes are all above the London average with the exception of studio properties. The differential in large four or more bedroom properties is particularly notable at 49% above the London average.

Figure 3.6 Monthly Rents vs Wider Comparators, Year to March 2021

	LBRuT	London	England
Studio	£900	£970	£575
1-bed	£1,250	£1,224	£650
2-bed	£1,600	£1,450	£700
3-bed	£2,000	£1,725	£800
4+ bed	£3,500	£2,350	£1,350
All Lettings	£1,575	£1,430	£730

Source: IcenI analysis of ONS Private Rental Market Statistics. Note there is no data on rooms in LBRuT.

- 3.45 IcenI have also sought to consider rental trends over the last 5 years to provide a relative indication of where there is a supply/demand imbalance. The evidence indicates that over this period rents have fallen for studios, 3 bed properties and 4 or more bed properties.
- 3.46 The only rental growth has been for smaller properties with rents for 1 bed properties growing by 4% and rents for 2 bed properties growing by 3%. This points to some need for growth in the stock of smaller property types.

Table 3.8 Rental Growth in LBRuT, 2015/16 – 2020/21

	2015/16	2020/21	Change	% Change
Studio	£950	£900	-£50	-5%
1-bed	£1,200	£1,250	£50	4%
2-bed	£1,550	£1,600	£50	3%
3-bed	£2,098	£2,000	-£98	-5%
4+ bed	£3,700	£3,500	-£200	-5%
All Lettings	£1,595	£1,575	-£20	-1%

Source: IcenI analysis of ONS Private Rental Market Statistics. Note there is no data on rooms in LBRuT.

Estate and Lettings Agents Discussion

- 3.47 IcenI has engaged with a number of estate and lettings agents across the Borough to gather information and market insight around house prices, sales, rental values and overall buoyancy to supplement our data analysis from national sources.
- 3.48 This is particularly helpful in understanding any short-term implications of the Covid-19 pandemic, when any changes to trends will not yet show in medium to longer term projections. Our consultation has sought to gather views from agents in Whitton, Twickenham, Richmond and Barnes. The sub-sections below deal with each side of the market – sales and lettings - in turn.

Sales Market

- 3.49 The general findings from our consultation with agents was that the sales market was buoyant and notably more active than it has been for a number of years. One agent noted that since 1st June 2020 after the first lockdown, more prospective buyers have been looking for larger flats with gardens and more space in general.
- 3.50 This appetite for more space has been fuelling demand for moves particularly in recent months as restrictions have eased and the Stamp Duty Holiday has remained in place. In the west of the Borough, one agent described it as “the busiest market in the last 4 years” with an agent in Richmond stating that market was “buoyant and going very well”.
- 3.51 In and around Richmond, agents set out that around 65% of incoming moves were local with around 10% international moves – which is a significant reduction owing to travel restrictions and potentially the impacts of Brexit. Around Twickenham, the majority of incoming homeowners are from Central London and outgoing homeowners are moving to areas as far as Devon. This largely relates to the national trend of outward moves towards more space and gardens.
- 3.52 In the western and eastern areas of the Borough including around Twickenham, Teddington, Whitton, Barnes and Sheen, there is demand for family-sized 3 or more bedroom period properties. Around Barnes and Sheen, houses are selling on average for £2m to £3m with lower values in the western

areas of around £800,000 to £1m. In and around Richmond, there is demand for family-sized homes as well as garden apartments with the latter ranging from anywhere between £500,000 to £2m. One agent stated that “anything with a garden and parking is in high demand” whilst also stating that “1 bed flats without any outdoor space are not doing well”.

3.53 All agents across the Borough were in agreement that there has been a substantial increase in sales values owing to a lack of supply. It was noted by one agent that detached and semi-detached period properties have seen the strong growth – largely owing to high demand and the fact that they come onto the market less often. In all areas of the Borough, buyers found that the access to central London, open spaces, parks, outstanding schools and the family nature of the Borough are all attractive qualities which continue to support demand.

3.54 In respect of specific types of housing, all agents across all areas noted that there is demand from older households looking to downsize from larger underoccupied properties. One agent in Richmond stated that there had been an “increase in demand of people wanting to downsize” and this could include downsizing to garden apartments. However, agents also noted that there is less demand for specialist accommodation, although “the current offer in the area has hindered this” said one agent, whilst noting that “Richmond is slowly adapting to provide more housing for older people”.

Lettings Market

3.55 In respect of the lettings market, there was a marked contrast in activity between the west of the Borough around Whitton and Twickenham compared with Richmond, Barnes and Sheen. In the west, lettings agents described the market as “fair”, “not the busiest – but still moving” and “quite busy, although not as much as 2020”. In contrast, agents around Richmond town and the eastern areas of the Borough described the market as “very good – incredibly busy” and “good – lots of families looking for properties”.

3.56 Across almost all areas of the Borough, agents noted that more people are moving into the area from Inner London off the back of the Government guidance to work from home. The exception to this was Richmond town where agents said that rental moves are more so people relocating from the local area or international moves. Those moving are predominantly families across the Borough whilst there is also a large proportion of young professionals around the Twickenham, Teddington and Whitton areas.

3.57 In Richmond town, lets can include anything from 1 bedroom apartments up to a 6 bedroom house with 2 bedroom properties with outdoor space in greatest demand. Around the Twickenham, Teddington and Whitton, family-sized homes are in greatest demand and around Barnes and Sheen, prospective tenants are looking for larger homes or as one agent described “anything with a garden”.

- 3.58 In terms of rents, agents in Richmond town and to the west of the Borough consider rents to be fairly static off the back of the implications of Brexit and COVID-19. The expectation is that this will improve throughout the summer.
- 3.59 In respect of older persons housing, all agents stated that there was little demand for a rented product with no appetite for a care home product. Agents were clear that the preference was to downsize in the purchase market as opposed to specialist housing provision. If this was provided, it should be leasehold as this would be more attractive.
- 3.60 On whether or not there was an appetite for a Build to Rent product, there was a mixed response across all areas of the Borough with those supporting the potential for a greater Build to Rent market suggesting that schemes of a smaller nature (i.e. less than 100 units) would be better suited.
- 3.61 Finally, when asked about the level of demand from students, lettings agents in Richmond town noted there was no demand driven largely by the cost of housing in the area. If approached by students, they will typically be looking for areas close to Kingston University (i.e. around Hampton Wick and Kingston Bridge). Lettings agents around Twickenham, Whitton and Teddington all said that there was some demand from students but nothing of significance again pointing towards Kingston whilst also noting that there was a limited purpose-built student accommodation offer.

Affordability

- 3.62 The median house price-to-workplace earnings ratio in LBRuT in 2020 at 18.66 is significantly higher than both the London and national equivalent at 11.78 and 7.84 respectively which points to stronger relative affordability pressures.
- 3.63 The Table below sets resident earnings and against workers earnings in the context of affordability in LBRuT. As is clear, resident's earnings are notably higher than workplace-based earnings by an average of around £14,000 per year. The residence-based affordability ratio is therefore a lower figure of 13.50; although this is still substantial.

Table 3.9 Median House Prices to Earnings Ratio in LBRuT, 2020

	Residence-based	Workplace-based
Median House Price, Yr to Sept 2020	£675,000	£675,000
Median Annual Earnings, 2020	£50,006	£36,177
Median House Price-to-Income Ratio	13.50	18.66

Source: ONS House Price to Earnings Ratio

- 3.64 Over the last 15 years the median house price-to-earnings ratio has increased by just over 7.5 points from 11.0 in 2005 to 18.66 in 2020. It has seen significantly greater comparative growth than has been evident in London or nationally pointing to a stronger comparative deterioration in affordability

in the Borough. This increase has been sustained over the 15 year period with the largest increase between 2010-15.

Table 3.10 **Trend in Workplace-based House Price-to-Earnings Ratio**

	2005	2010	2015	2020	5 Year Change	15 Year Change
LBRuT	11.00	12.56	17.30	18.66	1.36	7.66
London	7.66	8.24	11.05	11.78	0.73	4.12
England	6.79	6.85	7.52	7.84	0.32	1.05

Source; ONS House Price to Earnings Ratio

4. OVERALL HOUSING NEED AND DEMOGRAPHICS

- 4.1 This section considers overall housing need in the Borough in the context of the new London Plan. This section also considers demographic trends, in particular looking at past trends in population growth and future projections.
- 4.2 The analysis draws on the 2018-based subnational population projections (SNPP), the 2018-based household projections (SNHP) – both ONS data releases and projections developed by the GLA. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020. Where projections are presented in this section, the period from 2021 to 2039 is used.

The London Plan Housing Target

- 4.3 The new London Plan was formally published on 2nd March 2021. The London Plan relies on the London-wide Strategic Housing Market Assessment (“SHMA”) published in 2017 for its evidence of housing needs. The 2017 SHMA identified a need for 66,000 additional homes per annum over the period to 2041 and for the purposes of the Plan, London is considered as a single housing market area, with a series of complex and interlinked sub-markets.
- 4.4 On this basis, the London Plan makes clear that boroughs are not required to carry out their own housing needs assessments but must plan for and seek to deliver the housing targets in the London Plan.
- 4.5 The housing targets in the London Plan are not informed by the 2017 SHMA alone. A Strategic Housing Land Availability Assessment (“SHLAA”) also prepared in 2017 was also undertaken to establish the capacity of land suitable for residential development and intensification in each borough. As a result of the nature of London’s land availability, the SHLAA does not attempt to identify capacity beyond 2029 and ten-year housing targets have therefore been established for every borough.
- 4.6 The new Local Plan for LBRuT will be required to be in general conformity with the new London Plan which seeks to prioritise building new homes and sets out a housing target for LBRuT of 4,110 homes over the period to 2029 (equal to 411 homes per annum). If a target is required beyond the 10 year period, Boroughs are advised to draw on the 2017 SHLAA findings and any local evidence of identified capacity.

The Standard Method

- 4.7 In March 2020, the Government explicitly set out its position to the Mayor of London that there is a long way to go to meeting London's full housing need. At the point of the London Plan's publication, the Secretary of State also made clear that work on the next London Plan to dramatically increase housing delivery in London was to begin immediately.
- 4.8 Over the months which have followed, the Government's standard method for calculating local housing need has been updated⁴. An additional step has been added applying to the top 20 largest Cities and Urban Centres in England which requires an additional uplift of 35% to the local housing need identified through step one to three.
- 4.9 The PPG⁵ is however clear that the responsibility for the overall distribution of housing need in London lies with the Mayor as opposed to individual Boroughs. As a result, the PPG states that there is no policy assumption that this level of need will be met within the individual Boroughs. Accordingly, we have therefore continued to draw on the need identified in the adopted London Plan.

Demographic Trends

- 4.10 The analysis below looks at some key statistics about demographic trends in Richmond; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

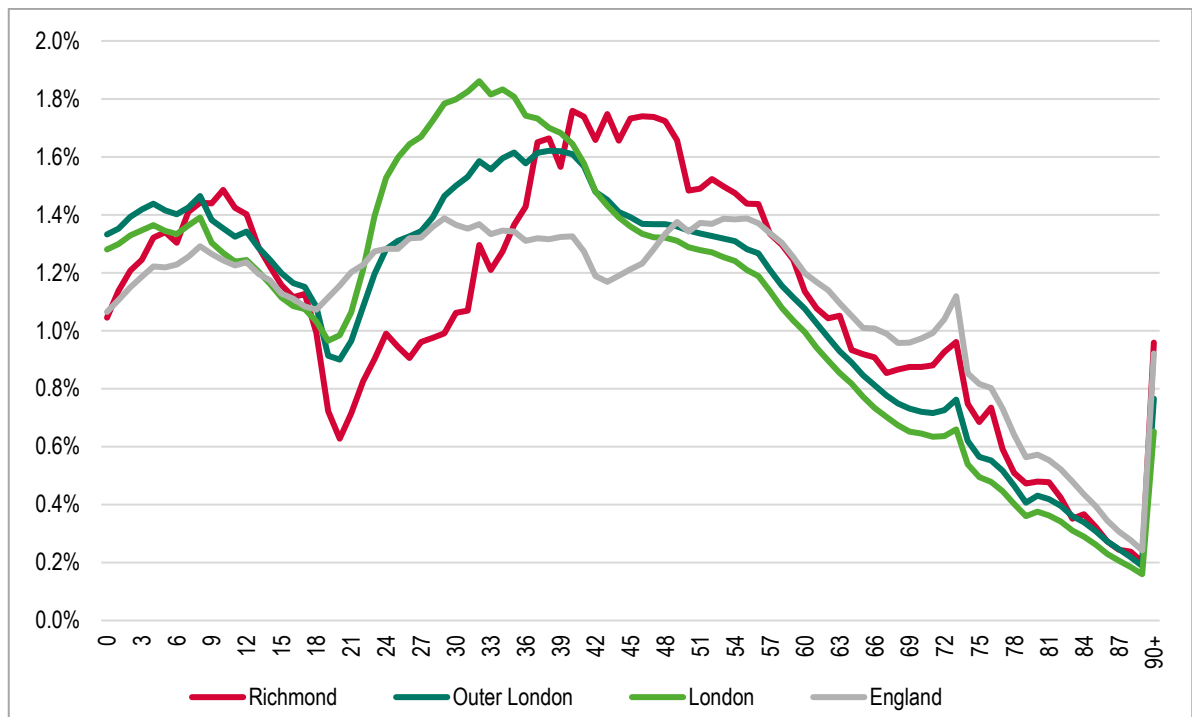
Overall Population and Age Structure

- 4.11 The Figure below shows the population profile of Richmond compared with a range of other areas. One key difference is the relatively high proportion of the population aged over about 60 in Richmond when compared with London (although the older population is lower than the national average).
- 4.12 The figure also shows a relatively low proportion of people aged in their late teens (probably related to people moving away for further education) although the population size does increase notably into the 40s, with Richmond having a higher proportion of people aged in their 40s and early 50s than any other location studied.

⁴ The method is set out as part of the Planning Practice Guidance on Housing and Economic Development Needs Assessments

⁵ Paragraph: 034 Reference ID: 2a-034-20201216

Figure 4.1: Population Profile, 2020



Source: ONS Mid-Year Population Estimates

4.13 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with national position, Richmond has a lower proportion of people aged 65+ and slightly more children. This comparison is generally reversed when making comparisons with Outer London and London as a whole.

Table 4.1 Population Profile, 2020 – Summary Age Bands

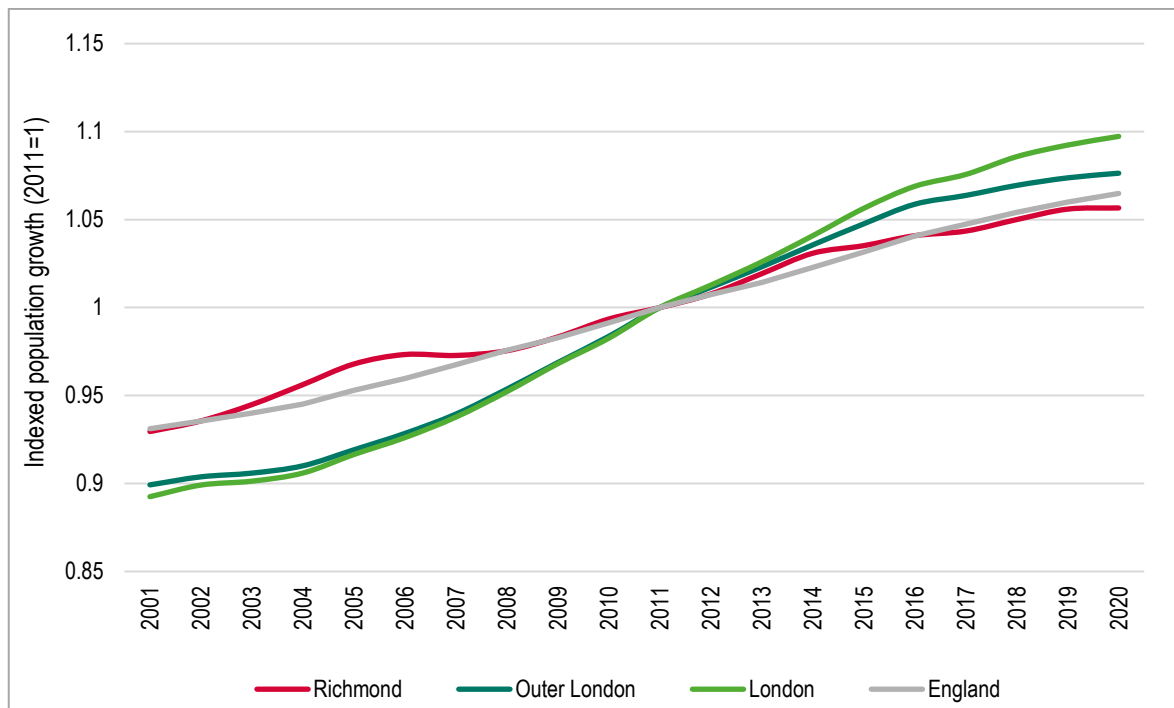
	LBRuT		Outer London	London	England
Under 16	41,346	20.9%	21.8%	20.6%	19.2%
16-64	124,813	63.0%	64.3%	67.2%	62.3%
65 and Over	31,982	16.1%	13.9%	12.2%	18.5%
Total	198,141	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

Past Population Change

4.14 The Figure below considers population growth in the period from 2001 to 2019 (indexed to 2011). The analysis shows over this period that the population of Richmond has risen at slightly slower rate than seen in other areas (although broadly in line with the national position); this is the case whether looking at a shorter or longer period. In 2020, it is estimated that the population of the Borough had risen by 14% from 2001 levels, this is the same as seen nationally, but below the average for London (of 23%).

Figure 4.2: Indexed Population Growth, 2001-20



4.15 The Table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Richmond increased by 6%; this is a lower level of population change than seen in other areas (including growth across London of 10%).

Table 4.2 Population Change, 2011-20

	2011	2020	Change	% Change
LBRuT	187,527	198,141	10,614	5.7%
Outer London	4,963,305	5,342,256	378,951	7.6%
London	8,204,407	9,002,488	798,081	9.7%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS Mid-Year Population Estimates

4.16 The Table below shows population change by age (again for the 2011-20 period). This shows an increase in the number of children living in the Borough (increasing by about 11%) along with a modest decrease in the 'working-age' population. The key driver of population growth has therefore been in the 65 and over age group, which between 2011 and 2020 saw a population increase of about 6,500 people: this age group increasing in size by 25% over the 9-year period.

Table 4.3 Population Change by Age, 2011-20, 5 Year Age Brands

	2011	2020	Change	% Change
Under 16	37,108	41,346	4,238	11.4%
16-64	124,919	124,813	-106	-0.1%
65+	25,500	31,982	6,482	25.4%
LBRuT	187,527	198,141	10,614	5.7%

Source: ONS Mid-Year Population Estimates

Components of Population Change

- 4.17 The Table and Figure below consider the drivers of population change 2001 to 2019. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated and other changes, which are generally small and often related to armed forces personnel or boarding school pupils (this is only calculated for the 2001-11 period).
- 4.18 The data shows a positive level of natural change for all of the period (i.e. more births than deaths) although this does look to have been falling over the past decade or so. Over the last 5-years, natural change has averaged around 1,100 per annum.
- 4.19 Internal migration has been quite variable – but positive in all years apart from 2001/2; the last five years for which data is available shows an average of over 800 people (net) moving from the Borough to other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for all bar two years back to 2001. Over the past five years international migration has averaged about 500 people per annum (net).
- 4.20 The data also shows a positive level of UPC. This suggests that between 2001 and 2011, ONS may have initially underestimated population growth within population estimates (and this was corrected once Census data had been published).

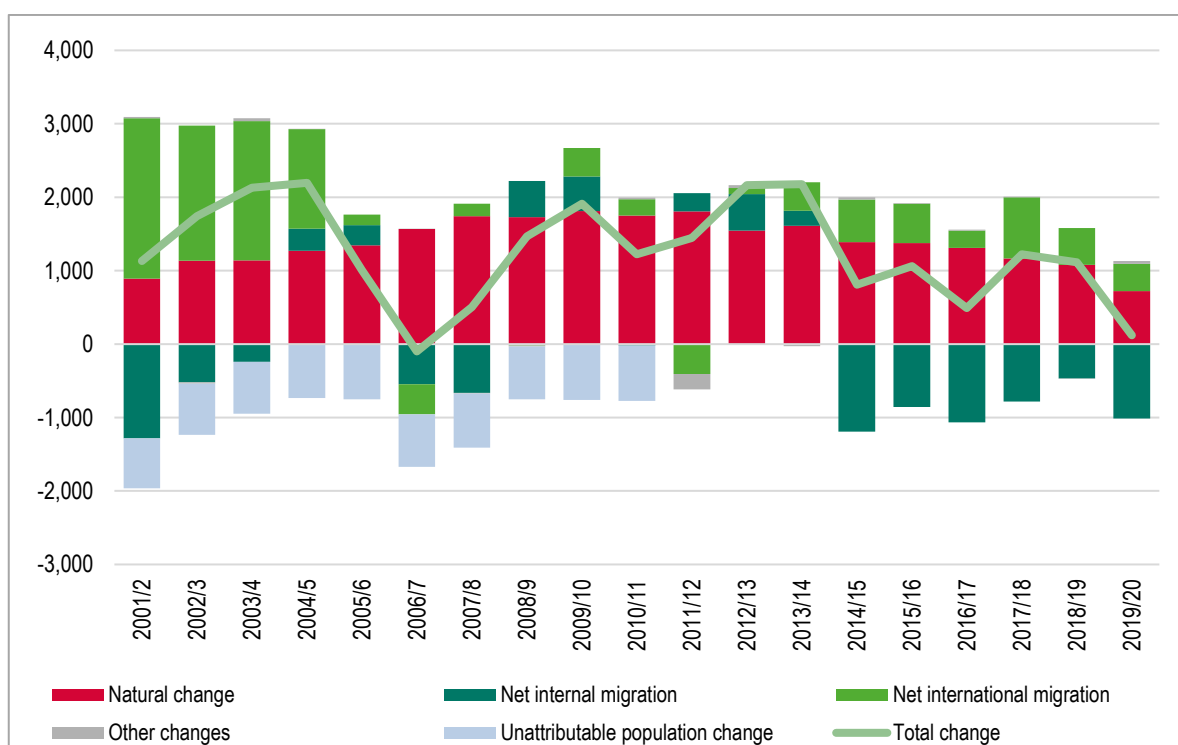
Table 4.4 Components of Population Change, 2001 to 2020

	Natural Change	Net Internal Migration	Net International Migration	Other Changes	Other Unattributable	Total Change
2001/02	891	-1,283	2,186	16	-680	1,130
2002/03	1,137	-518	1,838	-19	-697	1,741
2003/04	1,140	-240	1,896	41	-707	2,130
2004/05	1,272	300	1,355	1	-732	2,196
2005/06	1,344	278	141	-11	-740	1,012

2006/07	1,569	-546	-410	4	-716	-99
2007/08	1,743	-663	171	-10	-735	506
2008/09	1,731	489	-21	-12	-720	1,467
2009/10	1,813	471	387	-7	-754	1,910
2010/11	1,750	-21	223	24	-753	1,223
2011/12	1,806	252	-406	-208	0	1,444
2012/13	1,548	496	83	40	0	2,167
2013/14	1,610	208	385	-26	0	2,177
2014/15	1,391	-1,192	578	32	0	809
2015/16	1,375	-857	539	6	0	1,063
2016/17	1,310	-1,065	234	14	0	493
2017/18	1,167	-782	832	7	0	1,224
2018/19	1,080	-467	503	-1	0	1,115
2019/20	720	-1,011	371	42	0	122

Source: ONS

Figure 4.3: Components of Population Change, Mid-2001-Mid-2020



Other Measures of Population Growth

4.21 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for LBRuT, London and England.

4.22 In Richmond, the MYE shows population change of 5.7% in the 2011-20 period, whereas the PR is notably higher (at 14.4%). However, it is notable in all the areas studied that the PR shows higher estimated growth although the difference for Richmond is slightly more notable than for other locations (for example, for England the MYE shows 6.5% growth, but the PR is at 10%).

4.23 Overall, it is difficult to draw any conclusions from this data, as on the one hand the MYE arguably under-estimates population growth, although the general patterns seen are consistent across areas. On balance, it is not considered that the analysis of PR data shows anything sufficiently compelling to suggest setting aside the MYE, either in terms of current population estimates, or trend levels of growth. This analysis can therefore be seen as mainly included for reference purposes.

Table 4.5 Population Change by Broad Age Group, 2011-20

		2011	2020	Change	% Change
LBRuT	MYE	187,540	198,170	10,630	5.7%
	Patient Register	201,350	230,290	28,940	14.4%
London	MYE	8,204,430	9,002,500	798,070	9.7%
	Patient Register	8,840,190	10,419,460	1,579,270	17.9%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

2018-based Subnational Population Projections (“SNPP”)

4.24 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

4.25 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS’ long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and

-
- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

4.26 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection
- an alternative internal migration variant
- a 10-year migration variant

4.27 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

4.28 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

4.29 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

4.30 The Table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP; as well as two main projections from the GLA. This shows that the 2018-based principal projection shows projected population growth of 3.7%, with the alternative internal migration scenario being very slightly higher than this (4.1%) – the 10-year trend variant shows growth of 8.9%.

4.31 Population growth in the 2016-based projections is generally higher than the 2018-based variants whilst the 2014-based projection shows the highest population projection of any of the scenarios studied. The Central GLA scenario shows a projection close to the 2018-based 10-year trend, with the low scenario being close to the other 2018-based variants (and the higher scenario being closer to 2014-based figures).

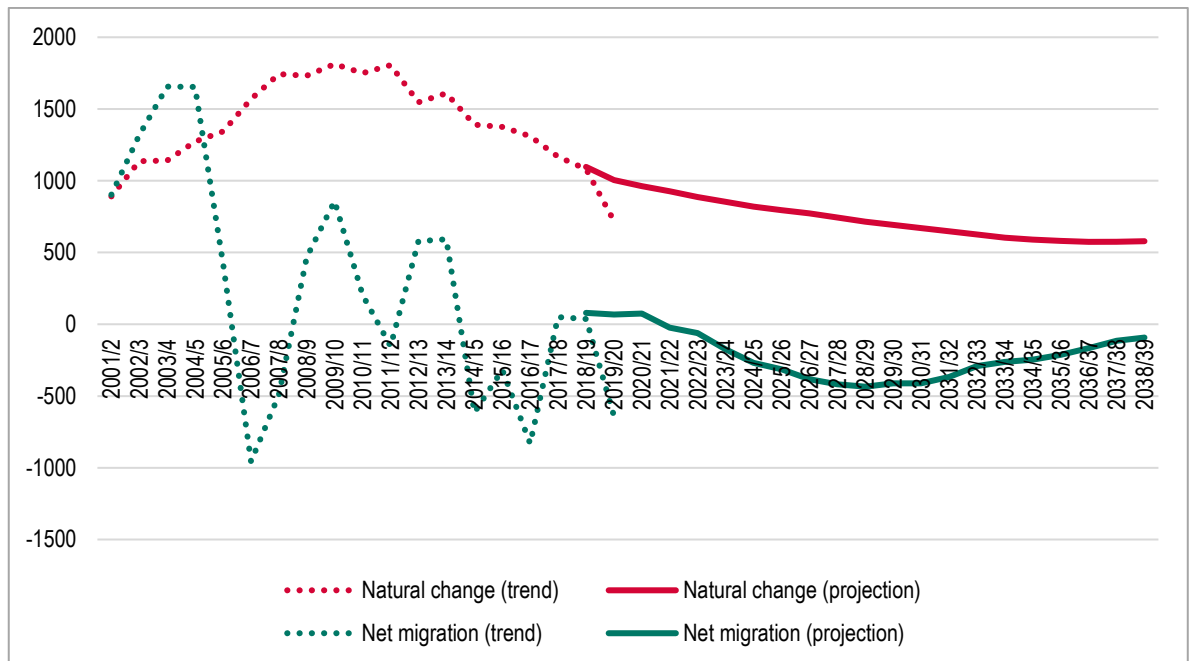
Table 4.6 Projected Population Growth, 2021-39 – Range of SNPP Releases

	Population 2021	Population 2039	Change	% Change
2018 (principal)	199,795	207,269	7,474	3.7%
2018 (alternative internal)	200,238	208,370	8,132	4.1%
2018 (10-year trend)	202,601	220,631	18,030	8.9%
2016-based	203,373	218,906	15,533	7.6%
2014-based	213,356	246,693	33,337	15.6%
GLA (Central)	199,703	217,328	17,625	8.8%
GLA (Central – high)	199,703	207,581	7,879	3.9%

Source: ONS

- 4.32 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context.
- 4.33 This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).
- 4.34 Whilst suggesting the alternative internal migration variant as the most robust projection to take forward, it is noted that projected population growth is somewhat lower than past trends – as the table above shows, this projection sees total growth of 4.1% over an 18-year period (0.23% per annum), compared with 5.7% in the 9-year period to 2020 (0.63% per annum). Therefore, a further investigation has been undertaken to look at the validity of this projection.
- 4.35 The figure below shows past trends and the future projection for the alternative internal migration variant. This shows the reducing level of natural change and that this is projected to continue in the future; given recent change to fertility (generally downwards) and mortality (lower improvements to life expectancy) rates this looks to be entirely reasonable.
- 4.36 In terms of migration, it can also be observed that the future projection is broadly in-line with past trends. The SNPP shows an average net (out) migration of 241 people per annum in the 2020-39 period which compares with recorded net out migration of 341 (2015-20) and 224 (2013-18). Therefore, it is concluded that the lower than trend projected population growth is reasonable, as this is driven by natural change which itself looks reasonable in the context of past trends.

Figure 4.4: Past trends and future projection of natural change and net migration (2018-based SNPP – alternative internal migration variant)



4.37 The Table below shows projected population growth from 2021 to 2039 (using alternative internal migration assumptions) in LBRuT and a range of comparator areas. The data shows that the population of the Borough is projected to increase at a slower rate than seen in London or nationally – less than half the projected growth compared with London.

Table 4.7 Projected Population Growth, 2021-39 – Alternative Internal Migration

	Population 2021	Population 2039	Change	% Change
Richmond	200,238	208,370	8,132	4.1%
London	9,136,809	9,932,808	795,999	8.7%
England	56,989,570	60,961,805	3,972,235	7.0%

Source: ONS

4.38 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2039 it is projected that there will be 48,900 people aged 65 and over.

4.39 This is an increase of 16,300 from 2021, representing growth of 50%. Looking at the other end of the age spectrum the data shows that there is projected to be a notable decrease in the number of children (those aged Under 15) and a modest decrease shown in the 16-64 age group.

Table 4.8 Population Change by Age, 2021-39, 5 Year Age Brands – Alternative Internal

	2021	2039	Change	% Change
Under 16	41,309	34,628	-6,681	-16.2%
Aged 16-64	126,330	124,834	-1,495	-1.2%
Aged 65+	32,599	48,907	16,308	50.0%
Total	200,238	208,369	8,132	4.1%

Source: ONS

4.40 It has been noted that the equivalent GLA projections show a similar level of population growth to the SNPP. However, it is also important to understand if there are any notable differences when it comes to how the age structure is projected to change – if the GLA were suggesting something notably different to the SNPP then further investigation would be required about the appropriateness of the projections.

4.41 The table below therefore shows the same information from the Central – high projection. This does show a very similar projected age structure change and again points to the SNPP as being a reasonable projection (as indeed is the GLA one)

Table 4.9 Population Change by Broad Age Group, 2021-39 – GLA Central High

	2021	2039	Change	% Change
Under 16	40,196	33,036	-7,160	-17.8%
Aged 16-64	126,876	124,519	-2,356	-1.9%
Aged 65+	32,631	50,026	17,395	53.3%
Total	199,703	207,581	7,879	3.9%

Source: ONS

Household Representative Rates (Household Formation)

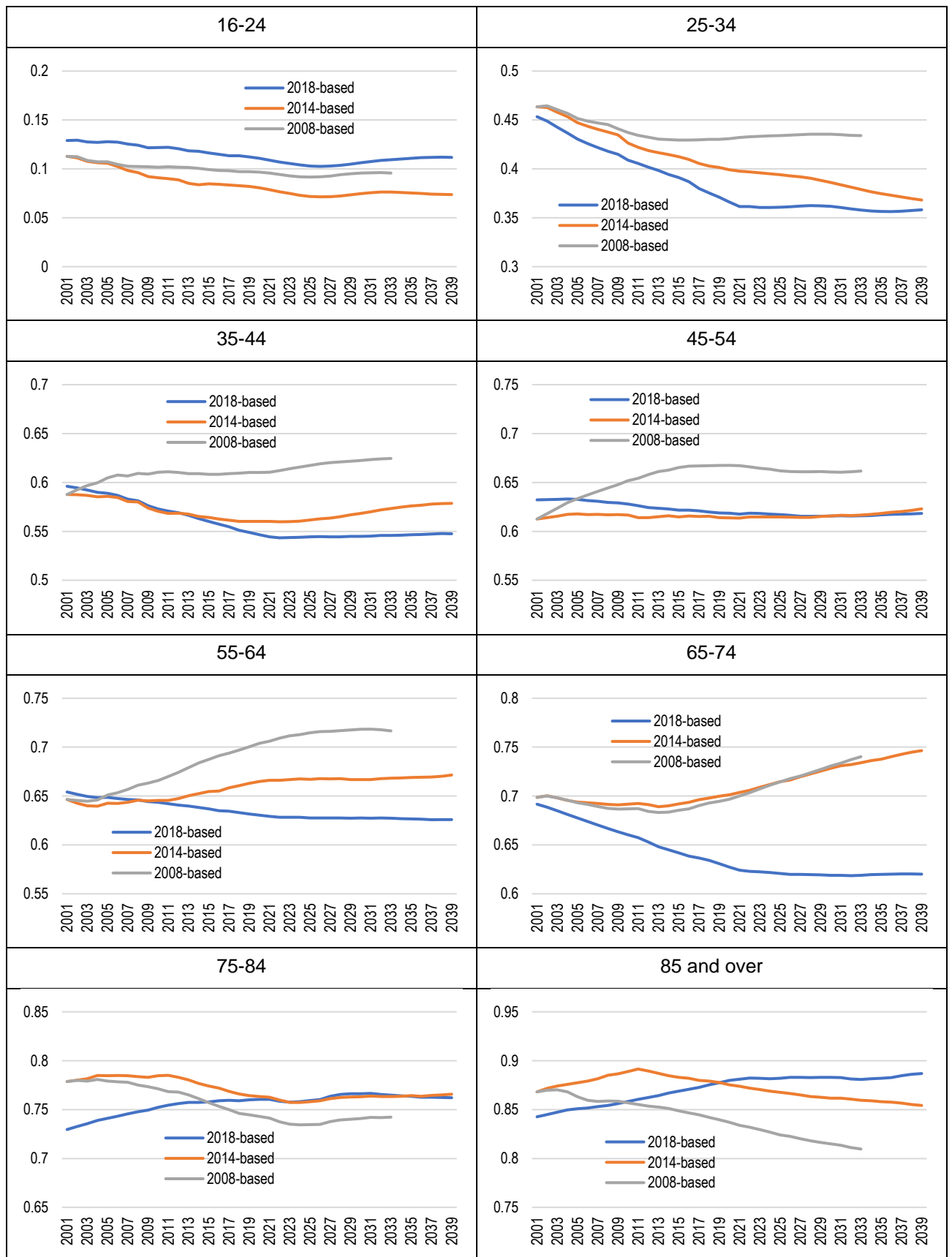
4.42 Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

4.43 The latest HRRs are as contained in the ONS 2018-based subnational household projections (“SNHP”). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.

-
- 4.44 This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a drop in formation rates from 2001 to 2011. ONS are projecting for the rate to drop further to 2021 (following which the rate is held broadly stable).
- 4.45 Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figures below and clearly identify less suppression being built into future projections.
- 4.46 The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971). It should also be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.
- 4.47 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, three HRR scenarios have been used as described below:
- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;
 - Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
 - Linking to the 2014-based SNHP but with a part-return to previous trends for the under 44 age groups – 2014-PRT
- 4.48 To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups.
- 4.49 It is also noted that these figures have been rejected by MHCLG as part of the standard method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some small degree of suppression of household formation in younger age groups (although this is less clear cut than in the 2018-based release).
- 4.50 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, although arguably not in Richmond where there is a constrained future housing supply. The 2014-PRT scenario is generally used where housing delivery is expected to lead to above trend-based

population/household growth and therefore some increase in the formation rates of younger households.

Figure 4.5: Projected Household Representative Rates by Age of HOH, Various Projections



Household Growth

- 4.51 The Table below shows estimates of household growth with the HRRs in the 2018-based SNHP and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 4.52 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 4.53 The analysis below shows the housing need outputs when linked to the 2018-based SNPP. This shows an overall housing need for 563 homes per annum across the Borough when using the 2018-based SNHP as the underlying household projection. This figure increases to 768 homes per annum with an adjustment to the formation rates of the population aged under 45. Using the 2014-based HRRs (which is considered to be the best set in the case of Richmond) the housing need is some 673 homes per annum. It is notable that all of these figures are above the London Plan target (which averages 411 homes per annum).

Table 4.10 **Projected Housing Need – Range of HRR Assumptions – 2018-based SNPP**

	Households 2021	Households 2039	Change	Annual Change	Homes p.a.
2018-SNHP	83,907	93,742	9,835	546	563
2014-SNHP	86,993	98,763	11,770	654	673
2014-PRT	86,993	100,420	13,427	746	768

Source: Demographic Projections

- 4.54 The Table below shows the same information from the GLAs projections (all using the 2014-based HRRs) – data has only been provided for households. This shows a range of household growth from 718 to 936 homes per annum – figures that are again all above the London Plan annual housing target.

Table 4.11 **Projected Housing Need – GLA Pop Scenarios and 2014-based HRRs**

	Households 2021	Households 2039	Change	Annual Change	Homes p.a.
GLA (Central)	86,913	102,820	15,906	936	-
GLA (Central – high)	86,913	99,123	12,210	718	-

Source: Demographic Projections

4.55 Focussing on the projection using 2014-HRRs (and linking to the SNPP) it is possible to look at projected changes to households by age of HRR – this is shown in the table below. The analysis clearly shows particularly strong growth as being expected in older age groups, with many younger age groups seeing declines in household numbers.

Table 4.12 Projected Change in Household by Age of HRP (2018-SNPP and 2014-HRRs)

	2021	2039	Change in Households	% Change
24 and under	1,308	1,416	108	8.3%
25-29	3,353	3,754	401	12.0%
30-34	5,241	4,701	-540	-10.3%
35-39	8,019	6,680	-1,339	-16.7%
40-44	9,759	8,187	-1,572	-16.1%
45-49	10,117	8,732	-1,385	-13.7%
50-54	9,387	9,274	-113	-1.2%
55-59	8,916	9,901	985	11.0%
60-64	7,337	9,715	2,378	32.4%
65-69	6,105	9,592	3,487	57.1%
70-74	6,259	8,830	2,571	41.1%
75-79	4,517	6,878	2,361	52.3%
80-84	3,196	5,219	2,022	63.3%
85 and over	3,478	5,884	2,405	69.1%
Total	86,993	98,763	11,770	13.5%

Source: Demographic Projections

Developing a Dwelling-Led Projection

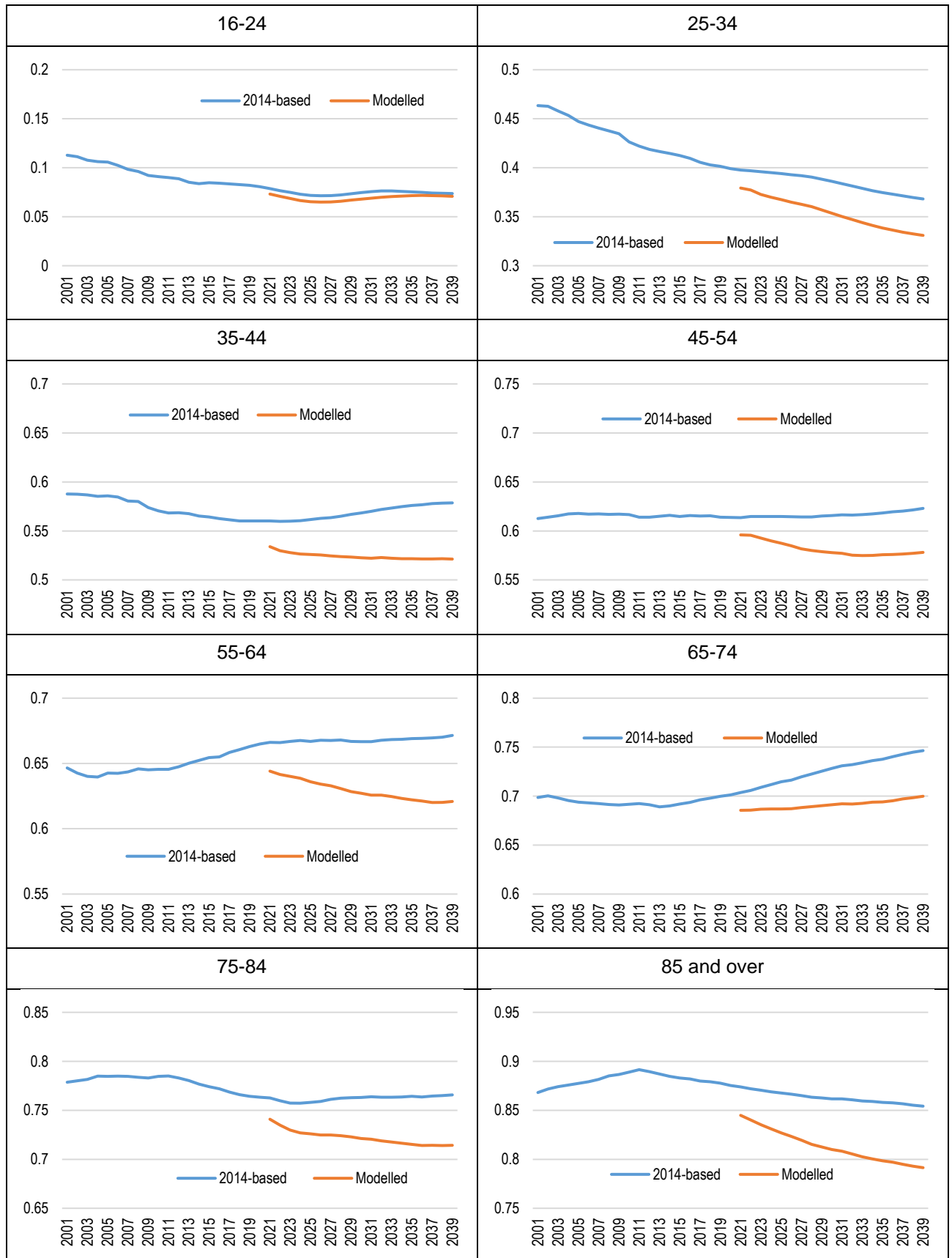
4.56 Earlier in this report it has been noted that the London Plan sets a target for 411 homes per annum (on average) to be provided in Richmond in the 2019-19 period. If this same per annum figure is used in the 2021-39 period, then this would equate to a requirement to provide 7,398 homes in the 2021-39 period.

4.57 It can be seen from the analysis above, that all of the main projections analysed would lead to a higher level of household growth (and housing need) and therefore a scenario has been developed which seeks to understand the potential population growth associated with this level of housing delivery.

4.58 One observation from the figures above is that both the GLA and ONS (when using 2014-based HRRs) suggest around 87,000 households in 2021 and it is initially worth investigating if this figure is correct (analysis has looked at a 2020 base for this due to the information used).

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- 4.59 As of the 2011 Census, there were 79,835 households in the Borough, in the period to 2020, 3,395 net additional dwellings have been provided in the Borough whilst there is no firm evidence of any notable changes in the number of vacant homes. On this basis, it seems likely that the number of households in 2020 is approximately 83,230, a figure somewhat lower than projections when linking to the 2014-based HRRs.
- 4.60 This would imply that from 2011 to 2020 the HRRs have typically fallen below those suggested in the 2014-SNHP and given a constrained housing supply it is possible that further reductions might continue in the future. A model has therefore been developed that adjusts the HRRs so as to produce 83,230 households in 2020 and then further adjustments so that household growth (plus a 1.3% vacancy allowance) equals 411 dwellings each year from 2021 to 2039.
- 4.61 It is not expected that all age groups would see the same degree of additional suppression, either currently or moving forward and the modelling has also made greater adjustments to younger age groups (notably those aged up to 44). The figure below shows the modelled changes to HRRs (including the estimated position in 2021).
- 4.62 These are set against the 2014-based HRRs which have provide the base data for analysis. It should be noted that the figures are a 'best guess' as to what might happen, it is also possible that the Borough would see lower population growth (and less suppression of household formation). Alternatively, different age groups my change in different ways to that suggested in the modelling.
- 4.63 The only further adjustment made has been to include data from the 2020 MYE as part of the projections; essentially data from the MYE overwrites the projected position in the SNPP, but all of the SNPP assumptions are maintained post-2020. This does have a downward impact on the projections which now show population growth of 7,200 rather than 8,100 in the projections as published.

Figure 4.6: Projected Household Representative Rates by Age of HOH, Adjusted for Suppression



4.64 The Table below shows the population projection linked to the dwelling constrained position. It can be seen that the main differences are slightly lower growth (higher negative figures) for the Under 16 and 16-64 age groups.

Table 4.13 Population Change by Broad Age Group, 2021-39 – Dwelling-Led

	2021	2039	Change	% Change
Under 16	41,174	33,783	-7,391	-18.0%
Aged 16-64	125,407	123,485	-1,922	-1.5%
Aged 65+	32,556	49,031	16,476	50.6%
Total	199,136	206,299	7,163	3.6%

Source: ONS

4.65 In addition, the table below shows projected change by age of household reference person. This again shows the strongest growth to be in older age groups, with many younger ages projected to see a decline in household numbers.

Table 4.14 Projected Change in Household by Age of HRP (2018-SNPP & Constrained HRRs)

	2021	2039	Change in Households	% Change
24 and under	1,267	1,293	26	2.0%
25-29	3,220	3,394	174	5.4%
30-34	4,814	4,250	-564	-11.7%
35-39	7,521	6,137	-1,384	-18.4%
40-44	9,264	7,489	-1,775	-19.2%
45-49	9,829	7,955	-1,875	-19.1%
50-54	9,109	8,257	-853	-9.4%
55-59	8,653	8,969	316	3.7%
60-64	7,114	8,983	1,869	26.3%
65-69	5,884	9,046	3,162	53.7%
70-74	6,068	8,265	2,197	36.2%
75-79	4,411	6,501	2,090	47.4%
80-84	3,141	4,800	1,659	52.8%
85 and over	3,333	5,472	2,139	64.2%
Total	83,629	90,812	7,183	8.6%

Source: Demographic Projections

Labour Supply Growth

4.66 The final demographic-based analysis is to consider what changes to the economically active population (resident labour supply) might arise from the population projections. The approach taken

in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

4.67 The Figure and Table below show the assumptions made (for LBRuT). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 4.7: Projected Changes to Economic Activity Rates, 2021-39

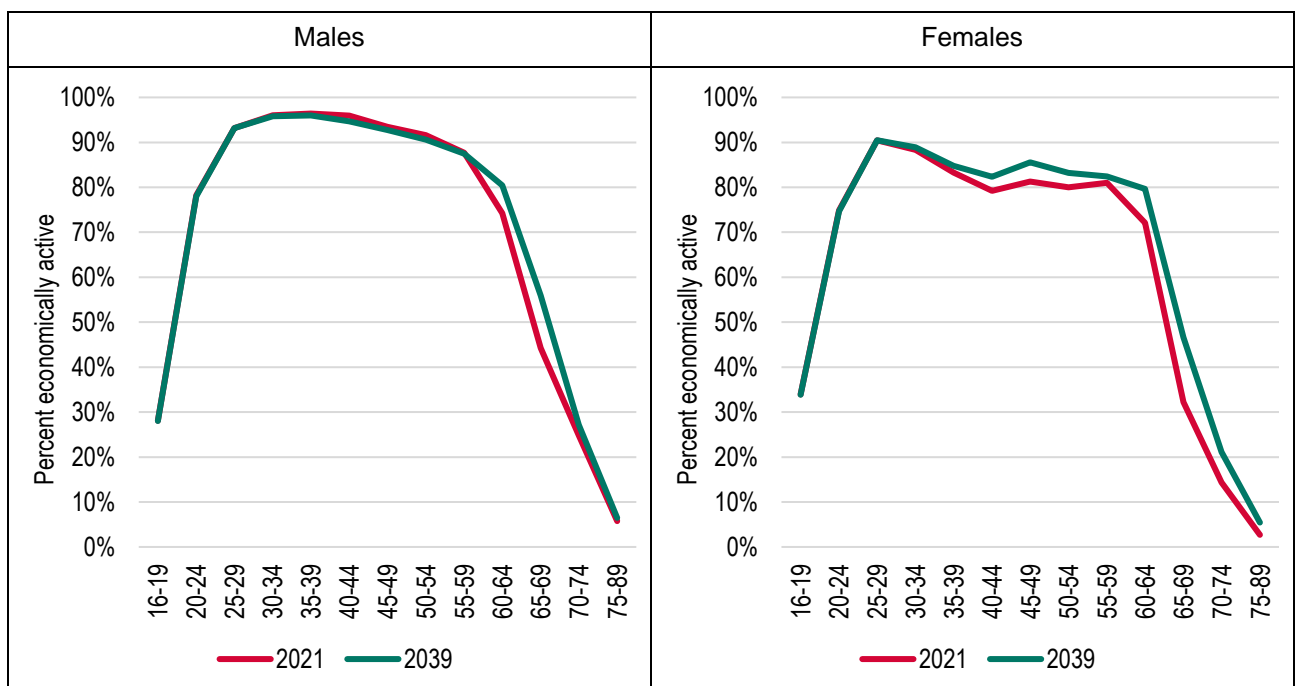


Table 4.15 Projected Changes to Economic Activity Rates, 2021-39

	Males			Females		
	2021	2039	Change	2021	2039	Change
16-19	28.1%	28.0%	-0.1%	33.9%	33.8%	-0.1%
20-24	78.2%	78.0%	-0.2%	74.9%	74.7%	-0.2%
25-29	93.2%	93.2%	0.0%	90.5%	90.5%	0.0%
30-34	96.0%	95.8%	-0.2%	88.3%	88.9%	0.5%
35-39	96.4%	96.0%	-0.4%	83.2%	84.8%	1.6%
40-44	96.0%	94.7%	-1.3%	79.2%	82.4%	3.1%
45-49	93.5%	92.8%	-0.7%	81.3%	85.6%	4.2%
50-54	91.6%	90.6%	-1.0%	80.0%	83.2%	3.2%
55-59	87.7%	87.5%	-0.2%	81.0%	82.5%	1.5%

60-64	74.2%	80.4%	6.2%	72.1%	79.7%	7.6%
65-69	44.3%	55.9%	11.6%	32.2%	46.6%	14.4%
70-74	24.8%	27.1%	2.3%	14.4%	21.1%	6.7%
75-89	5.8%	6.5%	0.7%	2.7%	5.4%	2.7%

Source: Based on OBR and 2011 Census data

- 4.68 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the Table below.
- 4.69 The analysis shows that with the SNPP there would be an estimated increase in the economically active population of around 4,900 people (a 4.5% increase over 18-years). With the very slightly lower population growth associated with a dwelling constrained projection this number actually remains virtually identical.

Table 4.16 Estimated Change to the Economically Active Population, 2021-39

	Econ Active 2021	Econ Active 2039	Change
2018-based SNPP	109,645	114,529	4,884
Dwelling-Led	108,757	113,629	4,872

Source: Derived from demographic projections

Overall Housing Need & Demographics: Summary

The new London Plan was formally published on 2nd March 2021. The London Plan relies on the London-wide Strategic Housing Market Assessment (“SHMA”) published in 2017 for its evidence of housing needs.

The new Local Plan for LBRuT will be required to be in general conformity with the new London Plan which seeks to prioritise building new homes and sets out a housing target for LBRuT of 4,110 homes over the period to 2029 (equal to 411 homes per annum).

Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

LBRuT has an interesting age structure with relatively few people aged about 18-35 and a high proportion aged about 40-55; compared with London there are also a high proportion of people aged 65 and over. As of 2020, 16% of the population is estimated to be aged 65 and over (compared to a national average of 19% and a London average of 12%).

Past population growth in LBRuT has been relatively weak, over the past 9-years (since 2011) the population of the Borough has grown by 6%; this compares with a 10% increase across London and a 7% increase nationally over the same period. Recent population growth in LBRuT is largely driven by natural change (more births than deaths) and net international migration. For the past six years LBRuT has seen a notable level of net internal out migration to other parts of the UK.

The relatively low level of population growth can also be seen in ONS projections (which are trend based), with the 2018-based version showing lower projected changes in LBRuT than other areas (including across London and nationally). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group being projected to increase by 50% from 2021 to 2039 in the latest official projections.

Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS and CLG household projections.

In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in a degree of suppression of household formation in younger age groups. A model was therefore developed to use a previous (2014-based) set of data which is thought to contain less suppression (in part due to using a longer time series).

Using the information from the 2018-based SNPP, 2014-based SNHP (with adjustments to reflect potential suppressed formation currently and in the future) and the latest MYE a bespoke projection has been developed that links to London Plan target for LBRuT of 411 homes per annum. This considers the level of population growth and household formation that might be expected if this delivery is achieved (in the 2021-39 period) – delivery of 411 homes per annum equates to the average annual requirement shown in the London Plan.

This projection is taken through to the analysis in this report (e.g. in looking at older persons' needs).

5. AFFORDABLE HOUSING NEED

- 5.1 This section provides an assessment of the need for affordable housing in LBRuT. It considers first the need for rented homes, be this social or affordable rented properties, and then need for low cost home ownership properties, including the potential for First Homes to meet affordable housing needs.
- 5.2 The section also considers the affordable housing policies set out in the London Plan and how these relate to the findings of need for the Borough.

Methodology Overview

- 5.3 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). It is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for 'affordable housing for rent' as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
 - **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 5.4 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 5.5 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent

homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

- 5.6 The Framework and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “cannot afford their own homes, either to rent, or to own, where that is their aspiration” as having an affordable housing need.
- 5.7 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 10-15 years. PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 5.8 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).
- 5.9 Additionally, information drawn from local surveys previously undertaken by Justin Gardner Consulting across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.
- 5.10 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 5.11 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 5.12 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 5.13 The analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 5.14 Data from the Land Registry for the year to March 2021 shows estimated lower quartile property prices in the Borough by dwelling type. Entry-level costs to buy are estimated to start from about £373,000 for a second-hand flat and rising to over £1,000,000 for a detached home. A lower quartile price across all dwelling types of £500,000 is shown.
- 5.15 The analysis is also split between newly-built and existing dwellings which shows higher prices for new homes. For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the Borough.

Table 5.1 Lower quartile cost of housing to buy, 1st April 2020 – 31st March 2021

	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£373,000	£483,000	£374,000
Terraced	£619,000	£851,000	£620,000
Semi-detached	£664,000	-	£664,000
Detached	£1,008,000	-	£1,008,000
All properties	£500,000	£525,000	£500,000

Source: Land Registry, Year Ending March 2021

- 5.16 It is also useful to provide estimates of property prices by the number of bedrooms in a home. This has been estimated by drawing together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £325,000 for a 1-bedroom home, rising to £950,000 for homes with 4-bedrooms.

Table 5.2 Lower Quartile House Prices by Size – Existing Dwellings

	Lower quartile price
1-bedroom	£325,000
2-bedrooms	£440,000
3-bedrooms	£650,000
4-bedrooms	£950,000
All properties	£500,000

Source: Land Registry and Internet Price Search, Year to March 2021

- 5.17 A similar analysis has been carried out for private rents using ONS data covering the year to March 2021. For the rental data, information about dwelling sizes is provided (rather than types). The analysis shows an average lower quartile cost (across all dwelling sizes) of £1,330 per month.

Table 5.3 Lower Quartile Market Rents

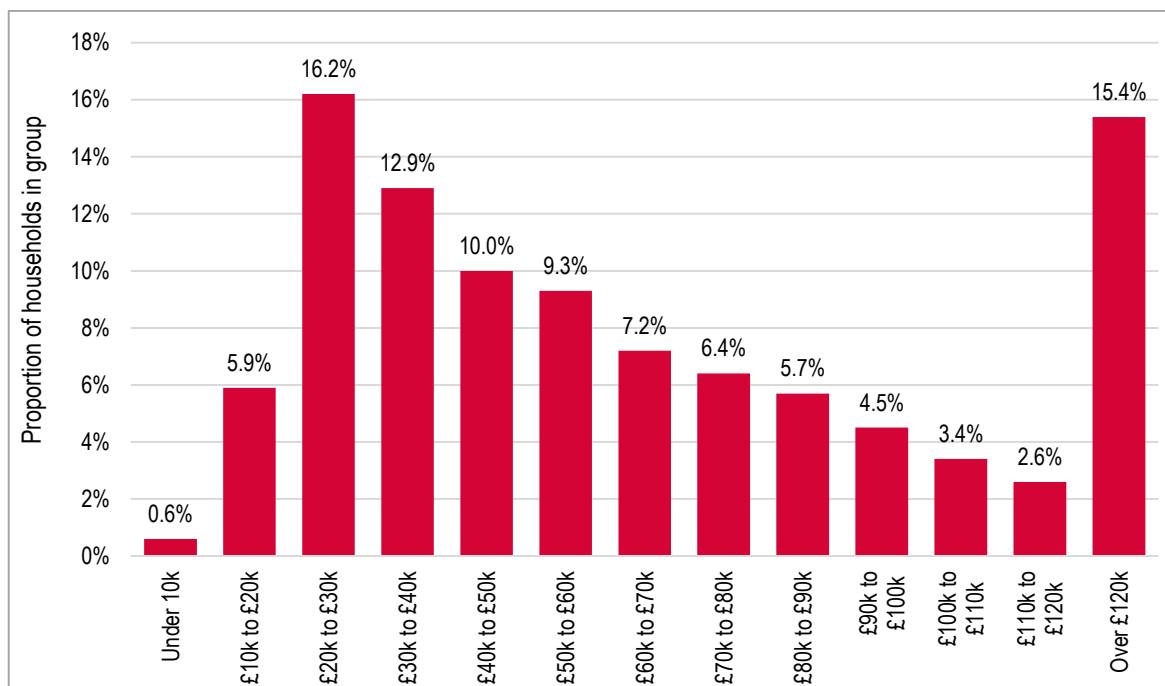
	Lower Quartile rent, pcm
Room only	-
Studio	£795
1-bedroom	£1,125
2-bedrooms	£1,450
3-bedrooms	£1,670
4-bedrooms	£2,950
All properties	£1,330

Source: ONS, Year to March 2021

Household Incomes

- 5.18 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (“EHS”) being used to provide information about the distribution of incomes.
- 5.19 An income distribution for the whole Borough has been constructed for 2020. This shows that around a quarter of households have incomes below £30,000 with a further quarter in the range of £30,000 to £50,000. The average (mean) income is estimated to be around £71,800, with a median income of £54,600; the lower quartile income of all households is estimated to be £31,600.

Figure 5.1: Distribution of household income, 2020



Source: Derived from a range of data as discussed

Affordability Thresholds

- 5.20 To assess affordability two different measures are used. Firstly, to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying).
- 5.21 This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 5.22 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis. The PPG however does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point although it also noted that a different figure could be used. Generally, the GLA considers that 40% of net income is a reasonable benchmark and that this approximately equates to 28% of gross income – a figure of 28% has therefore been used in this analysis.
- 5.23 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford

to access private rented housing. However, local house prices and affordability are important when looking at the need for affordable home ownership.

- 5.24 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices.
- 5.25 There is no local information about the number or proportion of households who have sufficient savings for a deposit, but some indication can be provided by the English Housing Survey (EHS)⁶. In 2019-20, this showed that 45% of households in England had no savings. Social renters were most likely to report having no savings (80%), followed by private renters (60%) and owner occupiers (32%).
- 5.26 Specifically in the private rented sector, the EHS notes that having a higher income was associated with having savings: the proportion of private renters with savings increased from 22% of households in the lowest income quintile to 63% in the highest income quintile. Whilst this information is not specific to Richmond, it does highlight the likelihood that access to savings for a deposit is likely to be a barrier to home ownership for many households.
- 5.27 The table below shows the estimated incomes required to both buy and rent privately. This shows a notable 'gap', with an income of around £100,000 needed to buy a home, compared with £57,000 to privately rent. These figures are based on the lower quartile price/rent across all property types and sizes – for owner-occupation the figure is based on a lower quartile price of £500,000 (a 10% deposit would give rise to a mortgage of £450,000, which in turn leads to an income estimate of £100,000 with a 4.5 times income multiple). The information in the table below is taken forward into further analysis in this section to look at affordable needs.

Table 5.4 Estimated Household Income Required to Buy and Privately Rent

	To buy	To rent (privately)	Income gap
LBRuT	£100,000	£57,000	£43,000

Source: Based on Housing Market Cost Analysis

⁶ <https://www.gov.uk/government/collections/english-housing-survey#2019-to-2020>

Need for Social/Affordable Rented Housing

5.28 The sections below work through the various stages of analysis to estimate the need for social/affordable housing. Final figures are provided as an annual need (including an allowance to deal with current need).

Current Need

5.29 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The Table below sets out the categories in the PPG and the sources of data being used to establish numbers.

Table 5.5 Main Sources for Assessing the Current Unmet Need for Affordable Housing

	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households ⁷	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

5.30 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

⁷ • A concealed household is a household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing

- 5.31 The below shows the initial estimate of the number of households in the Borough with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. The analysis estimates that there are currently some 7,400 households living in unsuitable housing (or without housing).

Table 5.6 Estimated Number of Households Living in Unsuitable Housing

	Number of Households	% of Total
Homeless/ concealed household	850	11.5%
Households in overcrowded housing	3,957	53.7%
Existing affordable housing tenants in need	228	3.1%
Households from other tenures in need	2,336	31.7%
Total	7,370	100.0%

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.32 The modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.
- 5.33 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 5.34 The Table below shows it is estimated that there are around 4,500 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

Table 5.7 Unsuitable Housing by Tenure and Number to Take Forward into Modelling

	In Unsuitable Housing	No to Take Forward for Affordability Testing
Owner-Occupied	1,400	140
Affordable Housing	1,515	0
Private rented	3,605	3,549
No housing (homeless/concealed)	850	850
Total	7,370	4,539

Source: Range of Sources

- 5.35 Next it needs to be considered whether a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 5.36 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 5.37 The figures have been based on analysis of the English Housing Survey as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 5.38 Overall, approaching two-thirds of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 2,900 households in the Borough.

Table 5.8 Unsuitable Housing by Tenure and Number to Take Forward into Modelling

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
LBRuT	4,539	63.9%	2,902

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.39 The estimated figure shown above (2,902) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the Council would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2039, the need is annualised by dividing by 18 (to give an annual need for 161 dwellings).
- 5.40 This does not mean that some households would be expected to wait 18-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

5.41 The level of need shown above can be compared with data from the Council's Housing Register. A download of key data from the Register was provided as of March 2021. At that time there were a total of 4,893 households on the register and of these some 1,925 were in Bands A-C (which might be considered as more pressing need). Given that the modelled data sits somewhere within the range shown from the Register it is suggested that the estimated need is likely to be of the right order.

Newly Forming Households

5.42 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

5.43 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with 2007 CLG SHMA Guidance which noted after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

5.44 The number of newly forming households has been estimated through demographic modelling (linked to 2018-based SNPP with 2014-based HRRs). This is considered to provide the best view about trend-based household formation.

5.45 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas and consistent with analysis of English Housing Survey data at a national level.

5.46 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

5.47 The assessment suggests overall that around 60% of newly forming households will be unable to afford market housing (to rent privately). This equates a total of 995 newly forming households will have a need per annum on average.

Table 5.9 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (p.a.)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
LBRuT	1,643	60.6%	995

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 5.48 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 5.49 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*. Following the analysis through suggests a need arising from 166 existing households each year.

Supply of Social/Affordable Rented Housing via Relets

- 5.50 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 5.51 The PPG suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 5.52 On the basis of past trend data it has been estimated that 199 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures.

Table 5.10 Analysis of Past Social/Affordable Rented Housing Supply, 2017/18-19/20

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	329	89.1%	293	65.0%	191
2018/19	343	88.9%	305	68.5%	209
2019/20	345	90.4%	312	63.5%	198
Average	339	89.5%	303	65.7%	199

Source: CoRe/LAHS

5.53 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report.

5.54 Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable Rented Housing

5.55 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 1,123 homes per annum to be provided. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 5.11 Estimated Need for Social/Affordable Rented Housing (p.a.)

	Households (p.a.)
Current need	161
Newly forming households	995
Existing households falling into need	166
Total Gross Need	1,322
Relet Supply	199
Net Need	1,123

5.56 The need shown for social/ affordable rented homes is slightly higher than the figure of 964 households per annum which was the unconstrained affordable housing need identified in the 2016 SHMA. It shows a marginally higher current need, but lower assumed supply as the supply of relets

for low cost home ownership properties is now excluded (and taken into account instead in the analysis of low cost home ownership needs considered below).

The Relationship between Affordable Need and Overall Need

5.57 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

“The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes”

5.58 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (“PAS”) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be ‘arithmetically’ linked.

5.59 For instance, the modelling contains a category in the projection of ‘existing households falling into need’; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains ‘newly forming households’; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

5.60 In any event, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. The need identified in this report provides a starting point for setting policy which should be tested against the amount of affordable housing that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Establishing a Need for Affordable Home Ownership

5.61 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including ‘households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home’. However, at the time of writing, there is no guidance about how the number of such households should be measured.

5.62 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

Gross Need for Affordable Home Ownership

5.63 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent has already been provided earlier in this section and so the discussion below is a broad example.

5.64 Using the income distributions developed (as set out earlier in this section) along with data about prices and rents, it has been estimated that of all households living in the private rented sector, around 17% already have sufficient income to buy a lower quartile home, with 25% falling in the rent/buy 'gap'. The final 58% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.

5.65 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

5.66 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

5.67 To study current need, an estimate of the number of household living in private rented sector has been established, with the same (rent/buy gap) affordability test - as described above - then applied. The start point is the number of households living in private rented accommodation. As of the 2011 Census there were some 17,400 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has

risen by about 19% - if the same proportion is relevant to the Borough then the number of households in the sector would now be around 20,700.

- 5.68 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (12,400 households if applied to the Borough) and of these some 40% (5,000 households) would expect this to happen in the next 2-years. The figure of 5,000 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 5.69 As noted above, on the basis of income it is estimated that around 25% of the private rented sector sit in the gap between renting and buying. Applying this proportion to the 5,000 figure would suggest a current need for around 1,250 affordable home ownership units (68 per annum if annualised over an 18-year period).
- 5.70 The analysis next consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 493 dwellings (391 from newly forming households and 102 from existing households in the private rented sector).
- 5.71 For the category of existing households falling into need (in the projection), this is essentially households within the private rented sector who expect to become an owner-occupier at some point in the future (but not within the next two years) – hence they are picked up in the projection rather than having a current need. Future needs from the PRS could include households whose income increases over time such that they fall into the rent/buy gap.
- 5.72 Bringing together the above analysis suggests that there is a need for around 561 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum. This is before any assessment of the potential supply of housing is considered.

Table 5.12 **Estimated Gross Need for Affordable Home Ownership (p.a.)**

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
LBRuT	68	391	102	561

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 5.73 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing

the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

5.74 The main source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 19 resales per annum (based on data for the 2016-19 period). These properties would also potentially be available for these households and can be included as the potential supply.

5.75 The table below therefore shows an estimate of the net need for affordable home ownership. This suggests a need for around 552 homes per annum.

Table 5.13 **Estimated Need for Affordable Home Ownership (p.a.)**

	Total Gross Need	LCHO supply	Net Need
LBRuT	561	9	552

An Alternative View of the Supply of Affordable Home Ownership Properties

5.76 The analysis above has looked at the supply of resales of affordable housing. However, it should be noted that the analysis to consider need looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level.

5.77 According to the Land Registry, there were a total of 2,147 resales (i.e. excluding newly-built homes) in the year to March 2021 and therefore around 537 would be priced below the lower quartile. This is 537 homes that would potentially be affordable to the target group for affordable home ownership products.

5.78 If a further supply of 537 homes per annum were taken from the estimated need (552 per annum) then it would be suggested that there is a need for just 15 affordable home ownership properties per annum.

5.79 This figure should be treated as theoretical, not least because it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). However, it is clear that looking at a wider definition of supply does make it difficult to conclude what the need for affordable home ownership is.

Implications of the Analysis

5.80 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only

-
- considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price, then the need for AHO is less clear-cut.
- 5.81 The Framework gave a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership).
- 5.82 However, the Government is now promoting First Homes with policy compliant planning applications being expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing secured through S106), with the likelihood that the Council would be able to specify the requirement for any remaining affordable housing.
- 5.83 This is expected to replace the minimum 10% figure in the Framework (10% of all housing on larger sites). The minimum discount for First Homes should be 30% from market price with local authorities having discretion to increase the discount to 40% or 50% where it is justified by the evidence. There is also a price cap for First Homes of £420,000.
- 5.84 The key difference to note between the consultation and the Framework is that the First Homes percentage is to be applied to affordable delivery, whereas the Framework (10% figure) was to be applied to all housing. To take the same example as above, if 35% of all housing on a site were to be affordable, then 8.75% of all homes on the site (based on 25% of 35%) would be expected to First Homes (rather than an expectation of 10% as affordable home ownership).
- 5.85 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect as the required deposit would be lower.
- 5.86 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authority has a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 5.87 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would

make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

5.88 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

Types of Affordable Housing

5.89 The analysis above has clearly identified a need for affordable housing, both to buy and rent. The analysis below considers the types of affordable housing that might be best suited to meeting this need. The analysis largely focusses on affordable products as set out in the London Plan, although consideration is also given to emerging products (in this case the Government's move towards seeking First Homes.

5.90 One of the products in the London Plan is London Affordable Rent (defined as rent for households on low incomes with rents being significantly less than 80 per cent of market rents. Rent levels for these homes are set out by the GLA and apply for the whole of London). However, it should be noted that the GLA new Affordable Homes Programme for 2021-26 only gives grant to Social Rent as a product (London Affordable Rent is no longer funded). Therefore, the analysis also considers social rents as well as than London Affordable Rent. The main forms of affordable housing analysed are therefore summarised below:

- Social Rents;
- London Affordable Rent;
- London Living Rent; and
- London Shared Ownership

5.91 **Social Rents** are set based on a formula set by Government since 2001. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar social rent properties.;

5.92 **London Affordable Rent** is rent for households on low incomes with rents being significantly less than 80 per cent of market rents. Rent levels for these homes are set out by the GLA and apply for the whole of London (and are set out in the table below);

5.93 **London Living Rent (LLR)** offers households on average incomes a lower rent with the aim of enabling them to save for a deposit. LLR levels are set at a ward level with figures published by the GLA on an annual basis. It is suggested that as LLR can be a step to homeownership, it can be considered as an affordable homeownership product. LLR is available to households with an income of up to £60,000.

5.94 **London Shared Ownership** is an intermediate ownership product which allows London households who would struggle to buy on the open market, to purchase a share in a new home and pay a low rent on the remaining, unsold, share. London Shared Ownership is available to households with an income of up to £90,000.

Rented Housing

5.95 The analysis below looks at the affordability of different rented products, this does include London Living Rents, although it is noted that the GLA considers this as an intermediate product. The tables also shows both social rents and London Affordable Rent.

5.96 The table below sets out the rents for social rents, London Affordable and London Living rents, these are contrast with lower quartile and median market figures. Consideration of shared ownership costs can be found later in this section. It should be noted that the figures for London Living Rent are based on an average across all wards in LBRuT and it should be noted that rents are capped at £1,400 per month (although the uncapped figure is shown below).

5.97 Overall, the table shows the low rent levels for social rents (which are below London Affordable Rents) and that with the exception of 1-bedroom homes London Living Rents are also lower than lower quartile market rents; London Living Rents are however lower than median market rents for all dwelling sizes.

Table 5.14 Rent levels for different affordable and market housing PCM, 2020/21

	Social Rents	London Affordable Rent	London Living Rent	LQ market	Median market
1 Bedroom	£483	£690	£1,132	£1,125	£1,250
2-bedrooms	£543	£731	£1,258	£1,450	£1,600
3-bedrooms	£580	£772	£1,383	£1,670	£2,000
4+-bedrooms	£634	£812	£1,509	£2,950	£3,500

Source: GLA, ONS and Regulation of Social Housing (for social rents)

5.98 The Table below sets out the incomes likely to be required to afford each of the above rents – this is based on assuming a household spends no more than 28% of gross income on rent (approximately equivalent to 40% of net income). The analysis shows incomes of around £23,000 are required to

afford a social rent (2-bedroom home), with notably higher incomes for other products. The income to afford a 4-bedroom London Living Rent is above £60,000, but as noted in reality the rent on this would be capped to give a £60,000 income requirement.

Table 5.15 Income Required for different affordable and market housing PCM, 2020/21

	Social Rents	London Affordable Rent	London Living Rent	LQ market	Median market
1 Bedroom	£20,700	£29,600	£48,500	£48,200	£53,600
2-bedrooms	£23,300	£31,300	£53,900	£62,100	£68,600
3-bedrooms	£24,900	£33,100	£59,300	£71,600	£85,700
4+-bedrooms	£27,200	£34,800	£64,700	£126,400	£150,000

Source: Based on rental data and assuming a household spends no more than 28% of income on housing

5.99 The Table below shows an analysis of affordability linking to the above rents and income requirements (figures are based on a 2-bedroom home so as to standardise the analysis). In total, only 13% of households (unable to afford the PRS) would be able to afford a London Living Rent without benefit support, with a further 44% being able to afford a London Affordable Rent (without support). Some 23% could afford a social rent (but not LAR) with the final 21% needing benefit support to afford even the cheapest of the housing options studied (social rent).

Table 5.16 Estimated need for London specific rented affordable housing products

	% of households able to afford
Can't afford Market rent (LQ)	13%
Can't afford London Living Rent, can afford LAR	44%
Can't afford LAR, can afford Social rent	23%
Can't afford Social Rent	21%
Total	100%

Social: Affordability Analysis

5.100 From this analysis it can be concluded that only about 13% of additional rented housing should be at a London Living Rent with 67% being priced between LLR and social rents and 21% at no more than social rent level. This suggests a clear focus should be on rents at the lower end of the scale.

Shared Ownership

5.101 London Shared Ownership is also one of the main affordable tenures set out in the London Plan and it is also clear that the Government also sees a continued role for Shared Ownership. In April 2021, MHCLG reported on a consultation for a New Model for Shared Ownership – this includes four key proposals, with the main one for the purposes of this assessment being the suggestion of reducing the minimum initial share from 25% to 10%.

5.102 A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

5.103 The analysis below looks at the income levels likely to be required to afford shared ownership at 10%, 25% and 50% equity shares. To understand likely income requirements the following approach has been taken:

- OMV at lower quartile price plus 10% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4%;
- Service charge of £100 per month for flatted development (assumed to be 1 and 2-bedroom homes); and
- Income requirement calculated as a household spending no more than 28% of income on the housing cost.

5.104 The table below shows the incomes likely to be required to afford shared ownership at the different levels of equity share. Lower incomes are likely to be required where the equity level is lower although it is the case for all shares that a 4-bedroom home will have an income requirement above the £90,000 cap in the London Plan. For 3-bedroom homes a 50% share sits above the cap and a 25% share is pretty much at the cap level. Overall, the analysis suggests that London Shared Ownership is only really likely to work for 1- and 2-bedroom homes.

Table 5.17 Income required to afford SO at different levels of equity share – 2020/21

	10%	25%	50%
1-bedroom	£43,200	£48,800	£58,200
2-bedrooms	£56,900	£64,600	£77,300
3-bedrooms	£77,800	£89,100	£107,900
4-bedrooms	£113,700	£130,200	£157,700

Source: Derived from a range of sources as described

Affordable Tenure Split in the Context of the London Plan

5.105 In terms of developing an affordable housing policy, Policy H6 of the London Plan says the following:

“The following split of affordable products should be applied to residential development:

1) a minimum of 30 per cent low-cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes

2) a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared ownership

3) the remaining 40 per cent to be determined by the borough as low-cost rented homes or intermediate products based on identified need”

5.106 Based on this, it will be necessary for the Council to consider what form of housing the final 40% should take. Given the high level of need shown using the core analysis (i.e. based on households unable to buy or rent in the market) it is suggested that the Council investigates including all of the additional 40% as London Affordable Rent/social rents). However, it may be that viability issues mean that some housing would need to be at a cost higher than this; in such cases, it is suggested that the Council considers London Living Rents (which can provide a route into home ownership) ahead of shared ownership as a preferred tenure.

5.107 The Council’s current policy is that *‘50% of all housing units will be affordable housing, this 50% will comprise a tenure mix of 40% of the affordable housing for rent and 10% of the affordable intermediate housing’* although it has been noted to us that this is often not achieved due to viability. Given the evidence in this report, and the high need for rented products the Council’s position could reasonably be maintained on this; however, as part of policy setting will need to consider the implications of the new London Plan and broader factors to maximise delivery.

Other Types of Affordable Housing (First Homes and Rent to Buy)

First Homes

5.108 The analysis above has considered the types of affordable housing needed in the context of the London Plan. It may however be the case in the future that the Council will also need to include a new tenure (First Homes). In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

“First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

-
- a) must be discounted by a minimum of 30% against the market value;
 - b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
 - c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
 - d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations."

5.109 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

5.110 To look at the affordability of First Homes and the discount required analysis has been carried out based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in the Borough is £1,450 per month;
- On the basis of a household spending no more than 28% of their income on housing, a household would need an income of around £5,200 per month to afford ($£1,450/0.28$) or £62,100 per annum (rounded); and
- With an income of £62,100, it is estimated that a household could afford to buy a home for around £310,700. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple (calculated as $£62,100 \times 4.5/0.9$)

-
- 5.111 Therefore, £310,700 is a suggested purchase price to make First Homes/discounted home ownership affordable for all households in the rent/buy gap. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however setting all homes at a higher price would mean that some households will still be unable to afford.
- 5.112 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase (for a 2-bedroom home this is £440,000) and the relevant private rented figure. The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).
- 5.113 The Table below therefore sets out a suggested purchase price for affordable home ownership/First Homes in the Borough. The table also shows an estimated OMV and the level of discount likely to be required to achieve affordability. The OMV is based on taking the estimated lower quartile price by size and adding 10% (which is a best estimate newbuild premium in LBRuT).
- 5.114 It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £600,000 (rather than the modelled £484,000) then the discount would need to be 38%-48%. It is therefore the affordable price rather than the discount that should be focused on when determining affordability.
- 5.115 An example of the issues of using a discount can be seen when looking at the specific scheme at Twickenham station where 2-bedroom homes are typically in the range of £620,000 and £720,000 – this is considerably higher than the modelled estimates of OMV (based on a LQ price plus 10%) and means that a standard discount is not likely to be genuinely affordable.
- 5.116 On the basis of the specific assumptions used, the analysis points to a discount of around 30% for 1- and 2-bedroom homes but that 3- and 4-bedroom homes are likely to exceed the £420,000 cap. As with shared ownership, the analysis suggests that First Homes probably don't work for 3+- bedroom homes.

Table 5.18 First Homes affordable prices – data for year to March 2021

	Affordable Price	Estimated Newbuild OMV	Discount Required	Income Required
1-bedroom	£241,000-£283,000	£357,500	21%-33%	£48,200-£56,600
2-bedrooms	£310,000-£375,000	£484,000	22%-36%	£62,000-£75,000
3-bedrooms	£358,000-£504,000	£715,000	30%-50%	£71,600-£100,800
4-bedrooms	£632,000-£791,000	£1,045,000	24%-40%	£126,400-£158,200

Source: Derived from a range of sources as described

- 5.117 The GLA have published a First Homes Practice Note (July 2021) which emphasises First Homes is a discounted market sale (“DMS”) product that falls within the category of intermediate housing where it meets national and Mayoral affordability and eligibility criteria, and while London Plan policy does not preclude the delivery of DMS homes, it does not contain a specific requirement for First Homes or DMS products and does not allow for the prioritisation of First Homes above the tenures set out in Policy H6.
- 5.118 The Practice Note also refers to the issues that need to be considered, including evidence of affordable housing need and the deliverability and affordability of First Homes in a local context. These will be matters for the Council to consider in their approach in the new Local Plan to First Homes.

Rent to Buy

- 5.119 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller ‘step’ to be taken on to the home ownership ladder.
- 5.120 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 5.121 In order to access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared

ownership), it should therefore be treated as part of the affordable home ownership products suggested by the Framework.

Affordable Housing Need: Summary

Analysis has been undertaken to estimate the need for affordable housing on a per annum basis. As per Framework and relevant PPG, the analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home. The analysis is also mindful of affordable housing policies and definitions in the London Plan.

The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).

When looking at rented needs, the analysis suggests a need for 1,123 affordable homes per annum across the Borough; the Council is therefore justified in seeking to secure additional affordable housing. Despite the level of need being high, it is not considered that this would point to any requirement for the Council to increase Local Plan housing requirement figures.

It should be noted that the link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home), whilst other households are picked up in the demographic projections.

When looking at the need for AHO products, the analysis also suggests a need across the Borough, albeit (at 552 per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a more limited need for AHO.

In terms of the tenure split of affordable housing, the London Plan is clear that a minimum of 30% should be for low-cost rented homes, a minimum of 30% should be intermediate products which meet the definition of genuinely affordable and the remaining 40% can be determined by the Borough.

On the basis of our analysis, 70% of affordable housing should be for low-cost rented homes in the form of London Affordable Rents or social rents where this is viable. The remaining 30% should be for intermediate products in the form of London Living Rents whilst also aiming to deliver a proportion

of shared ownership properties; however, the Council should be aware that delivering these properties should be considered in the context of viability.

It is recognised that First Homes will have to be considered in more detail in due course in light of the GLA's approach to how this should be treated in the context of the new London Plan. This will continue to be monitored including through the Stage 2 work of this report.

Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. The need identified in this report provides a starting point for setting policy which should be tested against the amount of affordable housing that can viably be provided. The evidence does however suggest that affordable housing delivery – including most prominently for London Affordable Rent/social rent - should be maximised where opportunities arise.

6. HOUSING NEEDS OF OLDER & DISABLED PEOPLE

6.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

6.2 The section responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people - which is being led by Housing LIN - as well an assessment of the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Changes

6.3 The population of older persons is increasing, driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons.

Current Population of Older People

6.4 The Table below provides baseline population data about older persons in the Borough and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates ("MYE"). The Table shows that LBRuT has a younger age structure than seen nationally, but older when compared with London and Outer London. As of 2020, it is estimated that 16% of the population of LBRuT was aged 65 and over, this compares with 12% for London and 19% nationally.

Table 6.1 Older Persons Population, 2020

	LBRuT	Outer London	London	England
Under 65	83.9%	86.1%	87.8%	81.5%
65-74	8.8%	7.5%	6.6%	9.9%
75-84	5.1%	4.5%	3.9%	6.1%
85+	2.2%	2.0%	1.7%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	16.1%	13.9%	12.2%	18.5%
Total 75+	7.3%	6.5%	5.6%	8.6%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

6.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that LBRuT is projected to see a notable increase in the older person population (projections based on a dwelling constrained scenario).

- 6.6 Across the Borough, the total number of people aged 65 and over projected to increase by 51% over the 18-years to 2039. This compares with an overall population increase of 4% and a decrease in the Under 65 population of 6%. In total population terms, the projections show an increase in the population aged 65 and over of 16,500 people.

Table 6.2 Projected Change in Population of Older Persons, 2021 to 2039

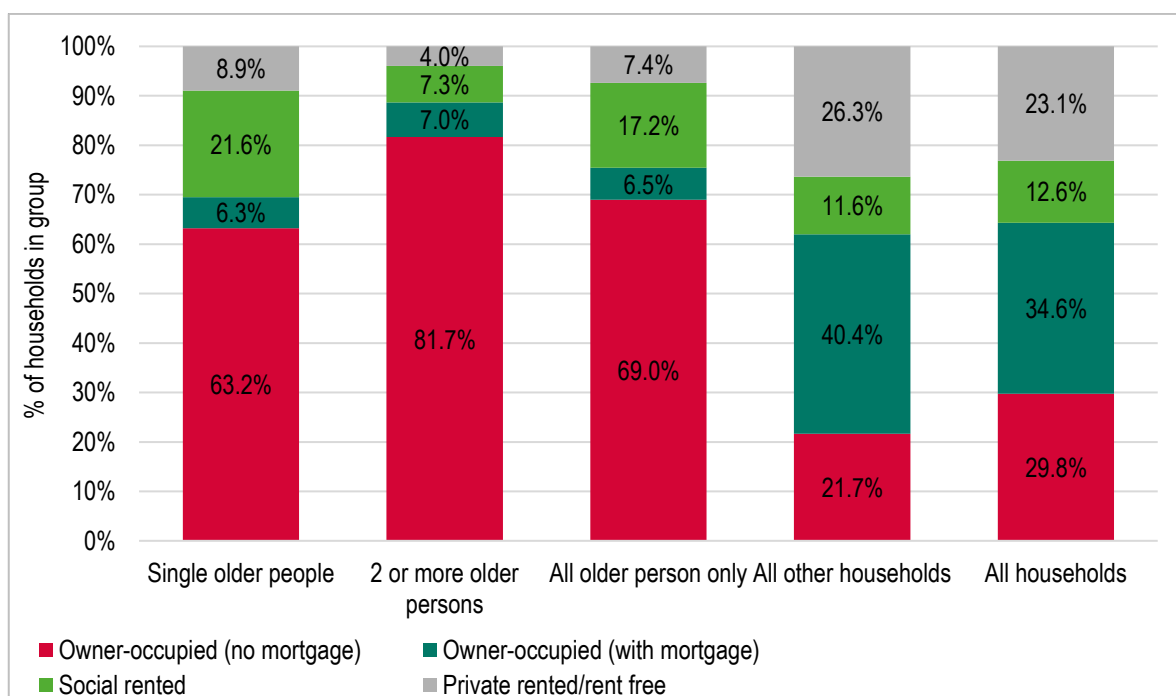
	2021	2039	Change	% Change
Under 65	166,581	157,268	-9,313	-5.6%
65-74	17,562	24,856	7,294	41.5%
75-84	10,468	16,259	5,791	55.3%
85+	4,525	7,916	3,391	74.9%
Total	199,136	206,299	7,163	3.6%
Total 65+	32,556	49,031	16,476	50.6%
Total 75+	14,993	24,175	9,182	61.2%

Source: Demographic Projections

Characteristics of Older Person Households

- 6.7 The tenures in which older persons currently live provides a useful indication of the potential tenure profile of demand for new-build development.
- 6.8 The Figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples).
- 6.9 The data shows that the majority of older persons households are owner occupiers (75%), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 17% of older persons households across the Borough live in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (about 7%).
- 6.10 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 6.1: Tenure of Older Persons Households in LBRuT, 2011



Source: 2011 Census

The Need for Specialist Accommodation

- 6.11 It is noted that some older households, particularly those aged over 75, will require specialist housing provision. The need for specialist accommodation is considered in detail by Housing LIN at Appendix A1 of this report.

Housing Needs of those with Disabilities

- 6.12 The Table below shows the proportion of people with a long-term health problem or disability (“LTHPD”) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD.
- 6.13 The data suggests that some 22% of households in LBRuT contain someone with a LTHPD – this figure is notably lower than seen in other locations (33% nationally). The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 11% of the population of LBRuT having a LTHPD).

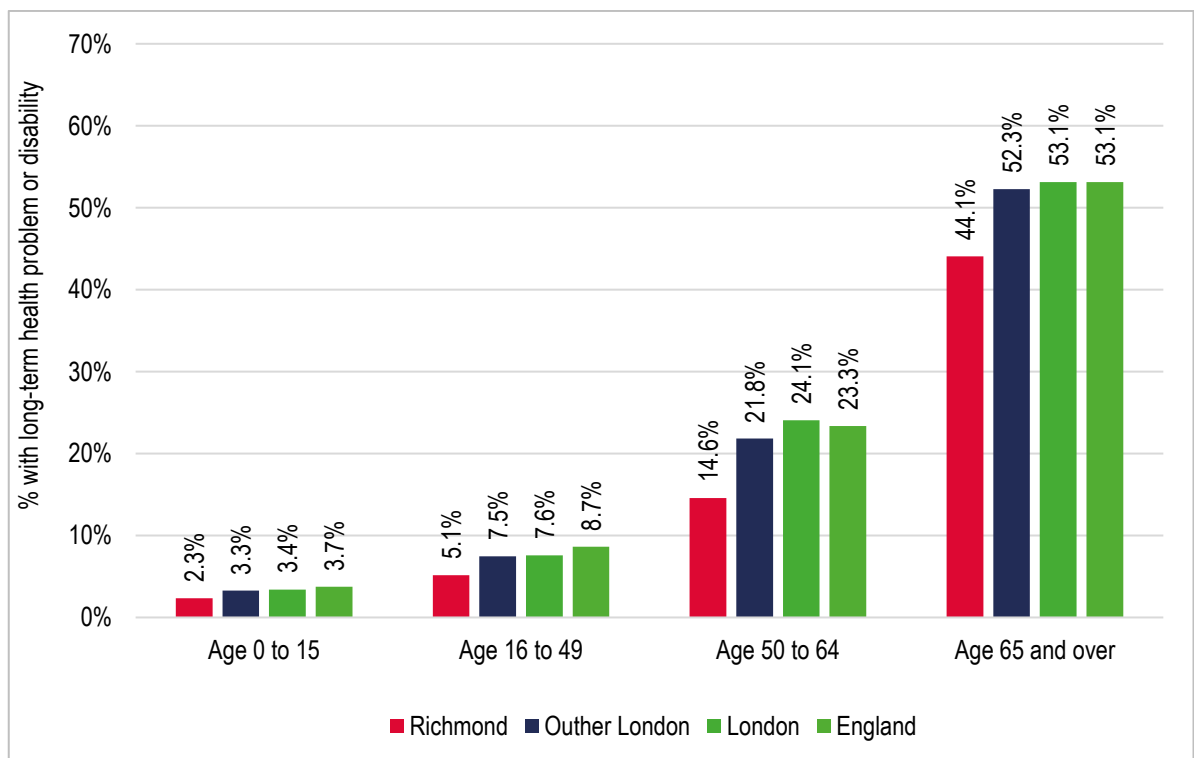
Table 6.3 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing someone with a Health Problem		Population with a Health Problem	
	Number	%	Number	%
LBRuT	17,445	21.9%	21,447	11.5%
Outer London	558,833	29.4%	718,676	14.5%
London	910,432	27.9%	1,157,165	14.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

6.14 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The Figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows lower levels of LTHPD in each age band within LBRuT than other locations.

Figure 6.2: Population with Long-Term Health Problem or Disability by Age



Health Related Population Projections

6.15 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

6.16 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI ("Projecting Adult Needs and Service Information) and POPPI (Projecting Older

People Population Information”) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown. In all cases the analysis links to estimates of population growth based on the dwelling constrained projection (2021-39).

- 6.17 Of particular note are the large increases in the number of older people with dementia (increasing by 63% from 2021 to 2039) and mobility problems (56% increase over the same period). Changes for younger age groups are smaller (negative), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population.
- 6.18 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 6.4 Projected Changes to Population with Disabilities

Disability	Age Range	2021	2039	Change	% Change
Dementia	65+	1,905	3,072	1,167	61.3%
Mobility problems	65+	4,977	7,769	2,793	56.1%
Autistic Spectrum Disorders	18-64	717	711	-6	-0.8%
	65+	248	379	130	52.5%
Learning Disabilities	15-64	1,881	1,846	-34	-1.8%
	65+	563	843	280	49.6%
Challenging Behaviour	15-64	35	34	-1	-1.7%
Impaired Mobility	16-64	4,227	4,339	113	2.7%

Source: POPPI/PANSI and Demographic Projections

- 6.19 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 6.20 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.
- 6.21 The PPG for Housing for Older and Disabled People refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area.
- 6.22 The analysis suggests that there is likely to be a decrease in the number of younger people (generally those aged 16/18 to 64) with a disability across the study area) although there are still likely to be a

range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution – particularly where there is currently a lack of provision.

6.23 This report does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located; it is the case that some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the study area (it is also possible that some people in the area would be placed in accommodation elsewhere).

Wheelchair User Housing

6.24 Information about the need for housing for wheelchair users is difficult to obtain, particularly at a local level and estimates of need produced in this report draw on data from the English Housing Survey (“EHS”) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them ‘visitable’ for wheelchair users and data about wheelchair users by tenure.

6.25 The analysis below sets out estimates of the proportion of wheelchair users in different age groups nationally; this has been based on estimating the number of wheelchair user households from the 2011-12 EHS (Annex Table 6.11) combined with Census data.

6.26 At the time, the EHS showed there were 184,000 households with a wheelchair user and the oldest person in the household was aged under 60. The 2011 Census showed around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households.

6.27 The Table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population, they will provide a reasonable estimate of the number of wheelchair user households.

Table 6.5 Baseline prevalence rates by age used to estimate wheelchair user households

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	183,938	40,562,374	5
60-74 years	204,822	7,668,495	27
75-84 years	191,249	2,831,815	68
85 years or over	145,842	997,247	146

Source: Derived from EHS (2011-12) and 2011 Census

6.28 The analysis also considers the relative health of the population of LBRuT. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability.

6.29 The Table below shows this information by age in LBRuT and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in LBRuT, pointing to a slightly lower than average proportion of wheelchair user households.

Table 6.6 Proportion of People with Day to Day Activities Limited a Lot, 2011

	% of age group with day to day activities limited a lot		LBRuT as % of England	Prevalence rate (per 1,000 population)
	LBRuT	England		
Under 60 years	2.2%	4.2%	51.9%	2
60-74 years	7.7%	13.9%	55.2%	15
75-84 years	21.3%	29.1%	73.1%	49
85 years or over	45.9%	52.3%	87.8%	128

Source: 2011 Census

6.30 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,789 wheelchair user households in 2021, and that this will rise to 2,574 by 2039 (equal to an increase of 785 households).

Table 6.7 Proportion of People with Day to Day Activities Limited a Lot, 2011

	Prevalence rate (per 1,000 population)	Household population 2021	Household population 2039	Wheelchair user households 2021	Wheelchair user households 2039
Under 60 years	2	153,767	141,222	362	332
60-74 years	15	28,289	38,815	417	573
75-84 years	49	10,201	15,806	504	780
85 years or over	128	3,940	6,920	506	888
Total		196,197	202,763	1,789	2,574

Source: Derived from a range of sources as described in the text

6.31 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home.

6.32 Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for 1,224 additional wheelchair user homes in the 2021-39 period – this equates to 17% of all housing need (as set out in the table below).

Table 6.8 Estimated Need for Wheelchair User Homes, 2021-39

	Current need	Projected need (2021-2039)	Total Backlog and Future Need	Housing Need (2021-39)	% of Housing Need
LBRuT	439	785	1,224	7,398	17%

Source: Derived from a range of sources as described in the text

6.33 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the Table below. This shows a need for 13% of market homes to be M4(3) along with 34% of affordable.

Table 6.9 Estimated Need for Wheelchair User Homes, 2021-39

	Market	Affordable
LBRuT	13%	34%

Source: Derived from demographic projections and EHS prevalence rates

6.34 To meet the identified need, the Council could seek at least 10% of all new market homes to be M4(3) compliant and around a third in the affordable sector. Any figures should reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

6.35 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build (see table below).

6.36 It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive

to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds⁸.

- 6.37 One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.
- 6.38 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs for houses that could in some cases challenge the feasibility of delivering all or any of a policy target.
- 6.39 However, it is noted that these costs have already been modelled for the adopted Local Plan in the Council's Whole Plan Viability Study and for the London Plan's Viability Study. It could therefore be expected that these costs have filtered through to build costs drawn down as part of any appraisal.

Table 6.10 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 6.40 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider market housing stock.
- 6.41 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes, including schemes due to their size (e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.
- 6.42 The Council also hold current figures for the waiting lists of those needing wheelchair accessible accommodation in the borough through the Richmond housing register, which has a separate queue

⁸ Raising accessibility standards for new homes, a consultation paper, page 10

for people seeking specially designed or adapted property (mainly for wheelchair users) suitable for persons with physical disabilities), as well as information on affordable housing properties coming forward in the pipeline.

- 6.43 On that basis, the Council will seek to negotiate through site specific discussions on the basis of identified local needs the most effective way to maximise provision for wheelchair use in affordable housing.

Housing Needs of Older People and those with Disabilities: Summary

The analysis in this report has shown a notable growth in the population of older persons aged 65 and over in LBRuT over the period to 2039, with the number of people expected to grow by over 16,500 persons equal to 51% growth.

Within this, the number of people with a limiting long-term health problem or disability is projected to increase in the Borough. The specific projections undertaken show an expected increase of those with dementia by 1,167 persons and with mobility problems by 2,793 to 2039.

When related back to the total projected change to the population, the increase of 2,793 people with a mobility problem represents 39% of the total projected population growth. The growth shown in those with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations.

The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Some older households, particularly those aged over 75, will require specialist housing provision. It should be noted that the need for specialist accommodation for older people is considered in detail by Housing LIN at Appendix A1 of this report.

7. NEED FOR DIFFERENT SIZES OF HOMES

7.1 This section considers the appropriate mix of housing across the Borough, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward.

Family Households

7.2 The number of families in LBRuT (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 23,600 as of the 2011 Census, accounting for 30% of households; this proportion is similar to the regional and national average and slightly below the equivalent figure for Outer London (34%). The Borough has a higher proportion of married couple households and relatively few lone parents.

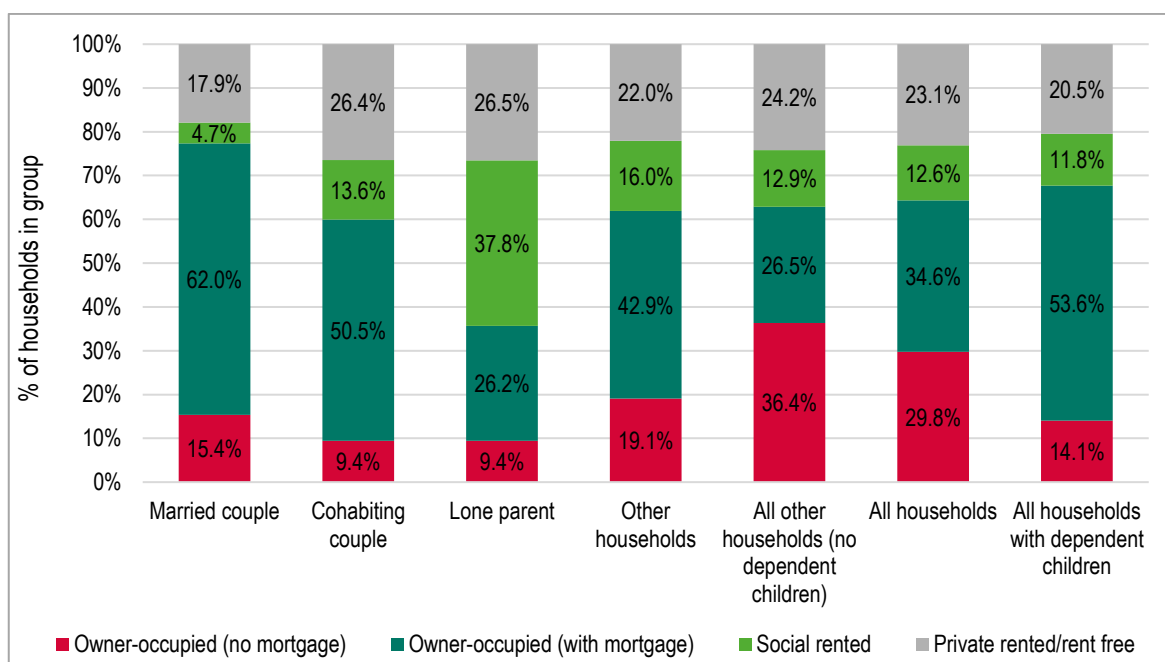
Table 7.1 Households with Dependent Children, 2011

		Married Couple	Cohabiting Couple	Lone Parent	Other Household	All Other Households	Total	Total Families
LBRuT	No	15,747	2,409	3,882	1,610	56,187	79,835	23,648
	%	19.7%	3.0%	4.9%	2.0%	70.4%	100.0%	29.6%
Outer London	%	17.5%	3.1%	8.5%	4.8%	65.9%	100.0%	34.1%
London	%	15.0%	2.8%	8.5%	4.6%	69.1%	100.0%	30.9%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: 2011 Census

7.3 The Figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 36% of lone parent households are owner-occupiers compared with 77% of married couples with children.

Figure 7.1: Tenure of Households with Dependent Children, 2011



Source: 2011 Census

7.4 Household projections have been developed, linked to the standard method to estimate growth in family households over the period as set out in the table below. The projections show a notable projected decrease in the number of households with dependent children – dropping by 13% (about 3,400 households) over the projection period. The table clearly identifies that it is older person age groups that are projected to see the main increases.

Table 7.2 Projected Change in Family Households, 2021-39

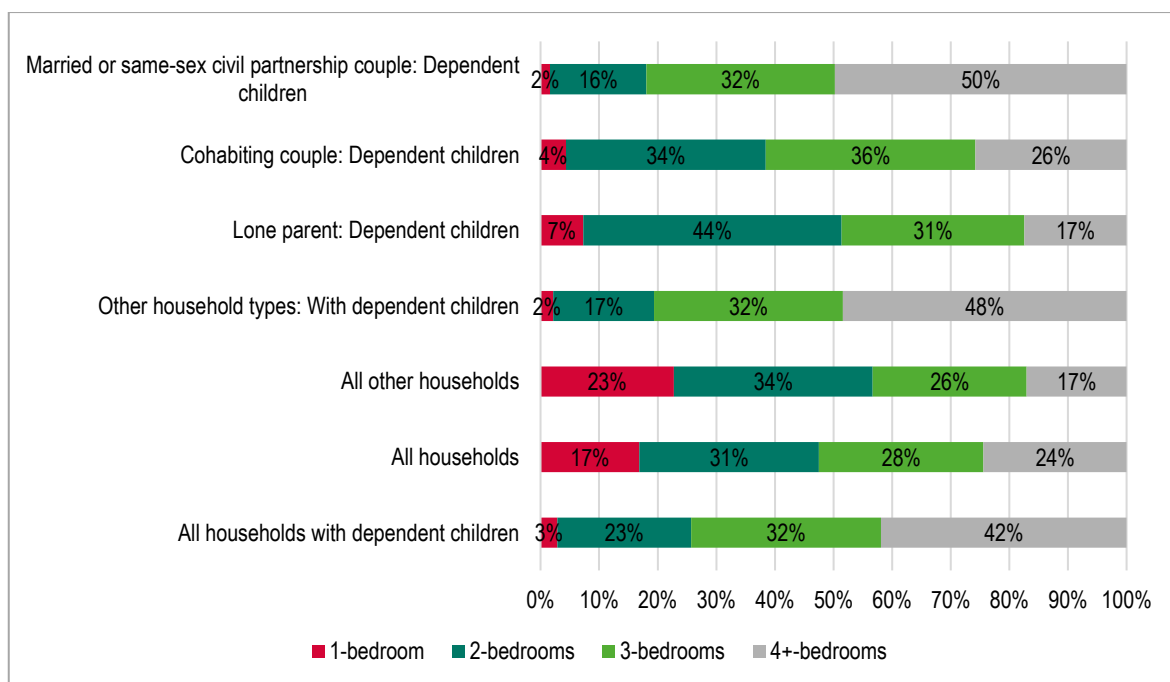
	2021	2039	Change	%
One Person aged 65+	12,056	17,905	5,849	48.5%
One Person aged <65	15,275	13,093	-2,182	-14.3%
Couple aged 65+	7,529	12,098	4,570	60.7%
Couple aged <65	12,532	10,888	-1,643	-13.1%
A couple and one or more other adults	6,212	9,056	2,844	45.8%
Households with one dependent child	11,646	10,601	-1,045	-9.0%
Households with two dependent children	11,457	9,876	-1,581	-13.8%
Households with three dependent children	3,619	2,884	-734	-20.3%
All other households	6,379	7,559	1,179	18.5%
Total Households	86,705	93,961	7,257	8.4%
Total households with dependent children	26,722	23,362	-3,360	-12.6%

Source: Demographic Projections

7.5 The level of growth in family households does not automatically translate into an equivalent need for family-sized accommodation, not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay.

7.6 The Figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the Borough, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2-and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. The analysis does also highlight that households without dependent children tend to live in smaller homes, although some 17% of these households do live in homes with 4+-bedrooms.

Figure 7.2: Number of Bedrooms by Family Household Type, 2011



Source: 2011 Census

The Mix of Housing

7.7 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.

7.8 In drawing conclusions about mix, consideration is also given to levels of under-occupancy (and overcrowding) on the basis that it would not be recommended (given the constrained housing supply) to continue or increase levels of under-occupancy in the Borough.

7.9 An important starting point is to understand the current balance of housing in the area. The table below profiles the sizes of homes in different tenure groups. In the market (owner-occupied) sector the analysis shows a relatively large housing stock, with 34% of homes having 4+-bedrooms (compared to only 25% nationally and 23% across London). The social stock sees a slightly higher proportion of 1-bedroom homes (and fewer homes with 3+-bedrooms) whilst the private rented sector shows a similar dwelling size profile to both Outer London and London.

Table 7.3 Number of Bedrooms by Tenure, 2011

		LBRuT	Outer London	London	England
Owner-occupied	1-bedroom	7%	7%	10%	4%
	2-bedrooms	26%	23%	27%	23%
	3-bedrooms	33%	46%	41%	48%
	4+-bedrooms	34%	24%	23%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	41%	32%	35%	31%
	2-bedrooms	33%	36%	36%	34%
	3-bedrooms	22%	27%	24%	31%
	4+-bedrooms	4%	5%	5%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	30%	28%	33%	23%
	2-bedrooms	42%	39%	37%	39%
	3-bedrooms	18%	24%	20%	28%
	4+-bedrooms	10%	10%	10%	10%
	Total	100%	100%	100%	100%

Source: 2011 Census

Overview of Methodology

7.10 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding how Households Occupy Homes

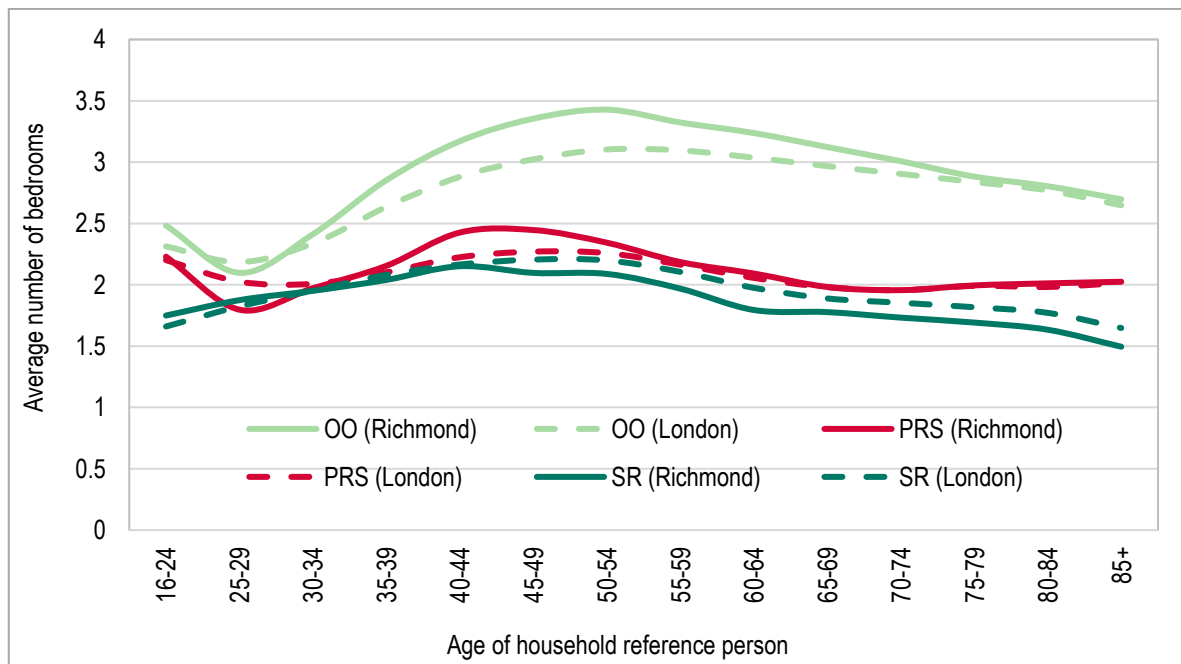
7.11 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided.

7.12 The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

-
- 7.13 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 7.14 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 7.15 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 7.16 The approach used is to interrogate information derived in the projections about the number of household reference persons ("HRPs") in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS⁹.
- 7.17 The Figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for LBRuT and London. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies most age groups in the market occupying larger homes than is typical across London.

⁹ Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census

Figure 7.3: Average Bedrooms by Age and Tenure



Source: Derived from ONS Commissioned Table CT9621

7.18 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for London. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

7.19 The analysis has been used to derive outputs for three broad categories. These are:

- **market housing** – which is taken to follow the occupancy profiles in the owner-occupied sector
- **affordable home ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **rented affordable housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

7.20 The tables below presents the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups, with many younger age groups seeing declines in household numbers.

Table 7.4 Projected Change in Household by Age of HRP

Age Band	2021	2039	Change in Households	% Change
16-24	1,267	1,293	26	2.0%
25-29	3,220	3,394	174	5.4%
30-34	4,814	4,250	-564	-11.7%
35-39	7,521	6,137	-1,384	-18.4%
40-44	9,264	7,489	-1,775	-19.2%
45-49	9,829	7,955	-1,875	-19.1%
50-54	9,109	8,257	-853	-9.4%
55-59	8,653	8,969	316	3.7%
60-64	7,114	8,983	1,869	26.3%
65-69	5,884	9,046	3,162	53.7%
70-74	6,068	8,265	2,197	36.2%
75-79	4,411	6,501	2,090	47.4%
80-84	3,141	4,800	1,659	52.8%
85 & over	3,333	5,472	2,139	64.2%
Total	83,629	90,812	7,183	8.6%

Source: Demographic Projections

Initial Modelled Outputs

- 7.21 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level.
- 7.22 Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 7.23 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from an anonymised spreadsheet provided by the Council from March 2021; this shows a pattern of need which is focussed on 1- and 2-bedroom homes but also over a quarter of households in Bands A-C as requiring 3+- bedroom homes.

Table 7.5 Size of Social/Affordable Rented Housing – Housing Register Information

	Total Register		Bands A-C	
	Number of households	% of households	Number of households	% of households
1-bedroom	2,774	56.7%	713	37.0%
2-bedrooms	1,281	26.2%	679	35.3%
3-bedrooms	651	13.3%	406	21.1%
4+-bedrooms	187	3.8%	127	6.6%
Total	4,893	100.0%	1,925	100.0%

Source: LBRuT Council, 2021

7.24 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 7.6 Modelled Mix of Housing by Size and Tenure – Local Occupancy

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	31%	45%	18%
Affordable home ownership	31%	41%	19%	9%
Affordable housing (rented)	47%	29%	21%	3%

Table 7.7 Modelled Mix of Housing by Size and Tenure – Regional Occupancy

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	24%	54%	17%
Affordable home ownership	34%	36%	21%	9%
Affordable housing (rented)	41%	31%	23%	5%

Table 7.8 Modelled Mix of Housing by Size and Tenure – Combination

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	27%	50%	17%
Affordable home ownership	33%	39%	20%	9%
Affordable housing (rented)	44%	30%	22%	4%

Sources: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

7.25 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households

who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

7.26 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (probably flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

7.27 The Table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers), in particular, this shows a higher number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 41,953 households with some degree of under-occupation and just 791 overcrowded households.

Table 7.9 Occupancy Rating & No. of Bedrooms – Owner-Occupier Sector

Occupancy Rating:	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
+2	0	0	9,120	14,357	23,477
+1	0	10,249	5,719	2,508	18,476
0	3,576	2,949	1,756	326	8,607
-1	216	280	178	45	719
-2	21	23	22	6	72
Total	3,813	13,501	16,795	17,242	51,351

Source: 2011 Census

7.28 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 7.10 Occupancy Rating & No. of Bedrooms – Social Rented Sector

Occupancy Rating:	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
+2	0	0	646	186	832
+1	0	1,296	674	89	2,059
0	3,785	1,561	750	77	6,173
-1	293	401	161	21	876
-2	34	45	30	2	111
Total	4,112	3,303	2,261	375	10,051

Source: 2011 Census

Table 7.11 **Occupancy Rating & No. of Bedrooms – Private Rented Sector**

Occupancy Rating:	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
+2	0	0	1,036	1,223	2,259
+1	0	4,408	1,320	411	6,139
0	4,932	2,822	856	187	8,797
-1	543	396	126	39	1,104
-2	61	39	26	8	134
Total	5,536	7,665	3,364	1,868	18,433

Source: 2011 Census

- 7.29 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 20% of this group and assigns to a '+1' occupancy rating and a further 20% to a '0' rating. For households with one spare bedroom, 20% are assigned to a '0' rating (with the other remaining as '+1').
- 7.30 These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.
- 7.31 The adjustment for under-occupation and overcrowding leads to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 7.12 **Adjusted Modelled Mix of Housing, LBRuT**

	1 Bed	2-Beds	3-Beds	4+ Beds
Market	11%	34%	45%	11%
Affordable Ownership	35%	38%	19%	7%
Affordable Rented	44%	29%	21%	6%

Source: Housing Market Model with Adjustments

Housing Mix and Families: Summary

Analysis has been undertaken to suggest a reasonable mix of housing by tenure for newbuild homes in the 2021-39 period. The analysis takes account of future demographic change and the link to housing occupancy patterns as well as considering the best use of stock given a constrained housing

supply position, essentially this means looking at reducing levels of under-occupancy of homes from those seen at the time of the 2011 Census.

Overall, the proportion of households with dependent children in LBRuT is similar to the regional and national position but below equivalent data for Outer London. Projecting forward, there is expected to be a notable decrease in the number of households with dependent children in LBRuT – this is due to the constrained housing supply which will see most of the household increase be amongst those aged 65 and over.

There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (18-year) demographic change (along with adjustments to reduce under-occupancy) concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Table: Suggested Mix of Housing by Size and Tenure

	1 Bed	2-Beds	3-Beds	4+ Beds
Market	11%	34%	45%	11%
Affordable Ownership	35%	38%	19%	7%
Affordable Rented	44%	29%	21%	6%

It needs to be stressed that this mix is based on a series of assumptions about housing delivery and an efficient use of land. For example, there is little doubt that there would be continued demand for larger (4+-bedroom) homes in the market, however this is not considered to be a good use of a limited land supply and would do little to reduce the high levels of under-occupancy of homes.

Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for smaller family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

The mix identified above could inform strategic policies although a flexible approach should be adopted – in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

8. MARKET SEGMENTS AND SPECIFIC GROUPS

- 8.1 This section considers market segments including Build to Rent and Co-Living and the needs of specific groups including students and service families.

Build-to-Rent

- 8.2 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 8.3 In the context of the private rented sector's growth over the last 20 years and a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage "Build to Rent" development as well "Co-Living" development schemes.

The Policy Context

- 8.4 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).
- 8.5 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 8.6 This was realised through the publication of the revised Framework (February 2019) which recognises the emergence of the strength of the private rented sector. The Framework (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework's glossary also introduces a definition for Build to Rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

- 8.7 It represents development which is constructed with the intention that it will be let rather than sold. The benefits of Build to Rent are strong and are best summarised in the Government's A Build to

Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

8.8 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

8.9 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update¹⁰ for Q3 2021 states that the market now had 50,800 completed units, 37,700 under construction and 84,000 in the development pipeline, a total of 172,500 units.

8.10 The report notes that around 88% of the operational stock was located in City Centre flats but there had been a slight shift towards "housing led, family targeted" Build to Rent schemes in suburban locations. This was on the belief that there is a wider PRS market for houses (63%) than for flats.

8.11 The Savills work also noted that the sector had bounced back from a Pandemic related slowdown. They also noted new entrants into the sector seeking longer term investment.

8.12 The London Plan under Policy H13 has set out specific policy on Build to Rent provision and explicitly states (paragraph 4.11.1) that "Build to Rent developments can make a positive contribution to increasing housing supply and are beneficial in a number of ways".

¹⁰ https://www.savills.co.uk/research_articles/229130/306754-0

The Profile of Tenants

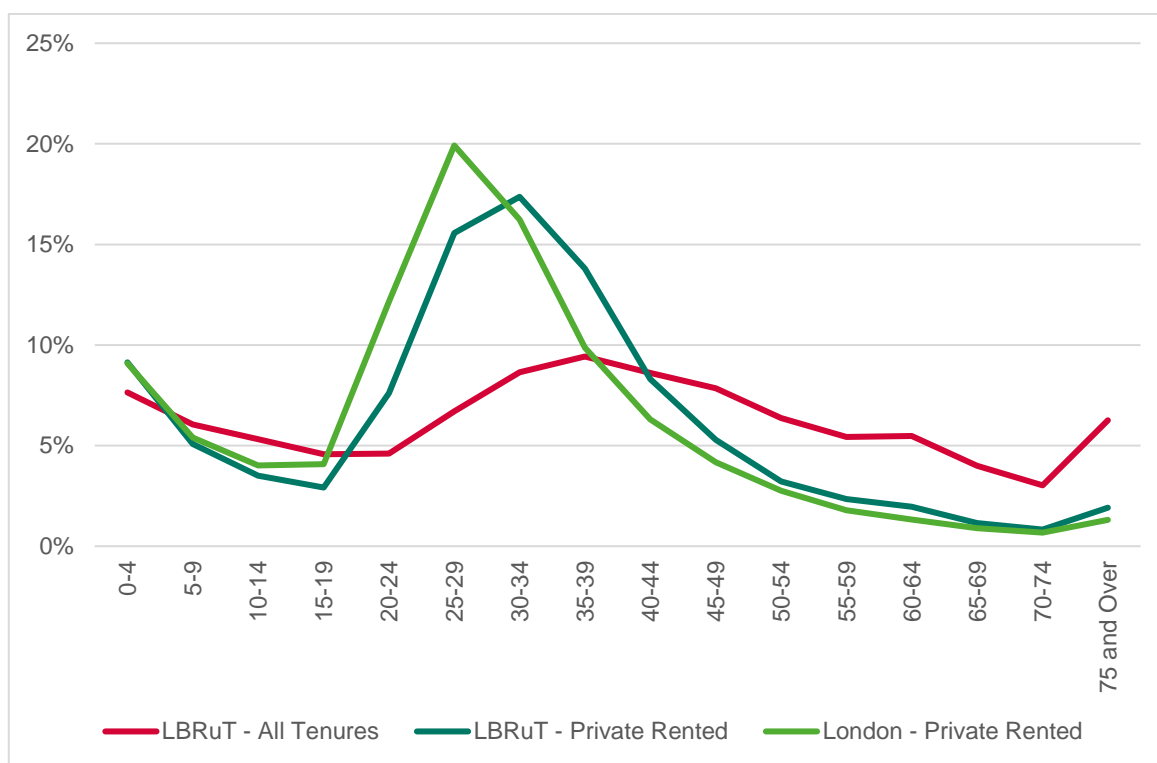
- 8.13 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) recently published (February 2021) a report¹¹ profiling those who live in Build to Rent accommodation in London - which makes up the bulk of the market. The proportion of Build to Rent in London accounts for 47% of current provision falling to 44% once the pipeline supply is included. This demonstrates a slight movement out of London which goes against the historic trend.
- 8.14 Around 62% of residents were aged between 25 and 34 compared with 47% in the wider private rented sector market. The remaining residents included 17% aged between 16 and 24 and 13% aged 35-44 both of which were below the corresponding values for the wider private rented sector market.
- 8.15 The survey based data identified that incomes are similar to those in private rented sector accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income on accommodation. This compares to 29% to 32% in the wider private rented sector demonstrating a willingness to pay slightly more. The lower value would put this group in the lowest 40% of earners in London.
- 8.16 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.
- 8.17 The report also identified a broadly similar balance of people working in the public and private sectors with 90.5% of residents employed in the private sector living in Build to Rent accommodation compared with 80% in the private rented sector. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%).

The Size of the Sector in LBRuT

- 8.18 As set out in Section 3 of this report, in LBRuT, the private rented sector represented 22% of all housing stock in 2011 and is now estimated to represent closer to 24% of all housing stock using the latest data from ONS (compared to a London-wide average of 27%). At almost a quarter of all homes, the sector clearly plays a significant role in the market.
- 8.19 As is shown in the Figure below, the age of those renting at the point of the 2011 Census in LBRuT was notably skewed towards those aged 30 to 44. This demonstrates a slightly older demographic in the sector compared to London as a whole which is more focussed on those aged in their 20s.

¹¹ https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

Figure 8.1: Age Profile of Private Rented Sector Tenants, LBRuT



Source: 2011 Census

8.20 Turning to household composition, the Table below analyses on the basis available data how those living in the private rented sector typically occupy homes in LBRuT set against wider comparators.

Table 8.1 Household Composition of Private Renters in LBRuT

Composition	LBRuT	LBRuT	London	England
One Person Aged 65 and over	629	4%	3%	4%
One Person Aged under 65	4,728	27%	24%	27%
Couple Aged 65 and over	133	1%	1%	1%
Couple No Children	4,556	26%	17%	17%
Couple Dependent Children	3,353	19%	16%	17%
Couple Non-Dep. Children	187	1%	1%	2%
Lone Parent Dep. Children	954	5%	9%	12%
Lone Parent Non-Dep Children	218	1%	1%	2%
Full-Time Students	260	1%	3%	3%
Other Households	2,422	14%	25%	14%
Total Households	17,440	100%	100%	100%

Source: 2011 Census

8.21 The analysis shows that in the largest household group is single person households aged under 65 account for over a quarter (27%) of all households – which is typical of the private rented sector

profile. However, as is clear, there is also a high proportion of couples without children living in the sector again accounting for over a quarter (26%) of households which is notably higher than the London and national average of 17%. There's also a higher proportion of families with dependent children. There are less full-time students and "other households" (including unrelated adults sharing) than is typically seen across London.

Rental Market Statistics

- 8.22 The private rents in LBRuT for all property sizes are all above the London average with the exception of studio properties. The most common size of property let is 2 bedroom followed by 1 bedroom properties – with rents 129% and 92% above the national average respectively. In the context of a Build to Rent product, the rental values are notably strong.

Table 8.2 Monthly Rents vs Wider Comparators, Year to March 2021

	LBRuT Count	LBRuT	London	England
Studio	40	£900	£970	£575
1-bed	270	£1,250	£1,224	£650
2-bed	470	£1,600	£1,450	£700
3-bed	190	£2,000	£1,725	£800
4+ bed	100	£3,500	£2,350	£1,350
All Lettings	1,060	£1,575	£1,430	£730

Source: Icen analysis of ONS Private Rental Market Statistics. Note there is no data on rooms in LBRuT.

- 8.23 Turning to trends, the evidence indicates that median rents have fallen marginally over the last five years. However, separating out the size of properties, there has been growth for smaller properties with rents for 1 bed properties growing by 4% and rents for 2 bed properties growing by 3% which are typical bedroom sizes of Build to Rent schemes.

Table 8.3 Rental Growth in LBRuT, 2015/16 – 2020/21

	2015/16	2020/21	Change	% Change
Studio	£950	£900	-£50	-5%
1-bed	£1,200	£1,250	£50	4%
2-bed	£1,550	£1,600	£50	3%
3-bed	£2,098	£2,000	-£98	-5%
4+ bed	£3,700	£3,500	-£200	-5%
All Lettings	£1,595	£1,575	-£20	-1%

Source: Icen analysis of ONS Private Rental Market Statistics. Note there is no data on rooms in LBRuT.

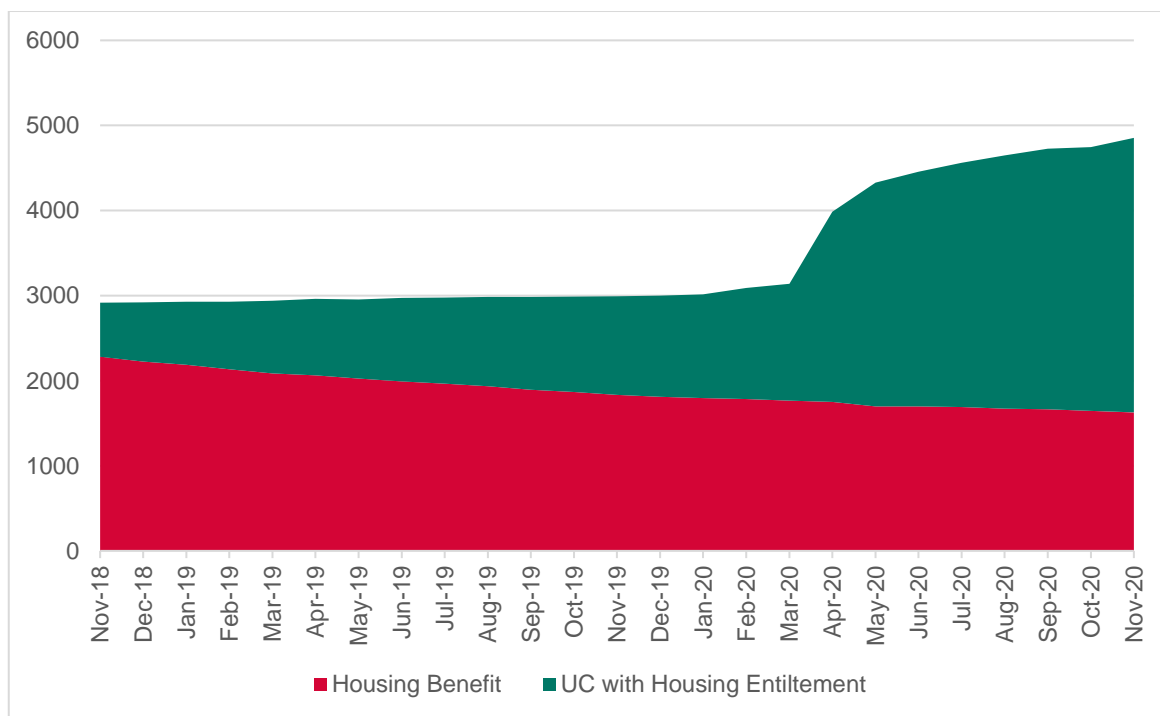
Private Rented Households Supported by Housing Benefit

- 8.24 In November 2020, 1,628 residents in LBRuT claimed housing benefit. Out of these claimants, 4,663 lived in social rented accommodation and 1,628 lived in private rented accommodation (equal to 26% of all claimants). In addition, 5,486 residents in LBRuT claimed Universal Credit with a housing

component. Out of these claimants, 2,260 lived in social rented accommodation and 3,226 lived in private rented accommodation (equal to 59% of all claimants).

8.25 The Figure below shows how the number of households in LBRuT in private rented accommodation which claim housing benefits or Universal Credit (with a housing element) has changed over time. Universal Credit was introduced in the Borough in stages from November 2015. Combined, the total number of claimants increased from 2,918 in November 2018 to 4,854 in November 2020

Figure 8.2: Households in Private Rented Sector Supported by Housing Benefits or UC



Source: DWP

8.26 As illustrated, the number of households in LBRuT which claim Universal Credit with a housing component increased as people move across from housing benefits. However there has been a more marked increase in claims from households living in privately rented accommodation over the last year which is likely to reflect the employment impacts of COVID-19.

The Existing Provision

8.27 It is our understanding that there has been limited activity in the way of forthcoming Build to Rent development in the Borough. The Council do handle planning applications for private rented housing; however, it is not of the nature or scale of purpose-built Build to Rent accommodation which is being delivered across many areas of London.

8.28 There have been no planning applications submitted which propose to deliver purpose-built Build to Rent and the Council are not aware of any pre-application discussions for anything of any notable scale – and those which have been discussed at pre-app have not come through to application. It is

potentially the case that suitable development sites with the ability to deliver large blocks of Build to Rent accommodation in accessible areas have not been forthcoming and does not necessarily suggest there is no market demand.

The Recommended Policy Response

- 8.29 The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. On the basis of our analysis of the private rented sector, there is a strong platform for a Build to Rent product in the Borough despite a lack of activity to date.
- 8.30 In preparing a new Local Plan, the Council should seek to include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied. The London Plan (paragraph 4.11.1) is also clear that Boroughs should take a positive approach to the Build to Rent sector to enable it to better contribute to the delivery of new homes.
- 8.31 Given that the sector is still evolving even in London, we would recommend that the Council is not overly prescriptive on the mix of dwelling sizes within new Build to Rent development. The Framework’s definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. The London Plan under Part B of Policy H11 mirrors this criteria and it recommended that a similar approach is followed in LBRuT.
- 8.32 Under Part B of Policy H11 in the London Plan, one of the criteria is that the development, or block or phase within the development, has at least 50 units; however, the London Plan is clear that Boroughs may set their own thresholds to reflect local housing market circumstances and affordable housing need.
- 8.33 The Council will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build to Rent development will however differ from that of a typical mixed tenure development in the sense that returns from the Build to Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed.

8.34 In general terms, it is expected that a proportion of Build to Rent units will be delivered as ‘Affordable Private Rent’ housing. Planning Practice Guidance¹² states that:

“The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exceptional circumstances, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

8.35 The London Plan under Part A of Policy H11 sets out that:

“Where a development meets the criteria set out in Part B, the affordable housing offer can be solely Discounted Market Rent (DMR) at a genuinely affordable rent, preferably London Living Rent level. DMR homes must be secured in perpetuity”

8.36 The Council should have regard to the London Plan policy on Build-to-Rent development. In line with the London Plan, the affordable housing offer can be entirely Discounted Market Rent, managed by the Build to Rent provider and delivered without grant.

8.37 In order to follow the Fast Track Route as set out in the London Plan, Build to Rent schemes must deliver at least 35% affordable housing, or 50% where the development is on public sector land or industrial land appropriate for residential uses. The threshold should be met with at least 30% let at

¹² ID: 60-002-20180913

London Living Rent levels. These will be matters for the Council to consider in policy setting for the Borough.

Build to Rent: Summary

The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

In LBRuT, the private rented sector represented 22% of all housing stock in 2011 and is now estimated to represent closer to 24% of all housing stock using the latest data from ONS (compared to a London-wide average of 27%). At almost a quarter of all homes, the sector clearly plays a significant role in the market. It is also notable that private rental values are notably high with all property sizes above the London average except for studio apartments.

Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development.

However, there have been no planning applications submitted which propose to deliver purpose-built Build to Rent and the Council are not aware of any pre-application discussions for anything of any notable scale – and those which have been discussed at pre-app have not come through to application.

It is potentially the case that suitable development sites with the ability to deliver large blocks of Build to Rent accommodation in accessible areas have not been forthcoming and does not necessarily suggest there is no market demand.

The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. On the basis of our analysis of the private rented sector, there is a strong platform for a Build to Rent product in the Borough despite a lack of activity to date.

In preparing a new Local Plan, the Council should seek to include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied. The London Plan (paragraph 4.11.1) is also clear that Boroughs should take a positive approach to the Build to Rent sector to enable it to better contribute to the delivery of new homes.

Co-Living

- 8.38 The concept of co-living in its modern form of housing is relatively new, and whilst it is not specifically defined in the Framework, it is often used as part of a wider definition relating to a type of intentional community where residents share living space and a set of interests, values and/or intentions. Traditionally co-living has ranged from the coming together of space, time and resources for activities (for example meals and discussion in the common living areas) through to shared workspace and collective endeavours such as living more sustainably (such as eco-centred villages).
- 8.39 Over recent years, media interest in co-living has in part been driven by the pressures faced by the millennial generation and the potential to provide communal living driven by affordability and a transient, social oriented young professional resident in high cost locations. Traditionally the idea of co-living through sharing of rented housing is not a new idea and has long operated across the country. In this context, co-living can encompass many structural forms.
- 8.40 In its current form, modern co-living in the UK tends to be urban focused and integrated into a single building, house, or apartment, a sharing of amenities, and a demographic trend towards 20 to 30 something professionals. As a market segment, this is most well developed currently in London where companies such as The Collective, Roam, Fizzy Living and Lyvly are actively adopting a 'WeWork' style model to housing based on a new renting approach for the Capital that offers private bedrooms, shared common spaces and community events, and an all-inclusive rent.
- 8.41 The focus of existing co-living examples tend to be large city schemes with studies indicating that whilst the sharing of space is deemed more acceptable - especially by city dwellers - the model of co-living needs to carefully consider the scale of provision balanced alongside personal space needs and privacy.
- 8.42 In advance of understanding the full economic impacts of COVID-19, it can only be speculation to suggest that we are likely to see working patterns change permanently and traditional economic structures – including business “centres” – change significantly.
- 8.43 The current co-living business model and characteristics draw on a large base of transient younger, high skilled professional households and individuals - particularly those without dependents - which is not a notable characteristic of the existing profile of residents nor a feature of household growth in LBRuT.
- 8.44 The Borough has a higher proportion of families as well as those of retirement age and are therefore not the target demographic of co-living providers. As a result, it is not surprising that there has been almost no development activity in the sector in LBRuT.

8.45 At the time of writing, there has been one scheme¹³ of note which was refused by the Council for 16 co-living units at 47A Lower Mortlake Road, Richmond and subsequently dismissed at appeal in July 2021. This was due concern regarding harm to the living conditions of neighbours, the lack of a mechanism to secure a clawback for affordable housing (should the units be sold), and concern around contributing to reducing the effects of climate change.

8.46 The applicant's evidence sets out a target demographic of graduates who are aiming for a combination of community living and private space as well as those at the beginning of the career ladder.

The Recommended Policy Response

8.47 The London Plan under Policy H16 relating to large-scale purpose-built shared living provides guidance on co-living developments across London as a whole. The London Plan recognises that these developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. It refers principally to schemes which are generally of at least 50 units and provide an alternative to traditional flat shares and includes additional services and facilities, such as room cleaning, bed linen, on-site gym and concierge service.

8.48 In addition to the London Plan, a number of London Boroughs have or are developing specific local planning policies to respond to co-living schemes as they become more of a focal point for developers in the private rented sector. This includes Hackney and Lambeth which were the first two to progress with local policy on the sector. In both instances, as examples, the Councils have acknowledged the principle of purpose-built, large-scale shared living, in line with the London Plan policy – noting a scale of 50 units in Hackney and 30 units in Lambeth. A range of criteria is set out including the requirement that it meets an identified need.

8.49 The sector is emerging and although it is not yet commonplace in LBRuT at the time of writing, the Council should draft planning policy which sets out the criteria against which to assess development schemes that may come forward. It is acknowledged that the London Plan focusses more so on large-scale shared living of 50 units or more; however, the Council should have regard to the criteria set out under Policy H16 which provides a strong starting point on issues of design, living conditions, tenancies and affordable housing.

¹³ Richmond Planning Application Number: 19/3352/FUL

Co-Living: Summary

The concept of co-living in its modern form of housing is relatively new, and whilst it is not specifically defined in the Framework, it is often used as part of a wider definition relating to a type of intentional community where residents share living space and a set of interests, values and/or intentions.

The current co-living business model and characteristics draw on a large base of transient younger, high skilled professional households and individuals - particularly those without dependents - which is not a notable characteristic of the existing profile of residents nor a feature of household growth in LBRuT.

The Borough has a higher proportion of families as well as those of retirement age and are therefore not the target demographic of co-living providers. As a result, it is not surprising that there has been almost no development activity in the sector in LBRuT.

The London Plan under Policy H16 relating to large-scale purpose-built shared living provides guidance on co-living developments across London as a whole. The London Plan recognises that these developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. It refers principally to schemes which are generally of at least 50 units and provide an alternative to traditional flat shares and includes additional services and facilities, such as room cleaning, bed linen, on-site gym and concierge service.

The sector is emerging and although it is not yet commonplace in LBRuT at the time of writing, the Council should draft planning policy which sets out the criteria against which to assess development schemes that may come forward. It is acknowledged that the London Plan focusses more so on large-scale shared living of 50 units or more; however, the Council should have regard to the criteria set out under Policy H16 which provides a strong starting point on issues of design, living conditions, tenancies and affordable housing.

Self-Build and Custom Housebuilding

- 8.50 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) (“the 2015 Act”) provides a legal definition of ‘self-build and custom housebuilding’ which are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 8.51 As of 1st April 2016, and in line with the 2015 Act under the ‘duty as regards registers’, relevant authorities in England are required to have established and publicised a self-build and custom

housebuilding register which records those seeking to acquire serviced plots of land in the authority area.

- 8.52 The Housing and Planning Act 2016 (“the 2016 Act”), which received Royal Assent on 12th May 2016, formally introduced the ‘Right to Build’ at Chapter 2. This 2016 Act under the ‘duty to grant planning permissions etc’ has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period. The Self-Build and Custom Housebuilding Regulations 2016 subsequently came into force on 31st October 2016, amending the 2015 Act and implementing Chapter 2 of the 2016 Act.
- 8.53 In respect of the ‘duty as regards registers’, PPG on self-build and custom housebuilding is clear that authorities must have regard to their register when carrying out their planning, housing, land disposal and regeneration functions. There is no exemption from this duty. However, in respect of the ‘duty to grant planning permissions etc’, a relevant authority may make an application for an exemption if for any base period the demand for self-build and custom housebuilding is greater than 20% of the land identified by that relevant authority as being available for future housing.
- 8.54 Across England, there are two local authorities - the Broads Authority and the London Borough of Richmond – which have sought and were granted exemptions by Government from Section 2A of the 2015 Act. This means that the Council has been granted an exemption by Government from the duty to permit enough serviced plots of land to meet the demand for self-build and custom housebuilding.
- 8.55 The Self-Build Regulations make clear that where a relevant authority has been granted an exemption under section 2B of the Act in respect of a base period, no application is required in respect of any subsequent base periods provided that the circumstances continue to apply. This has remained the case in LBRuT since the point of the register being required on 1st April 2016.
- 8.56 For reference, the Table below sets out the number of individuals on the register over the five base periods to date (1st April 2016 to 30th October 2020).

Table 8.4 **Self and Custom Build Register, Base Period 1 - 5**

Base Period	Entries
1: 1 st April 2016 – 30 th October 2016	418
2: 31 st October 2016 – 30 th October 2017	323
3: 31 st October 2017 – 30 th October 2018	93
4: 31 st October 2018 – 30 th October 2019	159
5: 31 st October 2019 – 30 th October 2020	141
Total	1,134

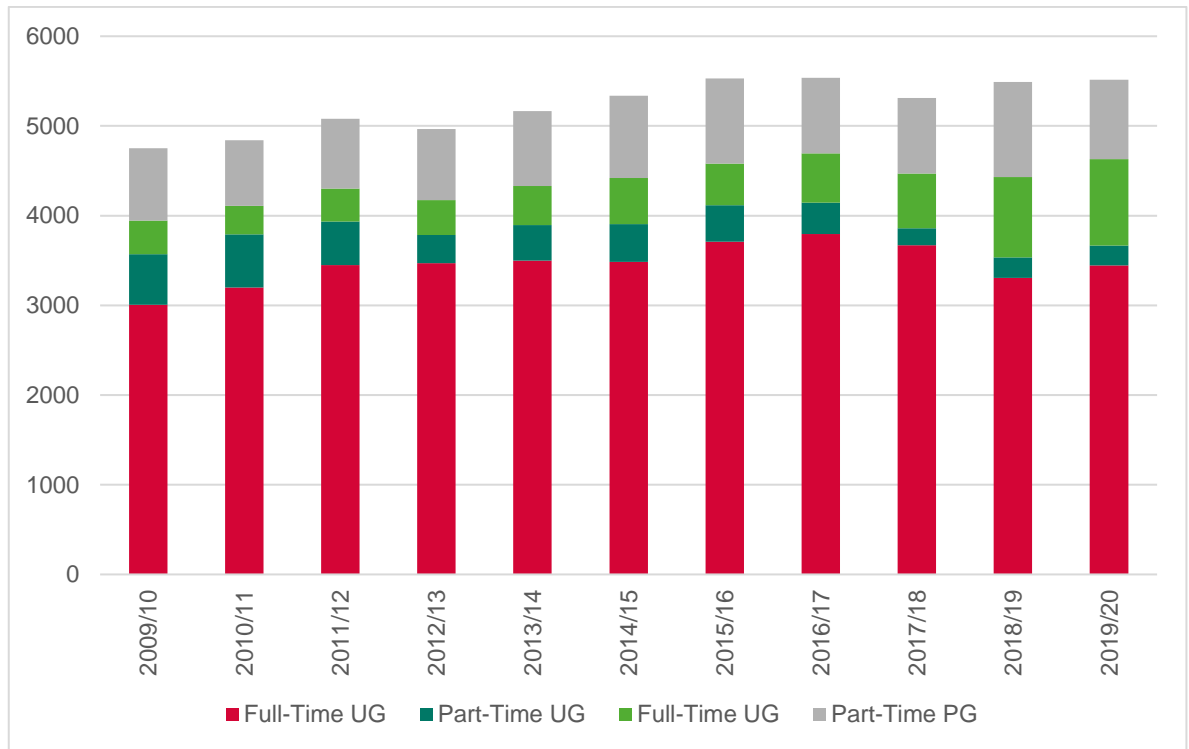
Source: Council Monitoring

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- 8.57 In line with the requirements of the 2015 Act, the Council continues to have regard to the register when undertaking planning, housing, disposal of land and regeneration functions.

Student Housing Needs

- 8.58 It is important to consider trends in the student population of LBRuT and have regard to how this may influence overall housing need and the need for purpose-built student accommodation in the Borough.
- 8.59 It should be noted that students living in purpose-built student accommodation are counted in demographic projections as part of the non-household or institutional population. However, students living in the wider housing market are counted as being within the household population and therefore are form part of the overall local housing need; and can also be counted towards the Council's performance against the Housing Delivery Test.
- 8.60 LBRuT has two higher education establishments which are (1) St Mary's University, largely based in Strawberry Hill, Twickenham and (2) The American International University ("AIU") in Richmond otherwise known as Richmond University. There are also a number of further education colleges; however, we note that data allowing us to track trends in student numbers year-on-year for all further education establishments is not consistently available.
- 8.61 Icenl does however have access to data regarding trends in student numbers for St Mary's University and the AIU from the Higher Education Statistics Agency ("HESA"). The Figure below sets out the 10-year trend over the period from 2010/11 – 2019/20 (i.e. the latest available detailed data) for full and part-time undergraduate and postgraduate students.
- 8.62 Taking St Mary's University first, on 1st September 2019, there were 5,515 full and part-time students; which is one of the highest number of students the University has had in the last decade. Over the period from 2010/11, there has been absolute growth of 675 students equal to 14% growth over this period. Anecdotally through discussions with the University, we understand that student numbers have continued to increase over the last year – all related to growth in postgraduate students.
- 8.63 It is also helpful to briefly consider trends in student numbers over the 2009/10 - 2013/14 period as this is the five-year period on which the 2014-based demographic projections are based. Over this period the overall student population at St Mary's University increased by 415 students (equal to 9% growth or 93 students per annum on avg.). This was driven principally by an increase in the number of full-time undergraduate students, as well as a small increase in full-time and part-time postgraduates.

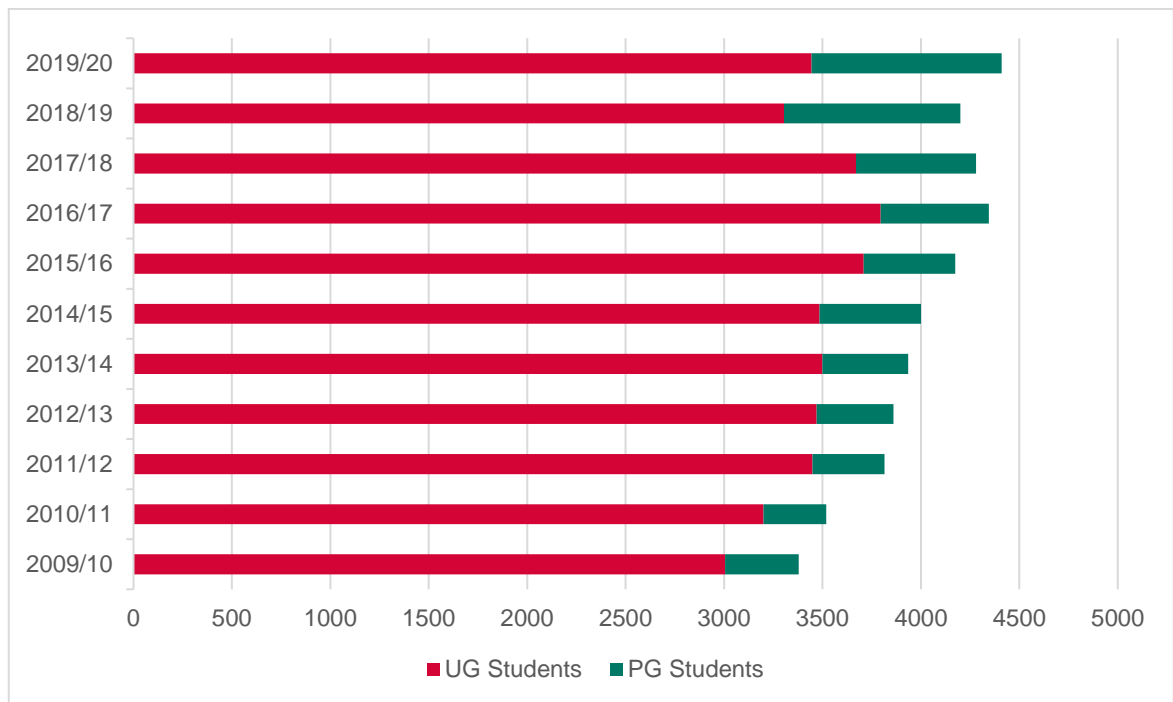
Figure 8.3: Trends in Student Numbers, St Mary's University



Source: HESA 2021

8.64 The proportion of full-time students has the most significant impact on housing in the Borough; and the Figure below highlights that full-time student numbers increased year-on-year from 2009/10 to 2016/17 before regressing in 2017/18 and 2018/19. However, in 2019/20, the total number of full-time students reached the highest point in the last decade at 4,410 students.

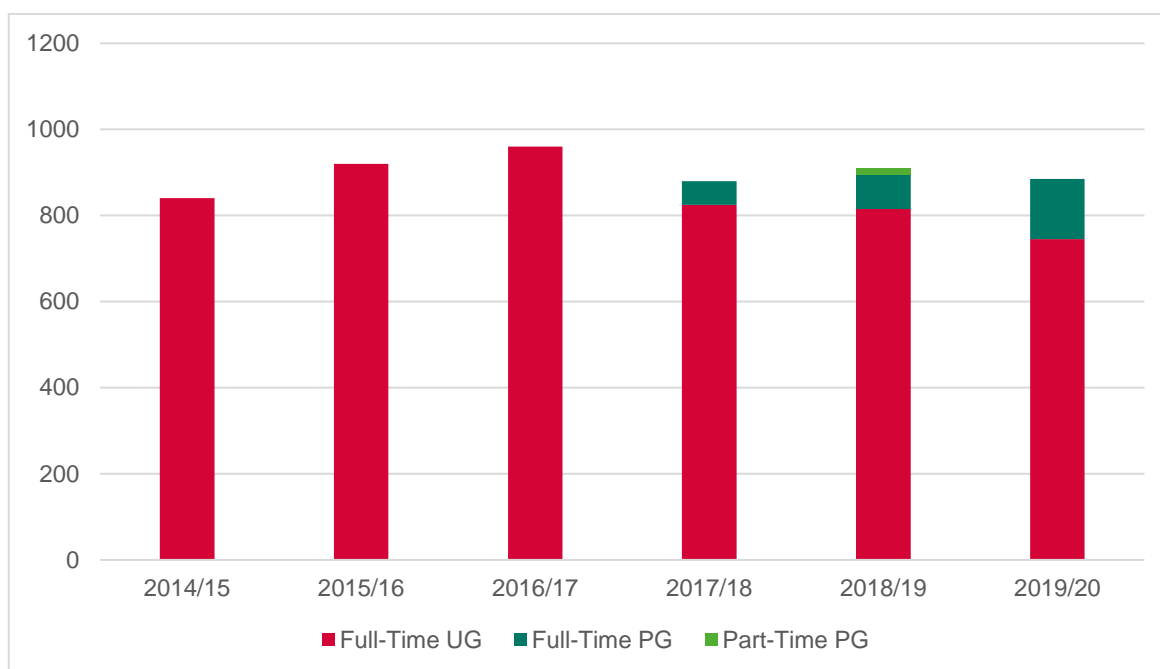
Figure 8.4: Trends in Full-Time Students, St Mary's University



Source: HESA 2019

8.65 The AIU has a substantially lower number of students compared to St Mary's University, as is shown in the Figure below, with a total of 885. The HESA data is only available for the AIU over the six year period from 2014/15; however, it is helpful to understand how the profile of students has changed. In 2014/15, there was a total of 840 students who were all full-time undergraduates. In 2019/20, the overall number had therefore grown by only 45 students; however, there is now 140 full-time postgraduate students.

Figure 8.5: Trends in Student Numbers, AIU in Richmond



8.66 Turning to Census data which provides further information on the total number of full-time students in the Borough and their accommodation, the Table below sets out the number of students separated out by those aged 16-17 (i.e. principally sixth form students) and those aged 18-74. In total, there were over 10,714 full-time students in LBRuT at the point of the 2011 Census all aged 16 and over.

Table 8.5 Full-Time Students in LBRuT by Accommodation Type

Type of Accommodation	Aged 16-17	Aged 18-74	Total
Living with Parents	3,247	2,752	5,999
Living in Communal Establishment: University	3	1,166	1,169
Living in Communal Establishment: Other	20	23	43
Living in All Student Household	20	1,219	1,239
Living Alone	18	486	504
Other Household Type	75	1,685	1,760
Total	3,383	7,331	10,714

Source: Census 2011

8.67 First of all, the total number of full-time students in 2011 in LBRuT aged between 18-74 at 7,331 could indicate that over half (52%) of all full-time students living in the Borough were attending St Mary’s University on the basis of Figure 8.5 above. It is accurate to state that this establishment therefore accounts for the majority of students in the Borough.

8.68 Second, it is clear that the majority of students aged 18-74 tend to live with parents in the Borough, followed by 23% living in “other household type” which can include unrelated adults sharing. 17% of

students lived in all student household (likely to be in the private rented sector) with 16% living in University halls of residence or similar.

The Position Moving Forwards

St Mary's University

- 8.69 In order to understand the future changes at St Mary's University, we have engaged with the University directly to understand each establishment's intentions around growth in terms of student numbers, departments and the provision of accommodation for students. In doing so, we have had conversations with the University's Director of Estates and Campus Services, as well as the Senior Asset Manager.
- 8.70 In November 2016, the University published an online vision document titled "Vision 2025" setting out how the University would develop and invest over the next nine years. The vision document included strategic aims of increasing student numbers by age an average of 5% each year to 2025 and increasing the proportion of international students. It also included ambitious plans to invest in developing the campus to provide new accommodation.
- 8.71 Through our engagement with the University, we understand that the Vision 2025 document is no longer being relied upon and a Vision 2030 document is in its final internal consultation phase before being published online. On reflection of previous proposals to increase on-site student accommodation units to 1,600 (from a starting point of 600) and in the context of limited growth in undergraduate student numbers, the strategy is being revisited to deliver improvements in a "more realistic, measured way".
- 8.72 Although, in the word of the University, it has its "fair share of undergraduates", it is acknowledged that it has previously been under-recruiting postgraduate students; however, this is changing with an increase of 38% postgraduate students in 2020/21. This is being driven by the University "moulding to the market more" through better marketing of the courses.
- 8.73 Improvements and additional capacity in order to meet the growth in students will now be delivered through a combination of:
- Improvements to existing on-site accommodation which is catered and outdated. The University are currently working through the planning process to upgrade on-site accommodation by removing shared bathrooms and converting to self-catering units with a technical paper to be taken to the University's Resource Committee in October 2021;

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- Refurbishment and conversion of existing housing stock owned by the University along Waldegrave Park, Twickenham to convert existing outdated twin rooms to postgraduate studio apartments.
 - The demolition and rebuild of Clive Halls of Residence on-site and the development of a new building to provide a total of 350 units accounting for units lost.

8.74 Taken together, this will see on-site capacity increase to 893 units accounting for demolitions. The University also works with private sector partners who manage private purpose-built student accommodation to offer an alternative to students. This includes Grosvenor House, Twickenham with 42 bedrooms allocated to St Mary's Students which are almost always for postgraduate students.

8.75 There is also IQ Kingston which is situated in close proximity to Kingston Bridge; however, the University does not have any agreements in place as students do not want to commute over that length of distance. The University has previously had agreements for private Halls of Residence in Kingston; however, take up was insufficient and the University exited after a year.

8.76 Outside of this, the University's accommodation team does not consider that there are any notable issues with students and Homes in Multiple Occupancy ("HMO"). This is apparent from Census data which shows that only 1% of households in the private rented sector at full-time students (compared with a London and national average of 3%). In the words of the University, the scale isn't there to influence the availability of family housing in the same way as areas around Central and North London.

8.77 Overall, through a combination of improvements and development on-site alongside the ongoing relationships with external partners, the University is confident that these plans should be sufficient over the next five years to meet any growth in student numbers.

AIU, Richmond

8.78 Icení has been unable to engage directly with the AIU (University of Richmond); however, we understand that the University provides an opportunity for on-campus living to a total of 216 students (out of the circa 850 students enrolled at the University). This includes provision at:

- Main Hall building which provides accommodation for up to 193 students over 151 rooms. This accommodation is mainly for first and second year students.
- Lower Cottage which provides accommodation for 7 students in total.
- Red House which provides accommodation for 11 students in total; and
- Longley House which provides accommodation for 5 students in total.

8.79 In addition to on-site provision, students are recommended to approach private sector providers of purpose-built student accommodation which include opportunities in Kingston as well as further afield in Hampstead Heath and Kensington.

8.80 There are no published statements on planned growth at the AIU and there has not been any discussions with the Council over any planned expansion. However, it should be noted that it is in the public domain that the University is due to relocate in late 2022, as they have been given notice by their landlord, and will move to a new campus in Chiswick, Hounslow.

Planned Purpose-Built Student Accommodation

8.81 IcenI has undertaken a review of recent planning applications for purpose-built private rented student accommodation to better understand the level and profile of provision coming forward; however, there are no applications currently being considered.

8.82 There has been one planning application approved in the last five years at Lockcorp House in Twickenham. The application [17/1033/FUL] was for 9 student cluster flats (providing for 49 study/bedrooms in total); however, this is not being implemented and has been superseded by an application approved for the provision of affordable housing.

The Recommended Policy Response

8.83 Overall, whilst it is anticipated that student numbers will increase at St Mary's University over the period to 2030; it is expected that future growth will be accommodated by the University's emerging strategy to improve existing accommodation and deliver a greater number of units on-site within the existing footprint of the University, which will be set out in greater detail in the Vision 2030 document once published.

8.84 Through our discussions with letting agents, we understand that there is very little relative demand from students in all areas of the Borough looking for private rented sector accommodation or purpose-built student accommodation. The exception to this is towards Kingston in and around Hampton Wick where students at Kingston University occasionally enquire.

8.85 Overall, the current and future needs of the student population within LBRuT are currently being met. There is therefore no requirement to increase the overall housing need on the basis of student growth; however, it is recommended that the Council continues to support purpose-built student accommodation where opportunities arise to ensure that demand does not outstrip supply, resulting in unbalanced communities. This is also subject to compliance with other local planning policies and should be balanced against the provision of higher priority supported housing.

Student Housing Needs: Summary

LBRuT has two higher education establishments which are (1) St Mary's University, largely based in Strawberry Hill, Twickenham and (2) The American International University ("AIU") in Richmond otherwise known as Richmond University. There are also a number of further education colleges; however, we note that data allowing us to track trends in student numbers year-on-year for all further education establishments is not consistently available.

Data available for St Mary's University shows that over the period from 2010/11, there has been absolute growth of 675 students equal to 14% growth over this period. Anecdotally through discussions with the University, we understand that student numbers have continued to increase over the last year – all related to growth in postgraduate students. Separately, the AIU has a substantially lower number of students compared to St Mary's University with a total of 885 undergraduate and postgraduates.

An analysis of Census data has suggested that over half (52%) of students aged 18 and over at the point of the 2011 Census were studying at St Mary's University; and overall, the majority of students in this age group were living with parents followed by "other households" including unrelated adults sharing and all student households.

Iceni have engaged directly with St Mary's University as the largest establishment in the Borough to understand the latest position on future growth plans both in terms of student numbers and student accommodation.

Through our engagement with the University, we understand that the Council's published Vision 2025 document is no longer being relied upon and a Vision 2030 document is in its final internal consultation phase before being published online. The revised vision document will set out a strategy which reduces the quantity of new build development previously proposed on site and focus more so on improving the existing offer of accommodation.

Taken together, this strategy will see on-site capacity increase to 893 units accounting for demolitions. The University also works with private sector partners who manage private purpose-built student accommodation to offer an alternative to students. This includes Grosvenor House, Twickenham with 42 bedrooms allocated to St Mary's Students which are almost always for postgraduate students.

Through a combination of improvements and development on-site alongside the ongoing relationships with external partners, St Mary's University is confident that these plans should be sufficient over the next five years to meet any growth in student numbers. Furthermore, although Iceni has not been able to engage with the AIU, there are no published statements on planned growth at the AIU and there has not been any discussions with the Council over any planned expansion.

In addition, it should be noted that through engagement with local lettings agents across the Borough, we understand that there demand from students is not common. In instances where there are enquires, students are usually based at Kingston University albeit in relative terms, demand is not sufficient to warrant intervention.

Overall, whilst it is anticipated that student numbers will increase at St Mary's University over the period to 2030; it is expected that future growth will be accommodated by the University's emerging strategy.

There is therefore no requirement to increase the overall housing need on the basis of student growth; however, it is recommended that the Council continues to support purpose-built student accommodation where opportunities arise to ensure that demand does not outstrip supply, resulting in unbalanced communities. This is also subject to compliance with other local planning policies and should be balanced against the provision of higher priority supported housing.

Service Families

8.86 The Framework (paragraph 61) seeks to ensure that the housing needs of different groups are assessed and reflected in planning policies. The paragraph lists various different groups including service families. Military personnel are listed as part of the definition of essential local workers in the Framework under Annex 2.

8.87 The Armed Forces Covenant (May 2011) was published by the Ministry of Defence ("MOD") and describes a moral obligation that the Government and the Nation owe to those who serve or have served in the Armed Forces and to their families. With respect to housing, the Covenant states:

"In addressing the accommodation requirements of Service personnel, the MOD seeks to promote choice, recognising the benefits of stability and home ownership amongst members of the Armed Forces where this is practicable and compatible with Service requirements, and also that their needs alter as they progress through Service and ultimately return to civilian life. Where Serving personnel are entitled to publicly provided accommodation, it should be of good quality, affordable, and suitably located."

8.88 They should have priority status in applying for Government-sponsored affordable housing schemes, and Service leavers should retain this status for a period after discharge. Personnel may have access to tailored Armed Forces housing schemes or financial arrangements, depending on their circumstances, to help them in purchasing their own property. Those injured in Service should also have preferential access to appropriate housing schemes, as well as assistance with necessary adaptations to private housing or Service accommodation whilst serving."

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- 8.89 Members of the Armed Forces Community should have the same access to social housing and other housing schemes as any other citizen, and not be disadvantaged in that respect by the requirement for mobility whilst in Service. Government has acted to implement various measures aimed at strengthening the position of ex-military personnel when seeking to access housing and support.
- 8.90 From 2012, Government revised national guidance to include measures to: set new “priority need” categories to assist homeless ex-service personnel in accordance with the Housing Act 1996; change the rules on local connection to ensure that barriers are removed in accessing social housing; and include ex-military personnel as a priority category in terms of eligibility for certain low-cost home ownership initiatives.
- 8.91 There has therefore been a national emphasis and obligation to support ex-service personnel in terms of their housing and the rehabilitation care needed to honour the implementation of the Armed Forces Covenant. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. In addition, the MOD Referral Scheme aims to provide low-cost, rented accommodation for service personnel on leaving the Services.
- 8.92 At a local level, LBRuT was one of the first London Boroughs to sign a community covenant giving greater assistance to servicemen and women and their families. The covenant is a voluntary statement of support between the civilian and local Armed Forces communities and is intended to complement the national Armed Forces Covenant. Activity to date includes:
- The Council has established a new grant scheme through the Civic Pride Fund, where individuals and groups can apply for financial support to set up and carry out projects benefitting the local community which includes military personnel and their families;
 - The Council revised the housing allocation policy in 2012 to recognise the contribution of returning members of the armed forces. This policy includes a quota for local ex-service personnel in housing need. The Council also signed up to the pan London shared ownership scheme which prioritises ex-service personnel for low cost shared ownership; and
 - Discounts on Council Tax are available to eligible members of the Armed Forces.
- 8.93 Our analysis of Census data for all usual residents employed in the Armed Forces in LBRuT shows that there were 181 residents in 2011 living in LBRuT comprised of 170 residents living in a household and 11 living in a communal establishment. This represented only 0.1% of the usual resident population aged 16 and over at the time the Census was carried out.

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- 8.94 According to the Ministry of Defence (“MoD”)¹⁴, there were approximately 196,900 military and civilian personnel stationed in the UK on 1st April 2021 of which only 100 were located in LBRuT - 80 were military personnel and 20 were civilians. This suggests that there has been a decrease of Armed Forces personnel in the Borough since 2011.
- 8.95 The Royal Military School of Music is based in LBRuT at Kneller Hall which is located in Whitton. On 18th January 2016, the Defence Minister, Mark Lancaster, announced that Kneller Hall was one of 12 MOD sites proposed to be sold as part of the MOD's drive for greater efficiency. In November 2016, the MOD announced that the site would close in 2020 and this was later extended to 2021.
- 8.96 The Royal Military School of Music are intending to vacate the site this summer, and the Council have been involved in a Masterplan SPD working with the MOD throughout the marketing of the site. It is expected that this will lead to a further reduction of personnel in the Borough, although this may be limited as it does not affect the housing at Duke of Cambridge Close which will remain for the MOD.
- 8.97 On the basis of the evidence and our discussions, there is no requirement for any additional intervention from the Council in respect of service families.

Service Families: Summary

LBRuT was one of the first London Boroughs to sign a community covenant giving greater assistance to servicemen and women and their families. The covenant is a voluntary statement of support between the civilian and local Armed Forces communities and is intended to complement the national Armed Forces Covenant. Activity to date includes:

- The Council has established a new grant scheme through the Civic Pride Fund, where individuals and groups can apply for financial support to set up and carry out projects benefitting the local community which includes military personnel and their families;
- The Council revised the housing allocation policy in 2012 to recognise the contribution of returning members of the armed forces. This policy includes a quota for local ex-service personnel in housing need. The Council also signed up to the pan London shared ownership scheme which prioritises ex-service personnel for low cost shared ownership; and
- Discounts on Council Tax are available to eligible members of the Armed Forces.

¹⁴ MOD, Annual Personnel Location Statistics, 2021

Our analysis of Census data for all usual residents employed in the Armed Forces in LBRuT shows that there were 181 residents in 2011 living in LBRuT comprised of 170 residents living in a household and 11 living in a communal establishment. This represented only 0.1% of the usual resident population aged 16 and over at the time the Census was carried out.

Furthermore, according to the MOD, there were approximately 196,900 military and civilian personnel stationed in the UK on 1st April 2021 of which only 100 were located in LBRuT - 80 were military personnel and 20 were civilians. This suggests that there has been a decrease of Armed Forces personnel in the Borough since 2011.

The Royal Military School of Music is based in LBRuT at Kneller Hall which is located in Whitton. On 18th January 2016, the Defence Minister, Mark Lancaster, announced that Kneller Hall was one of 12 MOD sites proposed to be sold as part of the MOD's drive for greater efficiency. In November 2016, the MOD announced that the site would close in 2020 and this was later extended to 2021.

The Royal Military School of Music are intending to vacate the site this summer, and the Council have been involved in a Masterplan SPD working with the MOD throughout the marketing of the site. It is expected that this will lead to a further reduction of personnel in the Borough. On the basis of the evidence and our discussions, there is no requirement for any additional intervention from the Council in respect of service families.

9. CONCLUSIONS

9.1 This section sets out the conclusions and recommendations arising from the preceding sections of this report.

Local Housing Need

9.2 The new London Plan was formally published on 2nd March 2021. The London Plan relies on the London-wide Strategic Housing Market Assessment (“SHMA”) published in 2017 for its evidence of housing needs. The 2017 SHMA identified a need for 66,000 additional homes per annum over the period to 2041 and for the purposes of the Plan, London is considered as a single housing market area, with a series of complex and interlinked sub-markets.

9.3 On this basis, the London Plan makes clear that boroughs are not required to carry out their own housing needs assessments but must plan for and seek to deliver the housing targets in the London Plan.

9.4 The housing targets in the London Plan are not informed by the 2017 SHMA alone. A Strategic Housing Land Availability Assessment (“SHLAA”) also prepared in 2017 was also undertaken to establish the capacity of land suitable for residential development and intensification in each borough. As a result of the nature of London’s land availability, the SHLAA does not attempt to identify capacity beyond 2029 and ten-year housing targets have therefore been established for every borough.

9.5 The new Local Plan for LBRuT will be required to be in general conformity with the new London Plan which seeks to prioritise building new homes and sets out a housing target for LBRuT of 4,110 homes over the period to 2029 (equal to 411 homes per annum). If a target is required by the 10 year period, Boroughs are advised to draw on the 2017 SHLAA findings and any local evidence of identified capacity.

9.6 Our assessment has included the development of a scenario which seeks to understand the potential population growth associated with this level of housing delivery. This has largely informed the analysis throughout the report.

Affordable Housing

9.7 The report includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the Framework. This includes households who

might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so.

- 9.8 The assessment shows an annual need for 1,123 rented affordable homes in LBRuT and the Council is therefore justified in seeking to secure additional affordable housing. The report has also assessed the potential scale of need for affordable home ownership housing, identifying a need for 552 homes per annum. A breakdown is provided below.

Table 9.1 Affordable Rented Need to 2039, LBRuT

Affordable Rented	Net Need (p.a.)
Affordable/Social Rented (p.a.)	1,123
Proportion (%)	67%
Affordable Home Ownership (p.a.)	552
Proportion (%)	33%
Total (p.a.)	1,675

- 9.9 In terms of the tenure split of affordable housing, the London Plan is clear that a minimum of 30% should be for low-cost rented homes, a minimum of 30% should be intermediate products which meet the definition of genuinely affordable and the remaining 40% can be determined by the Borough.
- 9.10 On the basis of our analysis, 70% of affordable housing should be for low-cost rented homes in the form of London Affordable Rents/social rents where this is viable. The remaining 30% should be for intermediate products in the form of London Living Rents whilst also aiming to deliver a proportion of shared ownership properties; however, the Council should be aware that delivering these properties should be considered in the context of viability.
- 9.11 It is recognised that First Homes will have to be considered in more detail in due course in light of the GLA's approach to how this should be treated in the context of the new London Plan. This will continue to be monitored including through the Stage 2 work of this report.
- 9.12 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. The need identified in this report provides a starting point for setting policy which should be tested against the amount of affordable housing that can viably be provided. The evidence does however suggest that affordable housing delivery – including most prominently for London Affordable Rent/social rent - should be maximised where opportunities arise.

Housing Needs of Older People and those with Disabilities

- 9.13 The analysis in this report has shown a notable growth in the population of older persons aged 65 and over in LBRuT over the period to 2039, with the number of people expected to grow by over 16,500 persons equal to 51% growth.
- 9.14 Within this, the number of people with a limiting long-term health problem or disability is projected to increase in the Borough. The specific projections undertaken show an expected increase of those with dementia by 1,167 persons and with mobility problems by 2,793 to 2039.
- 9.15 When related back to the total projected change to the population, the increase of 2,793 people with a mobility problem represents 39% of the total projected population growth. The growth shown in those with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations.
- 9.16 The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.
- 9.17 Some older households, particularly those aged over 75, will require specialist housing provision. It should be noted that the need for specialist accommodation for older people is considered in detail by Housing LIN at Appendix A1 of this report.

Needs for Different Sizes of Homes

- 9.18 Understanding the existing housing mix in the Borough is important in considering what future mix of housing is appropriate to deliver a mixed and balanced community. This is important at both a strategic, and at a local, level.
- 9.19 In the market (owner-occupied) sector, the analysis shows a relatively large housing stock with 34% of homes having 4+-bedrooms in LBRuT (compared to only 25% nationally and 23% across London). The social stock sees a slightly higher proportion of 1-bedroom homes (and fewer homes with 3+-bedrooms) whilst the private rented sector shows a similar dwelling size profile to both Outer London and London.
- 9.20 Taking into account the current housing stock and expected demographic trends – including the expectation that some older households will downsize if the right properties are available – as well as adjustments to reduce under-occupancy, this report points towards a need for different sizes of homes in the market and affordable sectors which are reflected in the table below.

Table 9.2 Need for Different Sizes of Homes, LBRuT

	1 Bed	2-Beds	3-Beds	4+ Beds
Market	6-11%	27-34%	45-50%	11-17%
Affordable Ownership	33-35%	38-39%	19-20%	7-9%
Affordable Rented	44%	29-30%	21-22%	4-6%

- 9.21 It needs to be stressed that this mix is based on a series of assumptions about housing delivery and an efficient use of land. For example, there is little doubt that there would be continued demand for larger (4+-bedroom) homes in the market, however this is not considered to be a good use of a limited land supply and would do little to reduce the high levels of under-occupancy of homes.
- 9.22 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for smaller family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
- 9.23 The mix identified above could inform strategic policies although a flexible approach should be adopted – in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

Family Households

- 9.24 The proportion of households with dependent children is similar to the London and national average; although slightly below the average for Outer London. Projecting forward, a notable projected decrease in the number of households with dependent children is expected with this group decreasing by 13% (equal to 3,400 households) to 2039.
- 9.25 The level of change in family households does not automatically translate into an assessment of need for family-sized accommodation and the decline in family households does not mean that there is no demand from families moving in the Borough.
- 9.26 This is the case not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay. This is a notable characteristic of LBRuT’s housing stock evident through high levels of under occupation. The delivery of family sized housing will therefore remain in demand in LBRuT moving forward.

Student Housing Needs

- 9.27 LBRuT has two higher education establishments which are (1) St Mary's University, largely based in Strawberry Hill, Twickenham and (2) The American International University ("AIU") in Richmond otherwise known as Richmond University. There are also a number of further education colleges; however, we note that data allowing us to track trends in student numbers year-on-year for all further education establishments is not consistently available.
- 9.28 Data available for St Mary's University shows that over the period from 2010/11, there has been absolute growth of 675 students equal to 14% growth over this period. Anecdotally through discussions with the University, we understand that student numbers have continued to increase over the last year – all related to growth in postgraduate students. Separately, the AIU has a substantially lower number of students compared to St Mary's University with a total of 885 undergraduate and postgraduates.
- 9.29 An analysis of Census data has suggested that over half (52%) of students aged 18 and over at the point of the 2011 Census were studying at St Mary's University; and overall, the majority of students in this age group were living with parents followed by "other households" including unrelated adults sharing and all student households.
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- 9.31 Through our engagement with the University, we understand that the Council's published Vision 2025 document is no longer being relied upon and a Vision 2030 document is in its final internal consultation phase before being published online. The revised vision document will set out a strategy which reduces the quantity of new build development previously proposed on site and focus more so on improving the existing offer of accommodation.
- 9.32 Taken together, this strategy will see on-site capacity increase to 893 units accounting for demolitions. The University also works with private sector partners who manage private purpose-built student accommodation to offer an alternative to students. This includes Grosvenor House, Twickenham with 42 bedrooms allocated to St Mary's Students which are almost always for postgraduate students.
- 9.33 Through a combination of improvements and development on-site alongside the ongoing relationships with external partners, St Mary's University is confident that these plans should be sufficient over the next five years to meet any growth in student numbers. Furthermore, although

Iceni has not been able to engage with the AIU, there are no published statements on planned growth at the AIU and there has not been any discussions with the Council over any planned expansion.

- 9.34 In addition, it should be noted that through engagement with local lettings agents across the Borough, we understand that there demand from students is not common. In instances where there are enquires, students are usually based at Kingston University albeit in relative terms, demand is not sufficient to warrant intervention.
- 9.35 Overall, whilst it is anticipated that student numbers will increase at St Mary's University over the period to 2030; it is expected that future growth will be accommodated by the University's emerging strategy.
- 9.36 There is therefore no requirement to increase the overall housing need on the basis of student growth; however, it is recommended that the Council continues to support purpose-built student accommodation where opportunities arise to ensure that demand does not outstrip supply, resulting in unbalanced communities. This is also subject to compliance with other local planning policies and should be balanced against the provision of higher priority supported housing.

Service Families

- 9.37 LBRuT was one of the first London Boroughs to sign a community covenant giving greater assistance to servicemen and women and their families. The covenant is a voluntary statement of support between the civilian and local Armed Forces communities and is intended to complement the national Armed Forces Covenant. Activity to date includes:
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 - Discounts on Council Tax are available to eligible members of the Armed Forces.
- 9.38 Our analysis of Census data for all usual residents employed in the Armed Forces in LBRuT shows that there were 181 residents in 2011 living in LBRuT comprised of 170 residents living in a household and 11 living in a communal establishment. This represented only 0.1% of the usual resident population aged 16 and over at the time the Census was carried out.

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- 9.39 Furthermore, according to the MOD, there were approximately 196,900 military and civilian personnel stationed in the UK on 1st April 2021 of which only 100 were located in LBRuT - 80 were military personnel and 20 were civilians. This suggests that there has been a decrease of Armed Forces personnel in the Borough since 2011.
- 9.40 The Royal Military School of Music is based in LBRuT at Kneller Hall which is located in Whitton. On 18th January 2016, the Defence Minister, Mark Lancaster, announced that Kneller Hall was one of 12 MOD sites proposed to be sold as part of the MOD's drive for greater efficiency. In November 2016, the MOD announced that the site would close in 2020 and this was later extended to 2021.
- 9.41 The Royal Military School of Music are intending to vacate the site this summer, and the Council have been involved in a Masterplan SPD working with the MOD throughout the marketing of the site. It is expected that this will lead to a further reduction of personnel in the Borough. On the basis of the evidence and our discussions, there is no requirement for any additional intervention from the Council in respect of service families.

Build to Rent Development

- 9.42 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 9.43 In the Borough, the private rented sector represented 22% of all housing stock in 2011 and is now estimated to represent closer to 24% of all housing stock using the latest data from ONS (compared to a London-wide average of 27%). At almost a quarter of all homes, the sector clearly plays a significant role in the market.
- 9.44 Those renting in the private rented sector is particularly skewed towards those aged 30 to 44. This demonstrates a slightly older demographic in the sector compared to London as a whole which is more focussed on those aged in their 20s. There is also a high proportion of couples without children living in the sector and a higher than average proportion of families with dependent children which differs to the London and national context.
- 9.45 It is also clear from our analysis that rental values are particularly strong in LBRuT and although there has not been rental growth across all sizes, there has been growth for 1 and 2 bedroom properties.
- 9.46 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage "Build to Rent"

development. The London Plan under Policy H13 has set out specific policy on Build to Rent provision and explicitly states (paragraph 4.11.1) that “Build to Rent developments can make a positive contribution to increasing housing supply and are beneficial in a number of ways”.

- 9.47 It is our understanding that there has been limited activity in the way of forthcoming Build to Rent development in the Borough. The Council do handle planning applications for private rented housing; however, it is not of the nature or scale of purpose-built Build to Rent accommodation which is being delivered across many areas of London.
- 9.48 Nevertheless, there is a strong platform for a Build to Rent product in the Borough despite a lack of activity to date. The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. The London Plan (paragraph 4.11.1) is also clear that Boroughs should take a positive approach to the Build to Rent sector to enable it to better contribute to the delivery of new homes.
- 9.49 In preparing a new Local Plan, the Council should therefore develop a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied.

Co-Living Housing

- 9.50 The concept of co-living in its modern form of housing is relatively new, and whilst it is not specifically defined in the Framework, it is often used as part of a wider definition relating to a type of intentional community where residents share living space and a set of interests, values and/or intentions.
- 9.51 In its current form, modern co-living in the UK tends to be urban focused and integrated into a single building, house, or apartment, a sharing of amenities, and a demographic trend towards 20 to 30 something professionals. As a market segment, this is most well developed currently in London and in particular the Inner London Boroughs.
- 9.52 The current co-living business model and characteristics draw on a large base of transient younger, high skilled professional households and individuals - particularly those without dependents. At present, this is not a notable characteristic of LBRuT - the Borough has a higher proportion of families as well as those of retirement age and are therefore not the target demographic of co-living providers. As a result, it is not surprising that there has been almost no development activity in the sector in LBRuT.

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- 9.53 At the time of writing, there has been one scheme of note which was refused by the Council for 16 co-living units at 47A Lower Mortlake Road, Richmond. An appeal has been lodged against the Council's refusal with a decision awaited. The applicant's evidence sets out a target demographic of graduates who are aiming for a combination of community living and private space as well as those at the beginning of the career ladder.
- 9.54 The London Plan under Policy H16 relating to large-scale purpose-built shared living provides guidance on co-living developments across London as a whole. The London Plan recognises that these developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. It refers principally to schemes which are generally of at least 50 units and provide an alternative to traditional flat shares and includes additional services and facilities, such as room cleaning, bed linen, on-site gym and concierge service.
- 9.55 The sector is emerging across London and although it is not commonplace in LBRuT at the time of writing, the Council should draft planning policy which sets out the criteria against which to assess development schemes that may come forward. It is acknowledged that the London Plan focusses more so on large-scale shared living of 50 units or more; however, the Council should have regard to the criteria set out under Policy H16 which provides a strong starting point on issues of design, living conditions, tenancies and affordable housing.

**A1. ASSESSMENT OF NEEDS FOR SPECIALISED HOUSING, HOUSING
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