London Borough of Islington Strategic Housing Market Assessment

Report of Findings
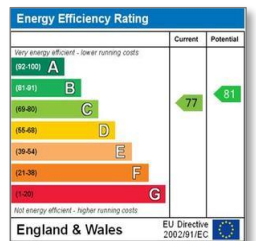
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Summary of Acronyms and Initials

AHO	Affordable Home Ownership
ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
BRMA	Broad Rental Market Area
BTL	Buy to Let
CBSP	Custom Build Serviced Plot
CIH	Chartered Institute of Housing
CLG	[Department for] Communities and Local Government
CML	Council of Mortgage Lenders
CORE	[The] Continuous Recording System (for Housing Association and Local Authority lettings)
CPI	Consumer Prices Index
CURDS	Centre for Urban and Regional Development Studies
DFG	Disabled Facilities Grant
DHP	Discretionary Housing Payment
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
EAC	Elderly Accommodation Counsel
EEA	European Economic Area
EHS	English Housing Survey
EiP	Examination in Public
ESA	Employment Support Allowance
FALP	Further Alterations to the London Plan
FTB	First Time Buyers
GLA	Greater London Authority
GLHMA	Greater London Housing Market Area
HB	Housing Benefit
HBF	Home Builders Federation
HCA	Homes and Communities Agency
HMA	Housing Market Area
HMC	Higher Mobility Component

HMO	House in Multiple Occupation
IMD	Indices of Multiple Deprivation
JRF	Joseph Rowntree Foundation
JSA	Job Seekers Allowance
LA	Local Authority
LAHS	Local Authority Housing Statistics
LBC	London Borough of Camden
LBI	London Borough of Islington
LHA	Local Housing Allowance
LIN	[Housing] Learning and Improvement Network
LPA	Local Planning Authority
LSE	Leasehold Schemes for the Elderly
MALP	Minor Alterations to the London Plan
NCaSBA	National Custom and Self Build Association
NHPAU	National Housing and Planning Advisory Unit
NHSCR	National Health Service Central Register
NPPF	National Planning Policy Framework
NS-SeC	National Statistics Socio-economic Classification
OAN	Objectively Assessed Need
OBR	Office for Budgetary Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PAS	Planning Advisory Service
PIP	Personal Independent Payment
POPPI	Projecting Older Person Population Information
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RSL	Registered Social Landlord
SAR	Shared Accommodation Rate
SHMA	Strategic Housing Market Assessment
SPG	Supplementary Planning Guidance
TTWA	Travel to Work Area
VOA	Valuation Office Agency

Executive Summary
Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)[1] requires Local Planning Authorities to *"ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area"* and *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change"* (paragraphs 47 and 159).

2. The figure below sets out the process for establishing Objectively Assessed Need (OAN). Planning Policy Guidance (PPG)[2] identifies that *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"* (ID 2a-015) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied ('Market Signals') in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

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

Starting Point Estimate → **Household Projections** produced by CLG	**Demographic issues** Are there any known problems with local data? Do we need to take account of any anomalies? What period should be used for population trends? Has housing delivery suppressed formation rates?
Adjusted Estimate → **Household Projections** based on local circumstances	**Implications of the household projections** Will there be enough workers for planned jobs? Do Market Signals show worsening trends?
Policy Off Housing Need → **Objectively Assessed Need**	**Planning and policy considerations** What are the planning constraints? Can overall housing needs be met within the HMA? Can the affordable housing needed be delivered?
Policy On Housing Target → **Housing Requirement**	**Duty to Cooperate discussions** Will other LPAs help address any unmet needs? Are there any unmet needs from other HMAs?

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[1] https://www.gov.uk/government/publicatiefons/national-planning-policy-framework--2
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

Introducing the Study

3. Opinion Research Services (ORS) was commissioned by the London Boroughs of Camden and Islington to prepare a Strategic Housing Market Assessment (SHMA). The first key objective of this SHMA was to identify and define the functional housing market area(s) (HMA) which included the London Boroughs of Camden and Islington. The second key objective of this SHMA was to establish the OAN for housing (both market and affordable) in Camden and in Islington, ensuring that these were fully compliant with the requirements of the NPPF and PPG and mindful of good practice. The OAN for housing will help inform planning policies for the period 2015-35.

4. The SHMA methodology was based on secondary data alongside a detailed telephone survey of local residents (undertaken in late 2014) and consultation with relevant stakeholders. The survey comprised over 3,000 interviews the main or joint homeowner or tenant, with the sample split equally between Camden and Islington. The survey was representative of local households in terms of their composition, age, working status and the housing that they currently occupied. Survey outputs have been used to support and inform the SHMA analysis where appropriate.

5. Based on all of the available evidence, the SHMA sought to:

   » Determine the need and demand for housing based on demographic projections;

   » Consider market signals about the balance between demand for and supply of dwellings;

   » Establish the Objectively Assessed Need for housing over the period 2015-35;

   » Identify the appropriate balance between market and affordable housing; and

   » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

6. This is one of a set of two reports, one for each of the boroughs. The reports are fully compliant with both the NPPF and PPG. In addition, the study is mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice notes about OAN and Housing Targets published by the Planning Advisory Service (PAS).

Duty to Co-operate

7. Section 110 of the Localism Act 2011 has imposed a 'Duty to Co-operate' on Councils who submit plans for Examination since 2011. As part of this project, 39 telephone interviews were undertaken with non-local government stakeholders and 22 with local government to an agreed Topic guide. The findings of the Stakeholder engagement are available as a separate document.

Housing Market Area

8. The identification of Housing Market Areas (HMAs) is the first relevant building block in the evidence for identifying objectively assessed housing needs. On the basis of the evidence, Greater London can be considered as an upper-tier housing market area which contains many smaller overlapping housing market areas within it. Whilst migration and commuting flows do not provide the basis for identifying lower-tier housing markets, house prices provide an appropriate framework and the Valuation Office Agency has worked with house prices and rents nationally to identify Broad Rental Market Areas (BRMAs) which are used for determining Local Housing Allowance levels.

9. BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The thirteen BRMAs in London will allow small groups of London boroughs to plan together. The Inner North London BRMA includes the majority of the Islington and Camden population (82.5% and 83.8% respectively), together with smaller proportions of Brent and Barnet. Therefore, there is a clear rationale for Islington and Camden undertaking a joint SHMA.

Household Projections

10. The *"starting point"* estimate for OAN is the latest household projections published by the Department for Communities and Local Government (CLG). The latest published data is the 2014-based projections, which suggest that household numbers in Islington will increase by 34,689 over the 20-year period 2015-35. However, the CLG household projections are based on short-term migration trends, and these are generally not appropriate for long-term planning as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

11. The London Housing SPG (March 2016) also advises that the GLA projections are more relevant to London boroughs when establishing housing need, and these have been routinely accepted as the basis for establishing overall housing need for London boroughs.

12. The GLA 2015-round household projections consider scenarios based on both long-term and short-term **migration trends. On the basis of long-term migration trends, household numbers in Islington are projected to increase by around 19,562 households over the 20-year period 2015-35, an average of 978 per year. Whilst this projection is lower than the CLG 2014-based household projection (1,734 p.a.), as this scenario is based on** long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need. **Providing for an increase of 19,562 households yields a baseline housing need of 19,749 dwellings over the 20-year Plan period 2015-35, equivalent to an average of 987 dwellings per year.**

Objectively Assessed Need

13. Whilst household projections provide the starting point for establishing the Objectively Assessed Need (OAN) for housing, it is also necessary to consider a range of other factors. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the local planning authorities before establishing the final Housing Requirement.

14. When establishing the OAN for the upper-tier HMA, it is important to consider employment trends; but this analysis must be undertaken for the whole of Greater London. A lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA; consistent with the London Plan.

15. In terms of market signals, it is evident that housing supply in Islington has been substantially higher than the equivalent rates for Greater London and England; however, affordability ratios in Islington have been consistently higher than the national rate and despite the exceptional level of supply (relative to overall delivery in Greater London) affordability in Islington has deteriorated faster than the London average. On this basis, it is unrealistic to assume that any further increase in housing supply in Islington "could be expected to improve affordability" in the borough.

16. Nevertheless, it is important to count any specific needs that are not captured by the household projections to ensure that these are properly factored in to the assessment. The GLA SHMA made specific adjustments to the household projections to ensure that backlog was properly considered based on a range of specific categories, including concealed households, sharing households and homeless households in non-self-contained temporary accommodation. The overall backlog (based on the same approach as adopted by the GLA SHMA) would be around 3,164 households in Islington, which represents a need for 3,194 dwellings to address the backlog that exists at the start of the Plan period.

17. The identified backlog increases the overall need for housing from 19,749 dwellings (based on the household projections) to a **total of 22,943 dwellings over the 20-year Plan period 2015-35, an average of 1,147 dwellings each year.** This represents an overall uplift equivalent to 16% of the housing need based on the GLA 2015-round long-term projections demographic starting point. This takes full account of the unmet needs of homeless and other households living in unacceptable accommodation that exist at the start of the Plan period in 2015. This is consistent with the PAS Good Plan Making Guide and reflects the approach taken by the GLA SHMA.

18. Of course, it is important to remember that *"establishing future need for housing is not an exact science"* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

19. **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Islington to be 23,000 dwellings over the 20-year period 2015-35, equivalent to an average of 1,150 dwellings per year. This <u>includes</u> the Objectively Assessed Need for both Market and Affordable Housing.**

20. This is the average number of dwellings needed every year over the 20-year period 2015-35 and represents an annual 1.14% increase in the dwelling stock across the borough. This compares to an annual growth of 1.39% identified for Greater London by the GLA SHMA (an average of 48,841 dwellings per year), an overall level of housing need which was endorsed by the Inspector examining the Further Alterations to the London Plan.

Housing Mix and Tenure

21. Having established the Full Objectively Assessed Need, there is a need to consider the need in terms of property and tenure types. Overall, housing need for market housing comprises 10,700 additional homes; mainly three bedroom properties. Housing need for affordable housing comprises 12,300 homes, mainly two and three bedroom properties. This need for larger (three bedroom) housing reflects the assumption that the current needs of all overcrowded households in rented housing will be addressed over the Plan period. If larger homes are not provided to alleviate overcrowding, many households will continue to occupy their smaller homes – so these properties will not be vacated, and there will continue to be pressure from new households applying to live in 1- and 2-bedroom properties.

Need for All Types of Housing

Private Rented Sector

22. One of the most significant housing changes in the past decade, both in Islington and across England, has been the rise in the relative size of the private rented sector and the decline in owner occupation. Private

rent accounts for over a quarter of housing in Islington (28.0% of households), and this has increased its relative share by over 10% between 2001 and 2011.

23. Welfare Reform is affecting the number of households able to rent privately with housing benefit support. There has been a marked change in the pattern of claimants in the private rented sector since the welfare reform changes were first introduced in 2011. Inner London boroughs have consistently seen a reduction in the number of claimant households. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available. This implies that Inner London boroughs such as Islington will be displacing those in need of affordable housing as there is limited possibility of them being accommodated in the private rented sector.

24. There may also be potential PRS households who could access Low Cost Home Ownership options.

25. Overall, however, the evidence supports continuing demand for, and growth in, the Private Rented Sector homes in the London Borough of Islington.

Housing for Older People

26. A variety of methods exist to estimate the demand for specialist older person housing. The Housing LIN People Resource Pack 2012 uses standard rates for the whole of England based on the growth in population aged 75+. Given a projected population increase of people aged 75+ from 8,748 persons in 2015 to a population of 13,212 in 2035, the Housing LIN model shows a need for over 1,100 specialist older person housing units of various types over the 20-year period 2015-35; however almost half of this need (48%, 536 dwellings) is for Leaseholder Schemes for the Elderly (LSE) housing. The London Plan benchmark figures are based on an international study of the rates at which people access specialist housing for older people'[3] . This provides a figure in Islington of 1,800 units. Both methods are based upon standardised models which may not necessarily detect local variations in health or affordability, and neither consider policies on considerations such as enabling people to stay in their own homes for as long as they wish/is possible.

Key implications

27. As a London borough, Islington, in common with similar London boroughs, faces considerable strategic challenges in meeting the housing needs of its future population. The borough is changing rapidly and in parts becoming more affluent. However, these benefits are not affecting all people and all parts of the borough. Further, there has been fundamental tenure adjustment, the continuing challenge of new housing delivery, responding to the needs of those households affected by welfare reform and a changing population profile. Overall, therefore, there is a need for a continued co-ordinated approach towards the varied housing challenges faced to ensure future success

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[3] https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/London%20Plan%20March%202015%20%28FALP%29%20-%20Annexes.pdf

1. Introducing the Study
Background to the project and wider policy context

1.1 Opinion Research Services (ORS) was commissioned by the London Boroughs of Islington and Camden to prepare a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need for housing across the two boroughs. This is one of a set of two reports, one for each of the boroughs.

1.2 The study adheres to the requirements of the National Planning Policy Framework published in 2012 and Planning Practice Guidance (March 2014). Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of PPG. The methodology also had regard to emerging good practice and outcomes from Examinations, as well as the Technical Advice Note about Objectively Assessed Need and Housing Targets Second Edition that was published by the Planning Advisory Service (PAS) in July 2015[4].

1.3 The purpose of the study is to support the local authority in objectively assessing and evidencing the need for housing (both market and affordable) across Islington for the 20 years 2015-35, and provide other evidence to inform the Local Plan and other local policies, plans and decision making.

National Policy

1.4 The National Planning Policy Framework (NPPF) contains a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area (Paragraphs 14 and 47). Within the context of the London Plan, a responsibility for establishing the level of future housing provision required rests with the local planning authority.

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

> *Local planning authorities should have a clear understanding of housing needs in their area.*
>
> *They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
>
> » *meets household and population projections, taking account of migration and demographic change;*

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4 Objectively Assessed Need and Housing Targets Second Edition (PAS, July 2015)

> » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
>
> » *caters for housing demand and the scale of housing supply necessary to meet this demand;*
>
> **National Planning Policy Framework (NPPF), paragraph 159**

1.6 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.

Planning for Housing in London

1.7 The Strategic Planning Authority for London is the Greater London Authority. The GLA have produced a London SHMA (2013) covering the whole of Greater London which has been used to underwrite the evidence base for the Further Alterations to the London Plan (FALP) 2014.

1.8 The Report on the Examination in Public (EiP) into the Further Alterations to the London Plan was published in November 2014. Issue 2 of the report was:

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

1.9 In response to this question the inspector concluded that it was not necessary for London boroughs to carry out their own assessment. The GLA's position was unclear initially, then clarified in May 2015 in their Draft Interim Housing Supplementary Planning Guidance, and confirmed in the final Housing SPG published in March 2016[5], which:

> *"has been updated to reflect the Further Alterations to the London Plan (FALP) and the Minor Alterations to the London Plan (MALP).*
>
> *… replaces the 2012 Housing SPG and the Mayor's Housing Standards Policy Transition Statement."*

1.10 The MALP was *"prepared to bring the London Plan in line with the national housing standards and car parking policy"* and has no bearing on the assessment of housing need (OAN)[6], as confirmed in the MALP EiP Inspector's report of 15th December 2015, which concluded that the Mayor's approach to housing quality standards would present "*little risk to the delivery of housing and that consequently the requirement to meet objectively assessed housing need in London would not be threatened.*" Further, the Inspector concluded that the potential additional parking did not represent "*a significant threat to the need to significantly boost housing supply or to meeting objectively assessed need.*"

1.11 The March 2016 SPG sets out the requirements for London boroughs to undertake SHMAs. The overall need for boroughs to undertake a SHMA and the policy context for those SHMAs is clear. At paragraph 3.1.2 the SPG states that:

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[5] https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/housing-supplementary#Stub-174871
[6] https://www.london.gov.uk/what-we-do/planning/london-plan/minor-alterations-london-plan/minor-alterations-london-plan-2015

> *"The 2013 London Strategic Housing Market Assessment (SHMA) provides a key part of the evidence base for the London Plan and London Housing Strategy, as well as the strategic context for sub-regional and local housing market assessments carried out by boroughs. It is important to note that this SHMA, like previous studies, looks at housing requirements at the London wide level only.* (Paragraph 3.1.2)

> *The London Plan is clear that boroughs remain responsible for assessing their own requirements, within the policy context set by the NPPF and the London Plan".* (Paragraph 3.1.3)

1.12 At paragraph 3.2.11 the SPG lists how the London boroughs should proceed in assessing their housing needs:

» Consider housing market area geographies that extend beyond single borough boundaries

» Consider different demographic scenarios, ideally using GLA household projections for consistency

» Make allowance for backlog need and other factors that increase the number of homes required.

» Take account of market signals

» Consider how the economy and jobs growth will influence housing need.

» Take into account wider needs.

» Specific needs.

1.13 **In conclusion**, this SHMA meets the CLG national guidance and the GLA's London Plan and March 2016 Housing Supplementary Planning Guidance, paragraph 3.2.11. It is mindful of the Inspector's findings (at the FALP examination) yet has followed the Mayor's methodology for assessing housing need.

Overview of the SHMA

1.14 The first key objective of this SHMA was to identify and define the functional housing market area(s) (HMA) which included the London Boroughs of Islington and Camden.

1.15 The second key objective of this SHMA was to establish the OAN for housing (both market and affordable) in Islington and Camden, ensuring that these were fully compliant with the requirements of the NPPF and PPG and mindful of good practice.

1.16 The SHMA methodology was based on secondary data alongside a detailed telephone survey of local residents (undertaken in late 2014) and consultation with relevant stakeholders. The survey comprised over 3,000 interviews with the main or joint homeowner or tenant, with the sample split equally between Islington and Camden. The survey was representative of local households in terms of their composition, age, working status and the housing that they currently occupied. Survey outputs are presented in Appendix B.

1.17 Based on all of the available evidence, the SHMA sought to:

» Determine the need and demand for housing based on demographic projections;

» Consider market signals about the balance between demand for and supply of dwellings;

» Establish the Objectively Assessed Need for housing over the period 2015-35;

» Identify the appropriate balance between market and affordable housing; and

» Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

1.18 This report presents the key outputs from the SHMA – namely establishing the Housing Market Area and establishing the Full Objectively Assessed Need for housing in the **London Borough of Islington** (including the overall balance between market and affordable housing) over a 20-year period 2015-35. It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of the Local Plan and other housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

2. Defining the Housing Market Area
An evidence base to identify functional housing markets

2.1 This chapter follows the Planning Policy Guidance to analyse the available data and concludes with our recommendation that the London Borough of Islington be considered as part of a HMA with Camden.

Functional Housing Market Areas

2.2 The definition of a functional housing market area is well-established as being *"...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay"* (Maclennan et al, 1998)[7].

Planning Practice Guidance

2.3 Planning Practice Guidance (PPG)[8] on the Assessment of Housing and Economic Development Needs (March 2014, updated March 2015) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

> ***What is a housing market area?***
>
> *A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case the housing market areas overlap.*
>
> *The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.*
>
> **Planning Practice Guidance 2014/15, paragraph 10**

2.4 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:

- » House prices and rates of change in house prices
- » Household migration and search patterns
- » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)

2.5 These sources are consistent with those identified in the CLG advice note *'Identifying sub‑regional housing market areas'* published in 2007[9].

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[7] Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes
[8] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[9] Identifying sub‑regional housing market areas (CLG, March 2007); paragraph 1.6

Planning Advisory Service OAN Technical Advice Note

2.6   Advice published in the Planning Advisory Service (PAS) OAN technical advice note 2015 suggests that the main indicators will be migration and commuting (paragraph 5.4). The PAS OAN technical advice note also suggests that analysis reported in the CLG report *'Geography of Housing Market Areas'* (CLG, November 2010), commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University, should provide a starting point for drawing HMAs.

2.7   The NHPAU study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

>   » Tier 1: framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;

>   » Tier 2: local housing market areas defined by migration patterns that determine the limits of short-term spatial house price arbitrage;

>   » Tier 3: sub-markets defined in terms of neighbourhoods or house type price premiums.

2.8   This tiered approach is particularly relevant when defining London HMAs.

2.9   The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made. It should be noted that the analysis of migration and commuting was based on data from the 2001 Census.

Geography of Housing Markets in London

2.10   As noted above, Housing Market Areas reflect *"the key functional linkages between places where people live and work"* and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns.

2.11   The identification of housing markets in London is not a new area of study. The ONS identified London as a single Travel to Work Area (as shown in Figure 1) and the CURDS analysis identified a single housing market area for London that extended beyond the city's administrative boundary. Consequently, this is not useful in defining functional HMAs for the boroughs.

2.12   The Greater London Authority has published Strategic Housing Market Assessments in 2008 and 2014 which both treat London as a single housing market area. The 2013 London SHMA (published 2014) notes at Table 5;

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

2.13   The identification of a single London wide housing market has been further supported by a recent High Court judgement. Nine London Boroughs sought to challenge the Mayor of London's policy in relation to

Affordable Rent in March 2014 and claimed that the Mayor was mistaken in treating London as a single housing market. The judgement concluded at paragraphs 39-41 that the Mayor: *"was entitled to conclude, in the exercise of his planning judgment that London represented a single housing market"*, but noted that the NPPF states that (paragraph 159): *"Local planning authorities should have a clear understanding of housing needs in their area. They should: prepare a Strategic Housing Market Assessment to assess their full housing needs ..."*. Finally, paragraph 43 of the judgement notes that The Draft Replacement London Plan, Report of Panel, March 2011 stated at 3.28: *"... it was not disputed that London is a single Strategic Housing Market Area with complex sub-markets that spread across Borough boundaries ..."*

2.14 The view that London contains many housing market areas within it is further supported by the 2013 London SHMA which notes at paragraph 1.13:

> *"It is important to note that this SHMA, like the 2004 HRS and the 2008 SHMA before it, looks at housing requirements at the regional London level only, and does not provide any estimates of requirements at the local level. London boroughs remain responsible for assessing their own requirements, within the policy context set by the NPPF and the London Plan. Given the fact that housing market areas in London frequently extend across local borough boundaries, many boroughs have chosen to work in partnership to assess housing requirements on a sub-regional basis."*

2.15 And reiterated in paragraph 1.1.8 of the March 2016 SPG:

> *"For planning purposes, London has been considered a single housing market area (albeit with various submarket areas which rarely correspond to local authority boundaries). This view has been accepted at consecutive London Plan EiPs and by the High Court."*

2.16 Given this context, we can conclude that the LB Islington forms part of the Greater London Housing Market Area (GLHMA); the GLHMA (a 'Tier 1' HMA that is defined by commuting and migration patterns) needs to ensure a balance of jobs and workers. The Greater London Authority has prepared an SHMA for the GLHMA to inform the London Plan, and it is this study that must consider the need to balance jobs and housing at the London-wide level.

2.17 In the light of the above, there is a need to consider how housing market area geography might be considered at a level below London, in order to develop a pragmatic solution for practical planning purposes and the local assessment of housing need. In this way, it allows for practical planning by small groups of boroughs, working together, within the framework of an overarching GLHMA.

2.18 This SHMA, therefore, is based on a lower-tier HMA defined by factors other than commuting and migration, that will help the LPA plan housing at a Borough level. In determining the number of homes needed at Borough level, the SHMA will need to be consistent with the London Plan and the projected population/households will need to be consistent with GLA figures. By doing so, this lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA, consistent with the London Plan.

Travel to Work Areas

2.19 Housing market areas reflect *"the key functional linkages between places where people live and work"* and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns:

> *Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).*
>
> **Planning Practice Guidance 2014/15, paragraph 11**

2.20 One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 1 shows the latest ONS TTWAs. These were published in 2015 and they are based on the origin-destination data from the 2011 Census.

2.21 London is mainly represented by a single TTWA, although Heathrow is part of a separate TTWA with Slough. Consequently, TTWAs are not useful in defining functional HMAs for London boroughs.

Figure 1: ONS Travel To Work Areas (Source: ONS 2015)
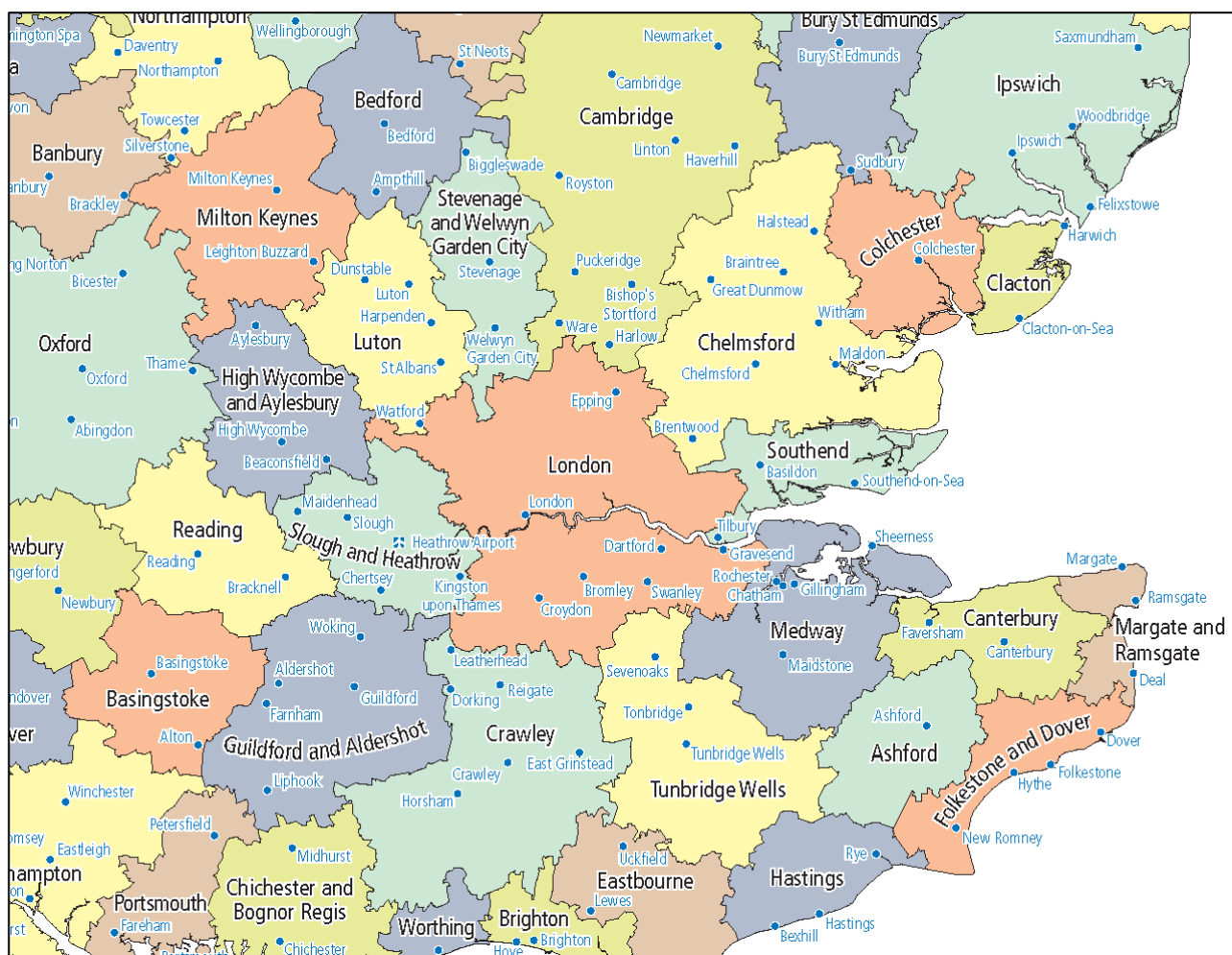
2.22 It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London. Nevertheless, it remains helpful to consider the functional relationships between where people live and work when considering appropriate lower-tier HMAs.

2.23 That commuting, and migration, are not useful in defining functional HMAs for the boroughs is confirmed by the London FALP SHMA (2013):

"Recent research has sought to identify housing market areas using data on commuting and migration, but the boundaries identified are highly sensitive to the specific level of containment used (e.g. whether housing market areas contain 75%, 77.5% or some other share of commuting trips)[12]"

2.24 Figure 2 summarises the underlying travel to work data for Islington, and shows that only around 21% of people who work in Islington also live in the borough. Meanwhile, Figure 3 shows that 33.5% of Islington residents who are in employment work in the borough (including those who have no single fixed place of work) with a further 25.5% working in Westminster or the City of London

2.25 Both tables demonstrate that travel to work for Islington, and the rest of London, is not closely associated with place of residency.

Figure 2: Local authority area of residence of people who work in Islington (Source: Census 2011)

Local Authority Area	Number of people	Percentage
Islington	35,880	21.3%
Hackney	10,307	6.1%
Haringey	9,207	5.5%
Barnet	5,864	3.5%
Camden	5,590	3.3%
Enfield	5,534	3.3%
Lambeth	5,235	3.1%
Tower Hamlets	4,891	2.9%
Southwark	4,809	2.9%
Waltham Forest	4,787	2.8%
Wandsworth	4,150	2.5%
Lewisham	3,388	2.0%
Newham	3,349	2.0%
Westminster or City of London	3,073	1.8%
Brent	3,041	1.8%
Elsewhere	58,992	35.1%
TOTAL	**168,097**	**100.0%**

Figure 3: Local authority area of workplace of people who are resident in Islington (Source: Census 2011)

Local Authority Area	Number of people	Percentage
Islington	35,880	33.5%
Westminster or City of London	27,343	25.5%
Camden	13,297	12.4%
Tower Hamlets	4,741	4.4%
Hackney	3,933	3.7%
Southwark	3,090	2.9%
Haringey	2,012	1.9%
Kensington and Chelsea	1,993	1.9%
Hammersmith and Fulham	1,905	1.8%
Lambeth	1,548	1.4%
Barnet	1,235	1.2%
Enfield	887	0.8%
Wandsworth	639	0.6%
Brent	621	0.6%
Newham	588	0.5%
Elsewhere	7,543	7.0%
Total	**107,255**	**100.0%**

Migration Patterns

2.26 One of the ways to define a Housing Market Area is to consider an area within which *"a relatively high proportion of household moves (typically 70 per cent) are contained."* (PPG Paragraph: 011 Ref: 2a-011-20140306). Unfortunately, no data is available that relates migration with changes in employment circumstances, but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work.

2.27 Figure 4 shows migration flows within London. This shows a complex pattern of moves from Central London to outer London boroughs, with a clear movement northwards and, generally for Islington and Camden, westwards. There is a measurable net outward flow from Islington to Haringey, a large two-way flow to the east between Islington and Hackney, though with a net outward flow from Islington, and a net inward flow from Camden to Islington. Also of interest for Camden and Islington together are the significant flow from Camden to Brent, Barnet and Haringey

Figure 4:   Migration between London Boroughs (Source: Census 2011)

1. City of London
2. Hammersmith and Fulham
3. Islington
4. Kensington and Chelsea
5. Westminster
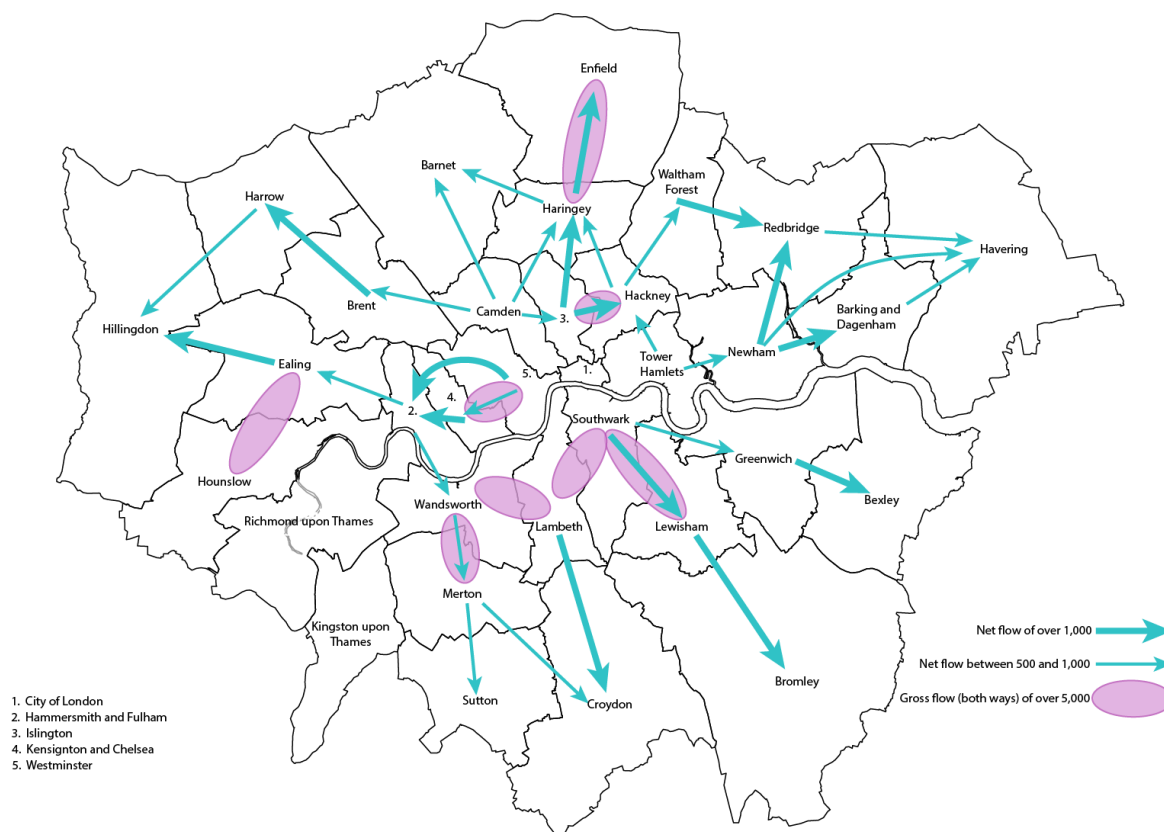
2.28   The UK Census of population has recently released data on people who moved in the 12 months before the Census. Figure 5 shows the point of origin of people who moved and now live in Islington, while Figure 6 shows the location of people who lived in Islington and who moved in the year before the Census.

Figure 5:   People Moving to Islington by Place of Residence 12 Months Earlier (Source: Census 2011)

Local Authority Area	Number of people	Percentage
Islington	10,998	26.2%
Camden	2,880	6.9%
Hackney	1,982	4.7%
Haringey	1,765	4.2%
Tower Hamlets	1,222	2.9%
Westminster or City of London	1,033	2.5%
Southwark	760	1.8%
Lambeth	737	1.8%
Wandsworth	603	1.4%
Brent	520	1.2%
Hammersmith and Fulham	520	1.2%
Barnet	519	1.2%
Kensington and Chelsea	317	0.8%
Enfield	315	0.8%
Waltham Forest	270	0.6%
Elsewhere	10,177	24.2%
Outside the UK	7,363	17.5%
TOTAL	**41,981**	**100.0%**

Figure 6:   People resident in Islington 12 Months before the Census by Current LA (Source: Census 2011)

Local Authority Area	Number of people	Percentage
Islington	10,998	30.8%
Hackney	3,062	8.6%
Haringey	2,938	8.2%
Camden	2,120	5.9%
Tower Hamlets	1,407	3.9%
Westminster or City of London	1,017	2.9%
Southwark	1,000	2.8%
Lambeth	944	2.6%
Barnet	717	2.0%
Enfield	697	2.0%
Wandsworth	657	1.8%
Waltham Forest	444	1.2%
Kensington and Chelsea	410	1.1%
Lewisham	400	1.1%
Hammersmith and Fulham	389	1.1%
Elsewhere	8,210	23.0%
Outside the UK	267	0.7%
TOTAL	**35,410**	**100.0%**

2.29 Of households who moved in the year before the Census and now live in Islington only 26.2% were previously living in the borough; conversely, 73.8% came from outside the borough. Meanwhile, 30.8% of people who lived in Islington and who moved in the year before the Census remained in the borough. That is, 69.2% moved out of the borough. The next boroughs with the largest number of moves into and out of Islington are Camden, Hackney and Haringey.

2.30 Planning Practice Guidance on the Assessment of housing and economic development needs (ID 2a-011) states:

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

2.31 It is evident from the above analysis that Islington cannot be considered to be housing market area on its own; migrants come and go from other areas, particularly neighbouring boroughs. The inter-borough migration between boroughs such as Camden, Hackney and Haringey, suggests that some combination with neighbouring boroughs will meet the definition of a housing market area; although this is inconclusive as such moves often reflect the London-wide aspects of the housing market rather than a local housing market area.

House Prices and Valuation Office Agency Broad Rental Market Areas

2.32 The Broad Rental Market Area (BRMA) is the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA), the allowance paid to Housing Benefit applicants in the private rented sector. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining BRMAs the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area.

2.33 Figure 7 shows a relatively high degree of alignment between the BRMAs and house prices for London. Clearly there are areas of higher and lower prices around which it would be possible to form a series of housing market areas in London based on this measure, and the BRMA geography provides a useful framework for considering lower-tier housing market areas in London.

Figure 7: **House Prices in London by Broad Rental Market Area (Source: Land Registry 2014)**
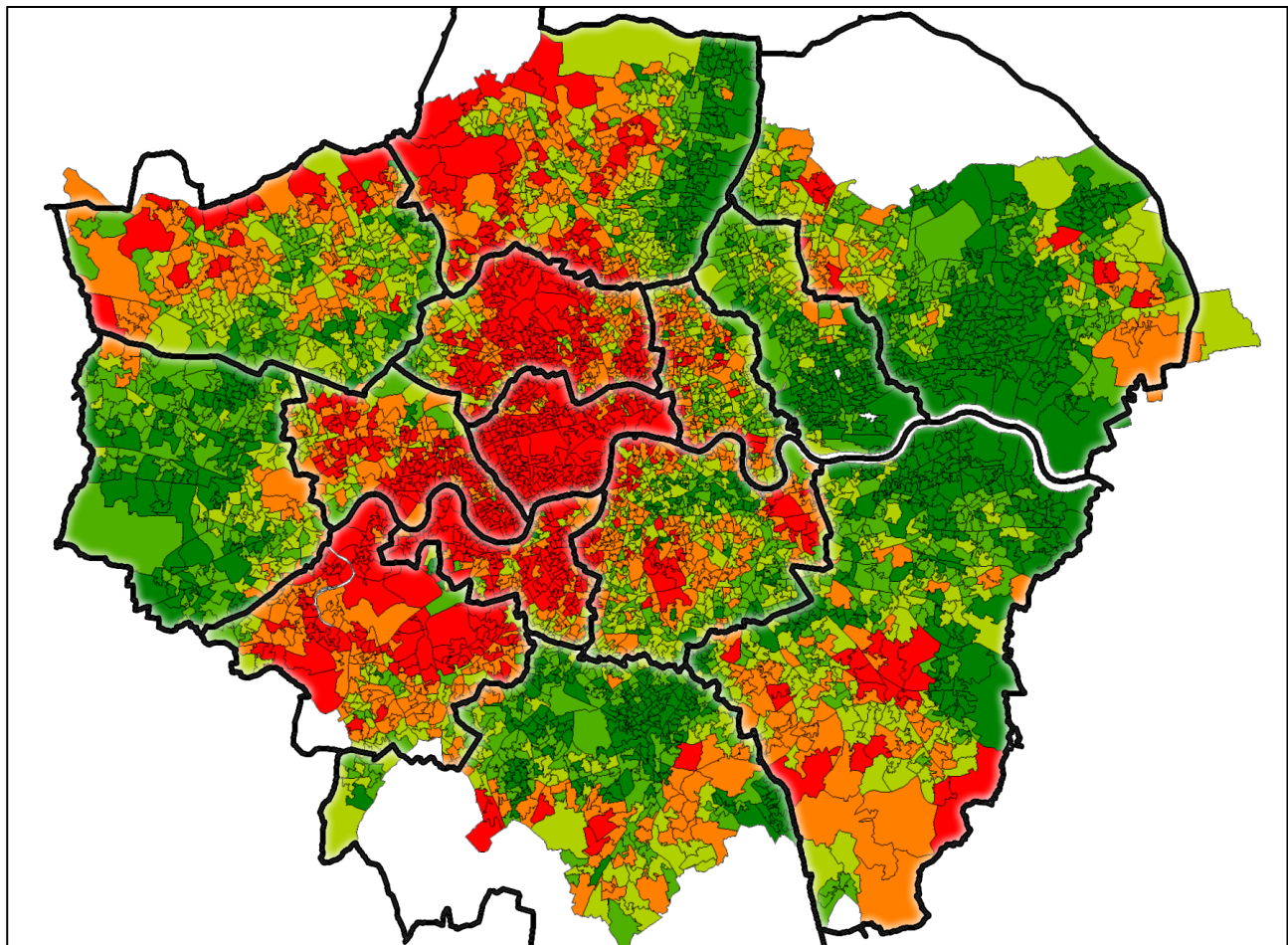
House Prices Relative to the London Median

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

2.34 Figure 8 shows that 82% of Islington's population falls within the Inner North London BRMA along with 84% of Camden's population. It is also the case that 48% of Brent's population fall within the same BRMA. Figure 9 show 78% of the Inner North London BRMA's population falls within one of Islington, Camden and Brent. Therefore, the Inner North London BRMA shows a high degree of containment for Islington, Camden and Brent. However, Brent also shows a high level of containment within the North West London BRMA alongside Harrow[10]. On the basis of working to the best fit geography for each local authority this would suggest that Brent fits more naturally with Harrow.

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[10] 51.5% of Brent's population falls in the North West London BRMA along with 100% of Harrow, 35.6% of Hillingdon and 19.1% of Barnet.

Figure 8: Proportion of each Boroughs Population within Inner North London Broad Rental Market Area
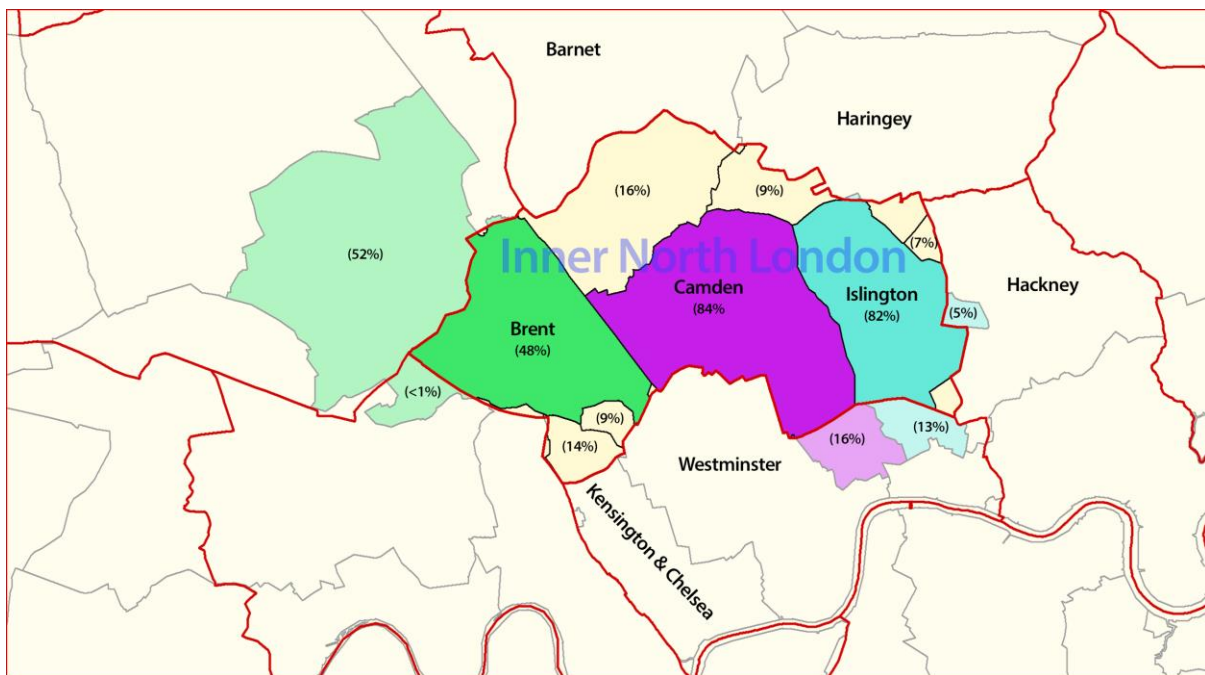
Figure 9: Proportion of Inner North London Broad Rental Market Area population within each borough
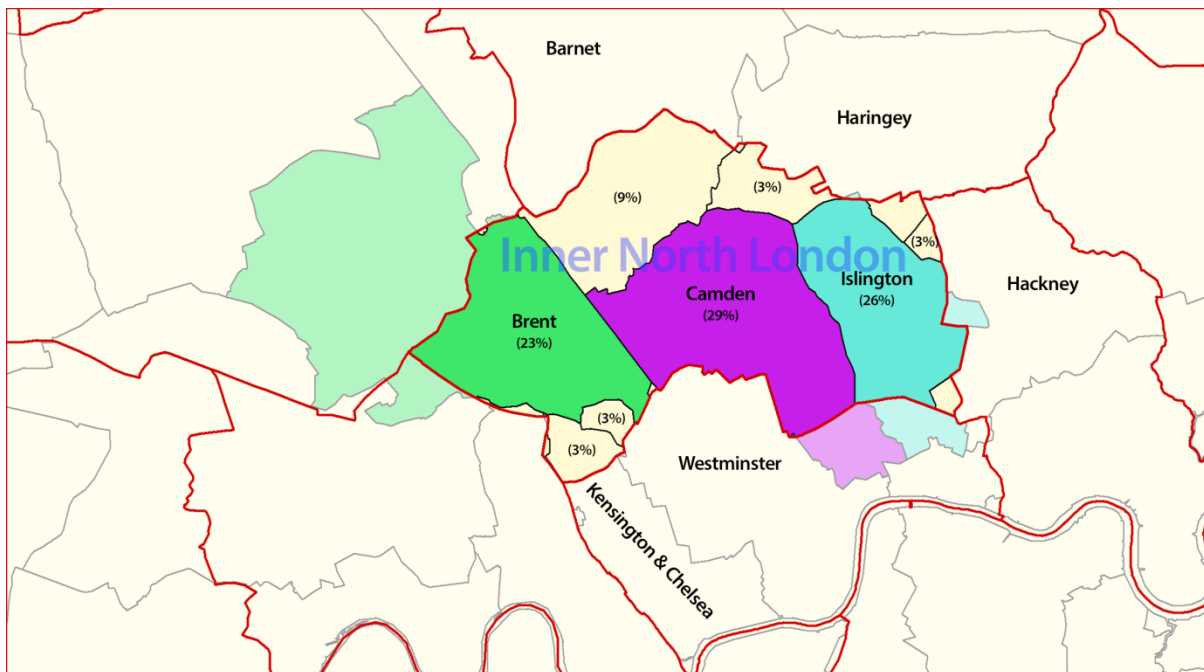
2.35 For planning purposes and the operation of the NPPF it is sensible for housing market areas to be relatively small to allow local authorities to work together as cohesive units. Therefore, ORS considers that the national Government-defined BRMAs based on house prices and rents form a sensible basis for deriving housing market areas in London where migration and travel to work patterns do not identify any distinct sub-markets.

2.36 We would stress that there are many ways of analysing housing sub-markets. The ORS opinion that Islington and Camden form a separate housing market area does not prevent other options being explored. Given the overlapping nature of housing market areas, this does not preclude Islington and Camden from also considering their needs as part of the wider North London area.

Administrative Boundaries and Housing Market Areas

2.37 The March 2016 SPG states the need to consider housing market area geographies that are not constrained by administrative boundaries, saying that London boroughs should:

> *"Consider housing market area geographies that extend beyond single borough boundaries, to reflect the realities of London's housing market. Housing market areas can be conceived as tiered, so that a sub-regional housing market area is often the appropriate scale for analysing borough-level housing needs. Housing market areas can also overlap regional boundaries, as boroughs in outer London often have strong market links with those in other regions."* (Paragraph 3.2.11)

2.38 The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect <u>functional</u> linkages between places where people live and work. Whilst recognising this, the updated PAS Guidance (July 2015) suggests that it is best to adopt a 'best fit' approximation to local authority areas for developing evidence:

> *"it is best if HMAs, as defined <u>for the purpose of needs assessments</u>, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis is becomes impossibly complex. There may also be 'cliff edge' effects at the HMA boundary, for example development allowed on one side of a road but not the other."* (Paragraph 5.21)

2.39 This means there is a need for balance in methodological approach:

» On the one hand, it is important that the process of analysis and identification of the functional housing market areas should not be constrained by local authority boundaries. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, ID 2a-010).

» On the other hand, and as suggested by the recent PAS OAN technical advice note (and the previous CLG advice note), it is also necessary to identify a 'best fit' for each functional housing market area that is based on local planning authority boundaries. This 'best fit' area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment (SHMA).

2.40 In summary, therefore, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements. Therefore, whilst we have established the most up-to-date functional housing markets for Islington, it is now necessary to consider the most appropriate working arrangements for establishing the evidence base that the NPPF requires.

2.41 A large proportion of Brent can be seen to fall within the Inner North London BRMA alongside Camden and Islington. However, the majority of Brent's population falls within the North West London BRMA alongside Harrow. These relationships govern the pragmatic administrative arrangements; Camden and Islington fit naturally together in a single HMA, while Brent fits more naturally with Harrow.

2.42 In relation to administrative boundaries and the proposed HMA, it is worth noting that Camden and Islington have a joint Public Health Team led by a single Director of Public Health and hosted by Islington.

Key implications

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

» Housing market areas reflect *"the key functional linkages between where people live and work"*

» To meet Planning Policy Guidance, a housing market area can be defined using house prices and rates of change in house prices; household migration and search patterns, and; contextual data (e.g. travel to work area boundaries, retail and school catchment areas)

» PPG recommends using travel to work areas (TTWAs) to provide information about commuting flows and the spatial structure of the labour market, but this is not feasible for London boroughs as the whole of London is a single TTWA; migration and travel to work flows do not identify any distinct housing market areas in London.

» Greater London can be considered as a single large housing market area which contains many smaller overlapping housing market areas within it.

» Census travel to work data demonstrates that travel to work for a minority of Islington boroughs' residents may be loosely related with place of residency.

» Census migration data demonstrates that neither Camden nor Islington can be considered to be housing market area on its own, but the inter-borough migration between boroughs suggests that some combination of those two boroughs and possibly neighbouring boroughs will meet the definition of a housing market area.

» House price represents a means of identifying separate housing market areas in London. The VOA has worked with house price and rent nationally to identify BRMAs which determined LHA levels.

» There is a high degree of alignment between BRMAs and house prices in London. BRMAs represent the most practical and pragmatic approach to identifying housing market areas in London. The 13 BRMAs in London will allow small groups of London boroughs to plan together.

» Considering BRMAs shows that 82% of Islington's population falls within the Inner North London BRMA along with 84% of Camden and 48% of Brent.

» 78% of the Inner North London BRMA's population falls within one of Islington, Camden and Brent.

» However, Brent also shows a high level of containment within the North West London BRMA alongside Harrow and can be seen to straddle the two HMAs; one with Camden and Islington and one with Harrow.

» When assessing objectively assessed needs at HMA level we recommend that Islington and Camden be considered together as part of a HMA, while Brent forms part of a HMA with Harrow.

» Given the overlapping nature of housing market areas, this does not preclude Islington, or Camden, from also considering their needs as part of a wider North London area.

2.44 Given this context, it is appropriate for the SHMA analysis to focus upon the core area (i.e. Islington and Camden). Nevertheless, it will be important that Islington:

» Consider the needs of other authorities in surrounding areas, their relationship with Islington, and that these issues are explored under Duty to Co-operate arrangements.

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

3. Housing Market Overview

Review of existing housing and housing market signals

3.1 PPG identifies the need to *"look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs"* (ID 2a-021). Given this context, this chapter provides an overview of the existing housing market together with recent trends.

3.2 PPG also identifies a range of housing market signals that should be considered when assessing the overall housing need for the area, and notes that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings"* (ID 2a-019). Therefore, in providing an overview of the housing market, the chapter also considers the range of appropriate market signals (such as overcrowding and affordability) for the area.

Households and Housing Stock

3.3 Figure 10 compares the profile of property types for Islington, Camden and London, Figure 11 shows the profile of property sizes by tenure in Islington as measured by rooms in the Census and Figure 12 shows the profile of property sizes by tenure as measured by bedrooms.

3.4 When considering recent trends in stock profile (flats, semi-detached houses etc.), the main difference between 2001 and 2011 for Islington, is an increased relative share for flats between 2001 and 2011 with a decreased relative share for terraced houses. For Camden the main change is the relative increase in semi-detached properties. Compared to London, both boroughs have fewer detached and semi-detached properties with significantly more flats.

Figure 10: Property Type (Source: Census 2001 and 2011)
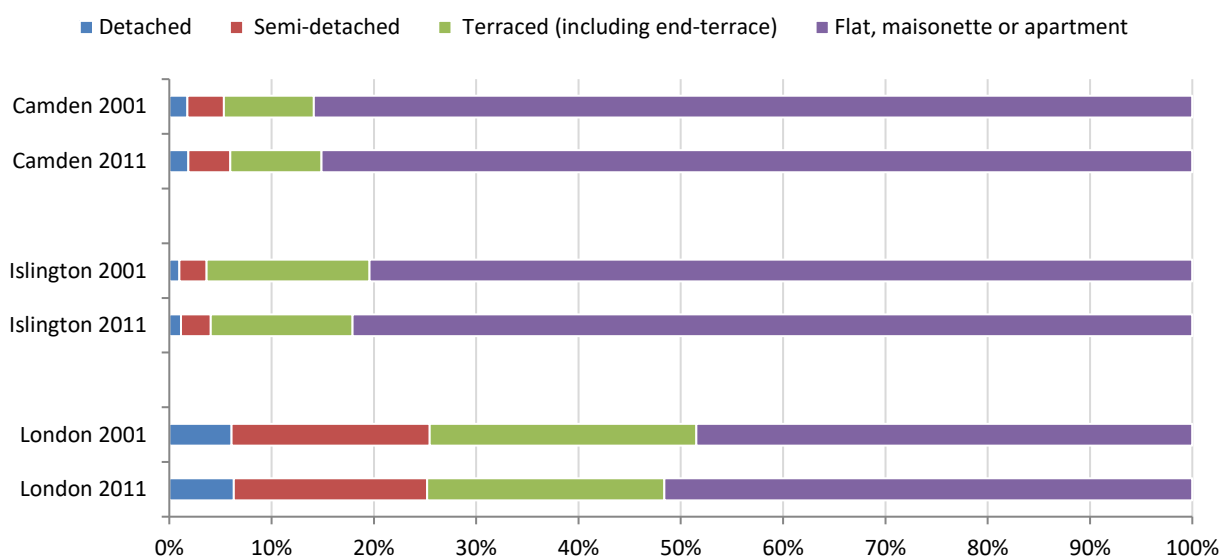
Figure 11: Property Size by rooms by tenure - Islington (Source: Census 2001 and 2011)
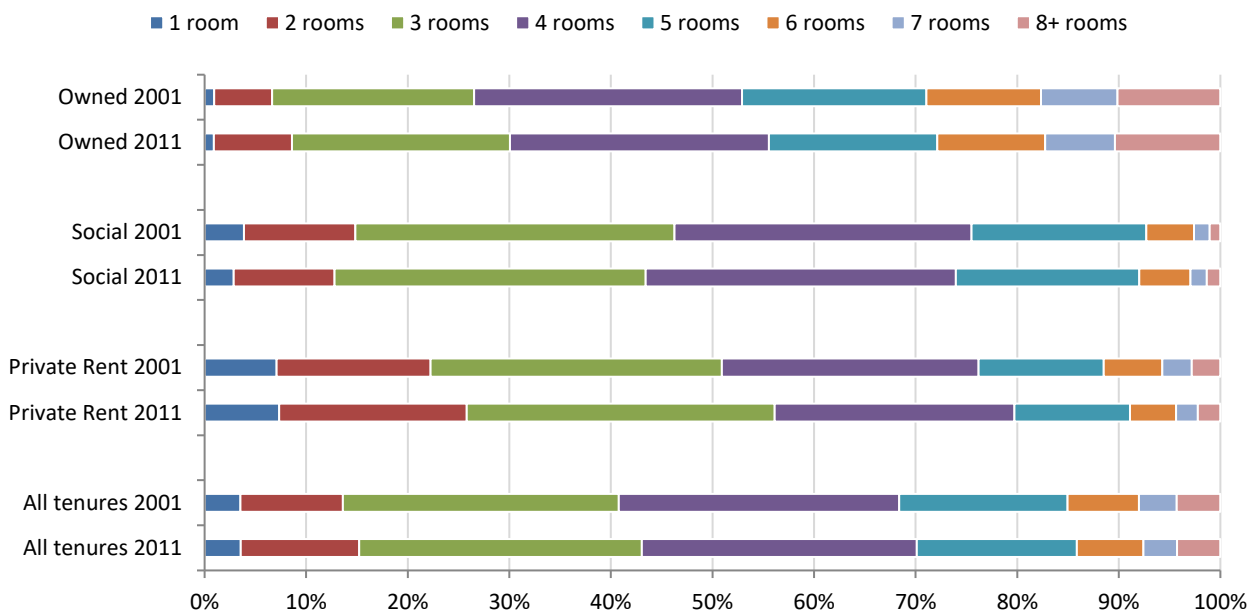
3.5 Rooms, as counted by the Census includes kitchens, living rooms, bedrooms, utility rooms, studies and conservatories. There was little change in the profile of property size by rooms between 2001 and 2011 Census. The proportions of owned and privately rented properties with two and three rooms increased slightly, with the greatest change being in two room private rented properties, which increased from 15% to 18% of private rented properties. The proportions of owned and privately rented properties with four and five rooms decreased slightly, while the proportions of social rented properties of this size increased slightly. There is a tendency for more owned properties to be larger, with 70% having four or more rooms in 2011, compared to 57% of social rented properties and 44% of private rented properties. Across all tenures the 2011 Census showed that 53% of properties had four or more rooms, with 3% having seven or more rooms. Private rent had the highest proportion of one room properties, with 7% in 2011 compared to 3% of social rented and 1% of owned properties.

Figure 12: Property Size by bedrooms by tenure - Islington (Source: Census 2011)
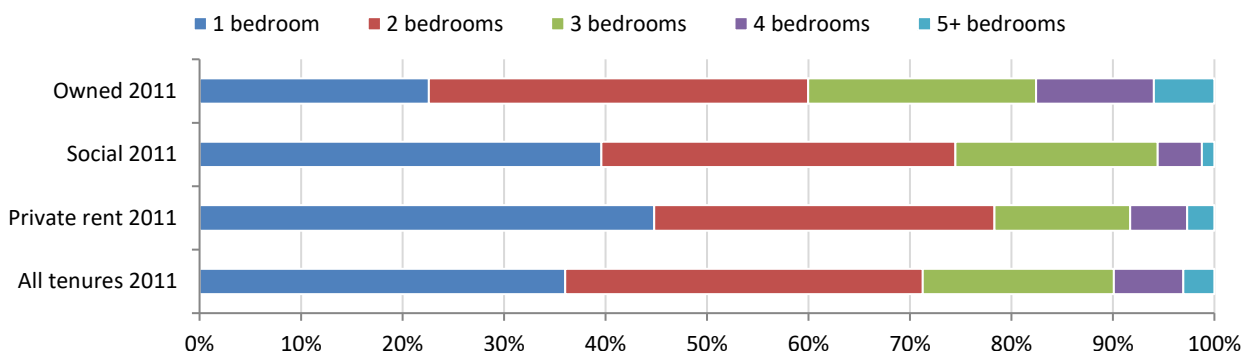
3.6 Measured by the number of bedrooms as counted by the Census, properties across all tenure tended to be smaller, with 36% of all tenures having one bedroom and 35% having two bedrooms. Owned properties had the largest proportion of three or more bedrooms (40% of all owned properties). Private rent had the largest proportion of one bedroom (45%). A little over a third of each tenure had two bedrooms (37% of owned, 35% of social rent and 34% of private rent). Between 1% (social) and 6% (owned) properties had five or more bedrooms.

Housing Condition and Amenities

3.7 The English Housing Survey (EHS) provides useful information about housing disrepair. We would note that the latest Islington private sector stock condition survey was published in 2008. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.

3.8 Overall the proportion of households in Islington without heating fell between 2001 and 2011 across all tenures. The proportion of outright owners without heating fell from 9% to 3%, and properties owned with a mortgage (including shared ownership) from 3% to 2%. The highest proportion is seen for households in private rented properties, which fell from over 14% in 2001 to just over 4% in 2011. Private rent remains the tenure with the highest proportion of households lacking heating, but is now comparable to other sectors. The proportion in social or affordable rented properties fell from over 6% to under 2%.

Figure 13: Type of Heating, Proportion of Households by Tenure - Islington (Source: Census 2001 and Census 2011)
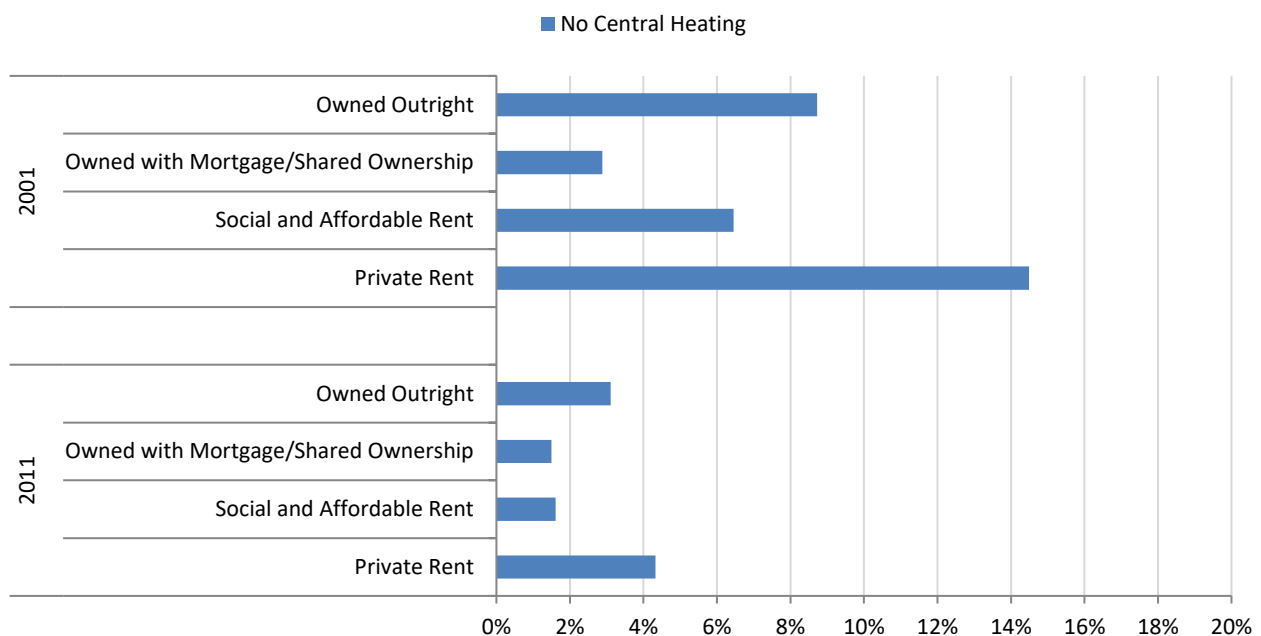
Housing Tenure

3.9 The largest relative share of housing tenure in Islington is Social rent (42.1%), although this position is changing rapidly – private rent increased its relative share by 10%, while social rent declined by 7%, between 2001 and 2011. The picture is different in Camden with Private rent having the largest relative share (34.0% of dwellings), and this has increased its relative share by over 6% between 2001 and 2011. The share of Private rent in both Camden and Islington is higher than for all London on average.

Figure 14: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)
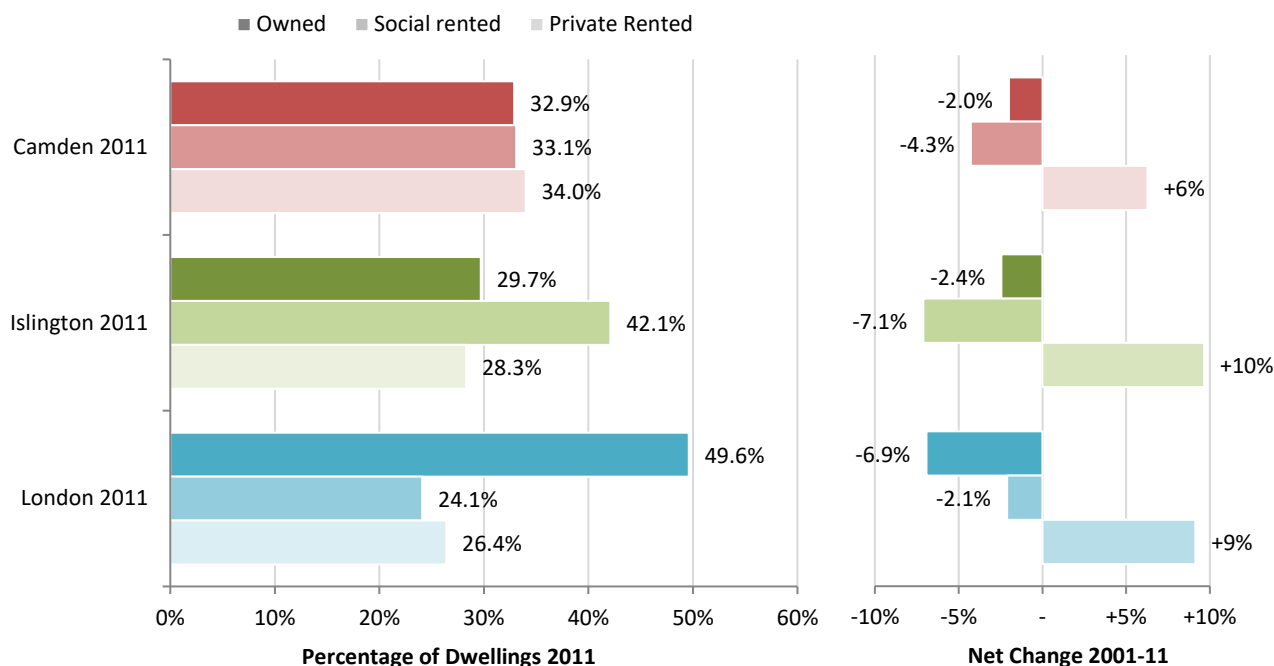
3.10 Considering the longer-term trends of tenure mix for Islington over the last thirty years, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

» **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 11,000 to 20,000 households, a gain of nine thousand). The number of social tenants also increased marginally (increasing from 41,000 to 44,000 households, a gain of 2.5 thousand), though social rented tenure fell as a relative share of the housing tenures (from 64% to 59%); however, the number of private tenants declined (reducing from 12,000 to 11,000).

» **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 20,000 to 26,000 households, a gain of six thousand); however, this was alongside a growth of private tenants (increasing from 11,000 to 15,000 households, a gain of four thousand). The number of social tenants declined (reducing from 44,000 to 40,000).

» **From 2001-2011:** the number of owner occupiers increased marginally (increasing from 26,000 to 28,000) whilst the number of private tenants increased substantially (from 15,000 to 26,000 households, a gain of eleven thousand). The number of social tenants declined marginally (from 40,000 to 39,000 households, a reduction of two thousand).

3.11 It is evident that the overall balance between owners and renters has shifted in 2011 from the position in 1981, with around one sixth owning in 1981 and just under one third owning in 2011. Further to this, the balance between social rent and private rent has changed significantly: about three-quarters of tenants rented through social rent in 1981 (64% out of 83%) whereas just under two-thirds rented through social rent in 2011 (42% out of 70%).

Figure 15: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)
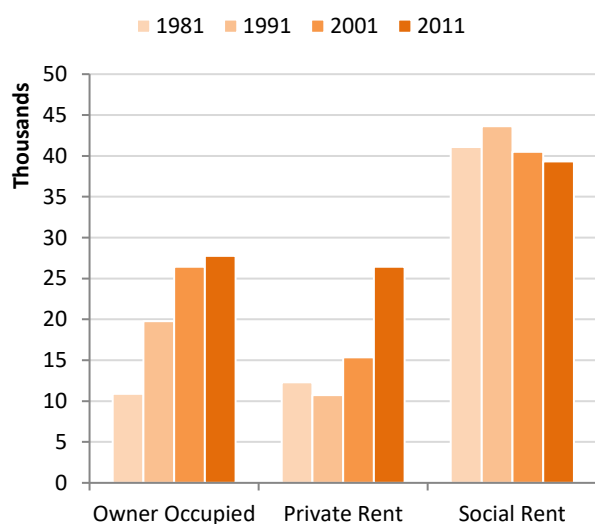
Figure 16: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)
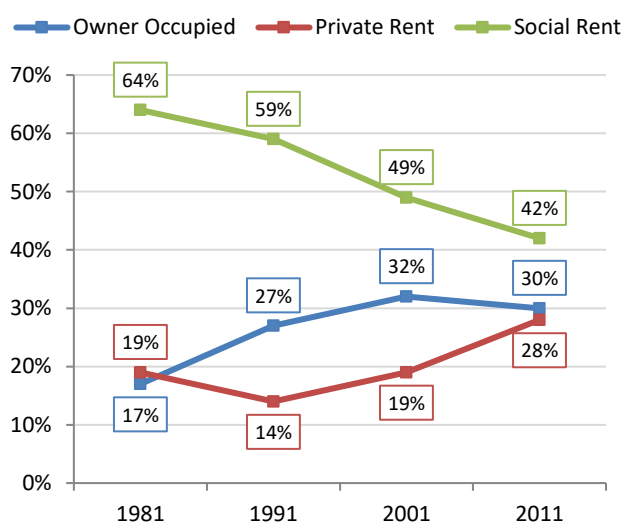
Note: The Owner Occupied category shown in Figure 15 and Figure 16 include households who owned outright, owned with a mortgage and shared ownership. The Private Rent category include households who rent from a private landlord, rent from their employer and households living rent free.

Figure 17: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	10,900	19,800	26,500	27,800	+8,900	+6,700	+1,300
Owned outright		*4,600*	*8,200*	*10,600*		*+3,600*	*+2,400*
Owned with mortgage	*10,900*	*15,200*	*17,400*	*16,000*	*+8,900*	*+3,100*	*-1,400*
Shared ownership			*900*	*1,200*			*+300*
Private rent	12,300	10,700	15,300	26,400	-1,600	+4,600	+11,100
Social rent	41,100	43,700	40,500	39,300	+2,500	-3,200	-1,100
TOTAL	**64,300**	**74,200**	**82,300**	**93,600**	**+9,900**	**+8,100**	**+11,300**
Owner occupied	16.9%	26.7%	32.1%	29.7%	+90%	+82%	+12%
Private rent	19.1%	14.5%	18.6%	28.3%	-16%	+57%	+98%
Social rent	63.9%	58.8%	49.2%	42.1%	+26%	-39%	-10%

Note: The Net Change percentages for 1981-1991, 1991-2001 and 2001-2011 shown in Figure 17 show the change in each tenure as a proportion of the total change. Thus, for 1981-1991, the owner occupied change of 8,900 is 90% of the total change of 9,900. This is a measure of change in the tenures relative to each other.

3.12 The 2011 Census shows 26,600 households in owner occupation; 10,600 owning outright and 16,000 with a mortgage. Owner occupation has decreased marginally since 2001, from 31% to 28%, including owned outright and owned with a mortgage. The proportion of properties owned outright increased from 10% to 11% while ownership with a mortgage or loan decreased from 21% to 17%.

3.13 Private rent was already a major tenure in Islington in 2001; but over the period 2001-2011, the number of households in private rented properties increased by 11,100: from 15,300 to 26,400, an increase of 72.4%. The increase from 19% to 28% of the market means that by 2011 it was as large as the owner occupation market.

3.14 The number of households in social and affordable rented properties reduced from 40,500 to 39,300 between 2001 and 2011, a decrease of 2.8%. However, the proportion of households in social and affordable rent decreased from 49% to 42%. This proportional change between was been driven more by the increase in the number of households overall (especially the large growth in private rented sector) rather than a substantial reduction in affordable housing. Intermediate affordable housing (in terms of shared ownership) increased by around 300 dwellings to a total of 1,200 dwellings in 2011; which remains the smallest tenure by some margin.

Size of Households and Dwellings

3.15 Figure 18 show the change in the number of people in households in each tenure, and Figure 19 considers the data in terms of average household size.

Figure 18: Number of People in Household, Proportion of Households by Tenure - Islington (Source: Census 2001 and Census 2011)

Figure 19: Average Household Size by Tenure - Islington (Source: Census 2001 and Census 2011)

AVERAGE HOUSEHOLD SIZE	2001	2011	Percentage change 2001-11
Owned	2.12	2.12	+0.1%
Social and Affordable Rent	2.10	2.15	+2.7%
Private Rent	2.05	2.14	+4.6%
Overall	2.09	2.14	+2.2%

3.16 The main changes to household size in owner occupied properties between 2001 and 2011 are a decrease in the proportion of single person households, from 41% to 37%, and an increase in the proportion of two person households from 30% to 35%. The proportion of three person households increased marginally from 13% to 14% while four person households decreased from 16% to 14%. Overall, the average owner occupied household size remained the same at 2.12 persons per household.

3.17 The size of households in private rented properties has increased. The proportion of single person households decreased from 39% to 31% while the proportion of two person households increased from 36% to 42%, that of three person households from 13% to 15%, with the proportion of four person households remaining the same at 12%. Overall, the average private rented household size increased from 2.05 to 2.14; a 4.6% increase in size.

3.18 The proportions of social and affordable rented household being single persons has decreased from 48% to 45%. At the same time, the proportion of two person households has increased from 23% to 24% and three person households from 13% to 15%. The proportion of four person households has remained the same at 17%. This shift is sufficient to have increased the average household size from 2.10 to 2.15 persons; a 2.7% increase in size.

3.19 Figure 20 identifies the number of rooms in properties within each tenure, and identifies the extent of changes seen over the last decade.

Figure 20: Number of Rooms, Proportion of Households by Tenure - Islington (Source: Census 2001 and Census 2011)
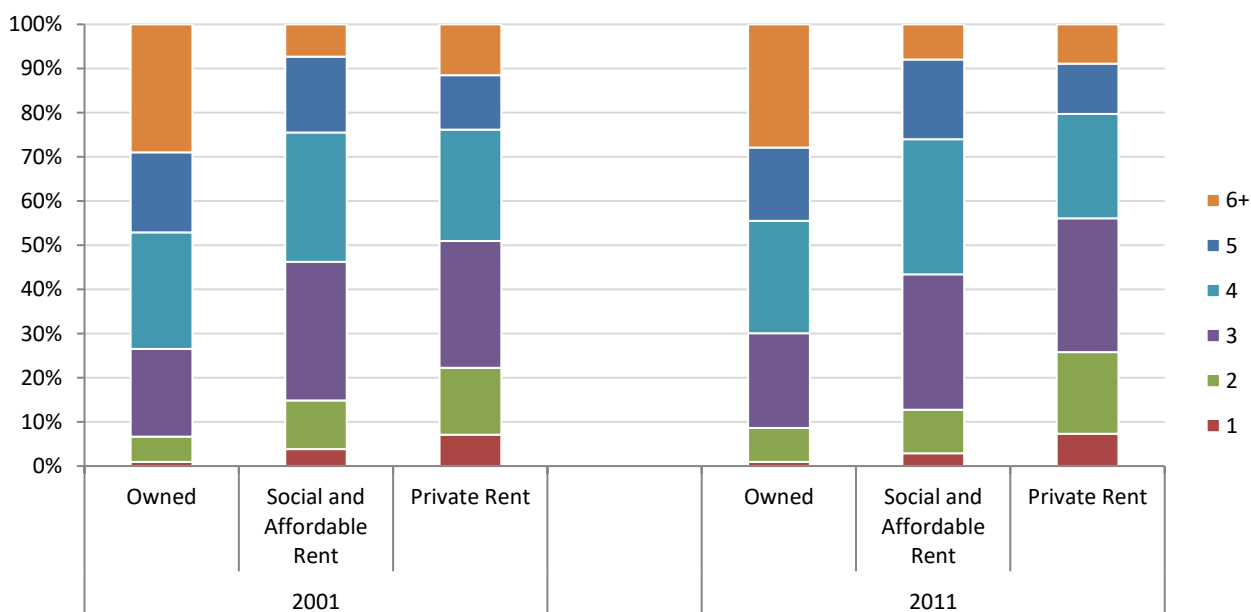
3.20 There has been little change in the number of rooms for households in owner occupation properties, though the small change there is indicates a shift to smaller properties. The proportion of households in single room properties is unchanged, the proportions in two and three room properties have increased by 2% each, while the proportions in four, five and six+ room properties have each decreased by between 1% and 2%. Households in six+ room properties make up the largest proportion (28%) followed by four room (25%) and three room (21%). Those in one room properties make up 1% of the total.

3.21 Similarly, only small changes are seen in the number of rooms for households in private rented properties, with such change as there is indicating a shift to smaller properties. The proportion of households in single room properties is unchanged, the proportions in two room properties increased by 3% each and in three

room properties by 1%, while the proportions in four, five and six+ room properties have each decreased by between 1% and 2%. Households in three room properties make up the largest proportion, with 30%, followed by those in four room properties with 24%. Households in one room properties make up 7% of the total.

3.22 Such change as there is indicates a shift to larger social and affordable rented properties. The proportions of households in one and two room properties each decreased by 1%, the proportion in three room properties remained the same, while the proportions in four, five and six+ rooms each increased by 1% to 2%. Those in three and four room properties make up the largest proportion, at 31% each. Households in one room properties make up 3% of the total.

3.23 The 2011 Census also provides details on the number of bedrooms (which the 2001 Census did not ask). Figure 21 sets out this information by tenure. In summary:

» Of households who own outright, 34% are in two bedroom properties with 26% in three bedroom, 23% in four+ bedroom properties and 18% in one bedroom.

» Of households who own with a mortgage, 40% are in two bedroom properties with smaller proportions in three bedroom (20%) and four+ (14%) bedroom properties. A larger 26% are in one bedroom properties.

» The largest proportion of households in private rented properties have one bedroom (45%) with a further 34% having two bedrooms, 13% three bedrooms and 8% four+ bedrooms.

» The largest proportion of households in social or affordable rented properties also have one bedroom (40%), with 35% having two bedrooms, 20% three bedrooms and 6% four+ bedrooms.

Figure 21:   Number of Bedrooms, Proportion of Households by Tenure - Islington (Source: Census 2011)
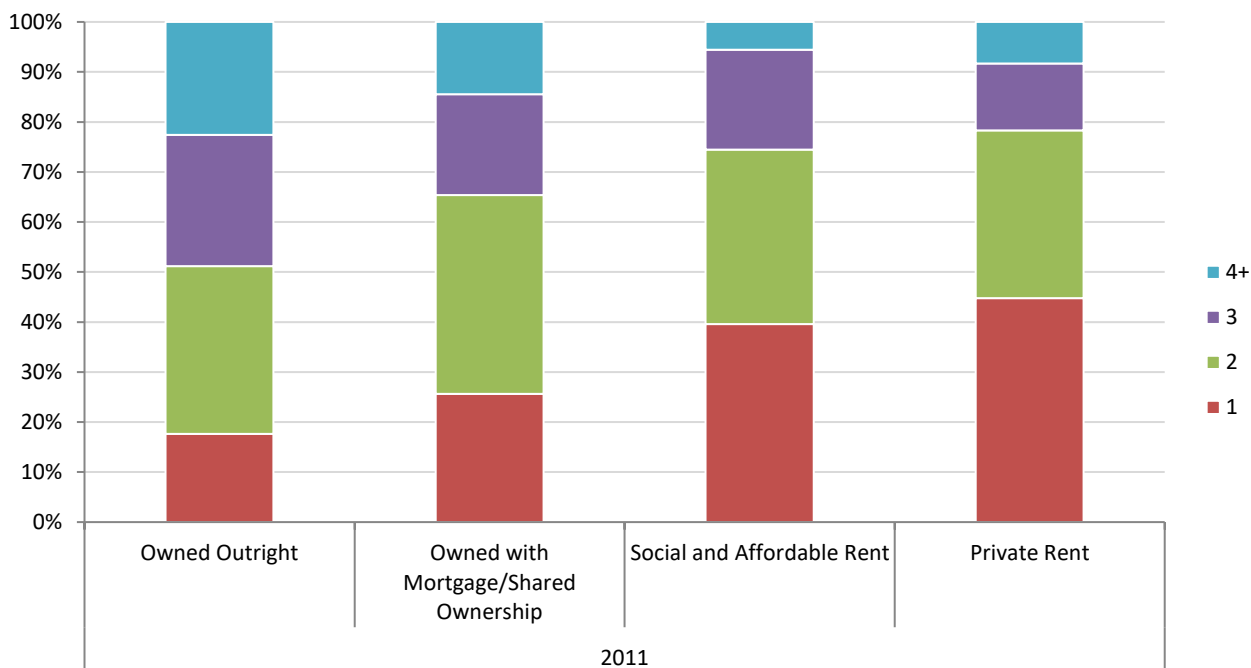
Household Type and Age

3.24 Figure 22 identifies proportion of each age group in the various housing tenures in Islington.

Figure 22: Current Tenure, Proportion of Households by Age of Household Reference Person - Islington (Source: Census 2011)
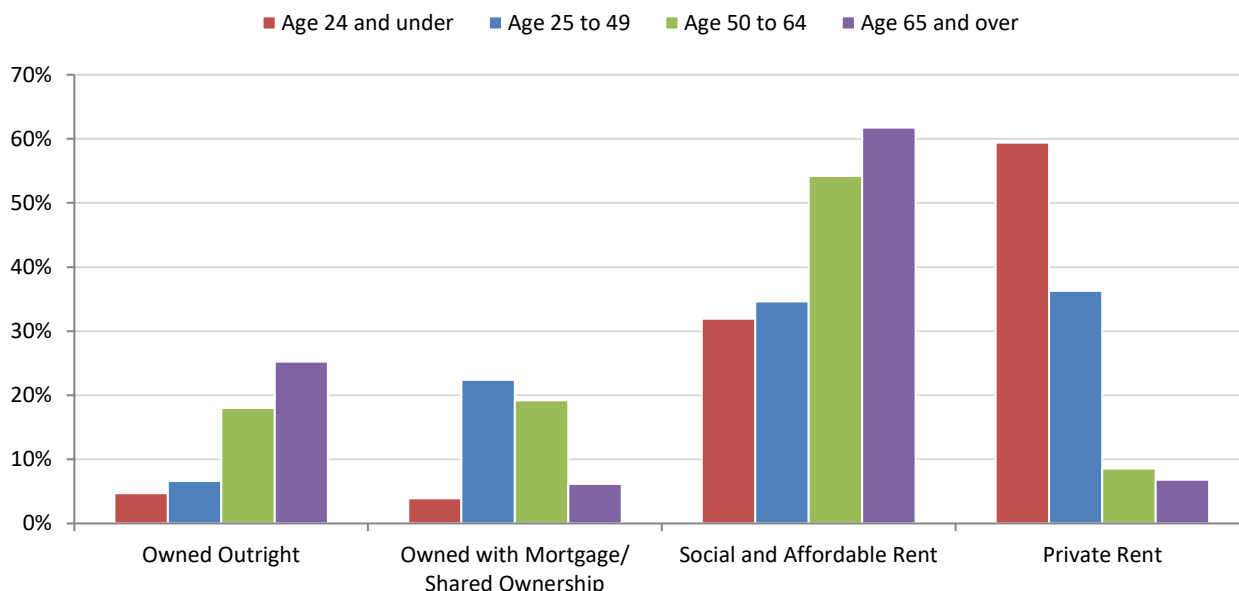
3.25 As might be expected given how it is more common to buy with a mortgage rather than buying outright, increasing proportions own outright with increasing age. Of those aged 24 or under, only 5% own outright, increasing to 7% of those aged 25 to 49. The picture changes when considering households aged 50 or above, with 18% of those aged 50 to 64 owning outright and 25% of households aged 65 and above owning outright.

3.26 The age profile of owner occupiers with a mortgage complements that of outright owners. Other than for households aged 24 and under, where 4% own with a mortgage, the proportion decreases for each increasing age group; 22% of those aged 25 to 49 own with a mortgage compared to 19% for the 50 to 64 years age group and 6% for the 65 and over age group.

3.27 Taking all ownership together (with and without a mortgage), the highest proportion is in the 50 to 64 age group (37%) followed by the 65 or over group (31%) then the 25 to 49 group (29%). Only 9% of those aged 24 or under own and it is notable that over half of these own outright (5% of all households aged 24 and under); clearly these households had access to a source of capital.

3.28 Two thirds of households aged 65 and over live in Social or Affordable Rented housing (62%). Over a half of those aged 50 to 64 live in Social or Affordable Rented housing (54%) and around a third each of those aged 25 to 49 (35%) and under 25 (32%).

3.29 Three fifths (59%) of households aged 24 and under live in private rented housing and 36% of those aged 25 to 49. Considerably smaller proportions of the older age groups live in the private rented; 9% of those aged 50 to 64 and 7% aged 65 and over.

3.30 In summary, Social and Affordable Rented housing is the majority tenure for those aged 50 or above, and in particular for households aged 65 or over. In contrast, the private sector is the majority sector for households aged under 50, with higher proportions of each of the under 50 age groups living in private rented than living in in owner occupation.

3.31 The move over time to increased levels of private renting among the younger age groups can be seen by comparing the 2011 Census with that of 2001 (Figure 23). It is not possible to analyse tenure by exactly the same age groups for the two Census. For example, the closest age group to the 2011 group aged 25 to 49 in the 2001 Census is 25 to 44.

3.32 In 2001, 12% of the 24 and under age group owned compared to 9% in 2011. Of the 24 to 44 age group in 2001, 35% owned compared to 29% of the 24 to 49 age group in 2011. If the housing tenure for the 25 to 49 age group was available from the 2001 Census, then the decrease in home ownership in that group in the inter-censal period could be expected to be higher than the difference shown here.

3.33 A corresponding increase in private rented is evident in the younger age groups. In 2001, 52% of those aged 24 or under were in private rented housing compared to 59% in 2011. Of the 24 to 44 age group in 2001, 24% were in private rented housing compared to 36% of the 24 to 49 age group in 2011. In this case, it can be seen that if the housing tenure for the 25 to 49 age group was available from the 2001 Census, then the increase in private renting in that group in the inter-censal period could be expected to be lower than the difference shown here, but could still be expected to be noticeable.

Figure 23: Tenure, Proportion of Households by Age of Household Reference Person - Islington (Source: Census 2001)
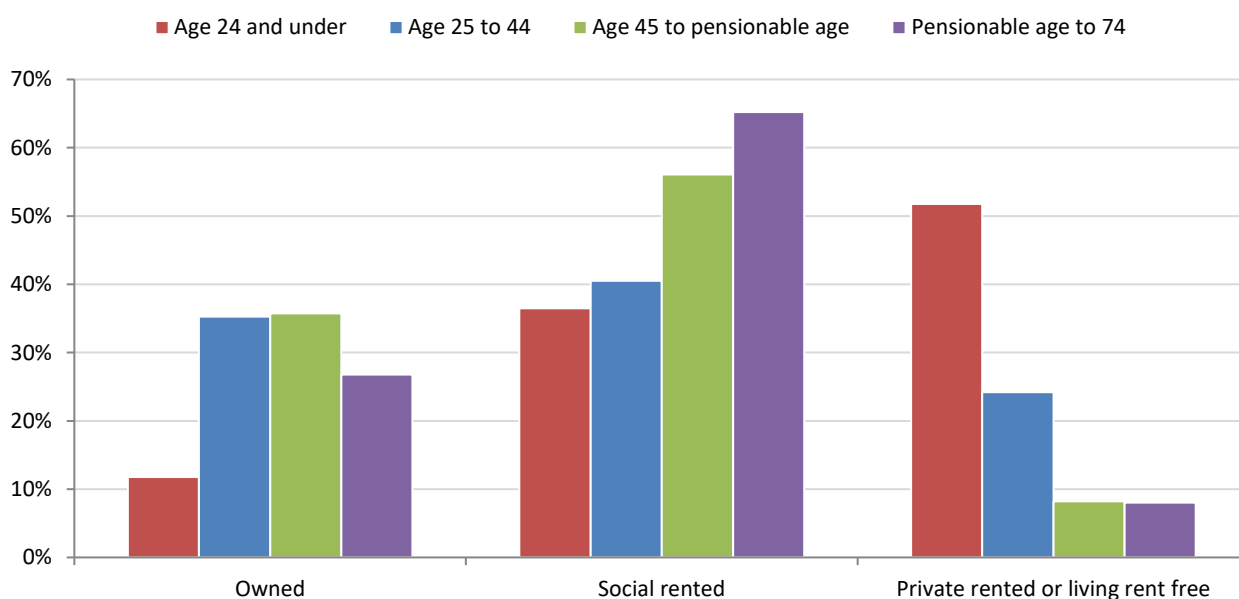
3.34 The most notable changes in owner occupation between 2001 and 2011 were that the proportion of single persons decreased from 34% of all owners in 2001 to 30% of owners in 2011, while the proportion of couples increased from 18% in 2001 to 22% of all owners in 2011. There was little change across the other household composition groups.

3.35 The most notable changes in the private rented sector were a decrease in the proportion of single people from 32% to 29%, an increase in couples from 21% to 25%, a decrease in 'pensioners' from 8% to 3% and an increase in 'others' from 27% to 30%. There were small increases in the proportion of all other household composition groups.

3.36 In Social and Affordable Rent, the main changes were an increase in the proportion of lone parents, from 21% to 25% of all social and affordable renting households, and a decrease in the proportion of 'pensioner' households from 20% to 15%. Smaller changes took place among other household composition groups.

Figure 24: Household Composition, Proportion of Households by Tenure - Islington (Source: Census 2001 and Census 2011)
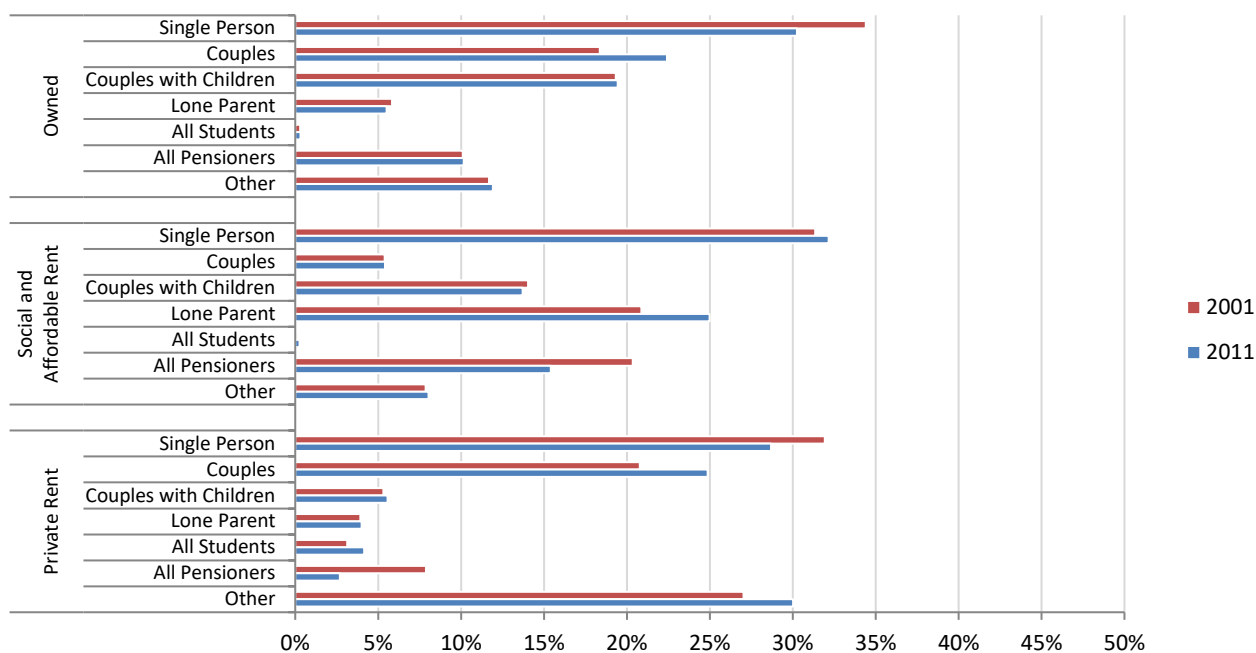
Industry of Employment

3.37 In 2011, the highest proportion of households in owner occupied properties had a Household Reference Person (HRP) working in "K, L, M, N Financial, Real Estate, Professional and administrative activities"; 40% of owner occupied households. A slightly higher proportion (42%) of those in private rented housing worked the same industries, along with 18% of those in Social and Affordable rented housing.

3.38 The industrial classification which formed the next highest proportion of owner occupiers was "O, P, Q Other - Public administration, education and health" (31%). This group formed the largest proportion of Social and Affordable Housing (40%) along with a significant proportion of the private rented sector (24%).

3.39 The third notable point in comparing the industry of the HRP across tenures is the smaller proportion of those in "G, I Distribution, hotels and restaurants" who were owner occupiers (8% of all owner occupiers) compared to 14% in private rented housing and 20% in Social and Affordable rented housing.

3.40 It is possible to compare changes in industry by age between 2001 and 2011; though unfortunately the data is not published to undertake this comparison by tenure. In summary:

» The proportion of persons in the "K, L, M, N Financial, Real Estate, Professional and administrative activities" industrial classification in Islington fell across all age groups between 2001 and 2011: from 37% to 30% in the 16 to 24 age group; from 49% to 37% in the 25 to 49 age group, and; from 51% to 24% in the 50 to 64 age group. However, these industries remain significant, with high proportions in all age groups, but particularly those aged 49 or under.

» Employment in "O, P, Q Public administration, education and health" showed large increases between 2001 across all age groups: from 12% to 25% in those aged 16 to 24; from 12% to 30% aged 25 to 49, and; 10% to 43% aged 50 to 64.

» The proportions working in "G, I Distribution, hotels and restaurants" fell in the 25 to 49 and 50 to 64 age groups, while increasing in the 16 to 24 age group from 25% to 31%. This coincides with an increasing proportion of the 16 to 24 age group being students; up from 47% to 56%.

Figure 25: Industry of Household Reference Person Aged 16 and Over in Employment, Proportion of Households by Tenure - Islington (Source: Census 2011)
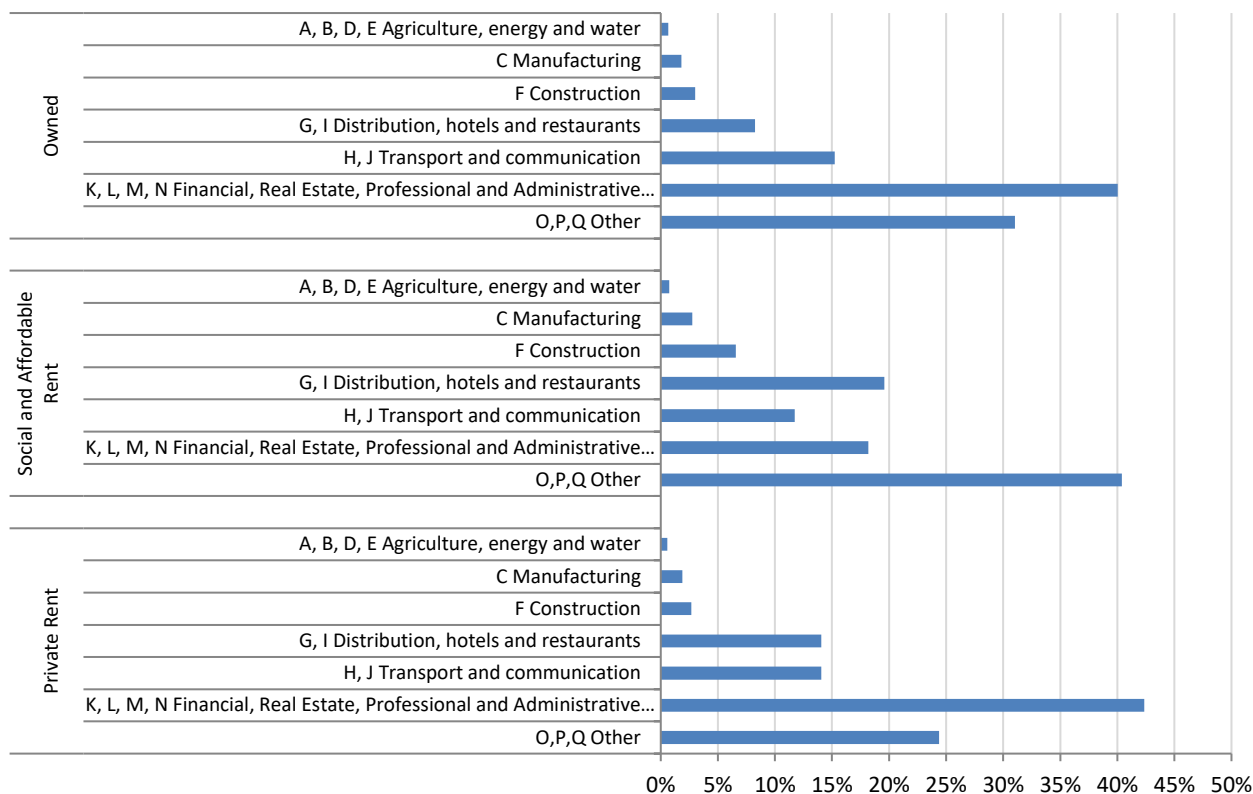
Figure 26: Industry of People Aged 16 to 64 in Employment, Proportion of People by Age - Islington (Source: Census 2001 and Census 2011)
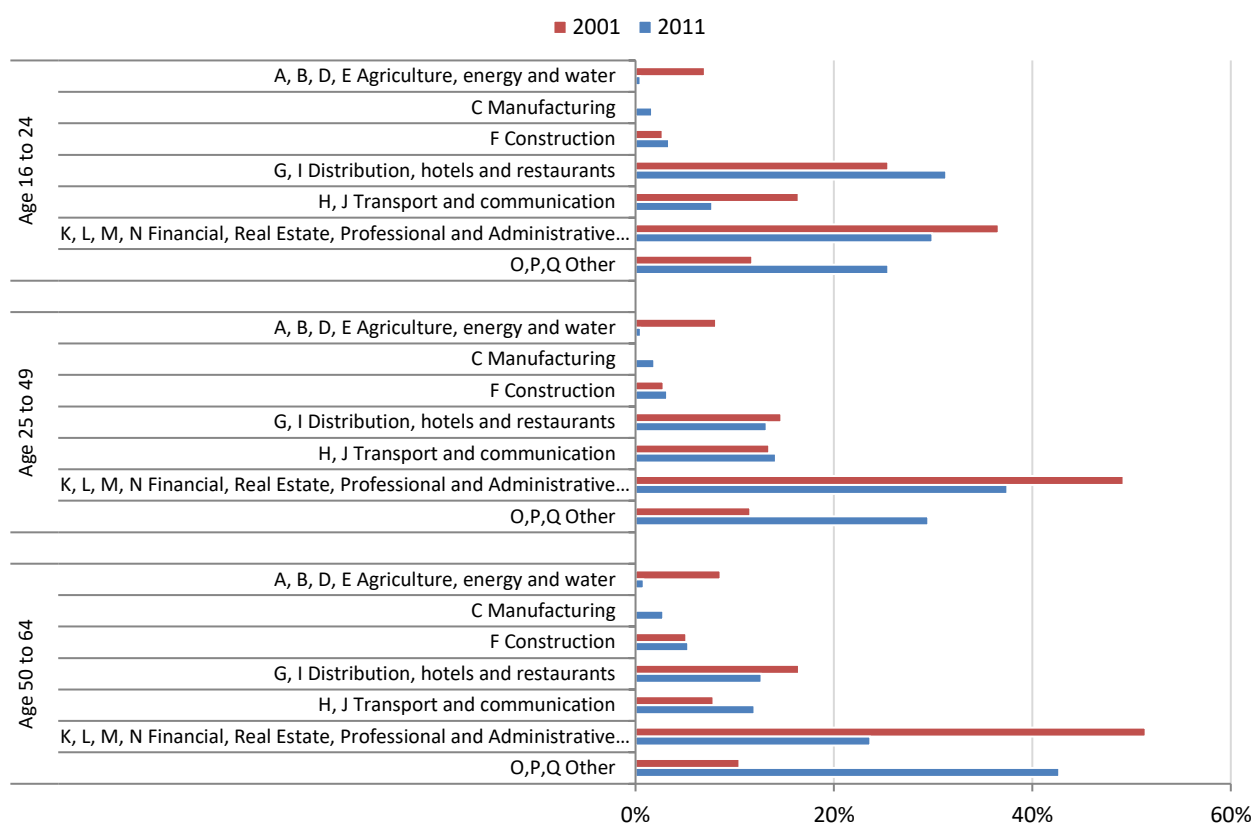
Socio-Economic Groups

3.41 In 2011, the highest proportion of households HRP in owner occupied properties were in "Lower managerial, administrative and professional occupations" (36%), followed by "Higher managerial, administrative and professional occupations" (33%). These two also formed the largest proportions of private renters; 33% being in "Lower managerial, administrative and professional occupations" and 28% in "Higher managerial, administrative and professional occupations".

3.42 The distribution of other occupational groups within owner occupied and private rented properties was more uniform, as were all occupational groups in social and affordable rented housing.

Figure 27: NS-SeC of Household Reference Person Aged 16 and Over, Proportion of Households by Tenure - Islington (Source: Census 2011)
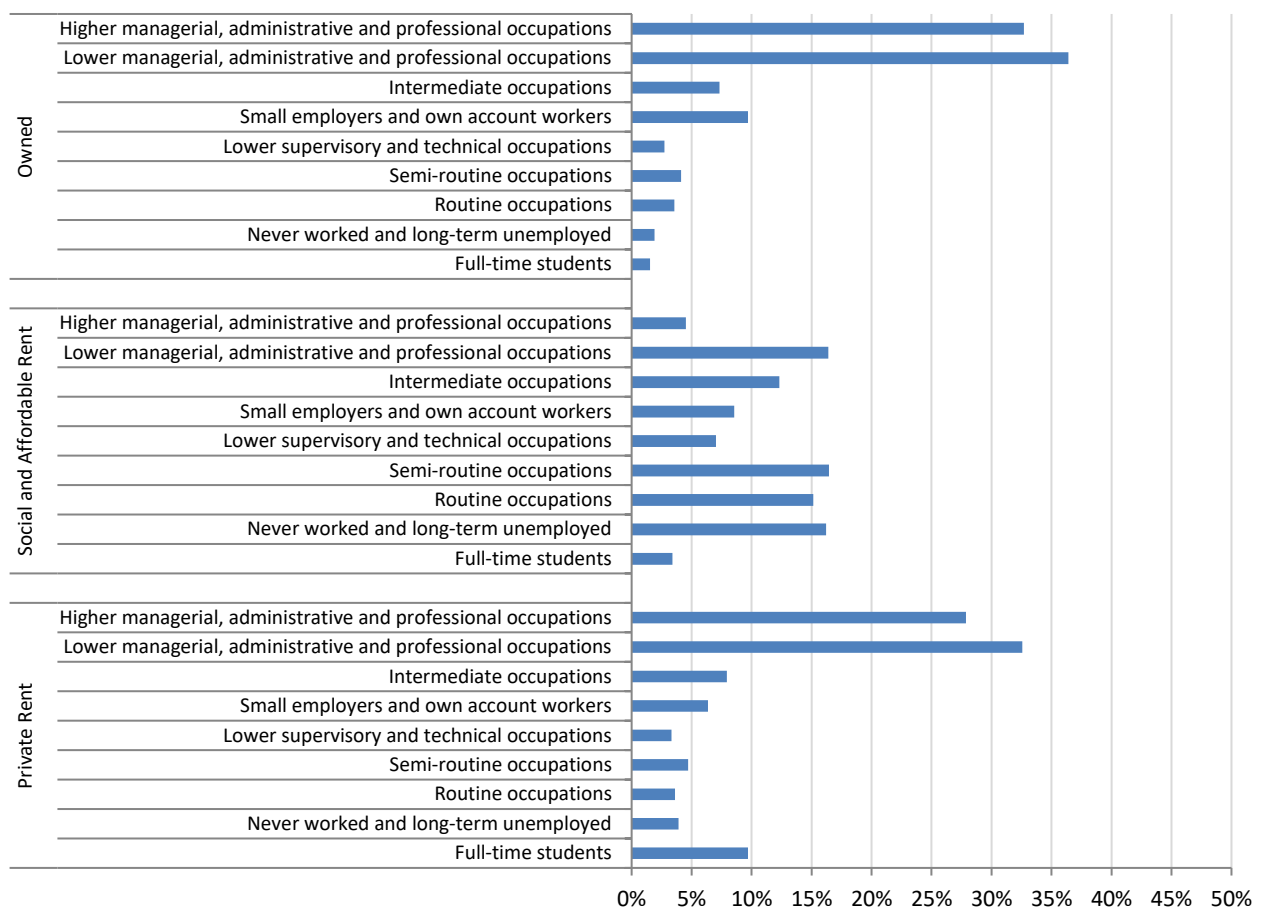
Figure 28: NS-SeC of People Aged 16 to 64, Proportion of People by Age - Islington (Source: Census 2001 and Census 2011)
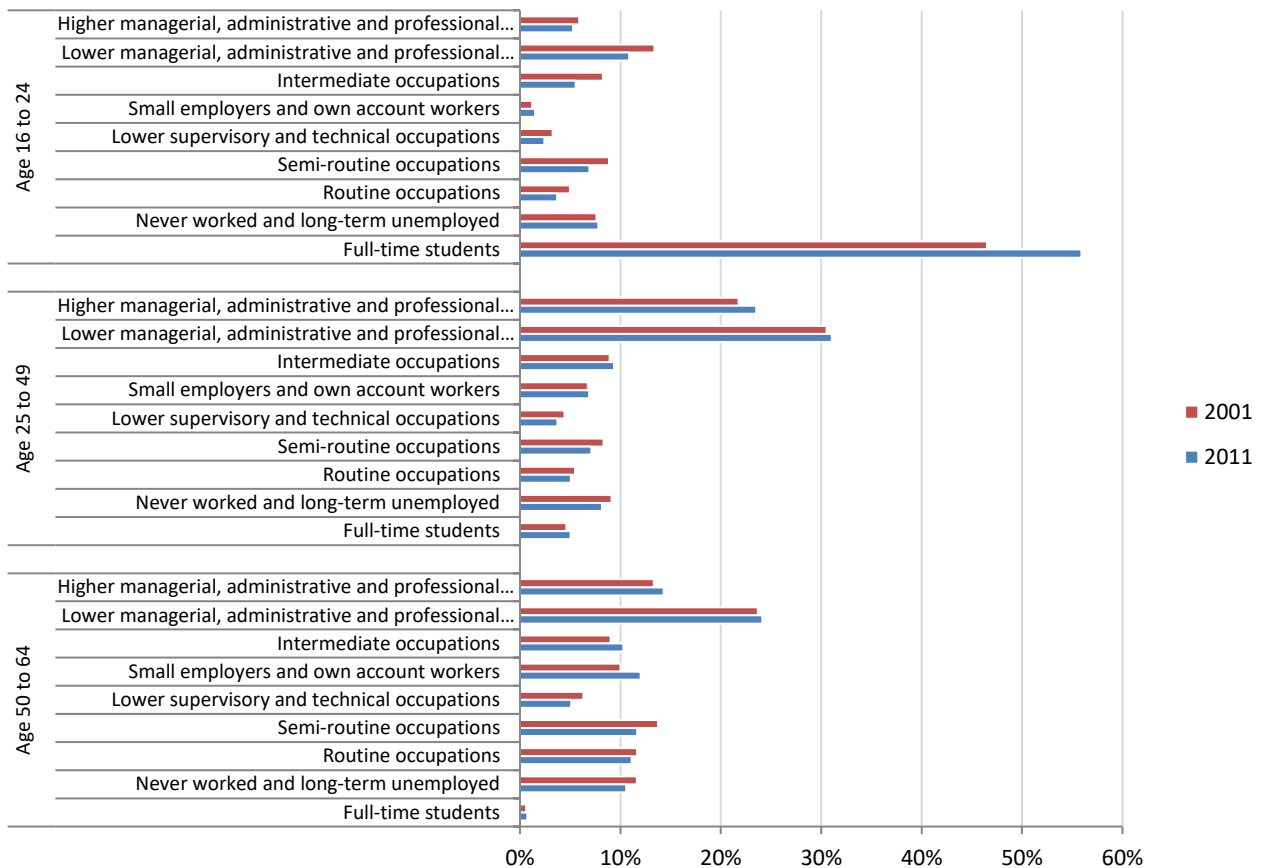
Summary of Key Housing and Socio-Demographic Indicators by Tenure

		Market Housing: Owner Occupation	Market Housing: Private Rented Sector	Affordable Housing: Social and Affordable Rented
Tenure mix				
Proportion of all properties	2001	32.1%	18.6%	49.2%
	2011	29.7%	28.3%	42.1%
Change 2001 – 2011		-2.4%	+10.3%	-7.1%
Housing stock –property size				
Number of bedrooms – 2011		23% 1 bed 37% 2 bed 22% 3 bed 18% 4+bed	45% 1 bed 34% 2 bed 13% 3 bed 9% 4+bed	40% 1 bed 35% 2 bed 20% 3 bed 5% 4+bed
Number of rooms – 2011		1% 1 room 8% 2 rooms 21% 3 rooms 25% 4 rooms 17% 5 rooms 28% 6+ rooms	7% 1 room 18% 2 rooms 30% 3 rooms 24% 4 rooms 11% 5 rooms 9% 6+ rooms	3% 1 room 10% 2 rooms 31% 3 rooms 31% 4 rooms 18% 5 rooms 8% 6+ rooms
Change 2001 – 2011 number of rooms		Between 2001 and 2011: • No change greater than 2% (2 rooms)	Between 2001 and 2011: • Proportion of households with 2 rooms increased 3% • Proportion of households with 6+ rooms decreased 2%	Between 2001 and 2011: • Proportion of households with 4 rooms increased 2%

	Market Housing: Owner Occupation	Market Housing: Private Rented Sector	Affordable Housing: Social and Affordable Rented
Housing stock – central heating			
No central heating – 2011	3% of owned outright 2% of owned with mortgage/shared ownership	4%	2%
Change 2001 – 2011 no central heating	Between 2001 and 2011: • 6% fewer owned outright lacked central heating; • 1% fewer owned with mortgage/shared ownership lacked central heating.	Between 2001 and 2011: • 10% fewer private rented properties lacked central heating.	Between 2001 and 2011: • 4% fewer social/affordable rented properties lacked central heating.
Household size			
Number of people in households – 2011	1 person 37% 2 people 35% 3 people 14% 4+ people 14%	1 person 31% 2 people 42% 3 people 15% 4+ people 12%	1 person 45% 2 people 24% 3 people 14% 4+ people 17%
Change 2001 – 2011 household composition ('Little change' = no more than +/-2%)	Between 2001 and 2011: • Decrease in proportion of 1 person households (from 41% to 37%); • Increase in proportion of 2 person households (from 30% to 35%); • Little change in proportion of larger households.	Between 2001 and 2011: • Decrease in proportion of 1 person households (from 39% to 31%); • Increase in proportion of 2 person households (from 36% to 42%); • Little change in proportion of larger households.	Between 2001 and 2011: • Decrease in proportion of 1 person households (from 48% to 45%); • Little change in proportion of other households.
Average household size — 2001	2.12	2.05	2.10
Average household size — 2011	2.12	2.14	2.15
Change in average household size 2001 – 2011	+0.1%	+4.6%	+2.7%
Age of household			
Age of Household Reference Person – 2011	Proportion of age group in Owner Occupation: Under 25: 9% 25 to 49: 29% 50 to 64: 37% 65 or over: 31%	Proportion of age group in Private Rented Sector: Under 25: 59% 25 to 49: 36% 50 to 64: 9% 65 or over: 7%	Proportion of age group in Social/Affordable Rented: Under 25: 32% 25 to 49: 35% 50 to 64: 54% 65 or over: 62%
Change in age of HRP 2001 - 2011 (Note: the 2001 and 2011 Census used different age bands and are only broadly comparable)	Between 2001 and 2011: • Decrease in ownership in the younger age groups; • proportion of the under 25 age group owning decreased from 12% to 9%; • of the 25 to 44 age group in 2001, 35% owned compared to 29% of the 25 to 49 age group in 2011; • if the housing tenure for the 25 to 49 age group was available from the 2001 Census, then the decrease could be expected to be higher than shown here.	Between 2001 and 2011: • Increase in private rented in the younger age groups; • proportion of the under 25 age group renting privately increased from 52% to 59%; • of the 25 to 44 age group in 2001, 24% rented privately compared to 36% of the 25 to 49 age group in 2011; • if the housing tenure for the 25 to 49 age group was available from the 2001 Census, then the increase in private renting could be expected to be lower than the difference shown here, but still noticeable.	Between 2001 and 2011: • Increase in social/ affordable renting in the younger age groups; • decrease is evident in the 25 to 44/49 age group; • Proportion of the under 25 age group in social/ affordable renting increased from 32% to 36%; • of the 24 to 44 age group in 2001, 41% in social/ affordable renting compared to 35% of the 24 to 49 age group in 2011; • proportions of the older age groups in social/affordable renting increased slightly.

	Market Housing: Owner Occupation	Market Housing: Private Rented Sector	Affordable Housing: Social and Affordable Rented
Household composition			
Household composition 2011	30% Single Person 22% Couples 19% Couples with Children 6% Lone Parent 0% All Students 10% All Pensioners 12% Other	29% Single Person 25% Couples 6% Couples with Children 4% Lone Parent 4% All Students 3% All Pensioners 30% Other	32% Single Person 5% Couples 14% Couples with Children 25% Lone Parent 0% All Students 15% All Pensioners 8% Other
Change in household composition ('Small' changes = no more than +/-2%)	Between 2001 and 2011: • Proportion of single persons decreased from 34% to 30% of owners; • proportion of couples increased from 18% to 22% of all owners; • little change across other household compositions.	Between 2001 and 2011: • Proportion of single persons decreased from 32% to 29%; • proportion of couples increased from 21% to 25%; • proportion of 'pensioners' decreased from 8% to 3% • proportion of 'others' increased from 27% to 30%; • small increase in all other household compositions.	Between 2001 and 2011: • Proportion of lone parents increased from 21% to 25%; • proportion of 'pensioner' households decreased from 20% to 15%; • small changes among other household compositions.
Household employment			
Industry of employment - 2011	Top 4 most common: • 40% Financial, Real Estate, Professional and Administrative activities • 15% Transport and communication • 8% Distribution, hotels and restaurants • 31% Other	Top 4 most common: • 42% Financial, Real Estate, Professional and Administrative activities • 14% Transport and communication • 14% Distribution, hotels and restaurants • 24% Other	Top 4 most common: • 18% Financial, Real Estate, Professional and Administrative activities • 12% Transport and communication • 20% Distribution, hotels and restaurants • 40% Other
NS-SeC - 2011	Top 4 most common: • 33% Higher managerial, administrative and professional occupations • 36% Lower managerial, administrative and professional occupations • 10% Small employers and own account workers • 7% Intermediate occupations	Top 5 most common: • 28% Higher managerial, administrative and professional occupations • 33% Lower managerial, administrative and professional occupation • 6% Small employers and own account workers • 8% Intermediate occupations • 10% Full-time students	Top 5 most common: • 16% Lower managerial, administrative and professional occupations • 12% Intermediate occupations • 16% Semi-routine occupation • 15% Routine occupations • 16% Never worked and long-term unemployed

Market Housing: Owner Occupation

House Prices in Islington

3.43 House price trends (2001-2013) are shown in Figure 29 and Figure 30 shows lower quartile house prices adjusted for the impact of inflation. Therefore, the prices reflect real changes which have occurred since 2001 when removing the impact of background inflation.

Figure 29:   House Price Trends: Lower Quartile Prices (Source: CLG Live Tables. Note: Greater London figure derived using population weighted average of Local Authority data)
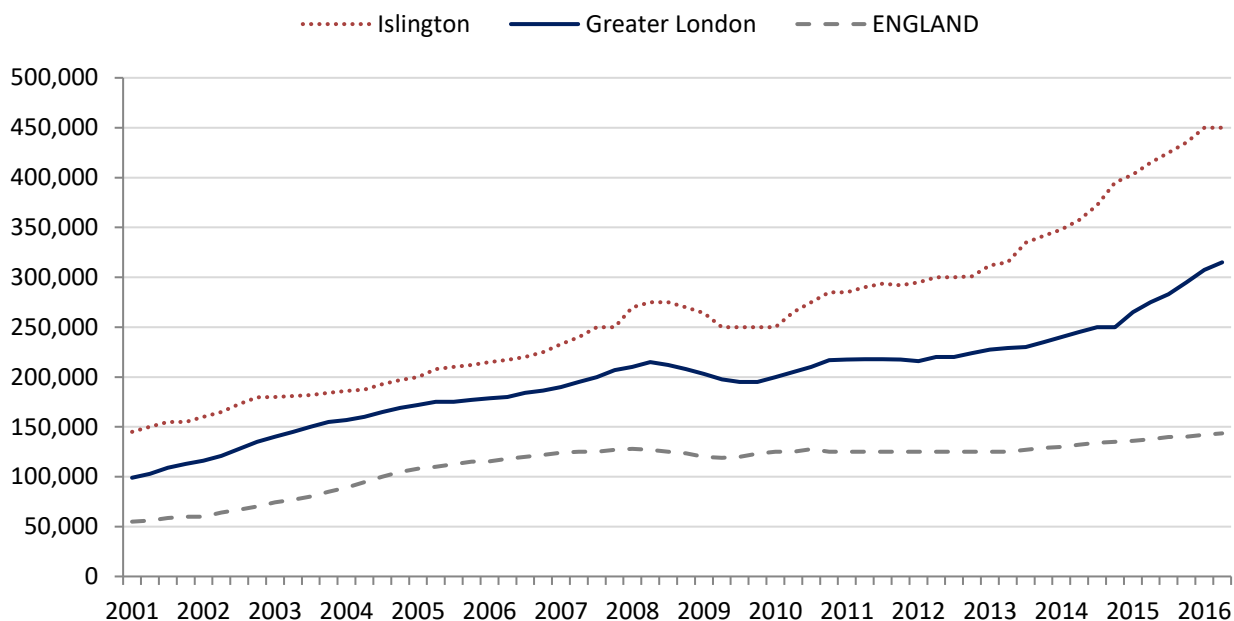
Figure 30:   Real House Price Trends: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: Greater London figure derived using population weighted average of Local Authority data)
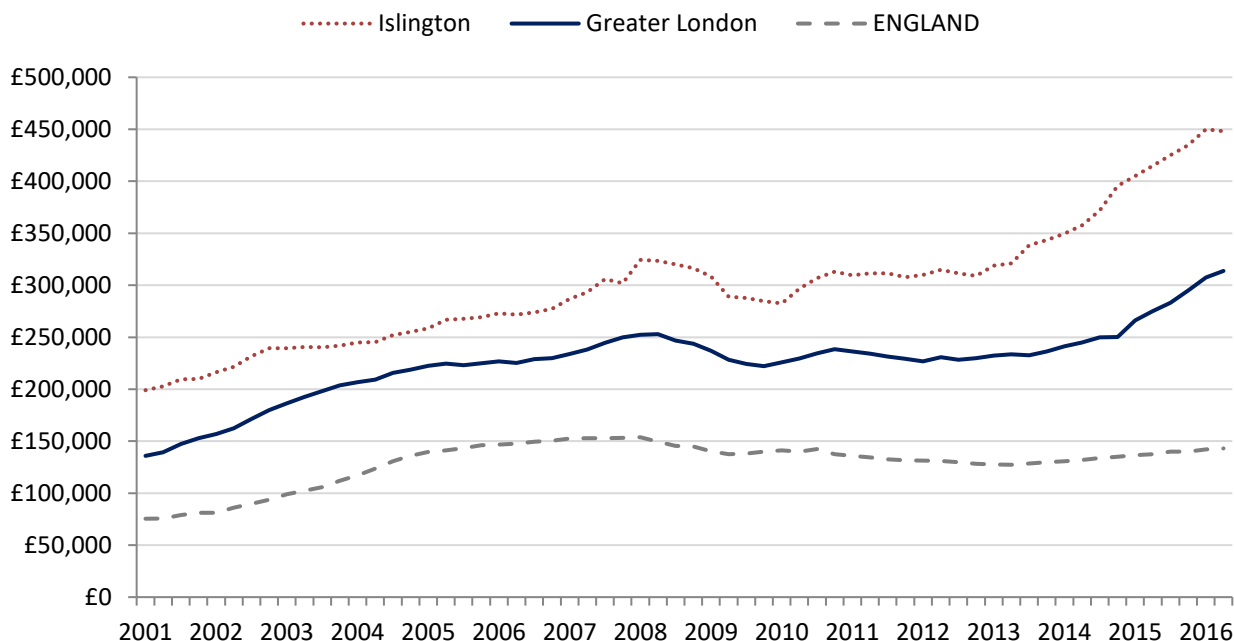
3.44 It is clear that real house prices in Islington rose sharply in the period 2001-2007 (from £195,000 to £280,000 at 2011 values, a real increase of 44%); in some periods at a higher rate than London. Figure 31 shows how real house prices in Islington and London have varied when compared with England. This shows that real house prices in Islington are currently significantly above long-term average trends, being around +£190,000 more than the average for England, and out of line with the rest of London (currently around +£110,000 more than the average for England).

Figure 31: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: Greater London figure derived using population weighted average of Local Authority data)
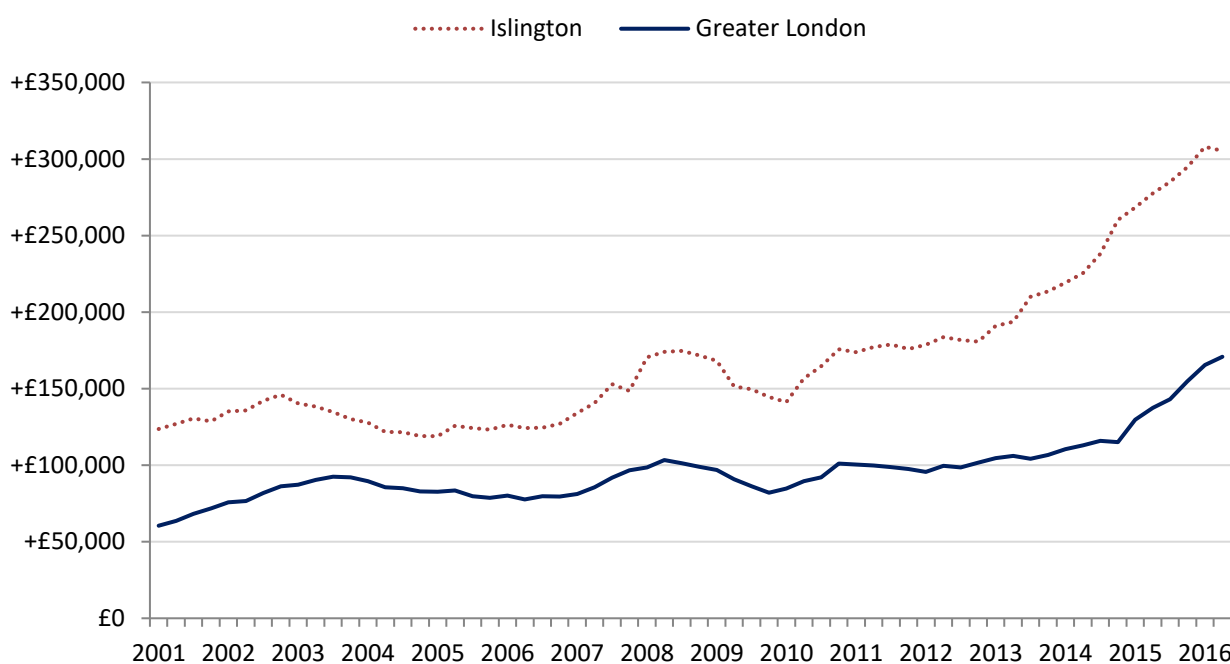
3.45 Land registry data from the London Data Store suggest that property prices have continued to increase and possibly to accelerate since 2013. In Islington, the average, unadjusted, lower quartile price in 2012 was £300,000 compared to £340,000 in 2013 and £392,000 in 2014. The average unadjusted lower quartile prices for inner London were £250,000 in 2012, £275,000 in 2013 and £322,500 in 2014. It is important to note that these figures are not adjusted to 2011 values and so are indicative rather than directly comparable to the adjusted figures discussed above.

Owner Occupation Affordability in Islington

3.46 Figure 32 below shows the ratio of lower quartile house price to lower quartile earnings in Islington between 2001 and 2013. This long term trend for Islington shows that affordability worsened in the period 2001-08 (when there was an increase in real house prices), improved between 2008 and 2009, but has since risen back to new peak levels. Of course, it is also important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

3.47 The March 2016 Mayor of London Housing Supplementary Planning Guidance benchmark of the ratio of lower quartile house prices to lower quartile earnings, 2013 for Islington is 12.13. This is the same as the 2013 figure for Islington in Figure 32.

Figure 32: **Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: CLG. Note: Greater London figure derived using population weighted average of Local Authority data)**
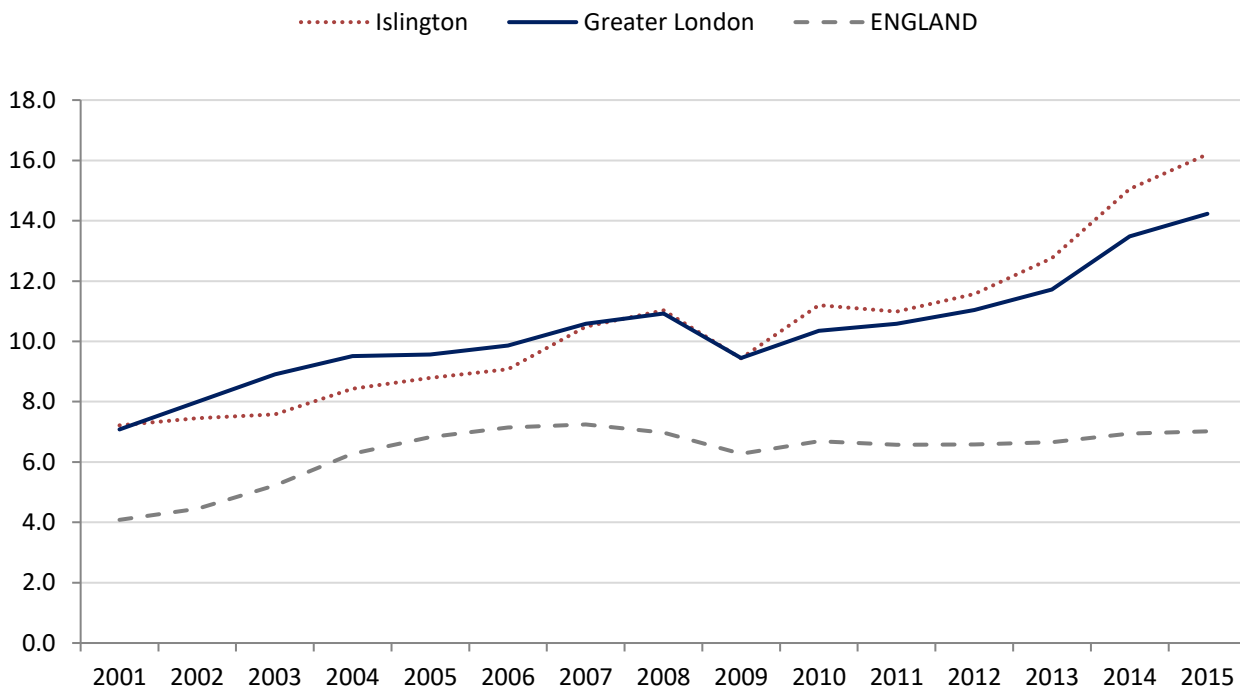
Market Housing: Private Rent

3.48 Based on the range of information available about tenants currently renting privately in Islington, it is helpful to consider the mix of different types of household living in the area (source: UK Census of Population 2011 and DWP):

» 1,100 properties are rented by households that are students, although this is only 6% of the sector;

» 2,900 properties are rented by households in receipt of housing benefit;

» A further 22,400 households renting privately; either through choice (due to current personal, family, employment or other circumstances) or as they can't realistically afford to buy their own home in Islington.

Figure 33: Mix of household types living in the private rented sector (Source: UK Census of Population 2011 and DWP)
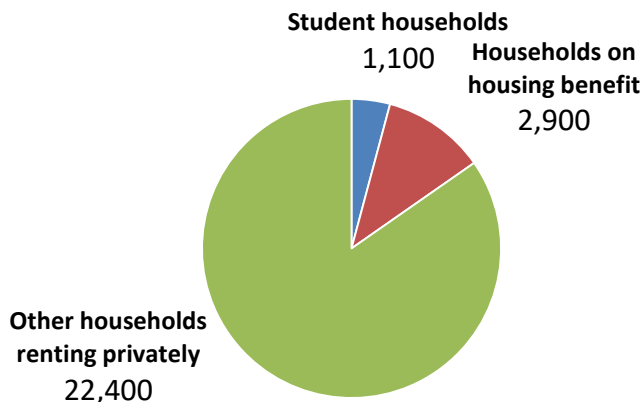
3.49 The Government sees the PRS having an important and long term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and is explicitly factored into the long-term forecasts for public spending.

3.50 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore, it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs.

3.51 The current definition of affordable housing need set out in Planning Practice Guidance (along with NPPF, this is the key Guidance for SHMA studies) defines households as being in need of affordable housing only if they cannot afford to meet their need in the market. For households who cannot access affordable rent, this means they will often meet their need via the private rented sector. However, the scale of house price increases over the last 15-20 years has meant that many private rent households who could afford to buy in earlier years cannot now afford to do so; hence why they meet their need in the private rented sector. Arguably, this constitutes a latent demand for home ownership.

3.52 The NPPF seeks to *"widen opportunities for home ownership"* (paragraph 50) and this demand has been targeted for various affordable home ownership (AHO) products for some time through national schemes such as Help-to-Buy and the Starter Home Initiative which aim to help people onto the housing ladder for homeownership.

Private Sector Rents in Islington

3.53 Rental trends show both Islington and Camden rents are higher than London. However, while 1 bed properties are relatively stable, there are consistent increases for 3 and 4 bedroom properties over time indicating demand exceeds supply for these larger rental properties. Actual median monthly rents also reflect the levels of rent and how the increases for larger properties are higher than for smaller. For example, a 3 bed property rent has increased by 23% in Islington over the period September 2012 to March 2015 which is well above the rate of inflation.

Figure 34: Median Monthly Rents (Source: Valuation Office Agency 2011-2015)
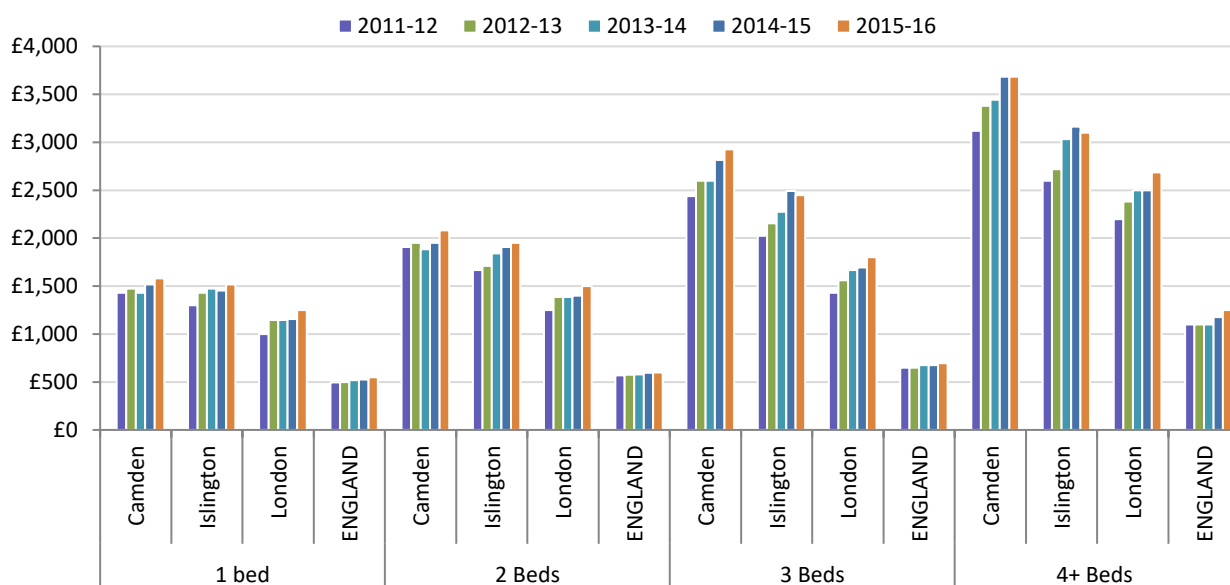
Figure 35: Median Monthly Rent Values (Source: Valuation Office Agency 2011 -2015)

	October 2011-September 2012	October 2012-September 2013	October 2013-September 2014	April 2014-March 2015	April 2015-March 2016
Islington					
1 bedroom	£1,300	£1,430	£1,473	£1,452	£1,517
2 bedroom	£1,668	£1,712	£1,842	£1,907	£1,950
3 bedrooms	£2,026	£2,156	£2,275	£2,492	£2,448
4 or more bedrooms	£2,600	£2,719	£3,033	£3,163	£3,098
London					
1 bedroom	£1,000	£1,148	£1,148	£1,155	£1,250
2 bedroom	£1,250	£1,387	£1,387	£1,400	£1,500
3 bedrooms	£1,430	£1,560	£1,668	£1,695	£1,800
4 or more bedrooms	£2,197	£2,383	£2,500	£2,500	£2,687
England					
1 bedroom	£495	£500	£520	£525	£550
2 bedroom	£570	£575	£580	£595	£600
3 bedrooms	£650	£650	£675	£675	£695
4 or more bedrooms	£1,100	£1,100	£1,100	£1,175	£1,250

Local Housing Allowance Rates in Islington

3.54 Local Housing Allowance (LHA) rates are capped and set at the 30th percentile of local rents (pre-reform this was the 50th percentile). Figure 36 shows the change in terms of the local Broad Rental Market Areas and those adjacent. The change has meant a lower LHA figure for each property size. However, LHAs for different sizes of properties are also subject to national caps[11] and it is these caps which govern most rents in central London. LHAs in the Inner North London BRMA are subject to the national caps for September 2014.

Figure 36: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas (Source: Valuation Office Agency)

Weekly Rent £	March 2011 LHA *50th percentile*				September 2015 LHA *30th percentile*			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
Central London	£375	£550	£795	£1,250	£261	£302	£354	£417
Inner North London	£275	£350	£485	£610	£261	£302	£354	£417

3.55 Evidence of the impact of Benefit reform is scarce. While qualitative studies and small surveys have been undertaken, there is no secondary data available at fine grain.

3.56 A 2014 Joseph Rowntree Foundation (JRF) report[12] notes that the HB reforms:

» *"failed to deliver the savings expected … while increasing costs to landlords;*

» *The way the policy is implemented differs from region to region and there is no official definition of a bedroom or its minimum size."*

3.57 Overall, the pattern of change is clear; claimant numbers are reducing in Inner London boroughs faster than outer London boroughs. Reduction in Islington and Camden are broadly similar to other Inner boroughs, although some have seen faster reductions in claimant numbers.

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[11] http://researchbriefings.files.parliament.uk/documents/SN04957/SN04957.pdf
[12] "Housing benefit size criteria: impacts for social sector tenants and options for reform; 23 June 2014"

Figure 37: Relative Change in Housing Benefit Claimants in the Private Rented Sector (3 month rolling average) (Source: DWP)
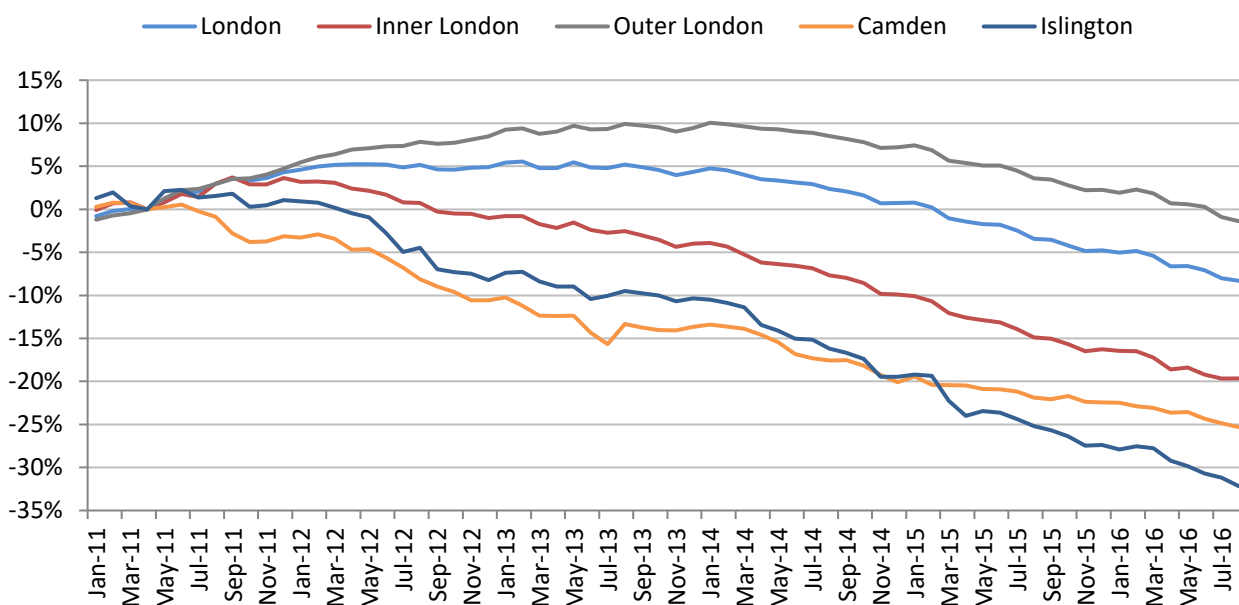
3.58 Figure 38 shows that while Inner London saw a rise of 6,470-households receiving housing benefit in the private rented sector in the year 2010-2011, Inner London boroughs have consistently seen a reduction in the number of claimant households since then. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available; so Inner London boroughs are likely to be displacing those in need of affordable housing, and there is no real possibility of them being accommodated in the private rented sector. This is not a policy choice by Islington or any other boroughs, but simply a reflection of the impact of welfare reform on the operation of the private rented market.

Figure 38: Annual Change in Housing Benefit Claimant is in the Private Rented Sector by Local Authority (Source: Department of Work and Pensions)

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Inner London						
Camden	-400	-248	-398	-157	-278	-138
Hammersmith and Fulham	120	-127	-212	-350	-248	-305
Islington	100	-122	-320	-205	-372	-255
Kensington and Chelsea	70	-469	-497	-267	-139	-244
Tower Hamlets	340	-14	-251	-246	-279	-283
Wandsworth	400	67	-104	-359	-509	-521
Inner London Total	**6,470**	**1,327**	**-3,701**	**-4,899**	**-6,600**	**-5,571**
Outer London Total	**18,590**	**9,719**	**4,273**	**-671**	**-6,953**	**-7,447**
LONDON TOTAL	**25,060**	**11,062**	**549**	**-5,570**	**-13,539**	**-13,032**

Note: The totals for inner and outer London include boroughs with declining (negative) figures as well as increasing (positive) figures.

Impact of the Benefit Cap on Housing Benefit in Islington

3.59 The Benefit Cap limits the amount of benefits a household can receive to £500 a week for couples or lone parents, and £350 a week for single adult households. The benefits included within calculation of the Benefit Cap are numerous and include the following benefits:

> *"Bereavement Allowance, Carer's Allowance, Child Benefit, Child Tax Credit, Employment and Support Allowance (unless you get the support component), Guardian's Allowance, Housing Benefit, Incapacity Benefit, Income Support, Jobseeker's Allowance, Maternity Allowance, Severe Disablement Allowance, Widowed Parent's Allowance."*

3.60 Before the cap, there was no upper limit on benefit claims, with 300 of the highest claiming families getting over £10 million in benefits every year. Nationally, the Government highlights how 'The benefit cap continues to provide an incentive to work, with over 22,000 people who had their benefits capped moving into work'[13].

3.61 Recent data on the Benefits Cap is shown below. The trend in numbers of households affected by the Benefit Cap in Islington and Camden show how c.520 households are affected across the two boroughs. In January 2015, both had around 260 affected households. However, the trend is for the number of households affected to reduce.

Figure 39: Benefit cap – Number of Households affected (Source: CLG)

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[13] https://www.gov.uk/government/news/benefit-cap-thousands-move-into-work-or-off-housing-benefit
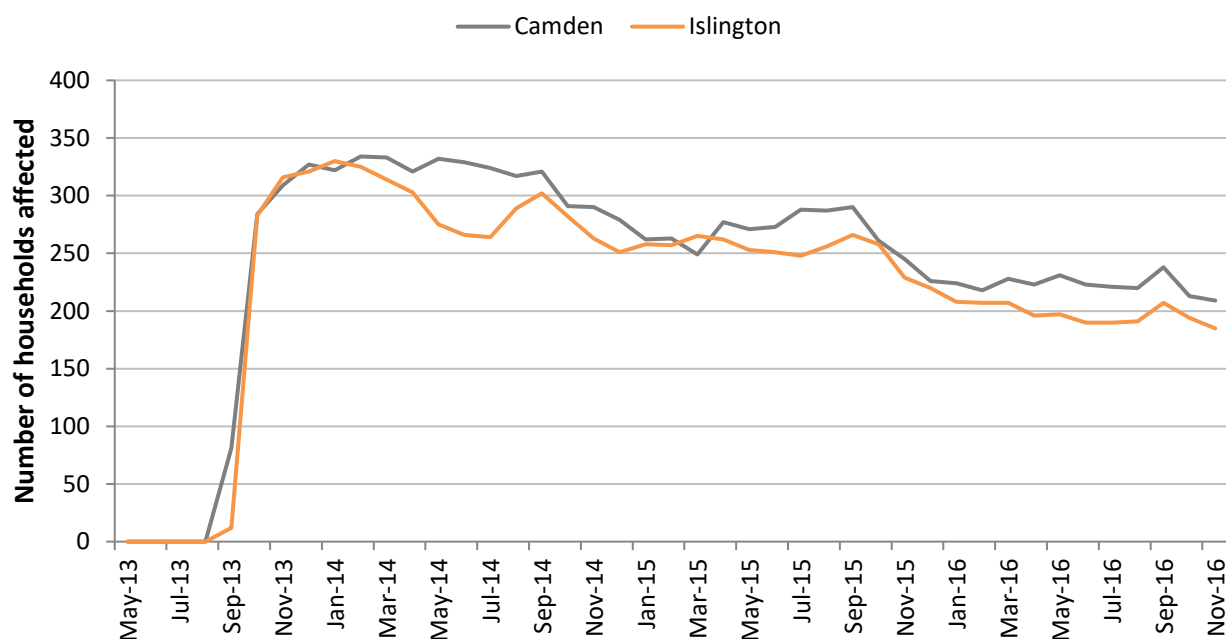
Affordable Housing: Social and Affordable Rented

Spare Room Subsidy ("Bedroom Tax")

3.62 One reform issue which has had Parliamentary scrutiny is the Spare Room Subsidy or 'Bedroom Tax'. A DWP Select Committee Report (2014)[14] highlighted data on the impact of Bedroom Tax across the UK. It showed that 2.4% of households in London were affected:

Figure 40: **Bedroom Tax: Work and Pensions Committee (March 2014)**

Region	Households affected	Households affected per 10,000	Estimated loss pa (£m)
London	**80,000**	**240**	**90**
South East	40,000	110	30

3.63 In the first six months of 'Bedroom Tax' the Committee noted that 6% of affected households moved to avoid the new rule. However, a shortage of housing prevents moves in many areas and 22% of those still affected were still registered for a transfer. Most affected households have not moved, and of these about half have rent arrears as a result.

Discretionary Housing Payments

3.64 In 2015/16, the Government contributed £125 million to Discretionary Housing Payments (DHP) funding. DHPs are awards that can be made by local authorities (LAs) to Housing Benefit claimants who are experiencing financial difficulty with housing costs. £800 million of funding for Discretionary Housing Payments was allocated over the following 5 years in the Summer Budget 2015 and the Discretionary Housing Payments Guidance Manual (DWP December 2016[15]) states that:

> "To continue to assist claimants through the transitional period of these reforms, the Government have committed to provide £870 million in DHP funding to 2020/21."
> (Paragraph 1.3)

3.65 The Government have published data since 2014-15 based on returns local authorities showing the use of DHPs. The latest available data is for 2015-16[16] and, based on from 377 out of 380 local authorities; shows that in Great Britain, 152 local authorities spent more than their allocation, 215 local authorities spent less than their allocation, and 10 spent exactly 100 per cent of their allocation. Excluding Scotland, the number of local authorities spending more than their allocation decreased to 121.

3.66 By considering each of the categories for DHP award across Islington and Camden, it is possible to get some insight into the impact of Welfare Reform.

3.67 Spend for the 2015-16 financial year in Islington was £1,100,368 (111%) against an allocation of £989,332 for 2015-16. In Camden the spend was £856,556 (96%) against an allocation of £889,647 for 2015-16.

3.68 The chart below shows that, by value, the highest amount for DHP payments is made to social tenants affected by the spare room subsidy. Next highest is payments to alleviate the Benefit Cap. There are lower payments for LHA reforms and for a combination of different reform items.

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[14] http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72002.htm
[15] https://www.gov.uk/government/publications/discretionary-housing-payments-guidance-manual
[16] https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-financial-year-201516

Figure 41: Value of DHP payments – 2013-14 (Source: CLG)
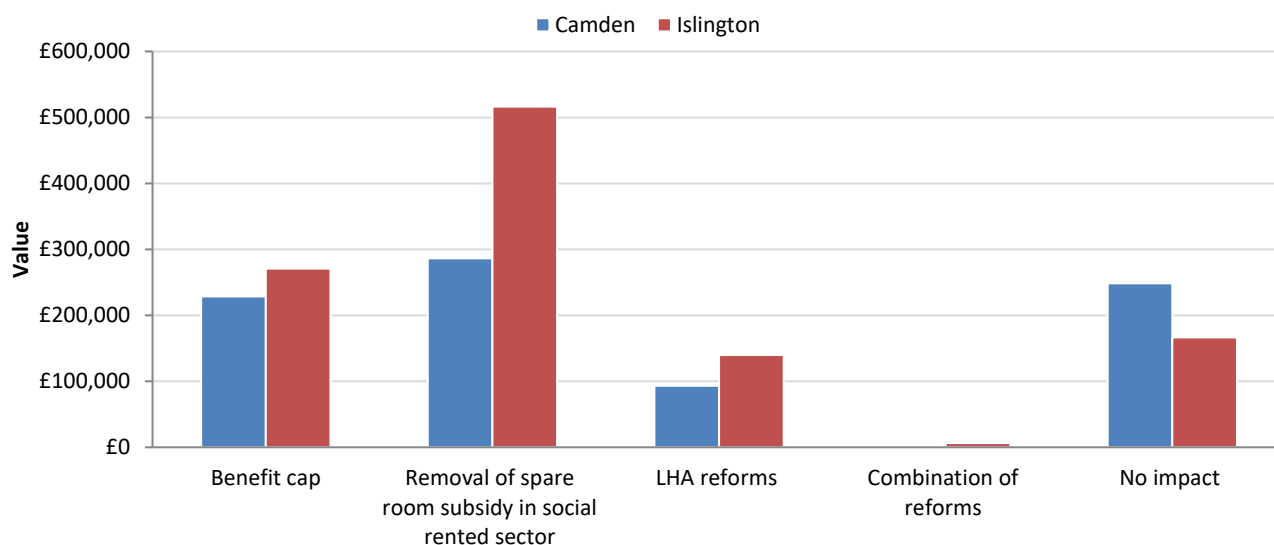
3.69 The reasons why these awards were made are varied and are not always due to Welfare reform; often they are for help, such as a deposit, to secure a move to alternative accommodation, or help with short-term rental costs to secure and move to alternative accommodation, or for a disabled person in adapted accommodation, or with help with on-going rental costs for foster carer.

Impact of Welfare Reforms in Islington

3.70 The current and previous Governments have introduced a number legislative changes associated with their programmes of Welfare Reform. Figure 42 provides a summary of some of the key changes that have affected the support for housing:

Figure 42: Summary of legislative changes affecting housing (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	LHA Cap, setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands

Effective from	Change
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

3.71 Although data at fine grain is not readily available, the SHMA household survey found that 12.5% of all current households, not just those receiving benefits, have been affected by the changes. It is of course possible that many households affected by the changes have already left the area prior to the survey. Of the households affected by welfare reform, 3.2% of all households have been affected by changes to housing benefit and 0.3% of all households by the bedroom tax.

Figure 43: Impact of Welfare Reform (Source: Camden and Islington Household Survey 2014. Note: Some Households Affected by More than 1 Change)

Welfare Change Impact	Percentage of all households
Housing Benefit (LHA)	3.2%
Child Benefit	2.2%
Council Tax Benefit	1.8%
Child Tax Credit	1.4%
Disability Living Allowance	1.3%
Employment and Support Allowance	1.2%
Working Tax Credit	1.0%
Income Support	0.9%
Pensions	0.8%
Job Seekers Allowance	0.5%
Bedroom Tax/Spare Room Subsidy	0.3%

3.72 While these do not appear to be enormous figures, the total percentage of households affected would represent around 7,000 households across the Camden and Islington local housing market area. It is also the case that many other households will have been affected by other welfare reforms which will have reduced their total household income, particularly non-working households who are also affected by the total benefit cap.

3.73 Given the further changes planned for the welfare system it is likely that more households will be affected with the result that there will be higher movement in the social housing stock due to the bedroom tax and fixed term tenancies, while more households who receive housing benefit in the private rented sector will have to look outside the boroughs for properties which are more affordable.

Further Developments in Housing and Welfare Policy

3.74 In addition, the Summer Budget 2015 and the Autumn Statement (November 2015)[17] introduced new Welfare Reforms which will be phased in.[18] As an almost immediate response to these changes a leading London Registered Provider, Genesis, announced that they would no longer be seeking to deliver any further social rent or affordable rent homes. Instead, they would be focusing their development strategy on homes for sale, market rent and shared ownership. Genesis noted that the financial incentives to provide social rent and affordable properties in London have been diluted with resources being diverted to helping households in to home ownership.

3.75 The Summer Budget 2015 and the Autumn Statement (November 2015) introduced a raft of new policy approaches which seem likely to introduce a number of innovations as well as changing further the consensus on who affordable housing, in particular, is for. The main changes are:

> » Right to buy for housing association tenants

> » Reducing rents in social housing by 1% a year for 4 years

> » Review the use of lifetime tenancies in social housing

3.76 The implications of these changes are not yet known. Several themes have emerged regarding the direction of travel, but following the July 2016 referendum to leave the EU and a new Prime Minister in place, in a speech to the Chartered Institute of Housing in September 2016, the Housing Minister signalled that the government is open to moving away from its focus on home ownership along with other changes, with a White Paper to set out a detailed strategy for housing, which was published in February 2017.[19]

3.77 The Housing and Planning Act 2016, introduced policies to deliver Starter Homes and Self Build and Custom Housebuilding, both of which are discussed in this SHMA, along with others which it is too early to assess:

> » Implementing the Right to Buy on a voluntary basis for housing association tenants;

> » A duty on councils to consider selling vacant higher value properties; and

> » Phasing out of tenancies for life.

3.78 The Mayor of London published his vision for London 'A City for All Londoners' in October 2016, in which he announced plans to "*offer a variety of affordable housing types – low-cost rented, the London Living Rent and shared ownership – working towards a target of 50 per cent of new homes in the capital being affordable*". Again, it is too early to assess the implications of this policy.

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[17] https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents/spending-review-and-autumn-statement-2015
[18] Housing benefit for new social housing tenants capped at LHA levels from April 2016; extension of shared accommodation rate to single people under 35 living in social housing
[19] Inside Housing, October 2016

The Overall Impact of Welfare Reform

3.79   The overall impact of welfare reform on the housing markets of Islington and Camden should be seen in the context of changes which occurred before reform took place. Between 2001 and 2011 the level of home ownership declined in both boroughs. While both boroughs have large existing housing social housing stocks, the impact of right to buy sales has seen the size of these stocks being reduced with new dwelling delivery not keeping pace with losses from the stock. Meanwhile, the private rented sector has grown significantly in both boroughs, with the majority of the growth focused upon those households who meet their own housing costs.

3.80   The impact of on-going welfare reform is likely to see even fewer benefit recipient households in the borough. Meanwhile, the potential for a higher number of right to buy sales from Registered Provider properties will potentially see even fewer households having their needs met in the social rented sector. The overall impact of these changes is that there is likely to be an on-going growth in the private rented sector for households who can afford to meet their own rents including growth in the number of houses in multiple occupation. Meanwhile, there may be a displacement of households who require affordable housing to other areas where rents are cheaper.

3.81   The impact of welfare reform is likely to enhance a number of these existing changes. These include:

»   Social rent and affordable rent will become increasingly difficult to deliver in Central London due to changes to the level of rents which can be charged and grant funding systems. This issue is largely beyond the control of the councils;

»   The level of need for social rent will not decline as many households cannot afford existing social rents, placing greater pressure on the existing social housing stock to meet the needs of those who cannot afford to live in any other tenure. This also means that there is a potential displacement of households in need of affordable housing to other areas;

»   The potential introduction of right to buy for Registered Provider properties will see further losses for the social housing stock;

»   The impact of welfare reform on turnover in the social housing stock is uncertain. While, the impact of the bedroom tax/spare room subsidy encouraged more households to downsize, the lack of alternative accommodation and greater long-term incentive to exercise right to buy may see fewer households move overall.

»   The freezing of LHA rates for 4 years and reductions in the benefit cap to £23,000 per annum for non-working households will make it harder for households to be able to afford to remain in the private rented sector. Again this is likely to see the displacement of households in need of affordable housing to other areas;

»   High house prices will see owner occupation rates continue to decline unless supported by a growth in right to buy sales;

»   The major area of growth in the housing market in Islington and Camden is likely to continue to be in the private rented sector with more houses in multiple occupation and households who are meeting their own housing costs.

Housing Market Signals

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

> *The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (ID 2a-019)*
>
> *A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (ID 2a-020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

3.83   The Market Signals include:

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

3.84   Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 6.13). Further, there are wider market trends and drivers to consider. A full range of market signals are considered here and their implications especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

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

> *Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. (ID 2a-020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

3.86   To identify areas with similar demographic and economic characteristics, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. The outcome of this analysis was that Islington shares similar demographic and economic characteristics with Hammersmith & Fulham, Kensington & Chelsea, Tower Hamlets and Wandsworth. Therefore, in considering market signals, we have considered these borough council areas as appropriate comparators and compared them against the study areas.

Rate of Development

3.87 Nationally, housing starts and completions reflect the market response to the economic downturn in 2007-2009. Since 2007-08, starts have exceeded completions for the first time in 2013-14, albeit at significantly lower levels than before 2007-08. Based on the AMR excluding vacancies brought back into use, the picture for Islington shows a high level of completions, increasing from around 1,200 in 2003-04 to 3,100 in 2007-08, after which completions fell back to 1,200, in 2010-11, increasing to approaching 1,700 in 2014-15.

3.88 The March 2016 SPG benchmark figure for average annual net completions (2004-2013) for Islington is 1,705, which is comparable to the mean of AMR records 2003-04 to 2013-14. The SPG does not provide a directly usable London comparison for completions. Source of housing delivery has varied since 2009/10. Almost all delivery has been by private enterprise or registered providers (Figure 45).

Figure 44: Housing Completions in Islington 2004-2014 (Source: Islington AMRs)
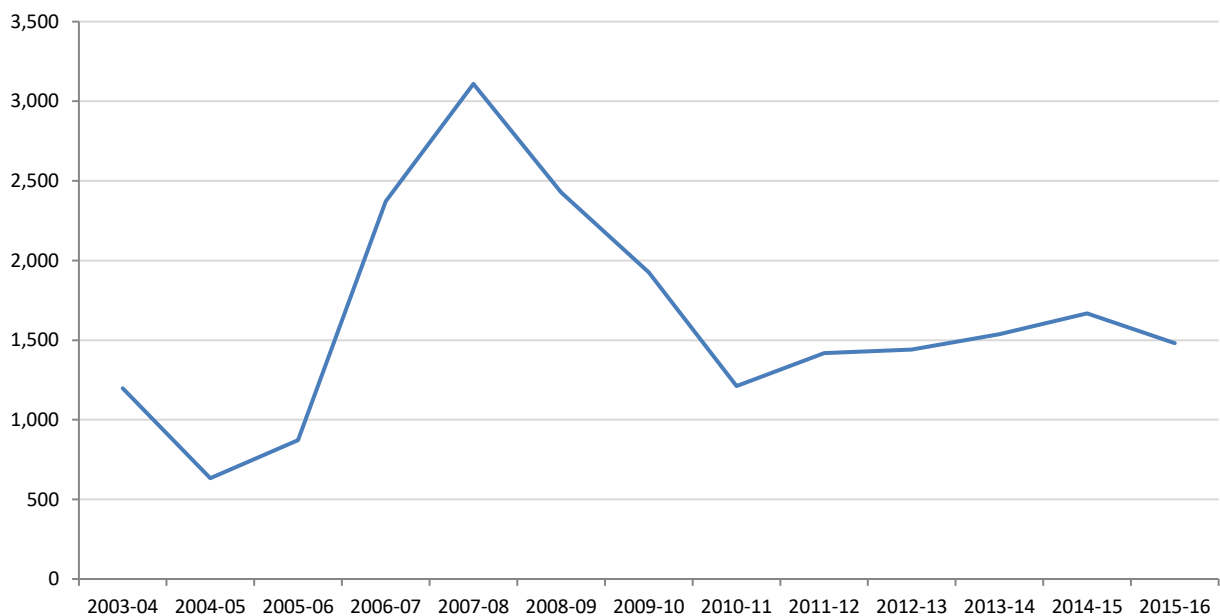
Figure 45: Housing Delivery in Islington 2004-2014 (Source: CLG Completions.)

Dwellings Started
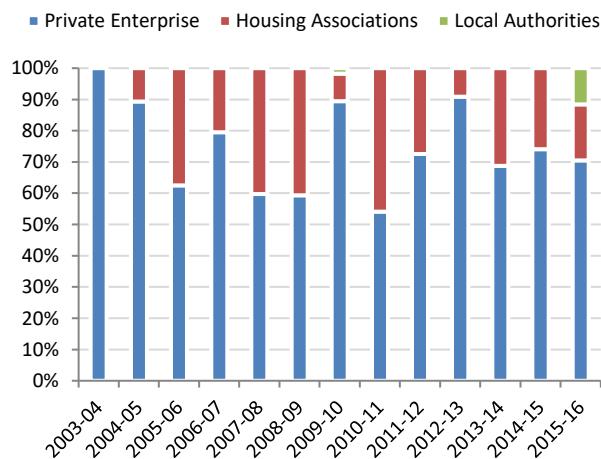
Dwellings Completed
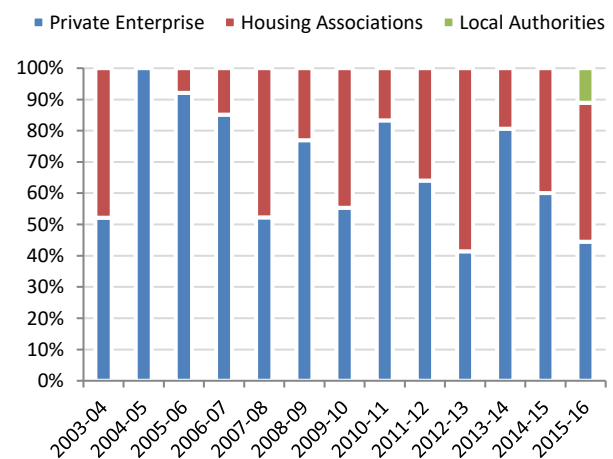
Overcrowding

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

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

3.90 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement[20]:

» A one person household is assumed to require 3 rooms (two common rooms and a bedroom); and

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

3.91 Overcrowding across all household types has increased across all household types between Census 2001 and 2011 (Islington +4.1%; Camden +2.7%). We would note that both the 2001 and 2011 Census contain a measure of overcrowding reflected by room occupancy. However, we also note that a feature of the ONS calculation of overcrowding by room occupancy is that households classed as living in overcrowded housing include all individuals (and any other households) living in studio flats, and all couples (and any larger households) living in a one-bedroom flat with a combined lounge-kitchen-diner. The room occupancy measure has the benefit of allowing a consistent comparison between the 2001 and 2011 Census, but the SHMA uses the bedroom occupancy measure introduced in the 2011 Census in preference (see below).

3.92 The bedroom occupancy standard follows the bedroom standard rules and subtracts the number of bedrooms from the number of bedrooms required by the household size and composition. A rating of zero means the household has exactly the number of bedrooms required according to the bedroom standard, while a rating of -1 means the household has one too few and +1 that the household has one above the required number.

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[20] The 2011 Census glossary states that: "The definition of a room does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted."

Figure 46: **Proportion of overcrowded households 2011 and change 2001-11 (Note: overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

	Camden 2011	Net Change 2001-11	Islington 2011	Net Change 2001-11
One person household	**32.5%**	**+3.1%**	**24.7%**	**+4.1%**
Aged 65 and over	21.7%	-0.1%	13.7%	-2.1%
Other	36.1%	+4.2%	27.6%	+5.3%
One family only	**26.4%**	**+1.4%**	**26.5%**	**+1.3%**
All aged 65 and over	5.1%	+0.4%	4.8%	-0.9%
Couple: No children	18.8%	+2.5%	19.9%	+6.4%
Couple: Dependent children	29.1%	-1.5%	31.3%	-2.7%
Couple: All children non-dependent	17.3%	+2.4%	16.4%	+0.0%
Lone parent: Dependent children	49.4%	+5.1%	41.9%	+1.1%
Lone parent: All children non-dependent	29.2%	+3.2%	22.0%	+2.5%
Other household types	**47.9%**	**+3.9%**	**45.8%**	**+7.7%**
With dependent children	55.5%	-2.1%	58.6%	+3.4%
Other (including all full-time students and all aged 65 and over)	46.2%	+6.3%	43.4%	+10.4%
All Households	**32.5%**	**+2.7%**	**29.1%**	**+4.1%**

3.93 For Islington, overcrowding increased from 20,504 to 27,191 households (an increase of 6,687) over the 10-year period 2001-11 (Figure 47). The percentage of overcrowded households has also increased from 24.9% to 29.1%. When considered by tenure, overcrowding has:

» reduced by 393 households in the social rented sector, though this is a decrease of only 1%;

» increased by 939 households in the owner occupied sector an increase of 23%;

» shown the largest growth in the private rented sector where the number has increased from 5,271 to 11,412, a growth of 6,141 households, or 26% over the 10-year period.

Figure 47: **Proportion of overcrowded households 2011 for Islington and change 2001-11 by tenure (Note: <u>Overcrowded households are considered to have an occupancy rating of -1 or less</u>. Source: UK Census of Population 2001 and 2011)**

	Overcrowded households							
	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11			
	N	%	N	%	N	%	N	%
Owned	3,251	12.3%	4,190	15.1%	+939	+23%	1,227	4.4%
Private rented	5,271	34.4%	11,412	43.2%	+6,141	+26%	2,925	11.1%
Social rented	11,982	29.6%	11,589	29.5%	-393	-<1%	5,825	14.8%
All Households	**20,504**	**24.9%**	**27,191**	**29.1%**	**+6,687**	**+17%**	**9,977**	**10.7%**
ENGLAND	**-**	**7.1%**	**-**	**8.7%**	**-**	**+23%**	**-**	**4.6%**

English Housing Survey

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

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

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

Figure 48: Trend in overcrowding rates for England by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)
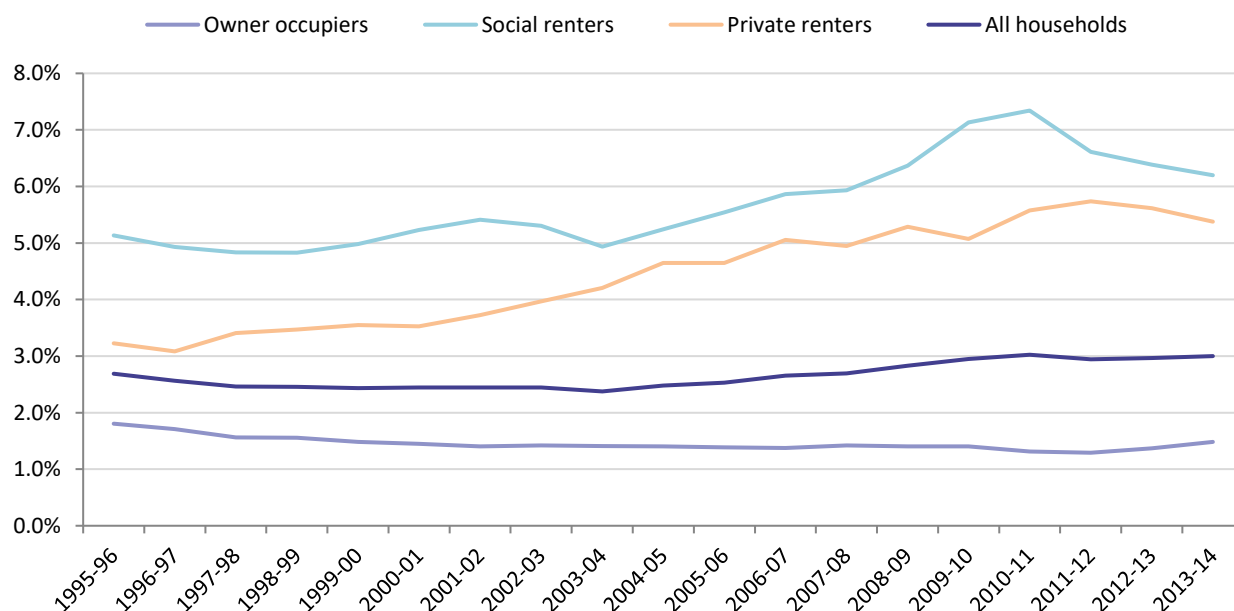
3.97 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance[22] that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

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

> *"4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:*

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[21] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf
[22] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

> – *married or cohabiting couple*
> – *adult aged 21 years or more*
> – *pair of adolescents aged 10-20 years of the same sex*
> – *pair of children aged under 10 years regardless of sex"*

3.99 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Islington, we can estimate overcrowding using the bedroom standard. Figure 49 sets out calculation of an indicator of overcrowding based on the Census occupancy rating for both rooms and bedrooms and an average of the two. The percentage of overcrowded households according to the EHS bedroom standard is used to calculate the proportion of households classed as overcrowded from the Census (which are overcrowded according to the bedroom standard).

Figure 49: Estimate of the number of overcrowded households in Islington by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011 Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating	*Bedrooms*	*Rooms*	*Bedrooms*	*Rooms*	*Bedrooms*	*Rooms*
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
ISLINGTON						
Census occupancy rating	*Bedrooms*	*Rooms*	*Bedrooms*	*Rooms*	*Bedrooms*	*Rooms*
Number of overcrowded households [D]	1,227	4,190	2,925	11,412	5,825	11,589
Full-time student households [E]	388	772	2,018	4,184	686	835
Overcrowded households (excluding students) [F = D - E]	839	3,418	907	7,228	5,139	10,754
Estimate of overcrowded households based on the bedroom standard [G = C × F]	**478**	**1,367**	**580**	**2,024**	**4,265**	**4,624**
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	**923**		**1,302**		**4,445**	

3.100 The overall number of Census households in Islington who are overcrowded according to the bedroom standard is shown. The number of full time student households is subtracted from the overall number of overcrowded households to give the relevant number of overcrowded households in Islington according to the Census occupancy rating, as the needs of student households as assumed to be transient. Finally, the proportion of overcrowded households who are overcrowded according to the bedroom standard is applied to the final number of overcrowded households according to the Census occupancy rating to give the number of households who are overcrowded according to the bedroom standard.

3.101 Based on the bedroom standard, it is estimated that 923 owner occupied, 1,302 private rented and 4,445 social rented households were overcrowded in Islington in 2011. The figures for student households are based upon the best estimates available in the 2011 Census and have been excluded from this calculation given that their needs are assumed to be transient.

Concealed and Sharing Households

3.102 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (ID 2a-019):

> *Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.*

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

Concealed Families

3.104 The number of **concealed families** living with households in Islington increased from 709 to 917 over the 10-year period 2001-11 (Figure 50), an increase of 208 families (29%). Whilst concealed families with older representatives will often be living with another family in order to receive help or support due to poor health, those with younger representatives are more likely to demonstrate un-met need for housing.

Figure 50: Concealed families in Islington by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	132	167	+35
Aged 25 to 34	212	293	+81
Aged 35 to 44	107	91	-16
Aged 45 to 54	47	95	+48
Sub-total aged under 55	**498**	**646**	**+148**
Aged 55 to 64	81	94	+13
Aged 65 to 74	97	104	+7
Aged 75 or over	33	73	+40
Sub-total aged 55 or over	**211**	**271**	**+60**
All Concealed Families	**709**	**917**	**+208**

3.105 When we consider the growth of 208 families over the period 2001-11, nearly three quarters (71%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

3.106 It is important to recognise that the needs of concealed families (and concealed households) will not be counted as part of the GLA household projections, so they have to be considered when establishing the housing backlog that exists at the start of the Plan period.

Sharing Households

3.107 The number of **sharing households** increased from 1,078 to 1,624 over the 10-year period 2001-11 (Figure 51), an increase of 546 households (51%).

Figure 51: **Shared Dwellings and Sharing Households in Islington (Source: Census 2001 and 2011)**

	2001	2011	Net change 2001-11
Number of shared dwellings	376	472	+96
Number of household spaces in shared dwellings	1,112	1,796	+684
All Sharing Households	**1,078**	**1,624**	**+546**
Household spaces in shared dwellings with no usual residents	34	172	+138

3.108 Figure 52 shows that the number of **multi-adult households** living in the area increased from 8,702 to 13,348 households over the same period, an increase of 4,646 (53%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities** (where the residents are not typically defined as forming a single household) as well as **single people living together as a group** who are defined as a single household for most purposes, and **individuals with lodgers**.

Figure 52: **Multi-adult Households in Islington (Source: Census 2001 and 2011)**

	2001	2011	Net change 2001-11
Owned	2,521	2,821	300
Private rented	4,455	8,701	4,246
Social rented	1726	1826	100
All Households	**8,702**	**13,348**	**4,646**

3.109 The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 4,246 households (an increase from 4,455 to 8,701 households over the period) and this represents over 91% of the total increase in multi-adult households living in the area.

3.110 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support).   Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs. It is therefore likely that more of the existing housing stock may be converted to HMOs. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Homeless Households and Temporary Accommodation

3.111 In Islington, there was a downward trend in the number of households accepted as being homeless and in priority need between 2001 and 2009 (Figure 53) with a gradual increase between 2009 and 2016. There was an average of 228 such households each quarter in 2015, which reduced to an average of 93 households by 2015, a net reduction of 135 households accepted each quarter in the period covered by Figure 54.

3.112 There was also a downward trend in households living in temporary accommodation between 2001 and 2009, with a gradual increase reaching a peak in 2013 and decreasing since then. There were 1,550 such households in 2005, including 103 in bed and breakfast accommodation and a further 306 in hostels; this had reduced to 914 by 2015, a net reduction of 636 households (Figure 54).

Figure 53: Islington households accepted as homeless and in priority need and households in temporary accommodation 2001-2016 (Source: CLG P1E returns)
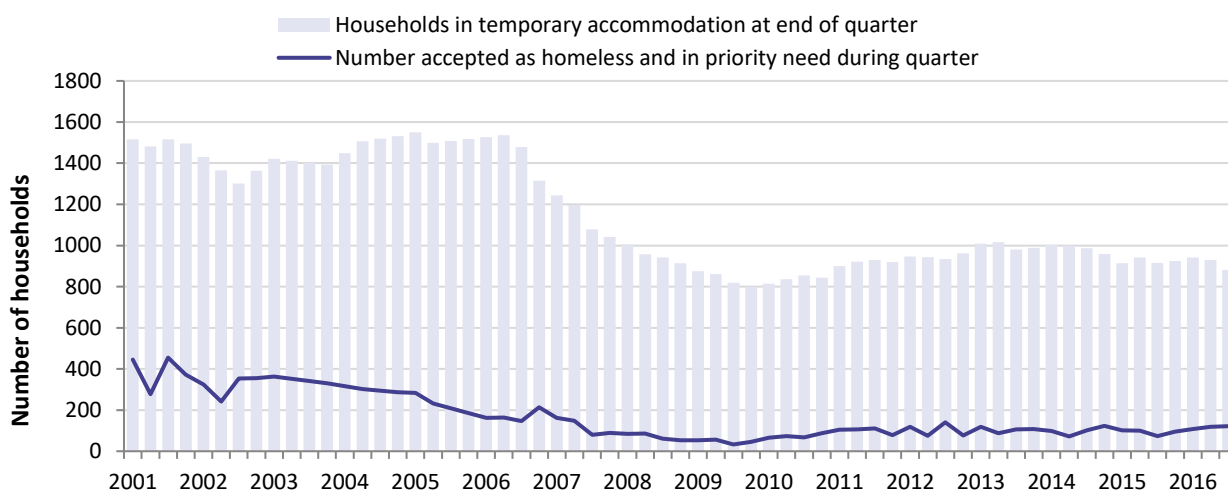
Figure 54: Households in temporary accommodation in Islington (Source: CLG P1E returns for June 2001 and June 2011)

		Islington			England 2015
		2005	**2015**	**Net change 2005-15**	
Households in temporary accommodation	Bed and breakfast	103	13	-90	-
	Hostels	306	75	-231	-
	Sub-total – temporary accommodation in communal establishments	**409**	**88**	**-321**	**-**
	Local Authority or RSL stock	200	24	-176	-
	Private sector leased (by LA or RSL)	508	246	-262	-
	Other (including private landlord)	433	556	+123	-
	TOTAL	**1,550**	**914**	**-636**	**-**
	Rate per 1,000 households	18.2	9.1	-9.1	*2.9*

3.113 It is evident that statutory homelessness figures have improved in Islington over the period since 2001, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing.

3.114 Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Summary of Key Market Signals

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

3.116 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 55: Summary of Market Signals for Islington

		Islington	Hammersmith & Fulham	Kensington & Chelsea	Tower Hamlets	Wandsworth	England
INDICATORS RELATIING TO PRICE							
House prices							
Lower quartile house price	2015-16 price	£450,000	£515,000	£700,000	£350,000	£445,000	£142,000
	Relative to England	+217%	+263%	+393%	+146%	+213%	-
	2010-11 price	£285,000	£330,000	£475,000	£243,900	£275,000	£125,000
	5-year change	+58%	+56%	+47%	+44%	+62%	+14%
Rents							
Average monthly rent	2015-16 cost	£1,941	£1,886	£3,215	£1,733	£1,889	£820
	Relative to England	+137%	+130%	+292%	+111%	+130%	-
	2010-11 cost	£1,418	£1,454	£2,661	£1,304	£1,345	£694
	5-year change	+37%	+30%	+21%	+33%	+40%	+18%
Affordability							
Lower quartile house price to earnings	2015 ratio	16.2	19.4	30.7	11.1	18.4	7.0
	Relative to England	+131%	+177%	+337%	+58%	+162%	-
	2010 ratio	11.2	13.1	22.2	7.8	12.4	6.7
	5-year change	+45%	+48%	+38%	+41%	+49%	+5%
	March 2016 SPG benchmark	12.1	14.8	26.8	7.9	14.4	
INDICATORS RELATIING TO QUANTITY							
Overcrowding							
Overcrowded households	2011 proportion	29.1%	27.6%	27.1%	34.8%	20.1%	8.7%
	Relative to England	+234%	+217%	+212%	+300%	+131%	-
	2001 proportion	24.9%	25.2%	29.5%	29.3%	16.4%	7.1%
	10-year change	+17%	+9%	-8%	+19%	+22%	+23%
Rate of development							
Increase in stock	2001-11 change	16.4%	6.9%	1.3%	31.4%	11.5%	8.3%
	Relative to England	+96%	-18%	-85%	+276%	+38%	-

3.117 On the basis of this data we can conclude:

» **House Prices:** lower quartile prices are more than triple than the national average, with a lower quartile price of £450,600, compared to England's £142,000 (based on 2015-16 prices). The Lower quartile price in Islington is lower than in Kensington and Chelsea, approaching that of Hammersmith and Fulham, similar to Wandsworth, and higher than Tower Hamlets. Prices in Islington have increased faster over the previous five years than in both Kensington and Chelsea and Tower Hamlets, at roughly the same rate as Hammersmith and Fulham and slightly slower than in Wandsworth. Islington prices appear to be most similar to those of Wandsworth. Thus it can be seen that the market signals of lower quartile house prices in Islington are in the central range and possible becoming more expensive than similar London boroughs, as house prices are increasing at a faster rate than average for the comparator boroughs and from a higher base than in Wandsworth (the only comparator area with a higher percentage change over five years). Therefore, the house price indicators are similar or 'worse' than comparator boroughs;

» **Rents:** for average private sector rents in 2014-15, Islington is more than double the national average. The rents are also higher than Tower Hamlets, are similar to Hammersmith and Fulham along with Wandsworth, with only Kensington and Chelsea being more expensive. Rents in Islington have increased faster in the previous five years than in all comparator boroughs except Wandsworth. Considerably faster than in Kensington and Chelsea and Tower Hamlets and a little faster than in Hammersmith and Fulham and Wandsworth. It is clear that based on the market indicators of rents and rate of change of rents, Islington is in the central range on current rents, but becoming increasingly expensive more rapidly than comparator boroughs with the exception of Wandsworth. Therefore, the rents indicators are similar or 'worse' than comparator boroughs;

» **Affordability:** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently higher ('worse') in Islington than across England as a whole (16.2x cf. 7.0x), but is lower than all comparator boroughs except Tower Hamlets. The rate of change over the previous five years is lower than Hammersmith and Fulham and Wandsworth, but higher than Tower Hamlets and Kensington and Chelsea. In making a comparison to Tower Hamlets, it is important to note changes to income levels in Tower Hamlets. For example, the mean gross weekly pay in Tower Hamlets annual increase in 2014 was by 2.9% compared to -1.3% in Islington and -0.7% in inner London (ASHE 2014). It is likely that this is an effect of migration of higher paid workers to Tower Hamlets to take advantage of house prices and rents. Also, Islington has experienced a 45% 'worsening' of affordability in five years. Thus it can be seen that while Islington is comparatively affordable in relation to the comparator boroughs, it is also becoming increasingly unaffordable;

» **Overcrowding:** (in terms of Census occupancy rates) shows that 29.1% of households in the study area are overcrowded based on an objective measure, which is much higher than England (8.7%) and is higher than all the comparator boroughs except Tower Hamlets. While the proportion of overcrowded households increased over the 10-year period 2001-11 at a lower rate to the national average (17% cf. 23%), it increased by a higher rate than in Hammersmith and Fulham and Kensington and Chelsea, at a similar rate to Tower Hamlets and a lower rate than Wandsworth, though Wandsworth is starting from a notably lower base level. It is clear that on the indicators of overcrowding and rate change of overcrowding, Islington has generally higher rates of overcrowding and a rate of increase that is in the central range compared to comparator boroughs. Therefore, the overcrowding indicators show Islington to be broadly similar or 'worse' than comparator boroughs;

» **Rate of development:** (in terms of increase in dwelling stock over the 10 years 2001-11) shows that development has increased the stock size by 16.4%, which is approaching twice that of England (8.3%). This rate for Islington is much higher than Kensington and Chelsea and Hammersmith and Fulham and also Wandsworth, but much lower than Tower Hamlets. Of course, these figures will inevitably be influenced by local constraints as well as individual policies. It can be seen that the rate of development indicator in Islington is greater than that for most comparator boroughs, though Tower Hamlets is considerably greater still. Therefore, the rate of development indicator is, in general, 'better' than comparator boroughs.

Key implications

3.118 The largest housing tenure in Islington is social rent (42.1% of dwellings), though this has decreased its relative share by 10% between 2001 and 2011. This is significantly higher than for all London on average and reflects long-term trends with fewer households living in social rent.

3.119 Real house prices in Islington are currently significantly above long-term average trends and out of line with the London average. Affordability worsened in the period 2001-08 (when there was an increase in real house prices), improved between 2008 and 2009, but has since risen back to a new peak. Rents in Islington have also risen sharply in recent years at a rate which is above that of inflation.

3.120 In Islington, overcrowding increased over the 10-year period 2001-11. The percentage of overcrowded households has increased from 24.9% to 29.1% using the Census room occupancy standard. When considered by tenure, overcrowding has reduced by 393 households in the social rented sector, increased by 939 households in the owner occupied sector with the largest growth in the private rented sector where the number has increased from 5,271 to 11,412, a growth of 6,141 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 34.4% to 43.2%.

3.121 The number of sharing households increased from 1,078 to 1,624 over the 10-year period 2001-11, an increase of 51%. The number of multi-adult households living in the area increased over the same period, by 53%. 91% of this growth occurred in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs.

3.122 Welfare Reform is affecting the ability of Islington to meet its housing needs. In the year 2010-2011, inner London saw a rise of 6,470-households receiving housing benefit in the private rented sector. However, there has been a marked change in the pattern of housing benefit in the private rented sector claimants since the welfare reform changes were first introduced in 2011. Inner London boroughs have consistently seen a reduction in the number of claimant households. This suggests that the private rented sector in Inner London is already beyond capacity for LHA claimants given the current level of financial support which is available. This implies that Inner London boroughs such as Islington will be displacing those in need of affordable housing and that there is no real possibility of them being accommodated in the private rented sector.

4. Demographic Projections
The starting point for Objectively Assessed Need

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

4.2 Planning Practice Guidance published in March 2014 states that *"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing* need" (PPG March 2014, ID 2a-015). The CLG 2014-based household projections suggest that the number of households in Islington will increase from 103,288 to 137,977 over the period 2015-35; an additional 34,689 households over the 20-year period.

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

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

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

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

GLA Projections

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

4.7 The GLA has since published 2014-round projections (based on population estimates to mid-2013) and 2015-round projections (based on population estimates to mid-2014). These projections now include two trend-based scenarios for future years – one based on short-term migration (taking trends for a 5-year period) and the other based on long-term migration (taking trends for a 12-year period).

4.8 Figure 56 and Figure 57 show the projected number of households based on the three scenarios from the 2013-round projections and the two scenarios from the 2015-round projections. The GLA 2015-round long-term migration scenario (based on migration trends for the 12-year period 2002-2014) is the nearest equivalent to the 2013-round 'Central variant'; and this normally provides the most appropriate and up-to-date demographic projection for establishing OAN for London boroughs.

Figure 56: Household estimates and projections for Islington for the period 2001-2041 (Source: CLG estimates 2001-11; GLA estimates and projections 2011-41)
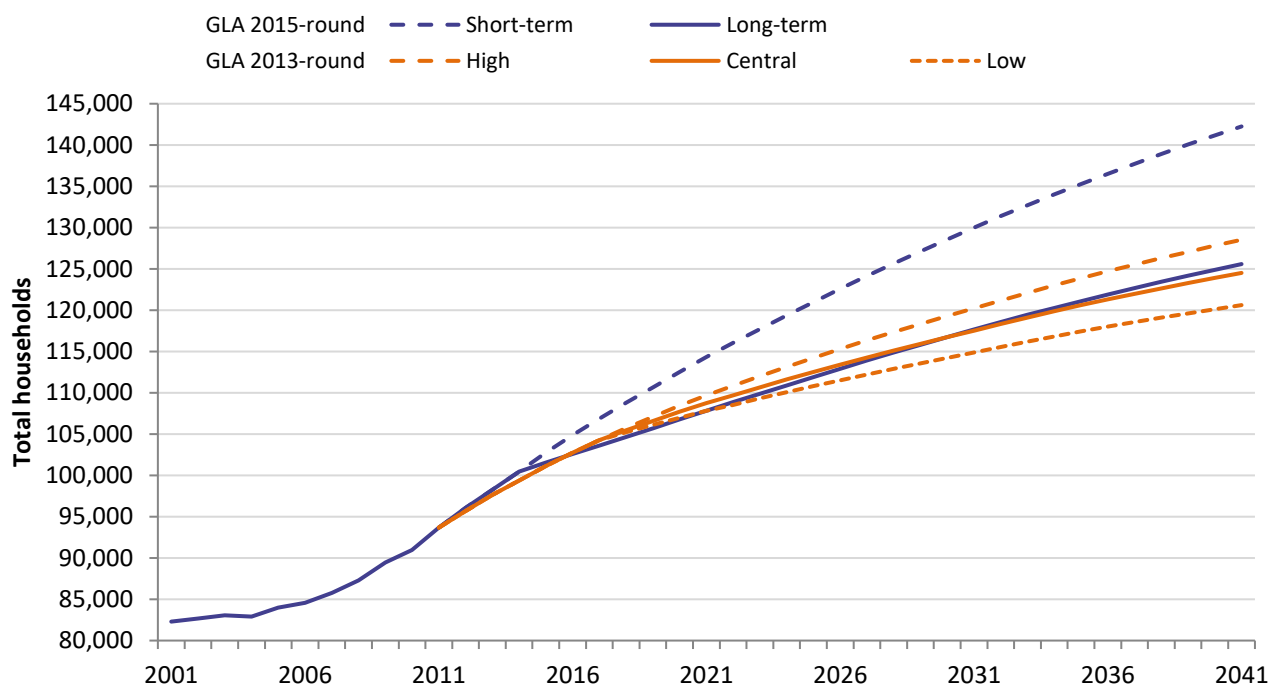
Figure 57: Islington household projections 2015-35 (Source: GLA; CLG. Note: All figures presented unrounded for transparency)

		Total households		
		2015	**2035**	**Change 2015-35**
GLA 2015-round	Short-term migration	102,730	135,278	32,548
	Long-term migration	101,528	121,090	19,562
GLA 2013-round	High variant	101,132	123,878	22,746
	Central variant	101,132	120,611	19,479
	Low variant	101,132	117,424	16,292
CLG Household Projection	2014-based	103,288	137,977	34,689
	2012-based	102,411	136,088	33,677

4.9 The GLA 2015-round long-term migration scenario projects an increase of 19,600 households over the period 2015-35, which is broadly comparable with the 19,500 household growth that was projected by the previous 2013-round 'Central variant' for the same period.

4.10 Both of these projections are notably lower than the 2015-round short-term migration scenario and the CLG 2014-based projection (which project increases of 32,600 and 34,700 households respectively); but these are both based on 5-year migration which the GLA does not consider to be appropriate for planning housing in London. Nevertheless, the GLA 2013-round high variant scenario was also based on 5-year migration trends, and this projected an increase of 22,700 households – a much lower growth than the more recent 5-year trend projections.

4.11 The number of households is influenced by two key determinants: the size of the population and the average number of persons in each household[23]. Figure 58 shows the population projections based on the three scenarios from the 2013-round projections and the two scenarios from the 2015-round projections; and Figure 59 shows the average household size projected by each scenario.

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

Figure 58: GLA population estimates and projections for Islington for the period 2001-2041 (Source: GLA)
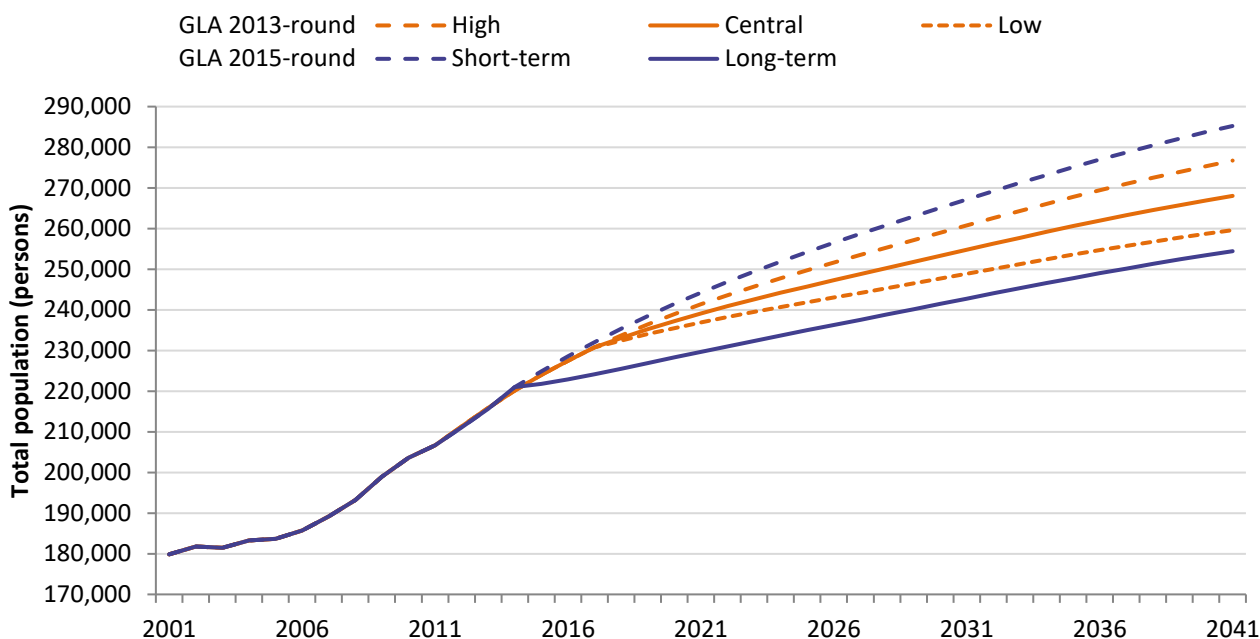
Figure 59: Average household size estimates and projections for Islington for the period 2001-2041 (Source: CLG estimates 2001-11; GLA estimates and projections 2011-41)
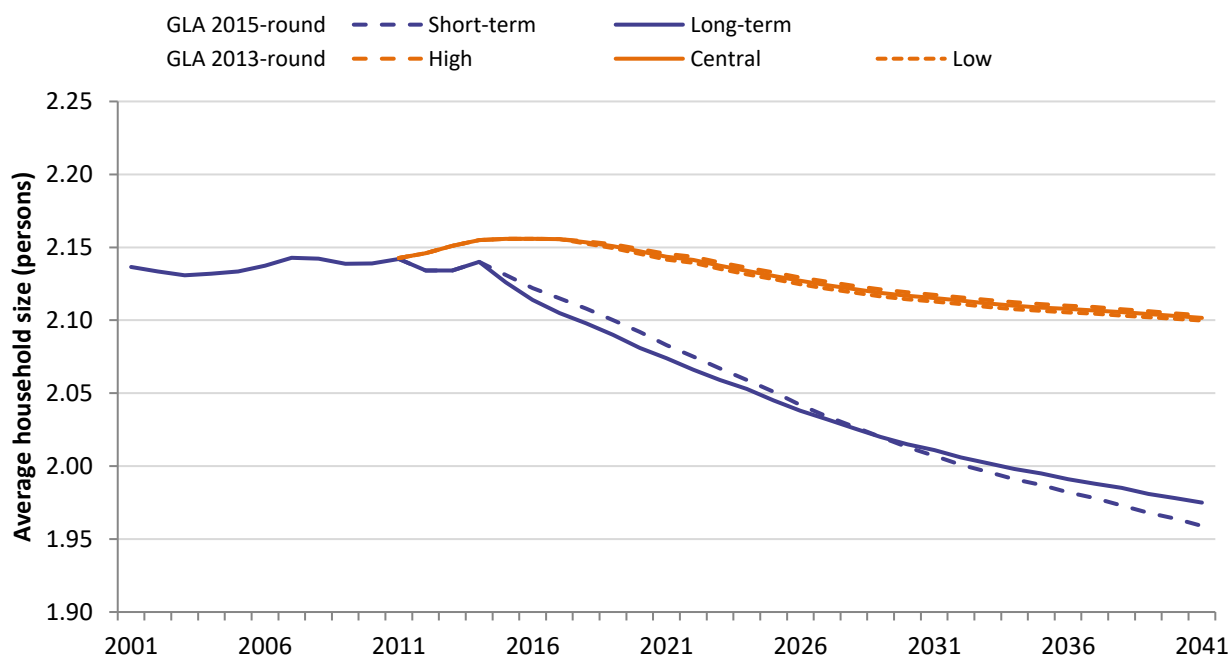
4.12 Whilst the GLA 2015-round long-term migration scenario and the previous 2013-round 'Central variant' project a comparable increase in households for Islington for the 20-year period 2015-35, it is evident that there are notable underlying differences between the two projections:

» The 2015-round population projection suggests a much lower increase in the number of persons than the previous 2013-round figures (26,000 cf. 36,600 persons respectively based on the long-term migration and 'Central variant' scenarios); but

» The 2015-round household projections suggest that household sizes will reduce from 2.13 persons in 2015 to 1.99 persons by 2035, whereas the 2013-round projection suggested far less change (a reduction from 2.16 to 2.11 persons).

4.13 The 2015-round long-term migration scenario projects that the population will increase by around 26,000 persons over the 20-year period 2015-35; notably lower than the 36,600 person increase that was projected by the 2013-round 'Central variant' scenario (on which the targets within the FALP were based). As a point of comparison, the ONS Mid-Year Estimates identify that the population increased by around 54,700 persons over the previous 20-year period 1995-2015.

4.14 Figure 60 illustrates the trend-based components of population change for the period 2001-2015 together with the projected components of change based on the 2015-round long-term migration scenario. Figure 61 compares the gross flows recorded in the trend-based data with the projected flows in the GLA 2015-round projection.

Figure 60: Components of net population change for Islington: annual trends 2001-15 and GLA 2015-round projections 2015-35 long-term migration scenario (Source: ONS mid-year estimates; GLA 2015-round population projection)
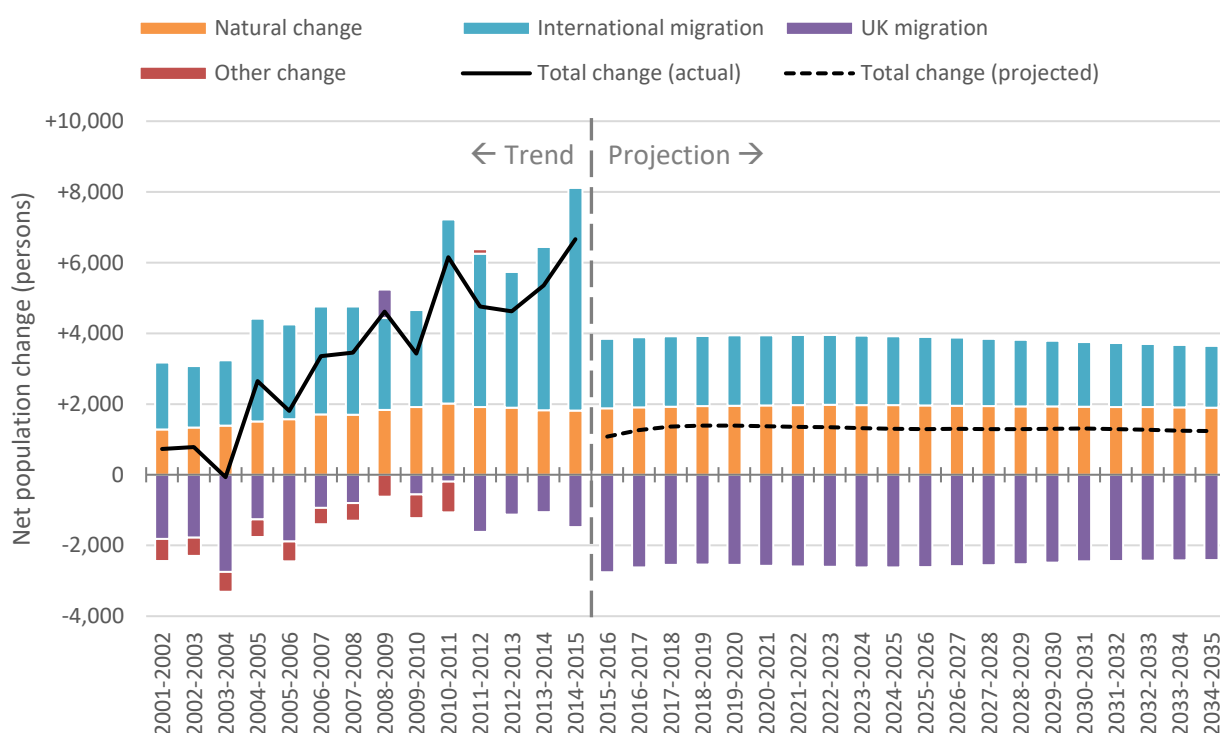
Figure 61: Components of population change gross flows for Islington (Note: All figures presented unrounded for transparency)

Projection		Trend 2002-14	Projection 2015-35	Difference	
				N	%
Natural change	Births	2,837	2,944	+107	+4%
	Deaths	1,120	1,008	-112	-10%
	Net change	**+1,717**	**+1,937**	**+220**	**+13%**
UK migration	In migration	19,207	21,081	+1,874	+10%
	Out migration	20,305	23,692	+3,387	+17%
	Net change	**-1,098**	**-2,547**	**-1,449**	**+132%**
International migration	In migration	7,821	7,148	-673	-9%
	Out migration	4,602	5,238	+636	+14%
	Net change	**+3,219**	**+1,910**	**-1,309**	**-41%**
Other changes		**-429**	**-**	**-**	**-**
Overall change		**+3,409**	**+1,300**	**-2,109**	**-62%**

4.15 Population growth for the 12-year period 2002-14 (on which the GLA 2015-round long-term migration scenario trends are based) averaged 3,400 persons each year; although the growth in more recent years is evidently higher than it was at the start of that period. In contrast, the 2015-round long-term migration scenario projects an average growth of 1,300 persons each year. The projection is consistent with past trends in terms of natural change, but projected domestic and international migration are both notably lower than the trend-based data – which inevitably raises some doubt about the projection.

4.16 Figure 62 compares the alternative projections and trends for Islington with the rates of increase projected across all London boroughs. The 2015-round projection for Islington is the lowest rate for any borough, a growth of 11.7% compared to the overall growth of 17.7% projected for Greater London. Although the 2013-round projection for Islington is lower than this overall, it is broadly consistent with many other areas; whereas the trend-based growth is evidently much higher than currently projected for any borough (except for the City of London, where the resident population is growing from a relatively small base).

Figure 62: Relative population growth 2015-35 by London Borough compared with alterative projections and trends for Islington (Source: GLA 2015-round long-term migration scenario for all boroughs; GLA 2015-round long-term migration scenario, GLA 2013-round central variant and ONS Mid-Year Estimates for Islington)
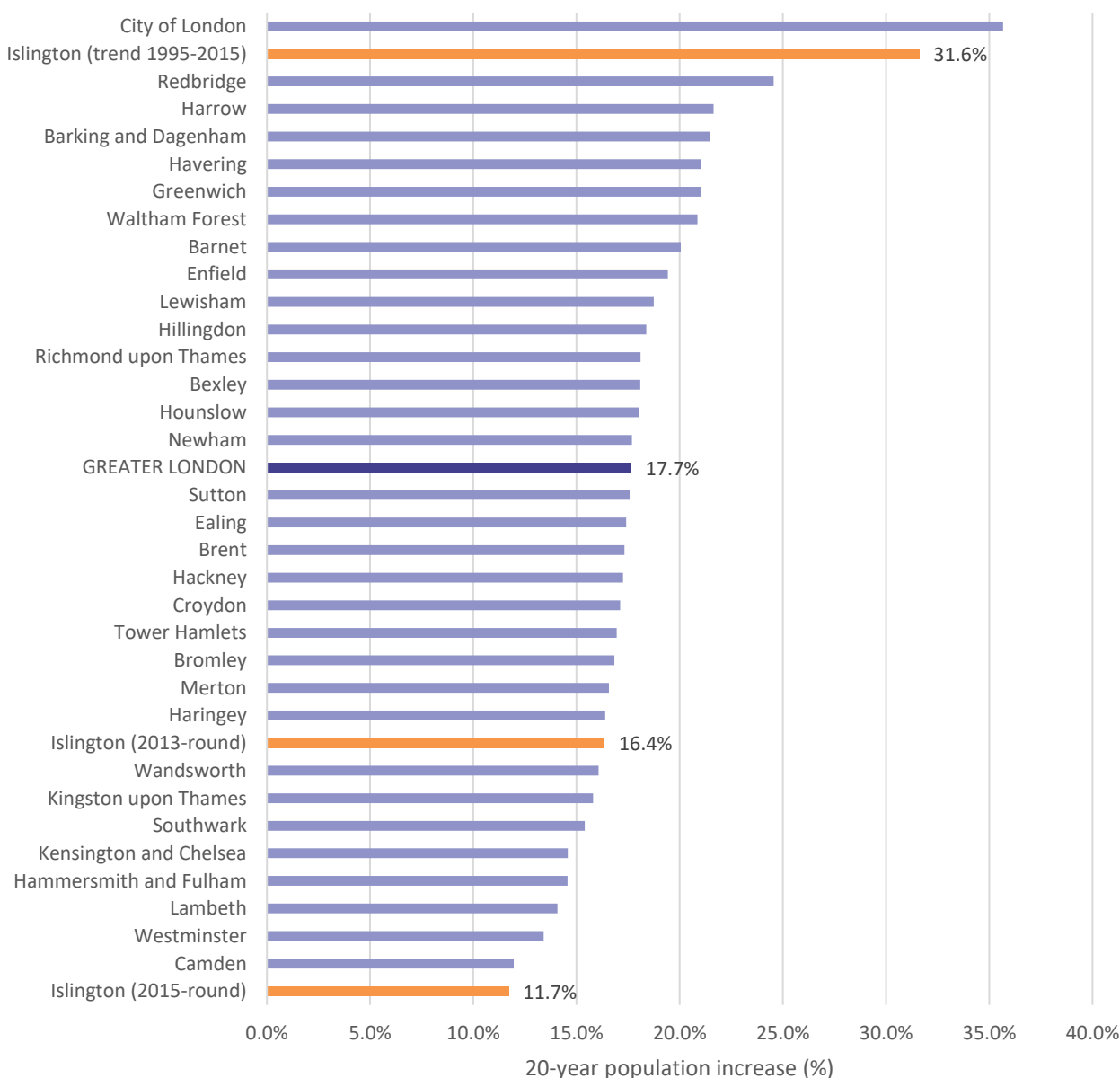
4.17 Nevertheless, whilst the projected population growth for Islington represents a relatively low increase, the changes to average household sizes are driving a much higher rate of household growth. The differences between the 2013-round and 2015-round projections (previously shown at Figure 59) is a consequence of changes to CLG household representative rates, which are used by the GLA model when converting from persons to households. The 2013-round projections suggested that average household sizes in Islington would reduce to 2.11 persons whereas the 2015-round projections suggest a much lower average at 1.99 persons.

4.18 A reduction in average household size would suggest that there was likely to be progressively more small households and fewer large households over time; and an average household size of less than 2.0 persons would imply a larger number of 1 person households than households with 3 or more persons. However, whilst the GLA 2015-round long-term migration scenario projects that average household sizes will fall to below 2.0 persons from 2034 onwards, the projections also show a reduction in the number and proportion of single person households (Figure 63) with an increase in households with dependent children.

4.19 Figure 64 shows that the average size of each of the different household types has remained relatively stable over the last 20 years, so overall changes in average household size have been predominantly due to changes in the overall household mix.

Figure 63: Islington household projections by household type based on GLA 2015-round long-term migration scenario 2015-35 (Source: GLA. Note: All figures presented unrounded for transparency)

	Total households					
	2015		2035		2015-35	
	N	%	N	%	N	% points
One person household	38,248	37.7%	38,940	32.2%	+692	-5.5%
Couple household	18,836	18.6%	26,246	21.7%	+7,410	+3.1%
Households with dependent children						
One dependent child	11,396	11.2%	13,724	11.3%	+2,328	+0.1%
Two dependent children	3,851	3.8%	3,501	2.9%	-349	-0.9%
Three or more dependent children	7,193	7.1%	7,857	6.5%	+664	-0.6%
Another household type	22,004	21.7%	30,822	25.5%	+8,818	+3.8%
All household types	**101,528**	**100.0%**	**121,090**	**100.0%**	**+19,562**	**100.0%**

Figure 64: Islington average household size by household type (Source: UK Census of Population 1991, 2001 and 2011)
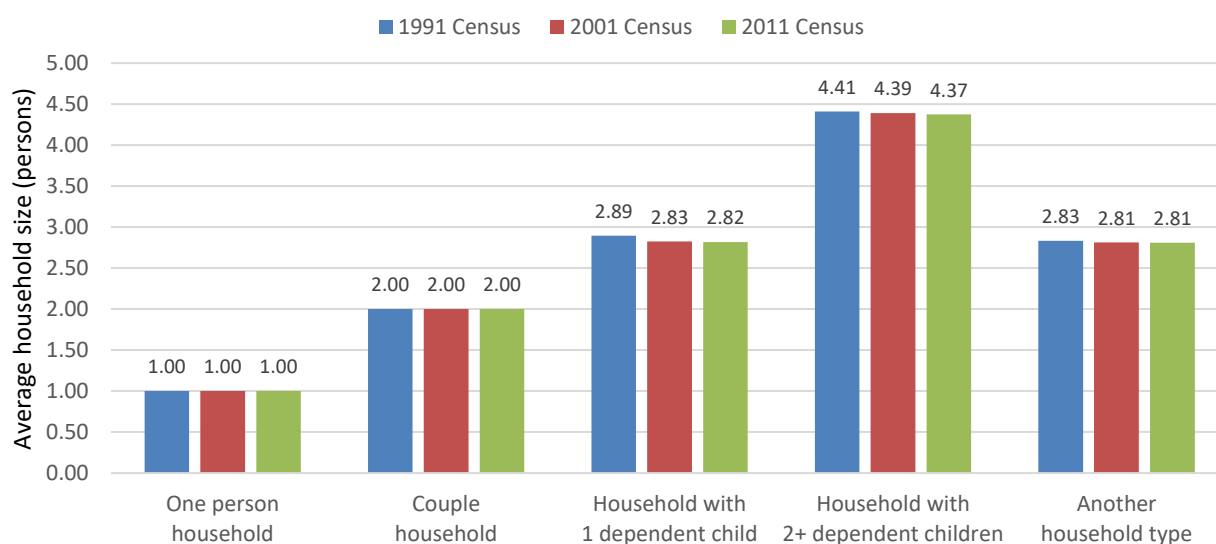
4.20 Although the GLA 2015-round long-term migration scenario suggests that household sizes will fall to an average of around 1.99 persons by 2035, the household mix projected by the same projections combined with average household sizes identified by 2011 Census data (Figure 64) suggests that the average household size would increase to 2.20 persons by 2035, as illustrated in the following chart (Figure 65). This is notably higher than the reduction in household size that is identified by the same projection, so there is an internal inconsistency with this data.

Figure 65: **Average household size estimates and projections for Islington for the period 2001-2041, including overall average household size implied by projected household mix based on sizes recorded by 2011 Census data (Source: CLG estimates 2001-11; GLA estimates and projections 2011-41; Census 2011)**
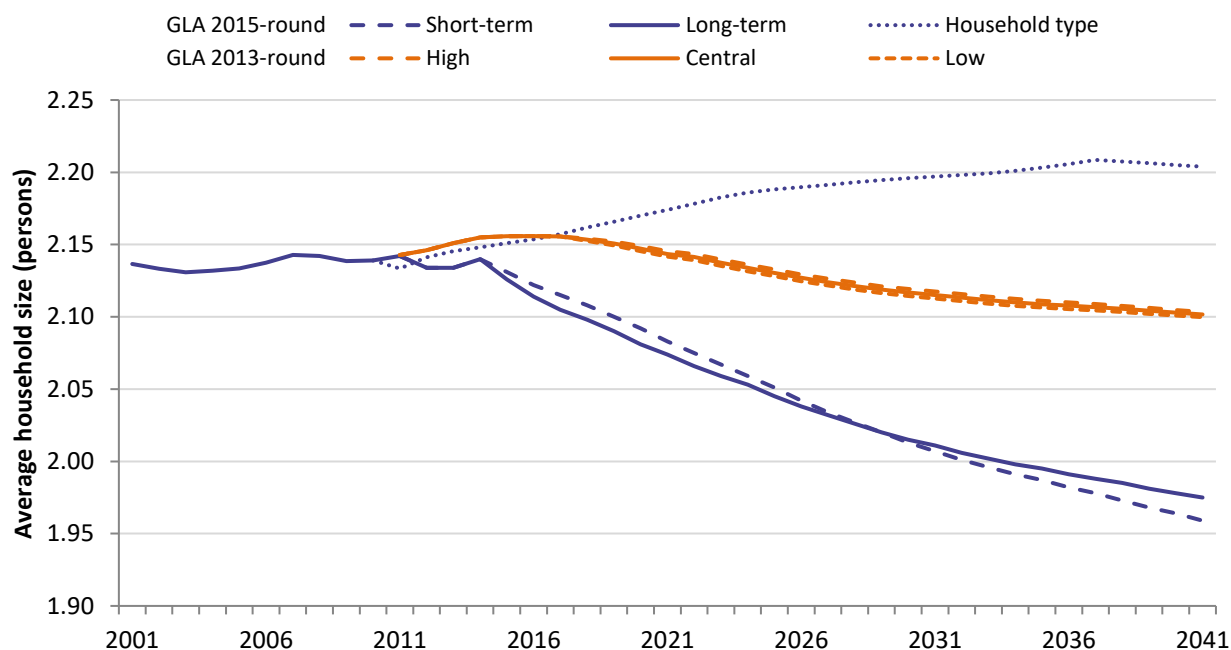
4.21 It is helpful to recognise that the difficulties with the household projections arise from data published by CLG (which is adopted uncritically by the GLA when converting their independent population projections to household numbers). CLG had previously identified problems with the current approach (which mainly arise due to changes in the definitions adopted by the ONS for different Censuses) and they had planned to improve the methodology used for the household projections. However, the Government announced in January 2017 that responsibility for these projections would be passed to ONS with immediate effect.

4.22 The ONS has launched a consultation about proposed changes to the household projection methodology; and are proposing that the trends underlying the household type projection will be used exclusively. Whilst this is only a consultation at this stage, the impact for Islington would be for average household sizes to be higher than those currently projected and more likely to be in-line with those arising based on household type.

4.23 Considering the overall impact on the projections for Islington in this context; the 2015-round long-term migration scenario projected a population of 247,800 persons for 2035, and of these 241,500 persons formed the household population (with the remaining 6,300 persons forming the institutional population living in communal establishments). Given an average household size of 1.99 persons, this implied a total of 121,100 households (241,500 divided by 1.99). Nevertheless, an average household size of 2.20 persons (as implied by the projected household mix) would imply a much lower total of 109,800 households (241,500 divided by 2.20); which would be an increase of only 8,200 households over the 20-year period 2015-35.

4.24 Taking the other perspective, based on the average household size of 2.20 persons (as projected based on the household mix) a total of 121,100 households in 2035 would imply a household population of 266,400 persons; so an overall population of 272,700 persons when the institutional population is also counted. This would represent a population increase of 50,900 persons – higher than the increase of 36,600 persons projected by the 2013-round projection central variant and approaching the 54,700 person increase recorded over the period 1995-2015. This would represent an increase of 23% over 20-years, which would be the third highest growth of all London boroughs based on growth identified by the 2015-round long-term migration projection (Figure 62).

4.25 What is evident is that there are inherent uncertainties surrounding both the population and household projections, due in large part to the difficulties of establishing reliable trends at a local area. This is particularly difficult when working with data for London boroughs. Nevertheless, these issues affect all London boroughs to some extent; and when comparing the projected household growth (taking account of both a possible underestimate of population and an overestimate in the decline in average household size), the overall growth projected for Islington is relatively low in the context of all boroughs.

Figure 66: Relative household growth 2015-35 by London Borough (Source: GLA 2015-round long-term migration scenario)
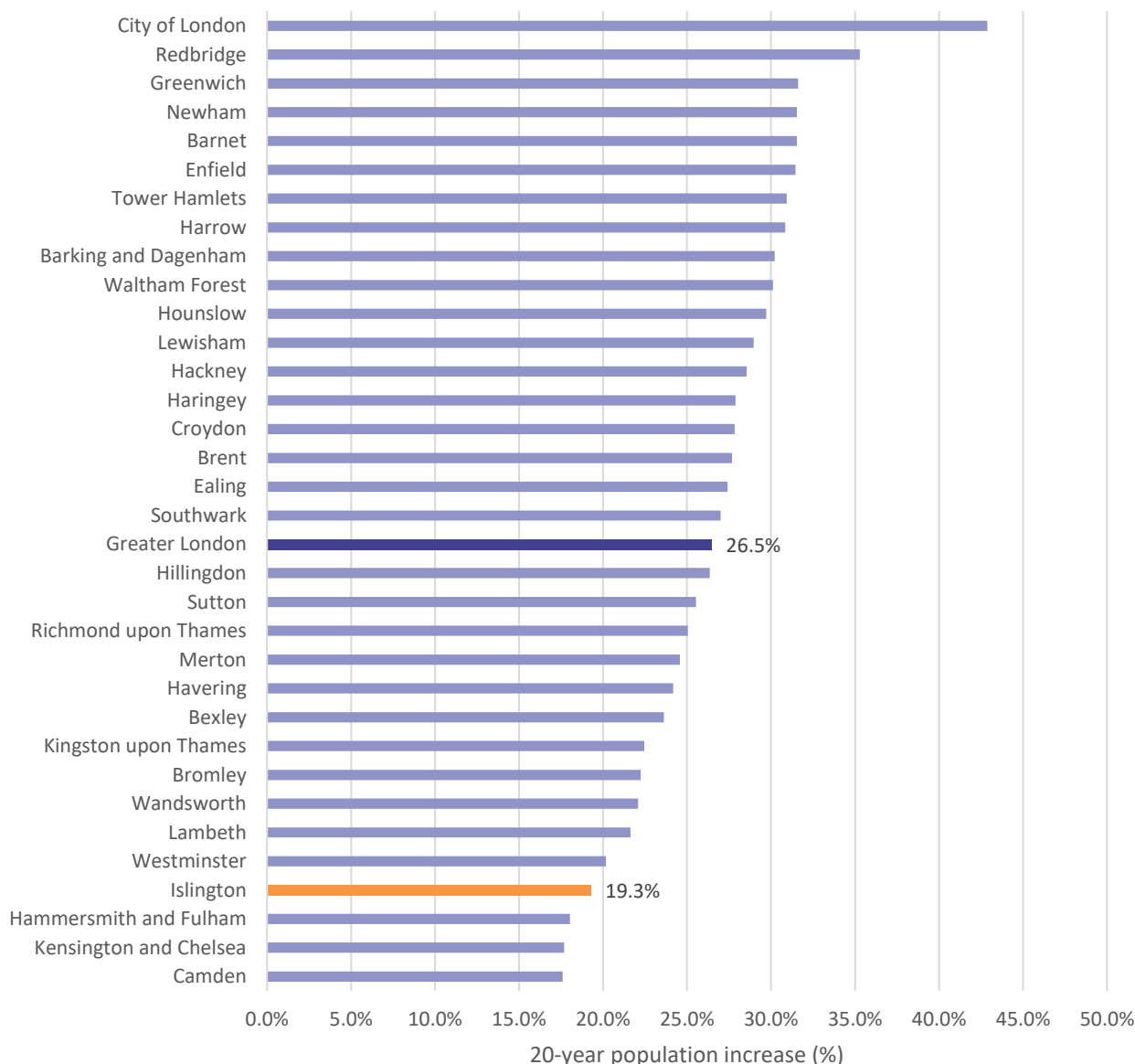
Key implications

4.26 PPG identifies that the *"starting point estimate of overall housing need"* is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers across Islington will increase by 34,689 over the 20-year period 2015-35. However, the London Plan is based on a region-wide SHMA produced by the GLA, and this is informed by household projections developed by the GLA; and the London Housing SPG (March 2016) advises that the GLA projections are more relevant to London boroughs when establishing housing need, and these have been routinely accepted as the basis for establishing overall housing need for London boroughs.

4.27 The GLA 2015-round long-term migration scenario projects an increase of 19,600 households over the period 2015-35. This is based on a relatively low population growth (an increase of around 26,000 persons, in contrast the increase of 54,700 recorded for the previous 20-year period 1995-2015) but on a particularly high rate of decline in average household size.

4.28 Given this context, it is possible that future household projections for Islington could be quite different to those published in the GLA 2015-round long-term migration scenario. Nevertheless, as the Islington Local Plan must be consistent with the London Plan, the projected growth of 19,600 households identified by the GLA projections should be used to ensure consistency and provides the starting point for establishing Objectively Assessed Need.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

5.1 A key objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in Islington the future plan period. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the local planning authorities before establishing the final Housing Requirement.

> *The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*
>
> **Planning Practice Guidance (PPG), ID 2a-004**

5.2 Figure 67 sets out the process for establishing the housing number for Islington. It starts with a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings.

Figure 67: Process for establishing a Housing Number for Islington (Source: ORS based on NPPF and PPG)

Starting Point Estimate — **Household Projections** produced by CLG

Demographic issues
Are there any known problems with local data?
Do we need to take account of any anomalies?
What period should be used for population trends?
Has housing delivery suppressed formation rates?

Adjusted Estimate — **Household Projections** based on local circumstances

Implications of the household projections
Will there be enough workers for planned jobs?
Do Market Signals show worsening trends?
What is the 'backlog' of unmet need for housing?

Policy Off Housing Need — **Objectively Assessed Need**

Planning and policy considerations
What are the planning constraints?
Can overall housing needs be met within the HMA?
Can the affordable housing needed be delivered?

Policy On Housing Target — **Housing Requirement**

Duty to Co-operate discussions
Will other LPAs help address any unmet needs?
Are there any unmet needs from other HMAs?

Establishing Objectively Assessed Need for Islington

5.3   Our approach for establishing the Objectively Assessed Need for Islington considers:

» CLG 2014-based household projections (the starting point);

» GLA population and household projections;

» Market signals, affordability and housing supply;

» Backlog, including concealed households, sharing households and homeless households; and

» Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.

5.4   In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

5.5   The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. these projections suggest that household numbers across Islington will increase by 34,689 over the 20-year Plan period 2015-35. However, the CLG household projections are not generally used in London as GLA figures are usually more relevant in order to ensure consistency between the boroughs and the London Plan.

GLA Household Projections

5.6   The GLA London-wide SHMA which informed the Further Alterations to the London Plan (FALP) was based on the 2013-round projections, and favoured the scenario based on the 'Central variant' assumptions. The GLA has since published 2015-round projections with two scenarios – one based on short-term migration trends and the other based on long-term migration. The GLA 2015-round long-term migration scenario is the nearest equivalent to the 2013-round 'Central variant' and now typically provides the most appropriate demographic starting point for establishing OAN for London boroughs.

5.7   Considering the borough-level household projections for Islington, the **GLA 2015-round long-term migration scenario projects an increase of 19,562 households over the period 2015-35**. This is based on a relatively low population growth (an increase of around 26,000 persons, in contrast the increase of 54,700 recorded for the previous 20-year period 1995-2015) but on a particularly high rate of decline in average household size. Nevertheless, the growth identified by the GLA projections provides the starting point for establishing Objectively Assessed Need.

5.8   To estimate overall housing need, it is necessary to convert the household number to a dwelling number. Consistent with the GLA SHMA, this has been based on the number of long-term vacant homes in the area which was recorded to be 0.95% for Islington in 2015 (CLG Live Tables 125 and 615). On this basis, **providing for an increase of 19,562 households yields a baseline housing need of 19,749 dwellings over the 20-year Plan period 2015-35, equivalent to an average of 987 dwellings per year.**

Employment Trends

5.9   While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the

future changes in job numbers. PPG (March 2014) notes that *"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns"* (ID 2a-018)

5.10 As noted in Chapter 2, it is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London. A lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA; consistent with the London Plan.

Market Signals

5.11 As previously noted, PPG suggests that *"household projections should be adjusted to reflect appropriate market signals"* where there is a *"worsening trend in any of these indicators"* (ID 2a-019 to 020).

5.12 The analysis presented in chapter 3 (Figure 55) identified that house prices in Islington were notably higher than the national average, and had also increased more rapidly than the national average over the last 5 years. Considered against comparator London boroughs, house prices in Islington are in the central range, but are possibly becoming more expensive than similar boroughs as house prices are increasing at a faster rate than in general for the comparator boroughs and from a higher base than in Wandsworth (where house prices are increasing at a similar rate to Islington).

5.13 Consequently, affordability as measured by lower quarter house prices to earnings remains under pressure, with a multiplier of 16.2 times earnings. Islington has experienced a 45% 'worsening' of affordability in the previous five years. A 45% rate of change is marginally lower than Hammersmith and Fulham and Wandsworth, but higher than both Kensington and Chelsea and Tower Hamlets.

5.14 Similarly, market rents are more than double the national average and have also increased at a faster pace – an increase of over a third (37%) over the last 5 years compared to 18% across England. When considered against comparator London boroughs, only one comparator borough has rents which are more expensive than Islington and rents in Islington have increased faster in the previous five years than in all comparator boroughs except Wandsworth.

5.15 On this basis, it is evident that housing market indicators relating to price consistently identify significant housing market pressures in Islington. Of course, these pressures are not unique, but are evident throughout London and the surrounding counties; but pressures in Islington are particularly acute.

5.16 There is no definitive guidance on what level of market uplift is appropriate, however PPG notes:

> *Market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather **they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability**, and monitor the response of the market over the plan period.*
>
> **Planning Practice Guidance (March 2014), ID 2a-020 (emphasis added)**

5.17 Figure 68 clearly shows that housing supply in Islington has consistently been substantially higher than the equivalent rates for Greater London and England. Indeed, as was shown in Figure 55, the rate of development in the borough over the 10-year period 2001-11 was almost double the national rate for England (16.4% cf. 8.3%). Nevertheless, Figure 69 demonstrates that affordability ratios in Islington have

been consistently higher than the national rate; and despite the exceptional level of supply (relative to overall delivery in Greater London), affordability in Islington has deteriorated faster than the London average.

5.18 Given this context, it seems unlikely that any further increase in housing supply in Islington in isolation *"could be expected to improve affordability"* in the borough – though it seems evident that the borough should continue to meet its needs (based on the household projection) and contribute to the wider needs of Greater London where it has land available and is able to do so.

Figure 68: Housing Delivery 2004-2014 as a percentage of stock (Source: Islington AMRs; CLG Live Tables)
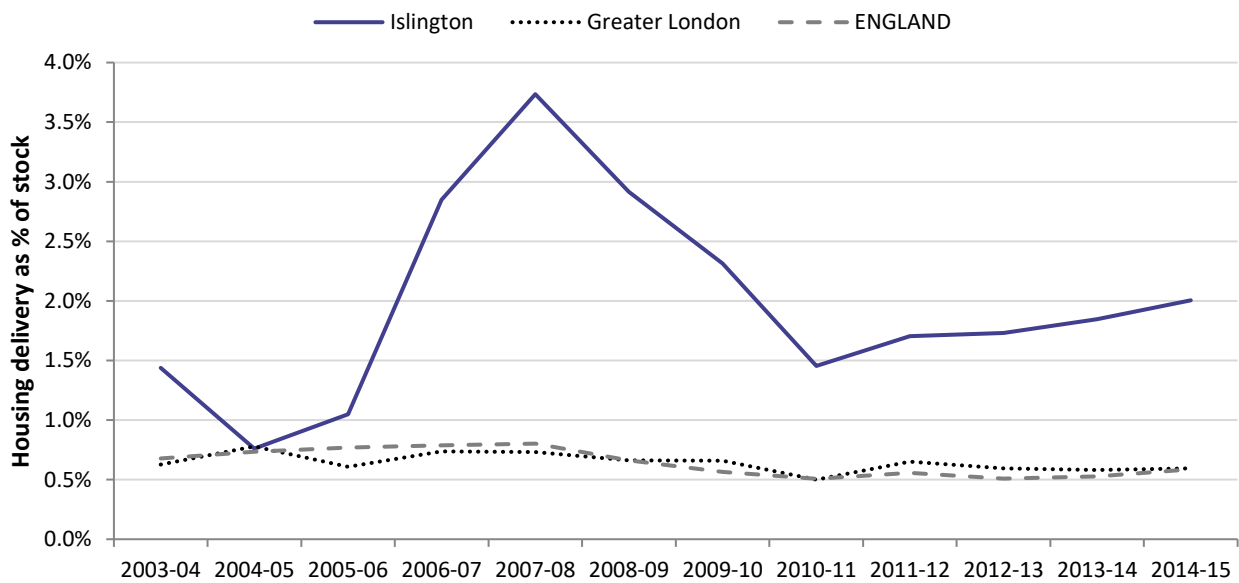
Figure 69: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: CLG. Note: Greater London figure derived using population weighted average of Local Authority data)
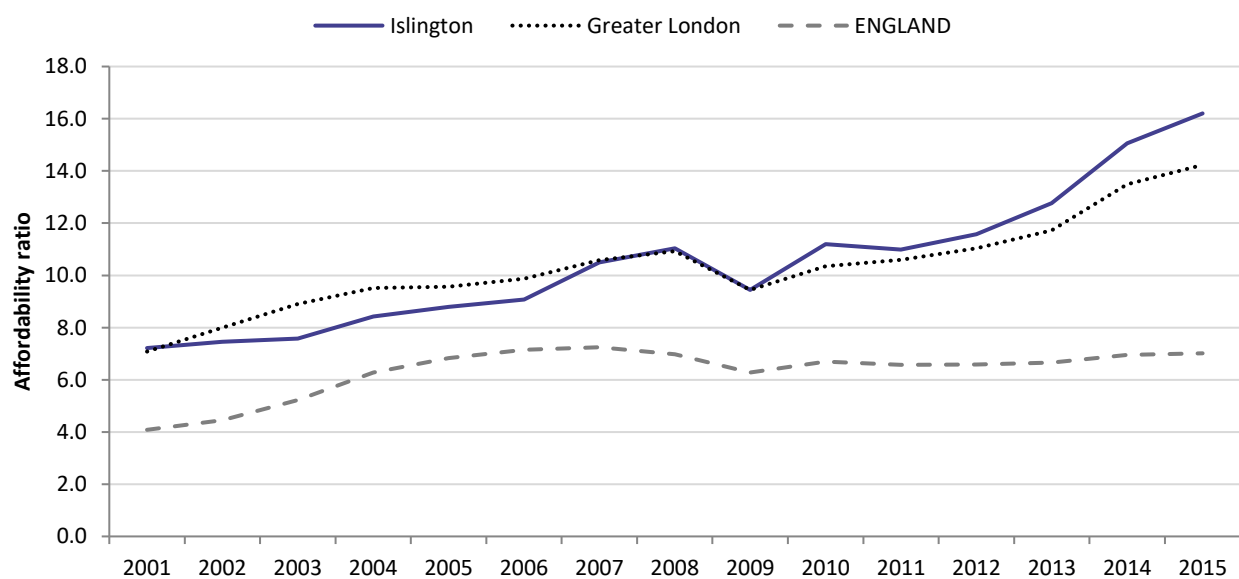
Housing Backlog

5.19 Whilst it is difficult to justify that an increase in supply in response to the market signals relating to house prices is likely to have any material impact on affordability, it is important that any specific needs that are not captured by the household projections are properly factored in to the assessment.

5.20 This is confirmed by the Planning Advisory Service Good Plan Making Guide,[24] which identifies that whilst the SHMA should *"re-set the clock"* and provide a new baseline assessment of all housing need, this must take account of 'backlog': any unmet need for housing that exists at the start of the plan period.

> *"Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be 'double counting'. Make sure however that the Strategic Housing Market Assessment takes account of 'backlog' which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope."* (page 49)

5.21 This approach is consistent with the analysis undertaken for the GLA SHMA that was prepared to help inform the Further Alterations to the London Plan. This study made specific adjustments to the household projections to ensure that backlog was properly considered based on the following categories.

Figure 70:   Backlog housing need categories as identified by the GLA SHMA 2013
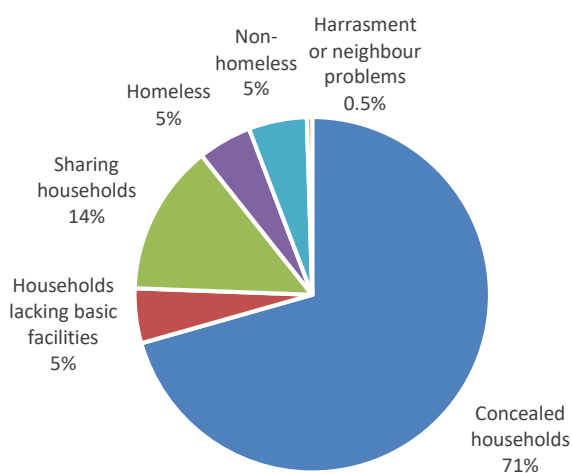
Concealed households = 90,978

Households lacking basic facilities = 6,418

Sharing households = 17,699

Homeless households in non-self-contained temporary accommodation = 6,303

Non-homeless households in non-self-contained accommodation = baseline of 285 per year

Households who need to move due to harassment or neighbour problems = baseline of 26 per year

5.22 Unfortunately, not all of this data is available at a London borough level; although the SHMA has already considered the extent of concealed families (Figure 50; 750 concealed families aged 25 or over), sharing households (Figure 51; 1,624 sharing households) and homeless households in non-self-contained temporary accommodation (Figure 54; 88 homeless households).

5.23 To ensure consistency with the GLA approach, it is necessary to make an appropriate allowance to convert from concealed families (i.e. couples or families with dependent children) to concealed households (which also include single person households). For Greater London, the Census identified 59,492 concealed families aged 25+ whereas the GLA SHMA counted 90,978 concealed households aged 25+; a ratio of 1.53.

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[24] http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf

Applying this ration to the number of concealed families in Islington would suggest the number of concealed households to be around 1,147 at the start of the Plan period.

5.24 Taking these three groups together yields a total of 2,848 households that would need to be counted as part of the backlog, which would be in addition to the household projections. These three categories (concealed households, sharing households and homeless households in non-self-contained housing) account for around 90% of the backlog that was counted in the GLA SHMA. As we have no borough-level data for the remaining categories, it is reasonable to assume that the identified 2,848 households would represent around 90% of the backlog that would need to be counted in Islington; so the total backlog (based on the same approach as adopted by the GLA SHMA) would be around 3,164 households.

5.25 Providing for an additional 3,164 households would represent a need for 3,194 dwellings to address the backlog at the start of the Plan period. This increases the overall need for housing from 19,749 dwellings (based on the household projections) to a **total of 22,943 dwellings over the 20-year Plan period 2015-35, an average of 1,147 dwellings each year.**

5.26 The identified backlog represents an overall uplift equivalent to 16% of the housing need based on the GLA 2015-round long-term projections demographic starting point. This takes full account of the unmet needs of homeless and other households living in unacceptable accommodation that exist at the start of the Plan period in 2015. This is consistent with the PAS Good Plan Making Guide and reflects the approach taken by the GLA SHMA.

Key implications

5.27 The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers in Islington will increase by 34,689 over the 20-year period 2015-35. However, the London Plan is based on a region-wide SHMA produced by the GLA, and this is informed by household projections developed by the GLA; and the London Housing SPG (March 2016) advises that the GLA projections are more relevant to London boroughs when establishing housing need, and these have been routinely accepted as the basis for establishing overall housing need for London boroughs.

5.28 The GLA 2015-round long-term migration scenario projects an increase of 19,562 households over the period 2015-35. Whilst the evidence suggests that there is considerable uncertainty relating the household projections, the growth identified by the GLA projections for Islington should be used to ensure consistency with the London Plan. **Providing for an increase of 19,562 households yields a baseline housing need of 19,749 dwellings over the 20-year Plan period 2015-35, equivalent to an average of 987 dwellings per year.**

5.29 Whilst it is important to consider employment trends, the analysis must be undertaken for the whole of Greater London. A lower-tier HMA will, therefore, contribute to balancing jobs and workers across the Greater London HMA; consistent with the London Plan.

5.30 In terms of market signals, it is evident that housing supply in Islington has been substantially higher than the equivalent rates for Greater London and England; however, affordability ratios in Islington have been consistently higher than the national rate and despite the exceptional level of supply (relative to overall delivery in Greater London) affordability in Islington has deteriorated faster than the London average. On this basis, it is unrealistic to assume that any further increase in housing supply in Islington *"could be expected to improve affordability"* in the borough.

5.31 Nevertheless, it is important to count any specific needs that are not captured by the household projections to ensure that these are properly factored in to the assessment. The GLA SHMA made specific adjustments to the household projections to ensure that backlog was properly considered based on a range of specific categories, including concealed households, sharing households and homeless households in non-self-contained temporary accommodation. The overall backlog (based on the same approach as adopted by the GLA SHMA) would be around 3,164 households in Islington, which represents a need for 3,194 dwellings to address the backlog that exists at the start of the Plan period.

5.32 The identified backlog increases the overall need for housing from 19,749 dwellings (based on the household projections) to a **total of 22,943 dwellings over the 20-year Plan period 2015-35, an average of 1,147 dwellings each year.** This represents an overall uplift equivalent to 16% of the housing need based on the GLA 2015-round long-term projections demographic starting point. This takes full account of the unmet needs of homeless and other households living in unacceptable accommodation that exist at the start of the Plan period in 2015. This is consistent with the PAS Good Plan Making Guide and reflects the approach taken by the GLA SHMA.

5.33 Of course, it is important to remember that *"establishing future need for housing is not an exact science"* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

5.34 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Islington to be 23,000 dwellings over the 20-year period 2015-35, equivalent to an average of 1,150 dwellings per year. This <u>includes</u> the Objectively Assessed Need for both Market and Affordable Housing.**

5.35 This is the average number of dwellings needed every year over the 20-year period 2015-35 and represents an annual 1.14% increase in the dwelling stock across the borough. This compares to an annual growth of 1.39% identified for Greater London by the GLA SHMA (an average of 48,841 dwellings per year), an overall level of housing need which was endorsed by the Inspector examining the Further Alterations to the London Plan.

GLA Housing SPG

5.36 The March 2016 SPG set out, in Annex 1, *"four indicative borough level housing need benchmarks and borough affordability ratios to demonstrate where extra supply may be needed to respond to market indicators"*, but stresses that these are indicative:

> These figures are indicative headline benchmarks which can provide context to inform local/sub regional SHMAs and for the finer level detail required at borough level on the tenure, size and type of housing required and should be considered in the context of Policy 3.11 of the London Plan. They are not borough level objectively assessed need figures or need targets.

5.37 The figures are:

- » Modelled local housing need using 2013 SHMA methodology;
- » Ratio of lower quartile house prices to lower quartile earnings, 2013;
- » London Plan minimum target;
- » Average annual net completions (2004-2013).

5.38 The "modelled local housing need using 2013 SHMA methodology" for Islington is 1,230 dwellings per year, which is marginally higher than the OAN of 1,150 dwellings annually that has been established by this SHMA. The differences are likely to be due to the GLA modelling being based on their 2013-round household projections and their analysis considered the period 2011-15 in addition to the 20-year Plan period 2015-2035.

5.39 Given the uncertainties associated with the household projections, both figures would seem reasonable assessments of Islington's overall housing need; but it should be noted that the SPG recognises that the figures are indicative and that local studies are more detailed:

> *"The tiered approach to understanding housing requirements, with a strategic London wide*
> *study supplemented by more detailed sub regional and local studies, has been an accepted*
> *approach in the context of London's two tier planning system."* (Paragraph 3.1.8)

5.40 The Housing SPG also sets out the "London Plan minimum targets" for each borough. This takes account of both housing need and housing land availability, and establishes a minimum target of 1,264 dwellings each year for Islington. Whilst this is higher than the OAN identified by the SHMA, it is notably lower than historic rates of housing delivery in Islington. If Islington has the capacity available to plan for the minimum target of 1,264 dwellings each year that is set out in the London Plan, this should provide for the borough's own housing need (an average OAN of 1,150 dwellings each year) and also help provide for the wider housing needs of the Greater London housing market area.

6. Housing Mix and Tenure

Establishing the mix of market and affordable housing

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

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

6.3 Chapter 5 of the SHMA established the Full Objectively Assessed Need for Housing in Islington to be 23,000 dwellings over the 20-year Plan period 2015-35. Planning Practice Guidance (PPG) sets out what current and future trends should be explored to break the OAN down by tenure, which is done in this chapter, and by other factors, which are covered in Chapter 7:

> *Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:*
>
> » *the proportion of the population of different age profile;*
>
> » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
>
> » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
>
> » *the tenure composition of housing.*
>
> *This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

6.4 In accordance with PPG, details of the current housing stock size and tenure composition are provided in Chapter 3. Details of the current and future age profile and types of household in Islington are given in this chapter.

Age profile and types of household

6.5 Figure 71 summarises the total number of households in 2015 and 2035 based on the GLA 2015-round household projections using CLG 2012 rates, in terms of the age of household representatives, together with the change in the number of households in each category over the 20-year Plan period 2015-35.

Figure 71: Total projected households for 2015 and 2035 and summary of 20-year change by age of household representative. (Source: GLA 2015-round projections 2015-35 long-term migration scenario, Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2015	4,900	24,700	24,000	19,500	12,600	8,600	5,200	2,000	101,500
2035	4,600	23,100	30,400	23,100	16,500	12,700	7,000	3,600	121,100
TOTAL CHANGE 2015-35	-300	-1,600	+6,400	+3,600	+3,900	+4,100	+1,800	+1,600	+19,600

6.6   The GLA 2015-round household projections identified a growth of 19,562 households based on the long-term migration scenario. Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is reflected in terms of household types. The increase in people aged 65+ represented over a two fifths (43%) of the trend-based growth: 7,500 households out of the 19,600 total. Many of these older households will already be established and living in existing homes in Islington. They will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.

6.7   Figure 72 shows the projected number of households in each cohort, showing their age in both 2015 and 2035. For example, there were 4,900 households aged 15-24 in 2015 and these same households would be aged 35-44 by 2035. The trend-based projection identified that total number of households aged 35-44 in 2035 would be 30,400; therefore, an extra 25,500 households, partly due to new household formations and partly due to net migration. The number of households over the age of 45 in 2035 is set to decrease across all age groups.

6.8   Based on the cohort analysis, it is apparent that around 53,200 extra households aged under 45 (in 2035) will be likely to form in Islington over the 20-year Plan period 2015-35. This includes 23,100 households aged 25-34 and 25,500 households aged 35-44 (although some of those aged 35-44 in 2035 may have already formed households by 2025, at which time that they were also aged 25-34).

Figure 72: Total projected households for 2015 and 2035 and summary of 20-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
Age in 2015	<5	<15	15-24	25-34	35-44	45-54	55-64	65+	
Age in 2035	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2015	-	-	4,900	24,700	24,000	19,500	12,600	15,800	101,500
2035	4,600	23,100	30,400	23,100	16,500	12,700	7,000	3,600	121,100
TOTAL CHANGE 2015-2035	+4,600	+23,100	+25,500	-1,600	-7,500	-6,800	-5,600	-12,200	+19,600

6.9   Nevertheless, the 53,200 extra household aged under 45 are offset against a reduction of 33,700 households aged 45 or over (in 2035). Most of this reduction is due to household dissolution following death (although some will also be due to net migration):

»   15,800 households were aged 65+ in 2015, who would be aged 85+ in 2035 if they had survived;

» The projected number of households aged 85+ in 2035 is 3,600, which represents a reduction of 12,200 households whose existing homes would be vacated.

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

6.11 Figure 73 shows the Census 2011 breakdown by household type. Nearly two thirds (39%) of households consisted of one person with a further 23% being couples[25] without dependent children. Couples with dependent children accounted for 11% with lone parents, either with or without dependent children, for 15%.

Figure 73: Household type (Source: Census 2011 – Table DC4408EW)
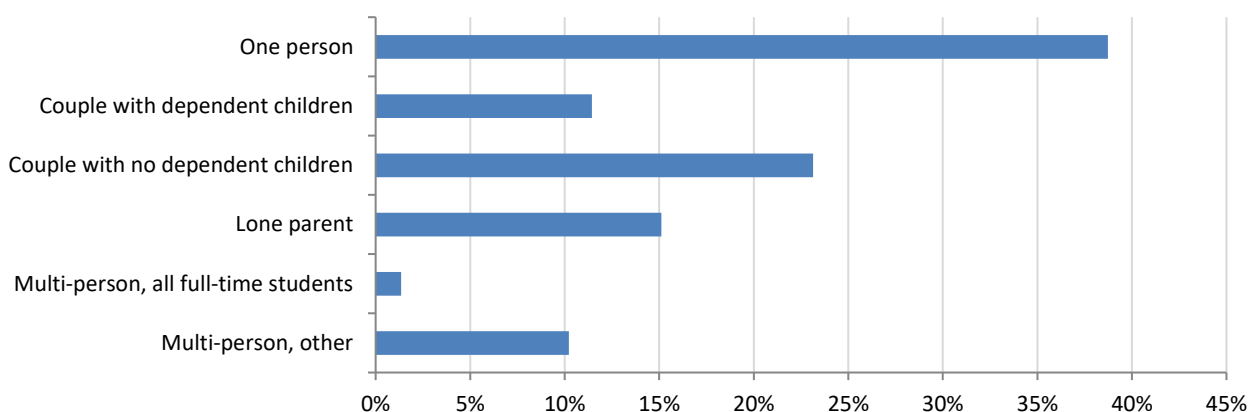
6.12 Figure 74 shows the Census 2011 breakdown of households by dependent children. Over half (56%) of households had no dependent children. Of the 26,550 families with dependent children, 10,682 (23% of all households) had one dependent child, 6,593 (14% of all households) had two dependent children and 3,573 (8% of all households) had three or more dependent children.

Figure 74: Household size measured by the number of dependent children (Source: Census 2011 – Table DC1114EW)

_____
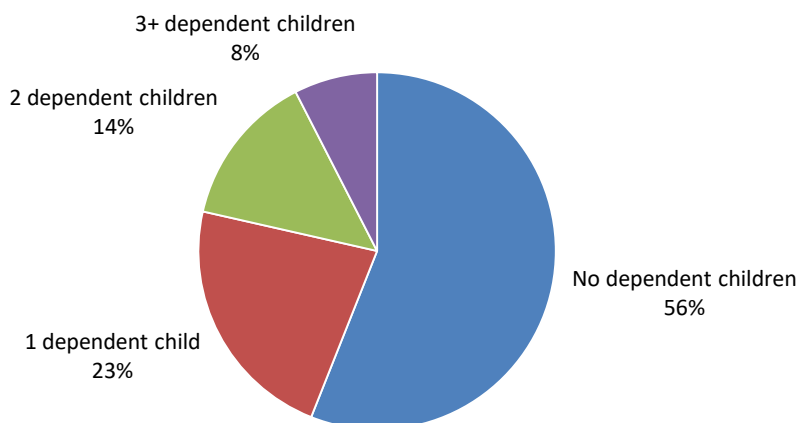
[25] Couples with or without children includes mixed and single sex couples who are married or living together

Household Affordability

6.13 To establish the mix of housing need (in terms of the balance between market and affordable housing) it is necessary to consider household income for the different types of households currently living in Islington. The household survey asked households about their income, and the SHMA has also used an income model based on ONS data combined with data from the English Housing Survey.

6.14 For existing owner occupiers, it is also necessary to consider the role of equity; as many owners can only afford homeownership as a consequence of the value that has built up in their home – many would not be able to afford to buy a home in Islington based on their income alone. Therefore, the affordability analysis focusses primarily on non-owners who are dependent primarily (and in many cases exclusively) on their income to pay their housing costs.

6.15 Figure 75 shows the income distribution for non-owners based on the household survey data; and Figure 76 identifies key points in the income distribution based on the modelled estimates. The survey data identifies the median income for non-owners as being in the £25,000-35,000 band, with the modelled income at £31,500. The survey data and modelled data are also consistent for the upper and lower quartile points.

Figure 75:   Distribution of Gross Household Income for households in Islington that are not owner occupiers (Source: Household survey 2014)
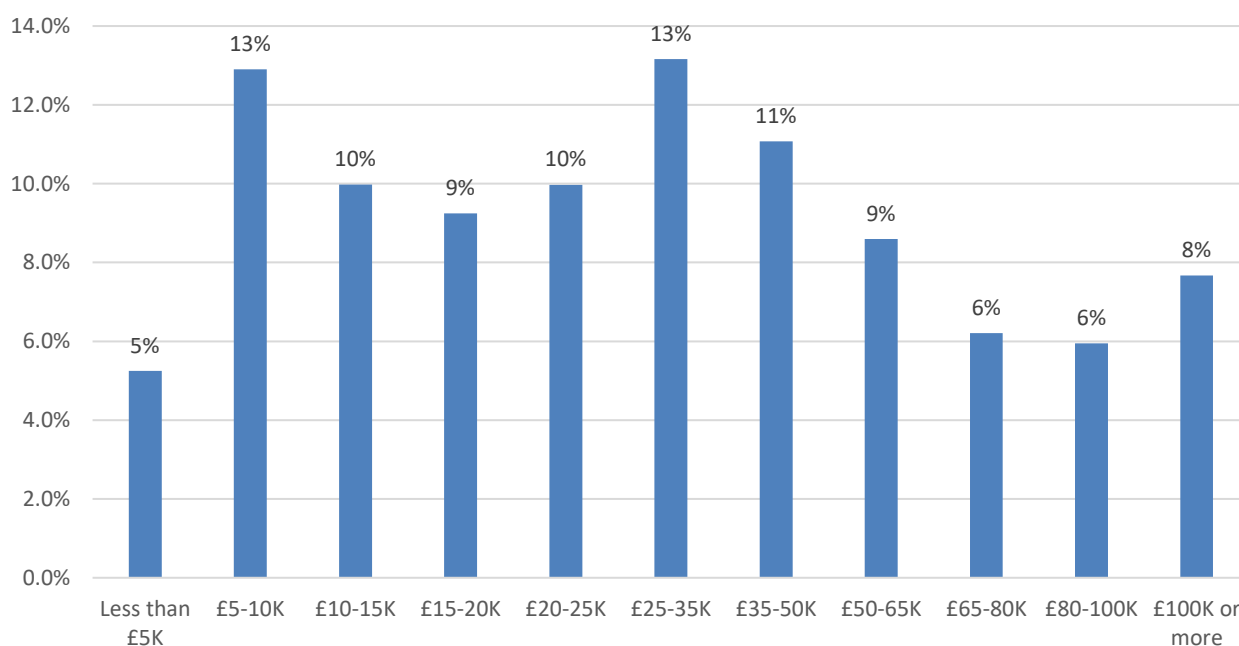
Figure 76:   Distribution of Gross Household Income for households in Islington that are not owner occupiers (Source: Modelled Income based on ONS and English Housing Survey)

	All households in rented housing	Households in affordable housing or in receipt of housing benefit
GROSS HOUSEHOLD INCOME		
Lowest quartile	£16,400	£13,500
Median	£31,500	£24,900
Upper quartile	£54,800	£41,800

6.16 Based on the identified income distribution, it is possible to consider the proportion of households able to afford different housing products based on allocating different proportions of their income to pay their housing costs.

6.17 Figure 77 sets out the housing costs associated with each of the different housing options.

Rented Housing

6.18 Figure 77 sets out the weekly rents by property size associated with a range of different housing options in the area. These includes:

» Median private rent;

» Affordable rent, based on 80% of the median private rent;

» Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget);

» London Living Rent; and

» Target Social Rent.

Figure 77: Weekly rent thresholds (Source: Valuation Office Agency; Homes and Communities Agency, 2014)

Weekly Rent £	Target Social Rent	London Living Rent	Local Housing Allowance	Affordable Rent @ 80% of median	Median Private Rent
1 bedroom	£99	£233	£258	£264.0	£330
2 bedrooms	£106	£259	£299	£320.0	£400
3 bedrooms	£116	£284	£351	£400.0	£500
4+ bedrooms	£185	£313	£413	£528.0	£660

6.19 It is evident that for all property sizes, the median private rent is the highest and target social rent is the lowest; however, unlike in most other areas, Affordable Rent (based on 80% of median market rent) is higher than the maximum LHA. However, the actual Affordable Rent levels which can be set are capped at the LHA levels for any area.

6.20 London Living Rents are calculated at ward level with rents for a 2-bedroom property set at one-third of the local median household income. Rents for London Living Rent homes vary according to their number of bedrooms. The rent for a one-bedroom home is 10% lower than a 2-bedroom property, while for a three-bedroom home they are 10% higher than a 2-bedroom property and for a four-bedroom home they are 20% higher than a 2-bedroom property. The rent for any individual unit must be at least 20% below its assessed market rent.

6.21 The Welfare Bill requires social landlords to reduce their rents by 1% every year for four years, whilst LHA rates generally increase in line with CPI (although they were updated by a fixed 1% in 2014/15 and 2015/16); so together these changes will typically reduce the "gap" for existing Affordable Rent properties. It is also the case that Affordable Rents cannot be higher than the LHA rate for that property in the area even if a figure of 80% of market rents is higher than the LHA rate. This acts as an additional cap to ensure that Affordable Rents remain within the budget of all households.

Assessing Affordability

6.22 In order to profile the affordability of the mix of households in rented housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in Islington. Any income from housing benefit is excluded, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group to be able to afford any type of affordable housing product.

6.23 Figure 78 illustrates the affordability of households needing affordable housing by property size based on a range of assumptions about the proportion of gross household income (excluding housing benefit) is available for housing costs. The model effectively compares the income profile of households in rented housing against the cost of affordable housing products in Islington.   This identifies those able to afford Affordable Rent, London Living Rent and Target Social Rent (all without housing benefit subsidy) and those that would need financial support to afford Social Rent.

Figure 78: Affordability of households in rented housing (Note: Weekly costs based on data in Figure 77)

Percentage of Income Spent on Rent	Unable to afford Target Rent	Can afford Target Rent	Can afford London Living Rent	Can afford LHA	Can afford Affordable Rent	Can afford Market Rent
25% of income	55.5%	23.4%	3.5%	1.8%	4.5%	11.4%
30% of income	49.8%	24.1%	3.8%	2.0%	5.2%	15.0%
35% of income	45.2%	24.3%	4.1%	2.2%	5.7%	18.5%
40% of income	41.3%	24.1%	4.3%	2.3%	6.2%	21.8%
45% of income	37.9%	23.9%	4.3%	2.4%	6.5%	25.0%

6.24 Based on the modelling analysis, it is evident that over half of non-owners in Islington would not be able to afford target social rents without housing benefit support based on spending 25% of their income on housing costs. Where 35% of income is assumed, this still represents 45% of these households. Around a further quarter (based on both measures) could afford target social rents, but could not afford the London Living Rent.

6.25 Figure 79 shows the trend in the number of housing benefit claimants in Islington, where it is apparent that almost 30,000 households in who rent their home (equivalent to around 46% of the 65,700 total) rely on housing benefit support to help pay their housing costs.

Figure 79: Number of claimants in receipt of housing benefit in Islington by tenure (Source: DWP)
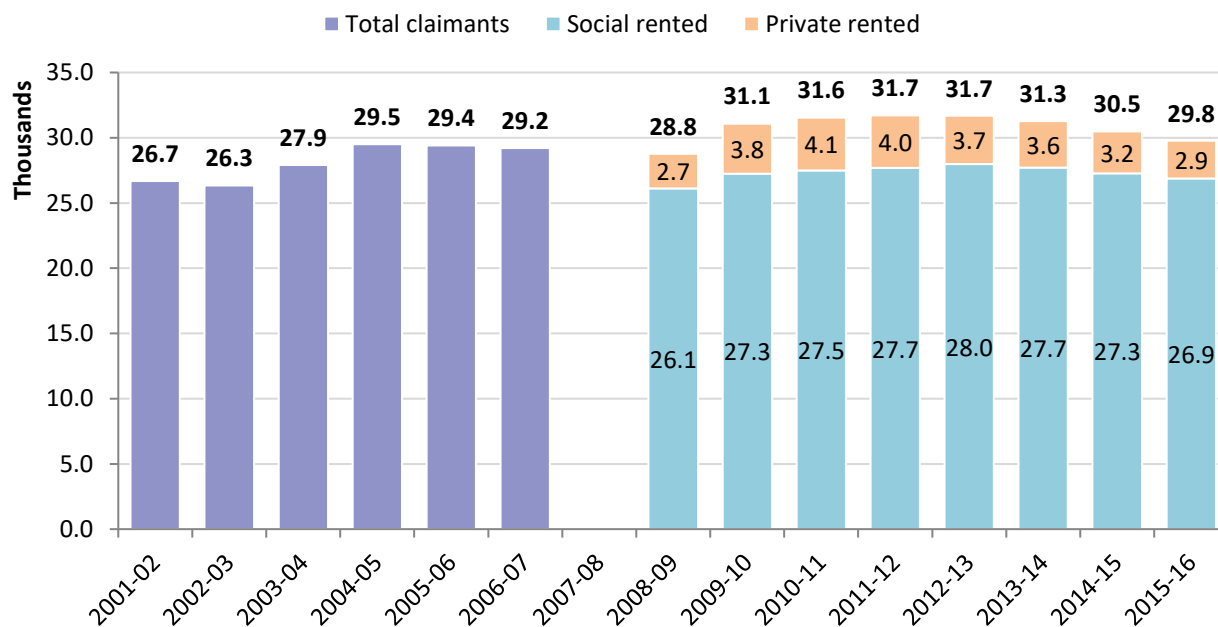
6.26 It is evident that the number of housing benefit claimants in Islington increased from 26,700 to 29,200 over the period 2001-02 to 2006-07, and from 29,200 to 31,700 over the period 2006-07 to 2011-12 equivalent to an average annual growth of around 500 families. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by about 2,300 families.

6.27 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 26,100 to 28,000 over the period 2008-09 to 2012-13 – an increase of almost 1,900 families (7%); however, over the same period the number of claimants in private rented housing increased from 2,700 to 3,700 families – an increase of around 1,000 families (39%). However, the greatest number of claimants in private rented housing was in 2010-11 (4,100).

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

6.29 However, what is particularly striking is that of the 26,400 households who rent privately, around 22,400 households do not receive any housing benefit support (Figure 33). Based on half of all households in the private rented sector paying the median rent or more, this would imply that around 21% of all non-owners (including those in affordable housing) would need to afford market rent. Figure 78 shows that on average, households must be paying approaching 40% of their gross income on rent such that around 21% can afford the market rent median. If households were only to spend an average of 30% of their gross income, only 15% would be able to afford the market rent median.

6.30 Based on the modelling analysis, it seems likely that only 15,700 households in the private rented sector who do not claim housing benefit can afford their rent based on a 30% income test; the remaining 6,700 households can only afford to rent privately as they are spending more than 30% of their gross income on housing costs. These households would clearly benefit from lower rents through the London Living Rent or other rented affordable housing schemes.

6.31 There is evidently a need to provide a range of affordable housing products to address the imbalance that currently exists within the housing market in Islington. Such provision would be in addition to any affordable housing need arising over the 20-year period 2015-35.

Identifying Affordable Housing Need

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

6.33 PPG notes that affordable housing need is based on households *"who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market"* (ID 2a-022) and identifies a number of different types of household which may be included:

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

6.34 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (ID 2a-024):

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

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

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

Past Trends and Current Estimates of the Need for Affordable Housing

Housing Register Data

6.35 The local authority **housing register** and **transfer lists** are managed through a Choice based letting system Households apply for a move via the scheme and 'bid' for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

6.36 Figure 80 shows the trend in households on the housing register over the period since 2001:

6.37 Overall, the trends show that the number of households registering for affordable housing has increased over the last decade. This is despite the criteria for joining the housing registers in all areas having recently changed as a result of policy changes following the Localism Act. Only people with a local connection now qualify for the housing register, and people with adequate financial resources (including owner occupiers) are no longer included. However, this does not appear to have reduced the waiting list in Islington to date.

Figure 80: Number of households on LB Islington housing register 2001-14 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)
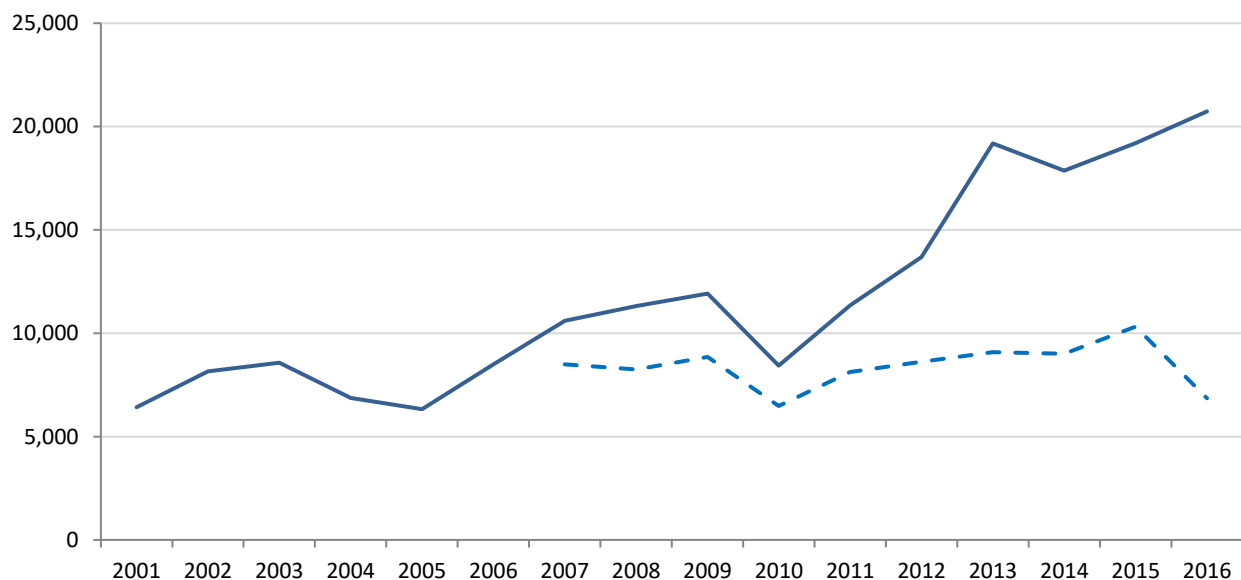
6.38 Figure 80 also show the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

» Legally homeless;

» Living in unsatisfactory housing (as defined by the Housing Act 2004);

» Need to move on medical/welfare grounds; or

» Need to move to a particular area to avoid hardship.

6.39 Figure 81 provides further detailed information for 2015. The number of households with a reasonable preference in 2015 was 10,318. The individual components for reasonable preference should sum to the total as households should be counted only once. However, in this case, the total is higher than the components implying an error in total figure which should be 6,875 households. This has no material effect on the numbers in the remainder of this report.

Figure 81: Number of households on the Islington local authority housing register at 1st April (Source: LAHS returns to CLG 2015)

	2015
Total households on the housing waiting list	19,196
Total households in a reasonable preference category	**10,318**
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	920
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	1,057
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	4,013
People who need to move on medical or welfare grounds, including grounds relating to a disability	885
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	0

6.40 Nevertheless, we previously estimated that there were around 6,700[26] overcrowded households in Islington, based on the bedroom standard – but 4,013 people were recorded by the housing register in 2015 as currently *"occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions"*. To calculate affordable housing needs we have used the estimate of 6,700 households who are overcrowded and excluded owner occupiers, as many owner occupiers will not qualify for affordable housing even if they are overcrowded.

6.41 When considering the types of household to be considered in housing need, the PPG also identified *"households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ"* and *"households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move"*. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted with a reasonable preference. However, there were 630 people registered *"who need to move on medical or welfare grounds, including grounds relating to a disability"*, though no households *"who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)"*.

---

[26] See Figure 49

Households Unable to Afford their Housing Costs

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

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

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

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

Establishing Affordable Housing Need

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

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

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

Current Unmet Need for Affordable Housing

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

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

6.48 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on a reference point of March 2015 as far as possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

6.49 Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

6.50 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2011.

6.51 It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

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

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

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

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

6.56 The needs of these households are counted when establishing the OAN for affordable housing and they also add to the OAN for overall housing, as concealed families are not counted by the CLG or GLA household projections.

6.57 Figure 82 sets out the assessment of current affordable housing need for Islington.

Figure 82: Assessing current unmet gross need for affordable housing for Islington (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	**Supply**	
Homeless households in priority need (see Figure 54, page 70)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	88		88
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	802		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	24	24	
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households (see Figure 50, page 68)			
Growth in concealed families with family representatives aged under 55	148		148
Overcrowding based on the bedroom standard (see Figure 49, page 67)			
Households living in overcrowded private rented housing	1,302		
Households living in overcrowded social rented housing	4,445	4,445	
Other households living in unsuitable housing that cannot afford their own home (see Figure 81, page 100)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	885	185	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	
TOTAL	**7,694**	**4,654**	**236**

6.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are a total of **7,694 households currently in affordable housing need in Islington who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible) and includes those who currently live in social housing which does not meet their needs.

6.59 Of these households, Figure 82 shows a supply of 4,654 households who currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding, but also including smaller numbers of those who are currently in social housing and who need to move on medical ground or who need to move to a particular locality in the Borough. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 3,040 households** (7,694 less 4,654 = 3,040) **who currently need affordable housing and do not currently occupy affordable housing in Islington** (although a higher number of new homes may be needed to resolve all of the identified overcrowding). This number includes 236 households that would not be counted by the household projections (see Paragraph 5.8). There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.

6.60 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 2,804 households (3,040 - 236) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

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

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

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

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

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

Households Unable to Afford their Housing Costs

6.65   PPG identifies that *"projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need"* (ID 2a-025). PPG also emphasises that *"Care should be taken … to include only those households who cannot afford to access suitable housing in the market"* (ID 2a-024).

6.66   The emphasis here is very different to the previous 2007 SHMA Practice Guidance (now withdrawn), which identified that (page 42):

> *"A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their gross household income"*

6.67   Given this context, previous housing needs assessments based on the superseded SHMA guidance counted all households where market rent would exceed 25% of their gross household income as needing

affordable housing, even though many such households would in practice spend a higher proportion of their income on rent in order to access market housing. As a consequence, the level of affordable housing need identified by such historic assessments was often very high.

6.68 The PPG identifies that it is only the needs of those households who cannot afford to buy or rent housing in the market area that should be counted when assessing affordable housing need; and, unlike the previous SHMA guidance, the PPG does not suggest an income multiplier. In assessing the ability of households to afford, the Model considers **data published by DWP about housing benefit claimants alongside detailed housing tenure information from the 2011 Census** based on the following assumptions:

» Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that all households occupying affordable housing will continue to do so, including those not in receipt of housing benefit; and

» Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system.

6.69 However, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts. Reasons for the differing proportions between ages include factors such as the number of people aged 25-34 who are renting in shared accommodation without welfare support, compared to the number of people in older age groups may require welfare support to live in self-contained accommodation. This example is illustrated by the jump in those aged 25-34 and unable to afford market housing from couples with no dependent children to couples with 1 or more dependent children. Similarly, other household types aged under 25 years are typically student households, while older groups are more likely to be those who are in receipt of housing benefit to support them in the private rented sector. Therefore, the percentages of households that are unable to afford market housing shown in Figure 83 are calculated separately for each household type and age group.

Figure 83: Assessing affordability for Islington by household type and age (Source: Census 2011 and DWP)

Percentage <u>unable</u> to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	46%	29%	47%	63%	67%	71%
Couple family with no dependent children	18%	6%	12%	35%	40%	52%
Couple family with 1 or more dependent children	65%	50%	39%	44%	43%	58%
Lone parent family with 1 or more dependent children	91%	92%	86%	82%	76%	91%
Other household type	15%	16%	42%	65%	62%	57%

6.70 The affordability assessment used by the Model is relatively stringent insofar as it is only households that would be eligible for welfare support that are counted within the identified affordable housing need. There are likely to be other households who are spending more than 25% of their gross income (and sometime much more than this proportion), but who are not eligible for welfare support in relation to their housing. The Model's assessment therefore focusses on those **households with the most acute needs**, and a broader affordability assessment would probably identify a greater number of households needing affordable housing. **The Model therefore identifies a minimum level of affordable housing need based on current trends.**

Components of Projected Household Growth

6.71 PPG identifies that the CLG household projections *"should provide the starting point estimate for overall housing need"* (ID 2a-015) and that *"the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth"* (ID 2a-016). However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a *"gross annual estimate"* (ID 2a-025) suggesting that *"the total need for affordable housing should be converted into annual flows"* (ID 2a-029).

6.72 The demographic projections from the GLA developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods. Figure 84 shows the individual components of annual household growth over a 20 year period, with the first period containing 5 years.

Figure 84: Components of average annual household growth for Islington by 5-year projection period (Source: ORS Housing Model. Note; Figures may not sum due to rounding)

	Annual average for 5-year periods				Annual average 2015-35
	2015-20	2020-25	2025-30	2030-35	
New household formation	3,343	3,374	3,444	3,477	3,409
Household dissolution following death	884	863	876	917	885
Net household growth within Islington	2,458	2,511	2,567	2,560	2,524
Household migration in	10,695	10,517	10,344	10,368	10,481
Household migration out	11,850	12,139	12,126	12,215	12,083
Net household migration	-1,155	-1,622	-1,782	-1,847	-1,602
Total household growth	1,303	889	785	713	922

6.73 Over the initial 5-year period (2015-20) the model shows that:

» There are projected to be 3,343 new household formations each year; but this is offset against 884 household dissolutions following death – so there is an **average net household growth of 2,458 households** locally in Islington

» There are also projected to be 10,695 households migrating to Islington offset against 11,850 households migrating away from the area – which yields **a decrease of 1,155 households attributable to net migration;**

» The total household growth is therefore **projected to be 1,303** (2,458 minus 1,155 = 1,303) **households each year** over the initial 5-year period of the projection.

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

6.75 Over the 20-year period 2015-35, total **household growth averages 922 households** each year with an average annual net growth of 2,524 households within Islington and a net loss of 1,602 households based on migration.

Change in Household Numbers by Age Cohort

6.76   To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 3,343 new households projected to form in Islington each year over the period 2015-20 (Figure 84) alongside the detailed information about household affordability (Figure 83).

6.77   Figure 85 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 85:   Annual change in household numbers in each age cohort for Islington by age of HRP (Source: ORS Housing Model)
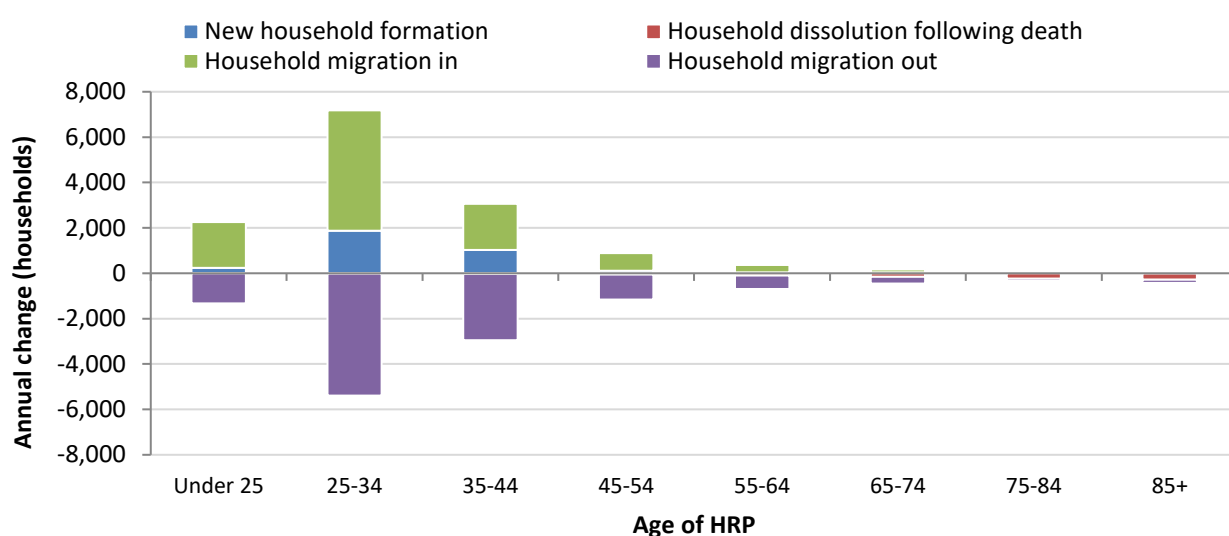
6.78   Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.

6.79   The Model identifies that 40% of all newly forming households are unable to afford their housing costs, which represents 1,348 households each year (Figure 86). The Model shows that 40% households migrating to the area are unable to afford, but this represents 4,306 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 5,654 new households each year who are unable to afford their housing costs.**

Figure 86:   Affordability of new households for Islington over the initial 5-year period 2015-20 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,343	1,995	1,348	40%
Households migrating in to the area	10,695	6,388	4,306	40%
All new households	**14,037**	**8,383**	**5,654**	**40%**

6.80   Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting *"total available stock from total gross need"* (ID 2a-029), **but this over-simplifies what is a very complex system**.

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

» Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;

» Similarly, not all households that are unable to afford housing are allocated affordable housing;

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

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

6.83 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **884 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however, 61% are unable to afford market housing: most living in affordable housing.

6.84 When considering **households moving away** from Islington, the Model identifies that an average of 11,850 households will leave the area each year. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted.

6.85 Figure 87 summarises the total household growth. This includes the 5,654 new households on average each year who are unable to afford their housing costs, but offsets this against the 5,523 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Islington (as they have moved to live elsewhere).

Figure 87: Components of average annual household growth for Islington 2015-20 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,343	1,995	1,348	40%
Households migrating in to the area	10,695	6,388	4,306	40%
All new households	**14,037**	**8,383**	**5,654**	**40%**
Household dissolutions following death	884	345	539	61%
Households migrating out of the area	11,850	6,867	4,983	42%
All households no longer present	**12,734**	**7,212**	**5,523**	**43%**
Average annual household growth 2015-20	**+1,303**	**+1,172**	**+131**	**10%**

6.86 Overall, the Model projects that household growth will yield a net increase of 131 households on average each year (over the period 2015-20) who are unable to afford their housing, which represents 10% of the 1,303 total household growth for this period.

Projecting Future Needs of Existing Households

6.87 PPG also identifies that in addition to the needs of new households, it is also important to estimate *"the number of existing households falling into need"* (ID 2a-025). Whilst established households that continue to live in Islington will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 1,069 established households fall into need each year** in Islington. This represents a rate of 10.3 per 1,000 household falling in to need each year.

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

» When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 83 showed that 46% of single person households aged under 25 in Islington could not afford housing, compared to 18% of couples of the same age; and for those aged 25 to 34, the proportions were 29% and 6% respectively.

» Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 83 showed that 50% of couple families with dependent children aged 25 to 34 in Islington could not afford housing, compared to 39% of such households aged 35 to 44.

6.89 Given this context, it is clear that **we must also recognise these improved circumstances can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **614 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 5.9 per 1,000 household climbing out of need each year.

6.90 Therefore, considering the overall changing needs of existing households, **there is an average net rounded <u>increase</u> of 455 households** (1,069 less 614 = 455) **who need affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

6.91 Figure 88 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 88: Components of future affordable housing need for Islington 2015-20 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,343	1,995	1,348	40%
Households migrating in to the area	10,695	6,388	4,306	40%
All new households	**14,037**	**8,383**	**5,654**	**40%**
Household dissolutions following death	884	345	539	61%
Households migrating out of the area	11,850	6,867	4,983	42%
All households no longer present	**12,734**	**7,212**	**5,523**	**43%**
Average annual household growth 2015-20	**+1,303**	**+1,172**	**+131**	**10%**
Existing households falling into need	-	-1,069	1,069	100%
Existing households climbing out of need	-	614	-614	0%
Change in existing households	**-**	**-455**	**455**	**-**
Average annual future need for market and affordable housing 2015-20	**+1,303**	**+716**	**+586**	**45%**

6.92 Overall, there is a projected need from **5,654 new households who are unable to afford their housing costs** (1,348 newly forming households and 4,306 households migrating to the area) each year; however, **5,523 households will either vacate existing affordable housing or will no longer need affordable housing** in Islington (as they have moved to live elsewhere) **thereby reducing the new need to a net total of 131 households.**

6.93 Considering the needs of existing households, there are 1,069 households expected to fall into need each year, but this is offset against 614 households whose circumstances are projected to improve. There is, therefore, an **average net increase of 455 existing households that need affordable housing each year.**

6.94 Based on the needs of new households and existing households, there is a projected increase of 586 households each year on average for the initial period 2015-20 who will need affordable housing (131 plus 455 = 586).

6.95 Using the approach outlined above for the initial 5-year period of the projection, the Model also considers the need for affordable housing over the 20-year period 2015-35. The Model identifies that **the number of households in need of affordable housing will increase by 9,191 households over the period 2015-35**, equivalent to an annual average of 460 households per year. This represents 49.8% of the total household growth projected based on the demographic trends which show a growth of 19,600 over the 20-year period.

Assessing the Overall Need for Affordable Housing

6.96 Figure 89 brings together the information on assessing the unmet need for affordable housing in 2015, and the future affordable housing need arising over the 20-year period 2015-35.

Figure 89: Assessing total need for market and affordable housing in Islington (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	**Affordable housing**	
Unmet need for affordable housing in 2015 (see Figure 82, page 104)			
Total unmet need for affordable housing	-	7,694	7,694
Supply of housing vacated	2,804	4,654	7,458
Overall impact of current affordable housing need	**-2,804**	**+3,040**	**+236**
Projected future housing need 2015-35			
Newly forming households	40,788	27,396	68,184
Household dissolutions following death	6,928	10,778	17,705
Net household growth within Islington HMA	**33,861**	**16,619**	**50,479**
Impact of existing households falling into need	-27,621	+27,621	-
Impact of existing households climbing out of need	+16,781	-16,781	-
Impact of households migrating to/from the area	-13,764	-18,268	-32,032
Future need for market and affordable housing 2015-35	**+9,256**	**+9,191**	**+18,447**
Total need for market and affordable housing			
Projected impact of affordable housing need in 2015	-2,804	+3,040	+236
Future need for market and affordable housing 2015-35	+9,256	+9,191	+18,447
Total need for market and affordable housing	**+6,452**	**+12,231**	**+18,683**
Average annual need for housing	323	612	935
Proportion of need for market and affordable housing	**35%**	**65%**	**100%**

6.97 Figure 82 estimated there to be **7,694 households in need of affordable housing in 2015**. However, as 4,654 of these already occupied an affordable home, our previous conclusion was therefore a net need from 3,040 households (7,694 less 4,654 = 3,040) who need affordable housing and do not currently occupy affordable housing in Islington.

6.98 The 20-year projection period 2015-35 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 9,191 households over the period 2015-35**, alongside an increase of 9,256 households able to afford market housing.

6.99 Overall, there will be a **need to provide additional affordable housing for 12,231 households** over the period 2015-35. This is equivalent to an average of **612 households per year**. This represents 65% of the demographic growth for Islington based on GLA 2015-round long-term migration trends.

6.100 The overall need for additional household growth for demographic change is 18,447 households plus a further 236 for concealed households, giving a total of 18,683. Any losses from the current stock (such as demolition or clearance) would increase the number of affordable dwellings needed by an equivalent amount.

Housing Mix: Size and Tenure

6.101 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted. Similarly, if the majority of couple households currently aged 55-64 and having no dependent children are under-occupying large homes, the model assumes this will continue to be the case for future couples aged 55-64 with no dependent children.

6.102 The model takes account of both overcrowded households who require to move to a larger dwelling and also under-occupying households who require to downsize. While Government polices such as those relating to the Spare Room Subsidy or Bedroom Tax are leading to more households downsizing, not all households will do so. Instead, we have modelled a gradual decline in the amount of under-occupation in the affordable housing sector. We would note that these figures do not include the potential impact of increased right to buy sales due to Registered Providers now being subject to this scheme or any consideration of the impact of Starter Homes being considered as affordable housing, as set out in the Housing and Planning Act 2016.

6.103 Overall, housing need for market housing comprises 10,700 additional homes; mainly three bedroom properties. Housing need for affordable housing comprises 12,300 homes, mainly two and three bedroom properties. This need for larger (three bedroom) housing reflects the assumption that the current needs of all overcrowded households in rented housing will be addressed over the Plan period. If larger homes are not provided to alleviate overcrowding, many households will continue to occupy their smaller homes – so these properties will not be vacated, and there will continue to be pressure from new households applying to live in 1- and 2-bedroom properties. The total need is the same as the OAN shown in Figure 90 and includes adjustments for market signals.

Figure 90: Market and affordable housing mix for Islington 2015-35 (Note: Figures may not sum due to rounding)

	Housing Need		TOTAL CHANGE 2015-35
	2015	2035	
MARKET HOUSING			
1 bedroom	15,700	16,900	**1,200**
2 bedrooms	18,900	22,300	**3,400**
3 bedrooms	19,200	25,200	**6,000**
4+ bedrooms	3000	3,100	**100**
Total Market Housing	**56,800**	**67,500**	**10,700**
AFFORDABLE HOUSING			
1 bedroom	15,300	15,900	**600**
2 bedroom	20,600	26,500	**5,900**
3 bedrooms	11,000	15,100	**4,100**
4+ bedrooms	2,200	3,900	**1,700**
Total Affordable Housing	**49,200**	**61,500**	**12,300**
TOTAL	**106,000**	**129,000**	**23,000**

6.104 We would note that the market housing requirement does not represent the requirement for new build housing. Instead, it represents the number of units which market housing could potentially increase by in Islington over the 20-year period 2015-2035 driven by the growth in the number of households that could afford it. The distinction between these two points can be illustrated by a simple example.

6.105 Taking a scenario where a newbuild dwelling is bought by a household who is currently occupying an existing owner occupied property in Islington the key question is what happens to the dwelling they vacate. If it is bought by another household who occupy the dwelling the total market housing stock has been increased by one unit (the newbuild dwelling). However, if the dwelling is bought by a landlord who subsequently rents the property to a household receiving housing benefit this takes the dwelling out of the market housing sector in terms of who is occupying it. Therefore, completing one newbuild dwelling can see the number of homes in the market housing sector remain unchanged. This situation has been common in London as newbuild dwellings are occupied as market housing, but parts of the second hand stock have been turned over to housing benefit receipt private rent or sub-divided and let as lower quartile private rent.

Relative Need and Other Considerations

6.106 This Housing Needs Assessment identifies need in line with the definitions of the NPPF. Therefore, it only considers whether households are in need and does not distinguish between relative levels of need. However, along with many authorities, Islington prioritise the allocation of social housing based upon relative need. Therefore, while there is an identified shortfall in affordable homes of all sizes in terms of meeting the housing needs of priority groups, shortage relative to supply is likely to be greatest for larger (2-bedroom+) family homes. The reasons for this are summarised below, the first two relate directly to Islington, the second two are general points:

» The model works on the presumption that all of the new housing required will be built, however in reality it is unlikely that the level of affordable completions could be raised sufficiently to meet all identified need over the period of Islington's housing strategy or its local development plan. Furthermore, the figures derived through the assessment relate to a 20-year period. A significant requirement for smaller units has been identified, largely attributed to the projected growth in smaller households over the longer term. The highest need in Islington for affordable housing and the highest total need in Figure 90 is for two bedroom properties.

» Most households who require a 1-bedroom property are in a relatively low level of need and are generally adequately housed. Those who require family sized accommodation are not mostly adequately housed, often living in very overcrowded conditions. This is supported by the level of overcrowding in Islington.

» Some of the need identified for 1-bedroom properties will be met through the private rented sector (with housing benefit support), and for many single people house-shares will provide an adequate alternative to 1-bed accommodation.

» Analysis indicates that the introduction of a benefit cap from April 2013 as part of the government's wider welfare reform measures will further impact on the affordability of accommodation in the private rented sector, with larger households (mainly families with children) predicted to face the most serious difficulties in paying their rent. 2-bed plus private rented sector housing in Islington is typically unaffordable for many people on benefits.

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

Future Policy on Housing Benefit in the Private Rented Sector

6.108 The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council. The Summer 2015 Budget introduced a four-year freeze to local housing allowance rates together with changes to the benefit cap, however this typically affects the amount of housing benefit paid rather than the number of households (although there were eligibility changes for those aged under 21).

6.109 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

6.110 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

6.111 To sensitivity test this position, Figure 91 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If households are no longer able to afford to live in private rented housing (or the supply of such housing reduces) then there is likely to be an increased demand for affordable housing, as illustrated below.

Figure 91: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-31
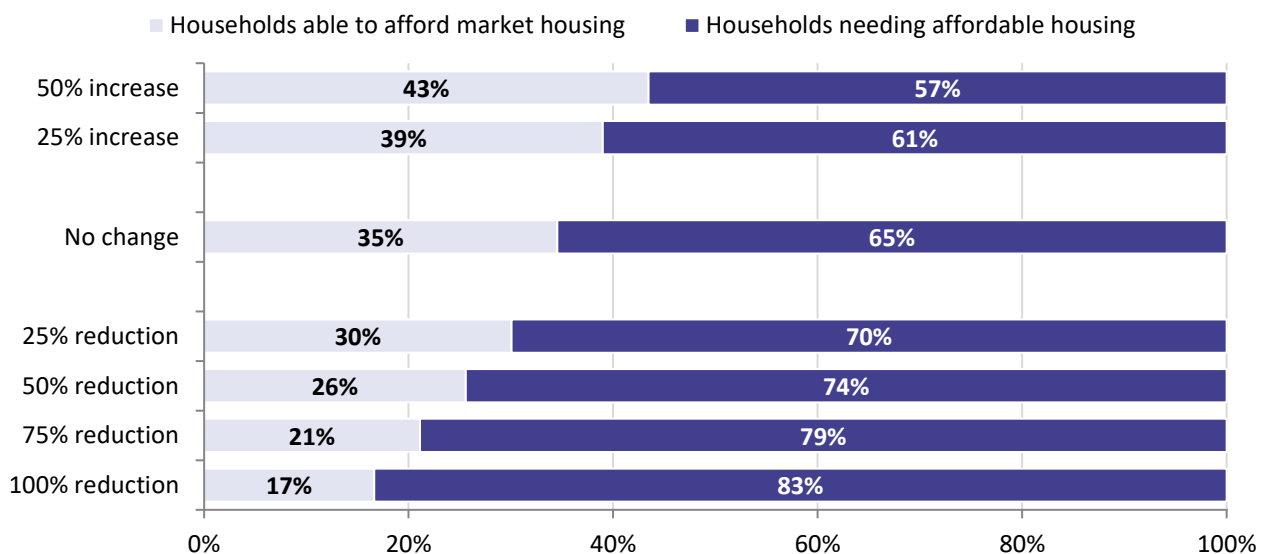
6.112 If no households were to receive housing benefit support in the private rented sector, all of the growth in household numbers would need affordable housing. This would need all 18,600 of the overall housing need to be provided as affordable housing over the 20-year Plan period 2015-35. Nevertheless, as discussed in Chapter 3, changes to the welfare system could affect future household behaviour; with fewer households able to afford their housing costs living in the borough, and greater numbers seeking housing elsewhere.

6.113 Figure 89 identified that a net total of around 18,300 households unable to afford their housing costs would leave the borough based on existing trends. If the welfare changes lead to more households unable to afford their housing costs leaving the borough, the number of households counted within the assessment of affordable housing need would also reduce.

Establishing Affordable Rent Levels to meet Affordable Housing Need

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

6.115 However, in Islington there is a significant difference between potential affordable rents and social rents. Figure 92 shows median weekly rents in Islington over the past 3 years. The GLA region-wide SHMA assumed that households could rent a 4-bedroom property in London at less than £250 per week, while it is currently the case in Islington that the median rent for a 4-bedroom property is £660 per week.

Figure 92: Median Weekly Rent Values in Islington (Source: Valuation Office Agency)

	1 Apr 2011 to 31 Mar 2012	*1 Apr 2012 to 31 Mar 2013*	*1 Apr 2013 to 31 Mar 2014*
1 bedroom	£300	£320	£330
2 bedrooms	£390	£400	£400
3 bedrooms	£460	£500	£500
4+ bedrooms	£620	£610	£660

6.116 Figure 93 shows potential affordable rents in Islington by bedroom size using a range of rents from 80% of market rent down to 50% of market rents. This shows that even at 50% of market rents, a 4-bedroom property will still cost around £330 per week. In the context of benefit caps of £500, this is likely to be unaffordable for non-working households. Even when 35% of gross income is allocated to rent, an income of nearly £40,000 would be required to afford a 1 bedroom affordable rent property at 80% market rents.

Figure 93: Potential Affordable Rent costs and associated annual gross income based on 35% of gross income spent on rent (Source: CLG Rent Statistics)

	80% market rent		*70% market rent*		*60% market rent*		*50% market rent*		*LHA Rate*	
	Weekly Rent	*Annual Income*	*Weekly Rent*	*Annual Income*	*Weekly Rent*	*Annual Income*	*Weekly Rent*	*Annual Income*	*Weekly Rent*	*Annual Income*
1 bedroom	**£260**	£39,200	**£230**	£34,300	**£200**	£29,400	**£160**	£23,800	£258	£38,300
2 bedrooms	**£320**	£47,500	**£280**	£41,600	**£240**	£35,700	**£200**	£29,700	£299	£44,400
3 bedrooms	**£400**	£59,400	**£350**	£52,000	**£300**	£44,600	**£250**	£37,100	£351	£52,100
4+ bedrooms	**£530**	£78,400	**£460**	£68,600	**£390**	£58,800	**£330**	£49,000	£413	£61,400

6.117 From the above calculations it is clear that Affordable Rent properties in Islington set at 80% of market rents are generally unaffordable to households who are unable to afford market housing.

6.118 Overall, this leaves a complicated position for Affordable Rent in areas such as Islington where market rents are so much higher than social rents. If Affordable Rents are set at 80% of market rents, it is unlikely that many households identified as unable to afford market housing would be able to afford this housing. Instead, it is likely that the product would provide an alternative housing option for working households who are finding it difficult to afford full market rents and who are unlikely to be able to afford to buy in the borough.

6.119 This clearly leaves the question of how the needs of those households unable to afford market housing (many of whom are unable to afford target social rent) will be met in the borough. Beyond the existing social housing stock and current housing benefit in the private rented sector, there would appear little prospect of sufficient new supply to meet needs that would arise from current trends. It seems likely that there will be a continued displacement of needs to other boroughs and less expensive areas outside London.

Starter Home Initiative

6.120 It is also important to note the Starter Home initiative. The NPPF identifies that local authorities should seek to *"widen opportunities for home ownership"* (paragraph 50). Given this context, the Housing and Planning Act 2016 contains proposals to further this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.

6.121 The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers (aged 23 to 40), which is to be sold at a discount of at least 20% of the market value and for less than the price cap (of £450,000 in Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy.

6.122 The chart below summarises where potential demand for Starter Homes might come from, (subject to how the product is implemented). Effectively, it adds the new product for some households who currently meet their needs in private rent, but who may aspire to home ownership.

Figure 94: The Market Sector for Starter Homes
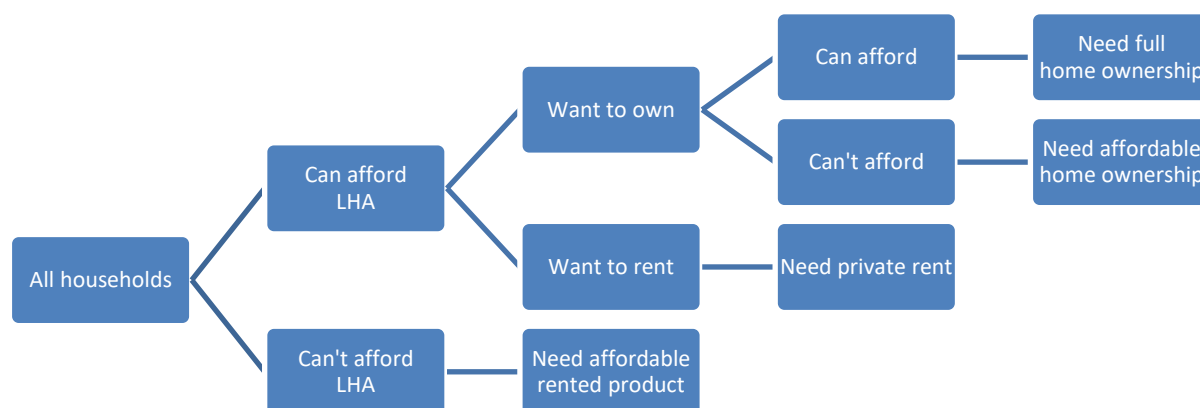
6.123 The affordability of Starter Homes is uncertain. The discounted price should be no more than £450,000 in London. Compared to that, prices in Islington appear at first sight to be more affordable; the lower quartile average price for Islington (Figure 29) was £450,000. However, the lowest priced new build property found on the market in Islington in October 2016 was a one-bedroom apartment priced at £364,998[27]. Applying a 20% discount, a household consisting of a couple with no children would need a joint income of £61,500 to furnish a mortgage on the property on a 25-year term. To buy the same property on the open market, the same couple would require an annual income of £85,000 (based on paying a 10% deposit and a 25-year term). In the Islington household survey, 71% of Islington households said they had an annual income of less than £80,000, while 61% had an income of less than £65,000, and 46% had an income of less than £50,000. Taking the income levels of £65,000 to £80,000 as being able to afford a Starter Home, but being unable to afford the same property on the open market suggests that at most 10% of Islington households would be in the appropriate income bracket.

6.124 Also, in the survey, 62% were aged between 25 and 49. Taking this range as the closest approximation to the Starter Home age group that can be elicited from the survey results; suggests that at most, 6% of Islington households would be eligible. While it is possible to interrogate the survey in greater detail, the results could not be considered reliable due to the small number of responses involved at that level.

6.125 Compared to other tenures, Starter Homes look a viable option. However, it should be noted: firstly, that the level of mortgage necessary will not be available to households with lower incomes, and; secondly that buying a property on the open market with a 20% deposit would have a similar monthly repayment as a Starter Home of the same value. This reflects the fact that home ownership can cost less than private renting for those who can access mortgage finance.

Figure 95: Comparison of Starter Home, Private Rent and Shared Ownership Costs – 2 bedroom property (Source: CLG Live Tables; VOA; HCA; Halifax Building Society)

Tenure	Details (2 bedroom property)	Weekly	Monthly
Private Rent	Median	£448	£1,942
Shared Ownership	Value £710,000, 40% equity share, 10% deposit	£498	£2,158
Starter Home	Value (pre-discount) £365,000	£285	£1,235
Starter Home	Value (pre-discount) £450,000	£351	£1,522

6.126 An additional indication of the size of the potential market segment for Starter Homes is the level of savings for a deposit held by different age groups. The SHMA household survey allows an analysis of saving for a deposit in two age bands which are relevant to the Starter Homes initiative for first time buyers aged under 40. Here, the two bands; 16-34 and 35-49, age discussed separately as one contains solely people age under 40 and one contains those under and those over 40.

6.127 Of 16 to 34 year old survey respondents, 43% were in social rented housing and 41% in private rented. Of those aged 35 to 49, 46% were in social rented and 24% in private rented.

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[27] One bed/ one bath apartment on the 10th floor, 474 sq. ft. in a new development. Several internet sites were scanned and the lowest price property selected. It is recognised that this approach is not scientific, but it reflects the real life market which first time buyers experience if looking for a new property.
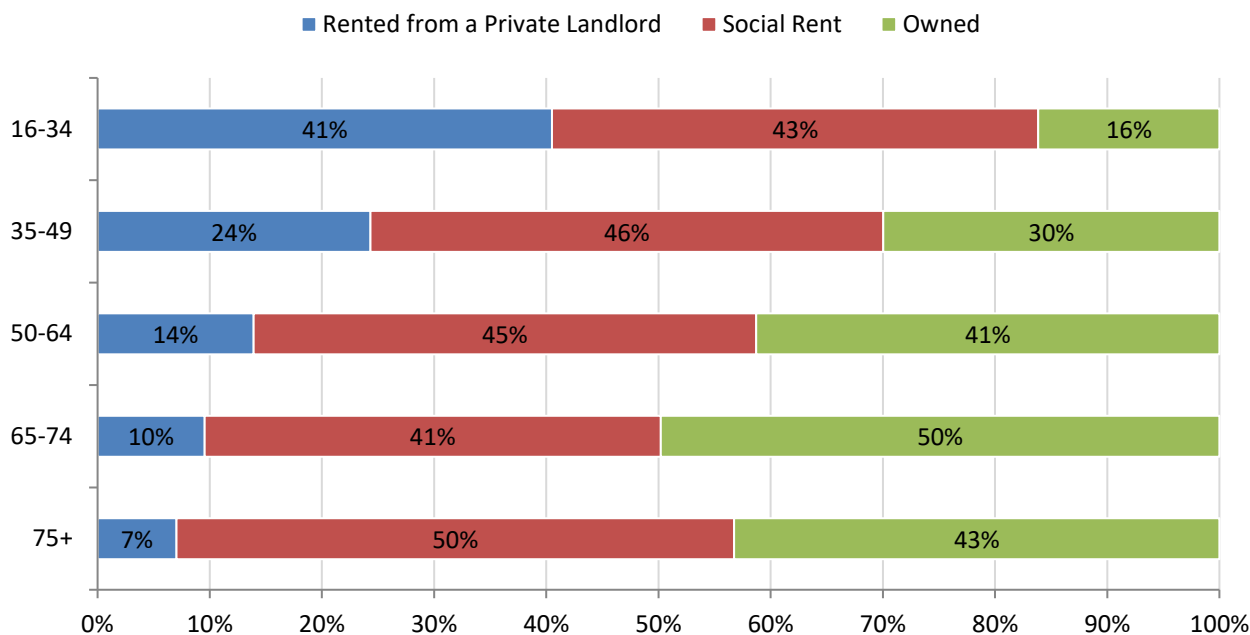
6.128 Of those aged 16 to 34, 26% reported having savings to fund a deposit compared to 17% of those aged 35 to 49.

Meeting the Identified Affordable Housing Need

6.129 The SHMA has identified a substantial need for affordable housing in Islington. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.

6.130 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.

6.131 PPG identifies that Councils should also consider *"an increase in the total housing figure"* where this could *"help deliver the required number of affordable homes"*; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

> *The total affordable housing need should 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 local plan should be considered where it could help deliver the required number of affordable homes. (ID 2a-029)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

6.132 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings[28] (paragraphs 3.20-21):

> *"National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*
>
> *Any uplift on the demographic starting point … would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified."*

6.133 Given that the identified OAN already incorporates an uplift of 16% for Islington on the baseline household projections; this will contribute to increasing the supply of affordable homes through market housing led developments. The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

6.134 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. Increasing the supply of housing remains a key Government priority, and a series of new initiatives have been launched in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

» **Affordable Homes Programme:** the flagship HCA/GLA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England

» **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward

» **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities

» **Empty Homes programme**

» **Estate Regeneration Programme:** often creating mixed tenure communities

» **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

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[28] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf

Other affordable housing considerations

6.135 As well as Government initiatives, there are a series of innovations proposed by other bodies, each aiming for Government support.

6.136 There are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns. **Registered Providers** Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further. **Stock rationalisation by Registered Providers** The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation. **Extension of Right to Buy (RTB) to Registered Providers** The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development. The Autumn 2015 Housing Bill contain proposals which are likely to act as further constraints on affordable housing delivery, although the full implications of these are not clear.	**Councils building more new homes** Many Councils are now trying to bring new rental schemes forward following reform of the HRA system. **New 'for profit' providers** Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers. **Custom Build** Custom build homes are self-build homes facilitated in some way by a developer. Applications to the HCA Custom Build Serviced Plot (CBSP) Loan Fund (£150m over 6 years; £22.5m pa) can be made by Developers, For Profit Registered Providers, Community Land Trusts and Community Groups. Community Land Trusts may deliver Affordable Housing using the CBSP Fund, and they aim to deliver 3,000 new homes by 2020 (or c.600 p.a. in England 2015-2020)[29]. **Co-operative Housing** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.

6.137 Given the substantial need for affordable housing identified across Islington, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area.

6.138 The Government sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher. The role of the private rented sector and the Government's measures to support it are discussed in Chapter 7.

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[29] http://www.communitylandtrusts.org.uk/what-is-a-clt/about-clts

Key implications

6.139 Based on the affordability modelling analysis, it seems likely that only 15,700 households in the private rented sector can afford their rent based on a 30% income test; the remaining 6,700 households can only afford to rent privately as they are spending more than 30% of their gross income on housing costs. These households would clearly benefit from lower rents through the London Living Rent or other rented affordable housing schemes. There is evidently a need to provide a range of affordable housing products to address the imbalance that currently exists within the housing market in Islington. Such provision would be in addition to any affordable housing need arising over the 20-year period 2015-35.

6.140 In terms of future needs, based on the household projections we have established, the housing mix analysis identified a need to provide additional affordable housing for 12,231 households over the 20-year Plan period 2015-35 (an average of 612 per year). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need; but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant, and does not address the affordability issues faced by many households who do not receive housing benefit.

6.141 The total OAN of 23,000 breaks down between the need for market housing and the need for affordable housing over the 20-year period 2015-35 as:

>> The total need for market housing is 10,700 dwellings, an average of 535 per year;

>> The total need for affordable housing is 12,300 dwellings, an average of 615 per year.

6.142 The market and affordable housing mix by property size shows that the largest growth required in market housing between 2015 and 2035 is for three bedroom properties with significant growth in two and one bedroom properties. In affordable housing the largest growth required is for two bedroom properties, with significant growth in three and four bedroom properties. A pragmatic approach Islington may wish to consider is to prioritise the provision of larger, family accommodation to ensure those in most acute need can be housed.

6.143 The evidence presented in this chapter shows that households in affordable need in Islington typically cannot meet the cost of affordable rent housing without the aid of housing benefit support. The Starter Homes model can be cheaper than market rent or shared ownership for those who are able to access mortgage finance; however, mortgage finance is limited and not available to those on lower incomes.

6.144 PPG states (ID 2a-029) that when Councils are considering the final housing target to be included in the Local Plan, they should consider whether an uplift is needed to deliver the affordable housing required. The OAN incorporates an uplift of 16% for Islington on the baseline household projections to address the identified backlog at the start of the plan period, and this will contribute to increasing the supply of affordable housing. It is for LB Islington to decide whether the 16% uplift already applied to the demographic starting point is sufficient, or whether an additional uplift is required. The Cornwall Local Plan Inspector's decision indicates that the uplift already applied "*can be taken into account in judging whether any further uplift is justified*".

7. Needs for all types of housing
Identifying the needs of different household groups

7.1 The NPPF identifies that sustainable development should lead to improvements in the quality of the built environment which contribute to *"improving the conditions in which people live"* and *"widening the choice of high quality homes"*.

7.2 Section 6 of the Framework (paragraphs 47-55) sets out the policies for *"Delivering a wide choice of high quality homes"*.

7.3 The Framework states that Local Plans should meet the *"full, objectively assessed needs for market and affordable housing in the housing market area"* (paragraph 47) and identifies that local planning authorities should seek to *"deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities"* and plan for the *"needs of different groups"*:

> *To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:*
>
> » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
>
> » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
>
> » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*
>
> **National Planning Policy Framework (NPPF), paragraph 50**

7.4 On this basis, this chapter considers the needs of different household groups and the way in which differing needs may affect the types of housing that should be provided in the area. The analysis seeks to understand the housing circumstances and needs of different types of households in Islington and Camden, and the information provides details about a wide range of different household groups.

7.5 Where possible, information is presented about the housing occupied by each group – in terms of property size, property type and tenure; as well as information about the proportion of households in receipt of housing benefit by tenure. This draws on relevant information from the SHMA household survey, based on a total of 3,000 interviews undertaken in Autumn 2014.

7.6 Affordability for various housing products is also shown, where possible, which is also based on data from the SHMA household survey. This approach differs from the affordability analysis in the previous chapter of the SHMA, which is based on secondary data about the population as a whole. This provides the most

robust analysis for all households, but it is not possible to profile the affordability of different types of households in this way due to the limitations of the data. Although the approach used is different, the analysis still provides a useful context for understanding those households most likely to be able to afford market housing and those likely to need social rented housing or another affordable housing product.

7.7 The affordability for each group is presented in a chart showing what percentage of the group in question can afford a property of the size needed across different tenures and types of housing; however, it this does not consider the accessibility of the different housing options (for example, whilst a household may be able to afford home ownership, they may not be able to access a mortgage due to lacking existing equity or sufficient savings). These are: **Home Ownership**, by owner occupation, shared ownership at 50%, and shared ownership at 25%, and; **Rent**, by market rent, bedsit or room, and social rent. These standard tenures and types are repeated for each group. The affordability of a bedsit or room has been assessed for all households in each group that includes some single people regardless of the size of property needed. In many cases, a bedsit or room may not be appropriate, but the chart will show what proportion of that group can afford a bedsit or room. This is because it is useful to be able to compare the affordability of these small and less expensive housing options against other, possibly more appropriate, options. Where the chart shows that any particular housing tenure and type is affordable, this should not be taken to imply that it is also appropriate. **It is important to note that the affordability of a bedsit or room has been assessed for all households regardless of the size of property needed.**

7.8 The assumptions behind the affordability figures are: **Home Ownership** assumes four times the joint income of survey respondents and partner, where applicable, along with taking into account any savings or equity that was recorded in the survey. **Rent** assumes that spending 30% of household income on rent is affordable. **Shared Ownership** is based on ring fencing the rental income prior to calculating the affordability needed for the mortgage. In order to buy a 50% share, households must be able to afford 57% of the equity, and in order to buy a 25% share, households must be able to afford 35% of the equity. The additional amount of 7% on a 50% share and 10% on a 25% share is to cover the rent. Rents and house prices are set out in Figure 92 and Figure 95

7.9 It is important to recognise that there will inevitably be less certainty about any information about different household groups than when considering all households in Islington, and this is particularly the case when considering relatively smaller household groups. Given this context, the information in these profiles should be treated with care and used alongside other evidence whenever possible. The household survey data is analysed for Islington and Camden together. This approach strengthens the results at the specific group level, and is more robust than considering the results in the individual boroughs separately. There is no evidence that the needs of any of the specific groups which has been analysed by affordability will be different between the two boroughs.

7.10 The household survey had 3,006 respondents, which gives a margin of error of +/- 1.8% for a 50:50 split on any answer at the 95% confidence level. Therefore, if any answer to a question is split 50:50, we can be 95% confident that the true figure for the entire population of Camden and Islington combined lies between 48.2% and 51.8%. However, when dealing with smaller samples the margin of error on the data rises, so for example for a question with 100 respondents the margin of error is +/-9.8%, while for 200 respondents it is +/-6.9%. On this basis there is a clear benefit from combining the data from Camden and Islington to create a larger sample size for smaller groups, particularly as there is no evidence of different levels of affordability across the two boroughs.

The Private Rented Sector (PRS)

7.11 The English Housing Survey (EHS) 2013-14[30] identified that 19% (4.4 million) of households were renting from a private landlord, almost double the rate of 11% a decade earlier in 2003-04. The EHS also shows that households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 21% in 2003-04. Owner occupation in this age group dropped from 59% to 36% over the same 10-year period. Figure 14 shows that in Islington, the PRS grew by 10% between the 2001 and 2011 Census compared to 6% in Camden and 9% in London. At the same time, both social rent and ownership declined (by 7.1% and 2.4% respectively in Islington). Note: *The Owner Occupied category shown in Figure 15 and Figure 16 include households who owned outright, owned with a mortgage and shared ownership. The Private Rent category include households who rent from a private landlord, rent from their employer and households living rent free.*

7.12 Figure 17 shows that in Islington, the pattern between the 2001 and 2011 Census has changed from that seen in the previous twenty years. Between 1981 and 2001, the largest growth was in owner occupation, with social rented and private rented each growing by a similar number. Since 2001, growth has been entirely in the private rented sector with the other two sectors shrinking. Figure 14 shows that by 2011, 28.3% of Islington households lived in private rented housing, compared with 34% in Camden and 26.4% in London.

7.13 The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032[31]. On this basis, the number of households renting privately could double again over the next twenty years.

7.14 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

> ### *The private rented sector*
>
> *Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

The Role of the Private Rented Sector in Islington and Camden

7.15 This section considers the characteristics of households renting privated in Islington and Camden.

7.16 The private rented sector increased by 10% or the total number of households between 2001 and 2011 to cover 28% of households in Islington, with social rented and market housing decreasing by 7.1% and 2.4% of thr total respectively. The size of the private rented sector is now approaching that of households in ownership (30%), though social housing remains the largest sector (42% of households). Numerically, the sector has doubled, from 15,300 households in 2001 to 26,400 in 2011.

7.17 The Census picture is one of an increasing number of single households renting, including single people, and couples with or without children. The Census 2011 showed 65% of private renting households in Islington were classed as either a single person or a single household compared to 70% in 2001. The

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[30] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report
[31] http://news.rla.org.uk/rpi-rent-revolution/

number of student households appears to have decreased between 2001 and 2011. Of the 35% classed as 'Other household types', 4.3% were full time students. In 2001, 30% were classed as 'Other households' with 10% of those being all students.

7.18 In the SHMA household survey, 74% of private rented dwellings in Islington and Camden were occupied by single family households, including single people and lone parents, with the remaining 26% being shared.

7.19 A large majority of privately renting households that are one family unit occupy 1 and 2 bedroom properties (81%) with a further 9.1% occupying a bedsit or room, all much higher than the average for all households. The remaing 9.9% occupy 3 or 4 bedroom properties, with none having 5+ bedrooms. Just over one in six of these families receive housing benefit support.

7.20 Predominantly, private renting house sharers and households in multiple occupation occupy 2 or 3 bedroom properties (73.6%), with a further 18.5% occupying 4 bedrooms. Only 3% receive housing benefit support, which could reflect a mix of factors such as young working people sharing and restrictions on HB for younger people, though it must be noted that not all these households will be younger people.

Figure 97: Existing Housing Mix for Private Rent (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Single family households	Multi-adult households and HMOs
Bedsit or room	9.1%	0.0%
1 bedroom	50.8%	7.9%
2 bedrooms	30.2%	39.9%
3 bedrooms	7.3%	33.7%
4 bedrooms	2.6%	18.5%
5+ bedrooms	0.0%	0.0%
TOTAL	**100%**	**100%**
With housing benefit support	16%	3%
Without housing benefit support	84%	97%

7.21 Most privately renting households that are one family unit could afford social rent (77%), 15% could afford an owner-occupied property of the size needed, and over half (54%) could afford shared ownership at 25%. Only 40% can afford a market rent property of the size required compared to 71% that can afford a bedsit or room. Taking into account that only 16% receive HB support and the predominance of smaller properties occupied, this suggests that some of these households are occupying smaller properties than they need and it is probable there is some overcrowding. Some households may be cutting back on other essentials to pay the rent. The affordability of a bedsit or room has been assessed for all self-contained private rent households, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all self-contained private rent households.

7.22 There may be potential for shared ownership to meet the needs of many of these households. More (54%) can afford shared ownership at 25% than can afford market rent (40%) for a property of the size needed. Taking account of the 15% who could afford owner-occupation, leaves shared ownership as a relevant tenure for around 39% (assuming that the households who could afford owner-occupation remain in the private rented sector through choice rather than lack of access to mortgage funding). Further research would be needed to assess this option properly.

Figure 98: **Housing Product Affordability for Self-Contained Private Rent Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)**
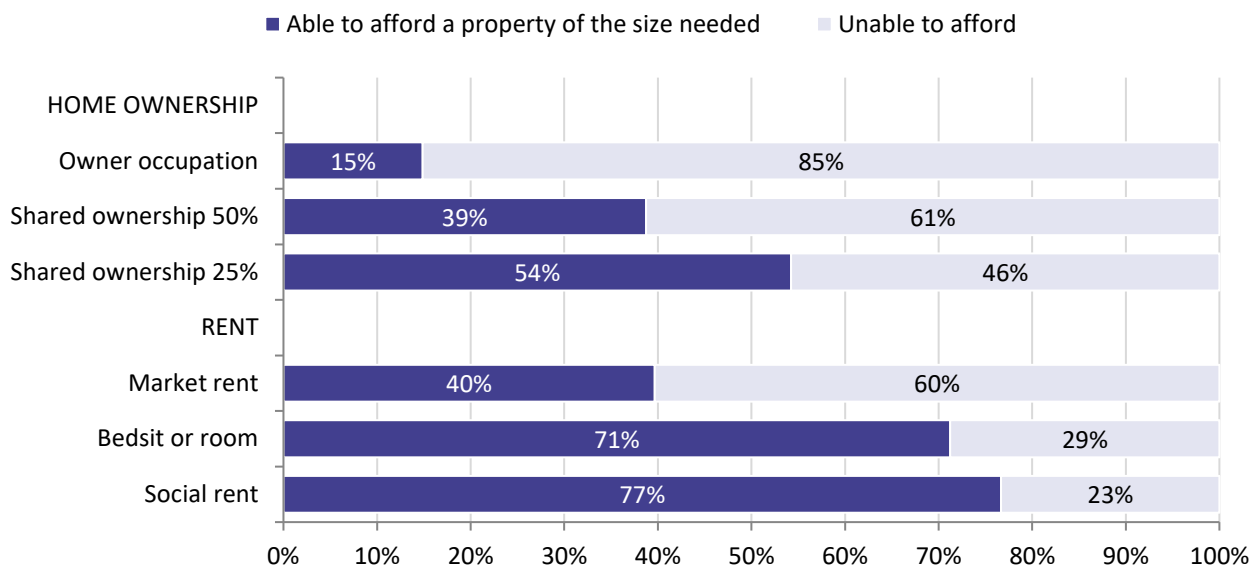
7.23 Nine out of ten private rented house sharers and households in multiple occupation could afford a social rented property of the size needed, 46% could afford shared ownership at 25%, and 4% owner-occupation, though it is unlikely that many would choose or be able to switch to either form of ownership as a shared household. Only 65% can afford market rent for a property of the size needed, which suggests that some may be occupying smaller properties than they need or may be cutting back on other essentials to pay the rent. However, the same percentage, only 65%, can afford a bedsit or room.

7.24 The affordability of a bedsit or room has been assessed for all house sharers and households in multiple occupation, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all house sharers or households in multiple occupation; the figure is included only for comparison.

Figure 99: **Housing Product Affordability for Private Rented Households that are House Share/In Multiple Occupation (Source: SHMA Household Survey, LBI and LBC combined results, 2014)**
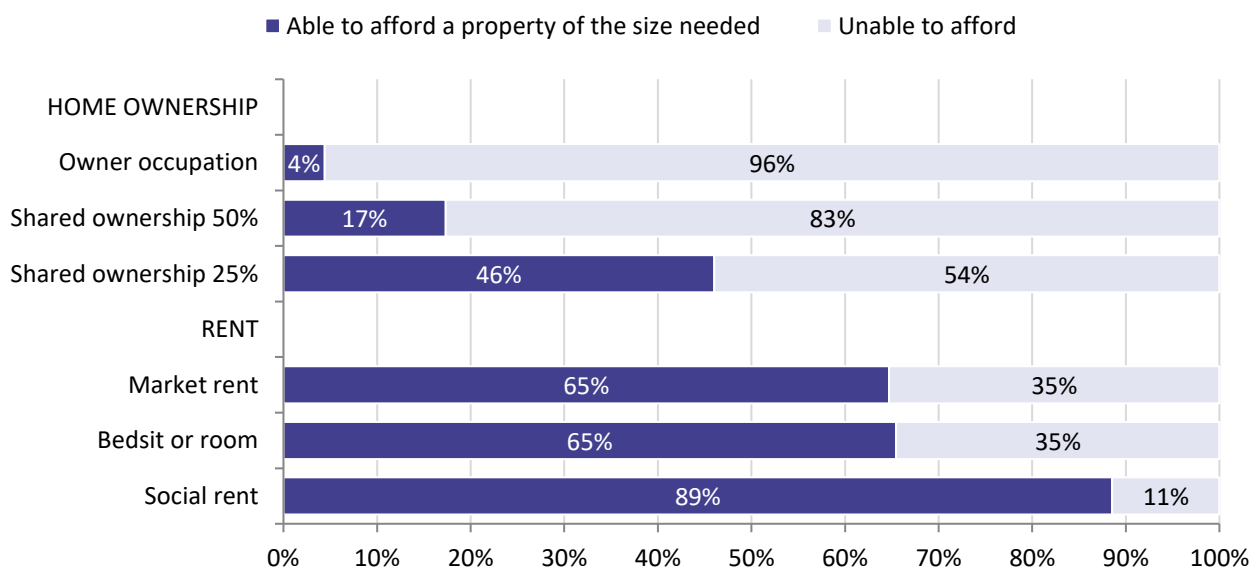
People Wishing to Build their Own Homes

7.25 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

> **People wishing to build their own homes**
>
> *The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

7.26 In May 2012 a Self-Build Portal[32] run by the National Custom and Self Build Association (NCaSBA) was launched. Figure 100 shows the current registrations from groups and individuals looking for land in the Islington area on the 'Need-a-Plot' section of the portal. Whilst there is clearly some interest in self-build across the area, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year.

7.27 Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe. The London SHMA indicates self-build provides only 4% of new homes in England, and possibly as little as 2.1% in London, typically on small infill sites, end of terrace spaces, backland sites, gardens, garages and small industrial sites. Based on records of completed new-build housing schemes involving a single new home, the London SHMA estimates that self-build output in London from 2009 to 2013 amounted to between 1.9% and 3.5% of the total. The London SHMA notes a survey that has indicated 13% of Londoners appear to be researching self-build (similar to the national average) but only 2% are actively working towards acquiring a site, submitting a planning application or starting construction work.

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[32] http://www.selfbuildportal.org.uk/

Figure 100: Group and Individual Registrations currently looking for land in and around Islington on the 'Need-a-Plot' Portal (Source: NCaSBA, October 2015. Note: Green flags represent solo plots wanted, brown flags represent group plots wanted and blue flags represent group or solo plots wanted)
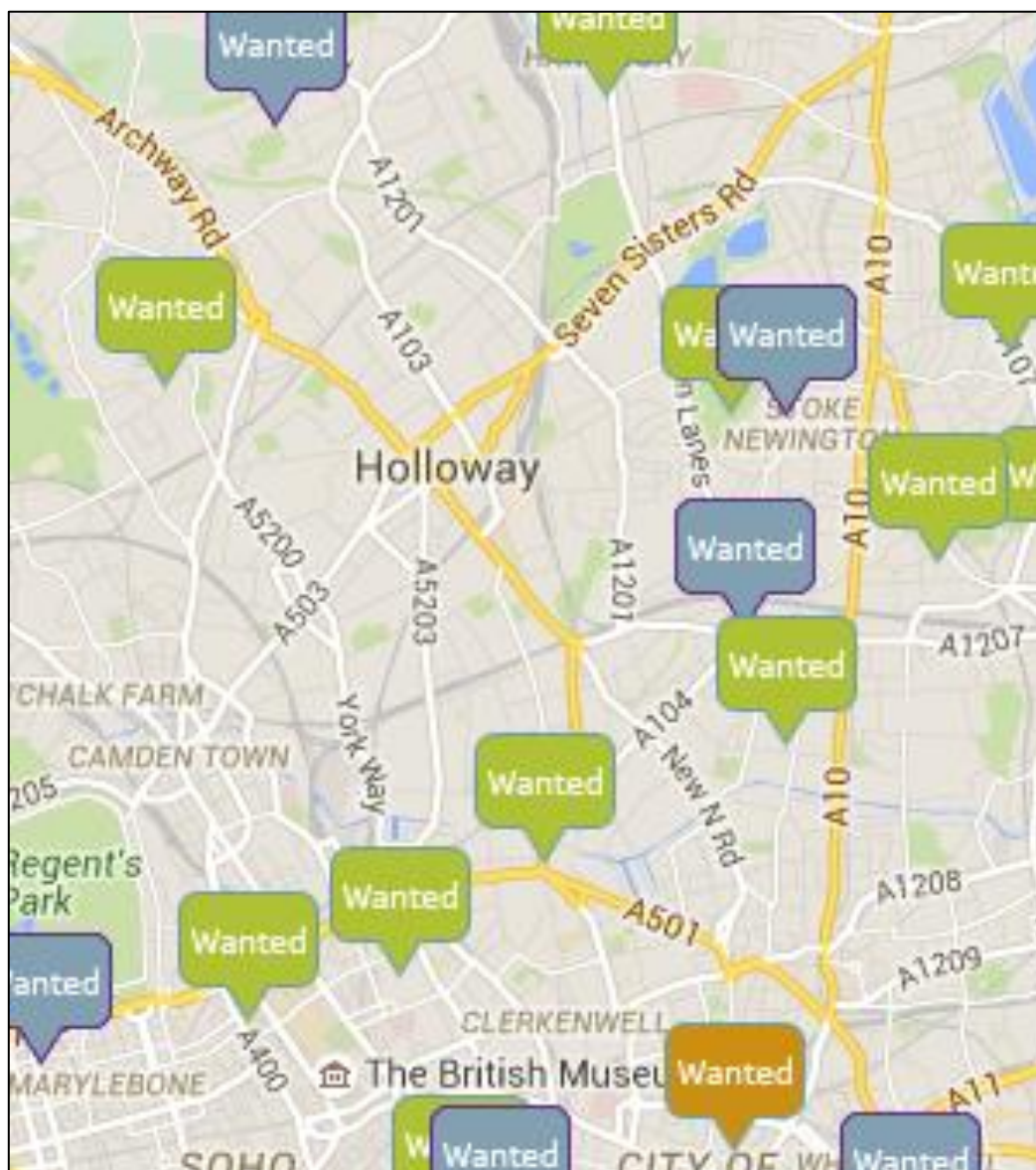
7.28 Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will make a significant contribution locally to meeting housing need in its current form, as evidenced by the London SHMA (2013). Nevertheless, the Councils should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act (if they have not already done so).

7.29 Overall, the evidence supports limited demand for self-build. However, this may under-estimate actual demand. A survey to ascertain levels of demand for self-build could be undertaken in future; however, it would be important to ensure that appropriate questions are designed that can effectively separate aspiration from effective market demand.

Family Housing

Lone Parent Families

7.30 This section considers Lone Parent households with dependent and/or non-dependent children.

7.31 Predominantly, lone parent households occupy social rented housing with 56.5% in social housing being in 2 and 3 bedroom properties, followed by 12.9% in 1 bedroom and a further 7.7% in 4 bedroom. A higher or much higher proportion of lone parent families occupy these type of properties than for all households. In total, 77.1% occupy social rented properties compared to 11.7% in private rented and 10.6% in owner-occupied properties. Taking all tenures together, over 70% of lone parent families occupy 2 or 3 bedrooms (43.6% and 26.5% respectively).

Figure 101: Existing Housing Mix for Lone Parent Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.7%	0.0%	0.7%
1 bedroom	-	1.2%	0.0%	5.1%	12.9%	19.2%
2 bedrooms	0.1%	2.3%	0.5%	4.8%	35.9%	43.6%
3 bedrooms	2.0%	2.6%	0.1%	1.1%	20.6%	26.5%
4 bedrooms	0.8%	0.7%	-	0.0%	7.7%	9.1%
5+ bedrooms	0.9%	-	-	-	-	0.9%
TOTAL	3.8%	6.8%	0.6%	11.7%	77.1%	100%
With housing benefit support	-	-	-	8%	51%	58%
Without housing benefit support	-	-	-	6%	36%	42%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.32 Just over half of lone parent households can afford social rented housing of the size required (51%), with about a fifth (22%) being able to afford market rent of the size required. About one in seven can afford shared ownership at 25% and one in eight can afford owner-occupation. The affordability of a bedsit or room has **not** been assessed for lone parent households as it is considered that a bedsit or room would never be appropriate for a lone parent.

Figure 102: Housing Product Affordability for Lone Parent Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
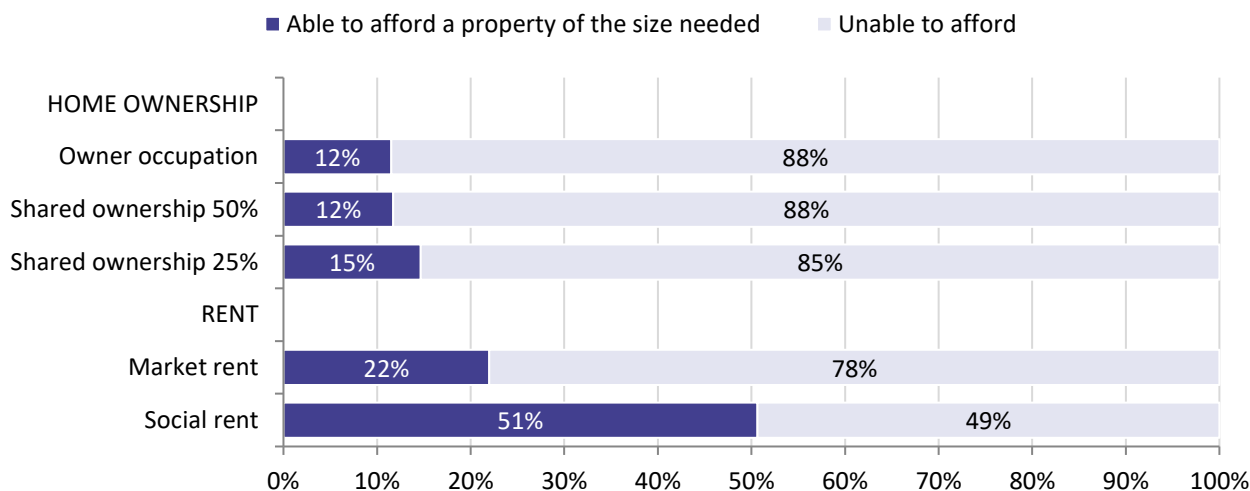
7.33 The owner-occupation market is roughly balanced with respect to lone parent households. The proportion in owner-occupation (10.6%) is close to the 12% who can afford an owner-occupied property of the size needed, and two thirds of those in owner-occupation occupy 2 or 3 bedroom properties. This is in line with the proportion of lone parent families who occupy 2 and 3 bedroom properties in any tenure. Assuming that there is some correlation between those living in owner-occupied properties and those who can afford owner-occupation, then the main housing (as opposed to economic) intervention to take on this portion of the market appears to be providing cheaper properties to buy to increase the number of families who can afford it.

7.34 Shared ownership is under provided or under utilised by lone parent households; either more is required or the tenure requires increased promotion. Only 0.6% occupy shared ownership properties, yet at 25% ownership, 15% of lone parent households could afford a shared ownership property of the size needed. If the 12% who can afford owner-occupation are removed, then for at least 3% shared ownership is a relevant tenure.

7.35 The private rented sector appears to be roughly balanced. While 22% of lone parent families could afford a private rented property of the size needed, 12% can also afford (and 10.6% live in) owner-occupation, leaving private rented as a relevant tenure for around 10% to 12%. This compares with the 11.7% who occupy private rented properties. Over half of those in private rented properties receive housing benefit support.

7.36 The major tenure required by lone parent households is social rented properties. It is notable that only 51% can afford a social rented property of the size required. For almost half (49%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households may not be able to afford a property of the required size. Of lone parent households, 51% are in social rented and receive housing benefit support.

Other Families with Children

7.37 This section considers households with dependent and/or non-dependent children excluding Lone Parent Households.

7.38 The most common tenure occupied by households of families with children excluding lone parent families is social rented, with 37.3% in 2 and 3 bedroom social rented properties, followed by 4.0% in 4 bedroom properties. A higher proportion of families with children[33] occupy these type of properties than for all households. In total, 47.2% occupy social rented properties compared to 16.4% in private rented and 35.7% in owner-occupied properties, including a total of 19.8% in owner-occupied 4+ bedrooms; much higher than the average for all households. Taking all tenures together, over 65% of families with children occupy 2 or 3 bedrooms. Another 8.4% having 5+ bedrooms, much higher than average.

**Figure 103: Existing Housing Mix for Households with Children excluding Lone Parent Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014**

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.2%	0.4%	0.7%
1 bedroom	-	1.2%	0.0%	3.9%	3.5%	8.6%
2 bedrooms	0.8%	4.2%	0.6%	7.6%	22.4%	35.7%
3 bedrooms	4.5%	5.2%	0.1%	3.3%	16.9%	30.0%
4 bedrooms	8.8%	2.6%	-	1.3%	4.0%	16.7%
5+ bedrooms	8.4%	-	-	-	-	8.4%
TOTAL	**22.5%**	**13.2%**	**0.7%**	**16.4%**	**47.2%**	**100%**
With housing benefit support	-	-	-	4%	32%	36%
Without housing benefit support	-	-	-	21%	43%	64%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.39 Just over three quarters of families with children can afford social rented housing of the size required (76%), with over half (53%) being able to afford market rent. Over half can afford shared ownership at 25% and two fifths can afford owner-occupation.

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[33] Please read 'other families with children' as 'families with dependent or non-dependent children, excluding lone parent families'.

Figure 104: Housing Product Affordability for Households that are Other Families with Children (Source: SHMA Household Survey, LBI and LBC combined results, 2014
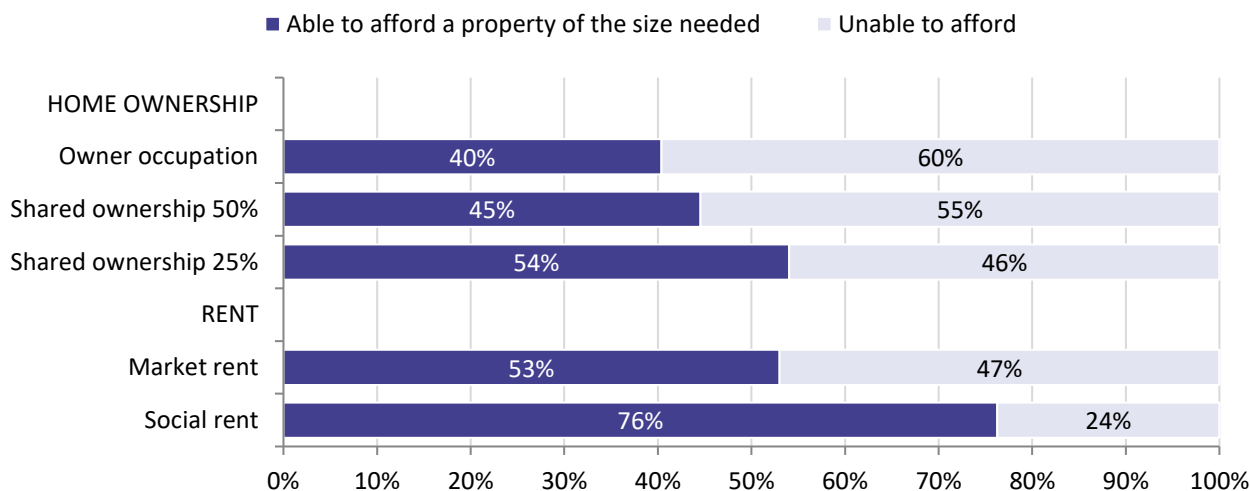
7.40 The owner-occupation market is roughly balanced with respect to families with children. The proportion in owner-occupation (35.7%) is approaching the 40% who can afford an owner-occupied property of the size needed, with a large proportion occupying 4 or 5+ bedroom properties. Assuming that there is some correlation between those living in owner-occupied properties and those who can afford owner-occupation, then the main housing (as opposed to economic) intervention to take on this portion of the market appears to be providing cheaper properties to buy to increase the number of families who can afford it.

7.41 Shared ownership is under provided or under utilised by families with children; either more is required or the tenure requires increased promotion. Only 0.7% occupy shared ownership properties, yet at 25% ownership, 54% of these households could afford a shared ownership property of the size needed, about the same as could afford market rent. If the 40% who can afford owner-occupation are removed, then for at least 14% shared ownership is a relevant tenure.

7.42 The private rented sector appears to be a less affordable option for families with children when compared to shared ownership at 25%. Though the tenure appears to be broadly balanced, there could be a question of affordability for some of those living in private rented properties. While 53% of these households could afford a private rented property of the size needed, 40% can also afford (and 35.7% live in) owner-occupation, leaving private rented as a relevant tenure for around 13% to 17%. This compares with the 16.4% who occupy private rented properties. The difference between these two figures could indicate households living in properties which they cannot afford, or households who could afford owner-occupation, but choose private rented. The low proportion of households who receive housing benefit support suggests comparatively few are unable to afford the properties they rent.

7.43 The major tenure required by families with children is social rented properties. It is notable that only 76% can afford a social rented property of the size required. For almost a quarter (24%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households may not be able to afford a property of the required size. Of families with children households, 32% are in social rented and receive housing benefit support.

Working-age Households without Children

7.44 This section considers households aged under 65 who are not living with dependent children.

7.45 The largest proportion of working age households without children live in the private rented sector (45.0%), which is higher than the average for all households for all private rent property sizes except 5+ bedrooms. More live in 1 and 2 bedroom properties and this is the case across other tenures; owner-occupation, social rent, and shared ownership. Around four fifths of the 27.4% in owner-occupied properties live in flats or maisonettes and 16.7% of all working age households without children are in 1 bedroom social rent.

Figure 105: Existing Housing Mix for Working Age Households (without children) (Source: SHMA Household Survey, LBI and LBC combined results, 2014

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	3.6%	1.7%	5.4%
1 bedroom	-	6.0%	0.5%	18.7%	16.7%	41.9%
2 bedrooms	1.2%	10.2%	0.3%	13.6%	4.8%	30.1%
3 bedrooms	2.1%	4.4%	0.1%	6.0%	2.0%	14.6%
4 bedrooms	1.8%	0.6%	-	3.2%	1.4%	7.1%
5+ bedrooms	1.1%	-	-	-	-	1.1%
TOTAL	**6.2%**	**21.2%**	**0.9%**	**45.0%**	**26.7%**	**100%**
With housing benefit support	-	-	-	5%	15%	19%
Without housing benefit support	-	-	-	59%	22%	81%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.46 Four fifths of working age households without children can afford social rented housing (78%), with just over half (52%) being able to afford market rent of the size required. Shared ownership at 25% is affordable to 57% and a third can afford owner-occupation. More (77%) can afford a bedsit or room than can afford a larger private rented property (as implied by 'of the size they need'). The affordability of a bedsit or room has been assessed for all working age households without children regardless of the size of property needed because this group will include some single people. As explained above, this should not be taken to suggest that a bedsit or room is appropriate for all working age households without children, the figure of 77% includes those who can afford a larger property alongside those who can only afford a bedsit or room, but that is a property of the size needed.
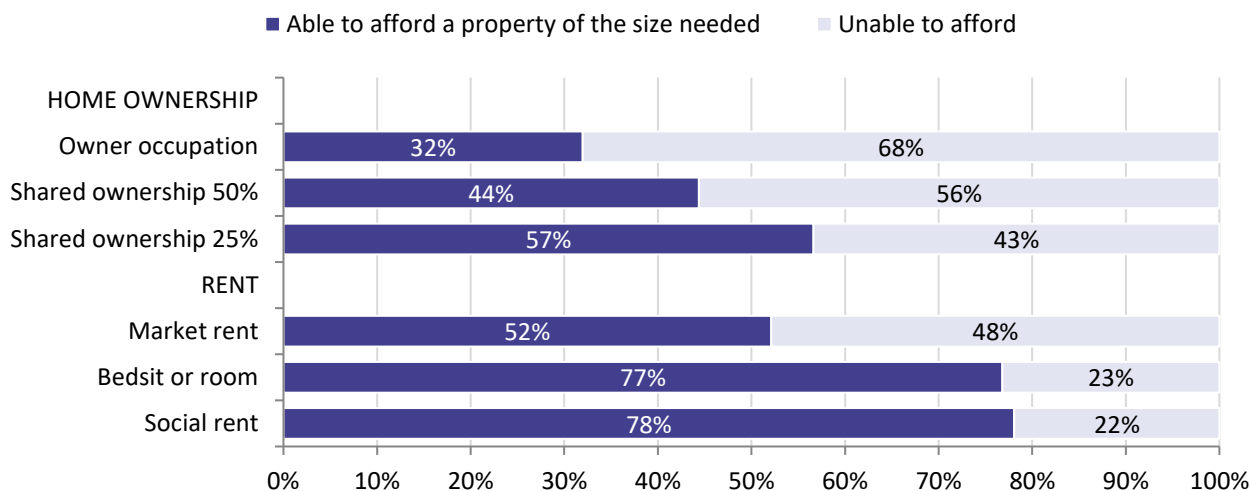
Figure 106: Housing Product Affordability for Working Age Households (without children) (Source: SHMA Household Survey, LBI and LBC combined results, 2014

7.47 More working age households without children can afford owner-occupation than live in the tenure; 32% can afford and 27.4% live in owner-occupied properties. The high proportion in flats or maisonettes may reflect factors such as life stage and market price.

7.48 Shared ownership is under provided or under utilised by working age households without children. Only 0.9% occupy shared ownership properties, yet at 25% ownership, 57% of these households could afford a shared ownership property of the size needed. Taking account of the 32% who can afford owner-occupation and 27.4% who live in it, then shared ownership is a relevant tenure for around 25% to 30%. Promotion of shared ownership to these households might encourage them to consider it as an option.

7.49 The private rented option may be the tenure of choice for some of these households for reasons such as allowing flexibility for employment, with 45% living in the tenure and 52% able to afford a property of the size needed. Taking account of the 32% who can also afford (and 27.4% who live in) owner-occupation, leaves private rented as a relevant tenure for around 20% to 25%. However, this measure is based on an assumption that most households will choose owner-occupation where they are able, whereas comparatively large numbers of working age households without children may choose private rented. This conclusion is supported by the fact that 12 times as many of these private renters *do not* receive housing benefit support as do receive HB support.

7.50 Social rented is the third most lived in tenure for working age households without children, with higher than average proportions in bedsits or 1 bedroom properties. While a large majority (78%) can afford a social rented property of the size required, 22% cannot and two in five existing tenants receive housing benefit support. The main conclusion which should be drawn from these figures is that there is a need for social rented housing for working age households without children. For more than one in five, social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size.

Households from BME Groups

7.51 As at the Census 2011, the largest BME group in Islington was White Other, comprising 16.4% of the population, with the second being Black at 12.8%, with lower proportions of Asian (9.2%) and Mixed Race (6.5%). This differs from London where the largest BME group is Asian (18.5%) followed by Black (13.3%) then White Other (12.6%). Across England, the largest BME group is Asian, though the overall proportion, at 7.8%, is lower than in Islington or in London.

Figure 107: Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)
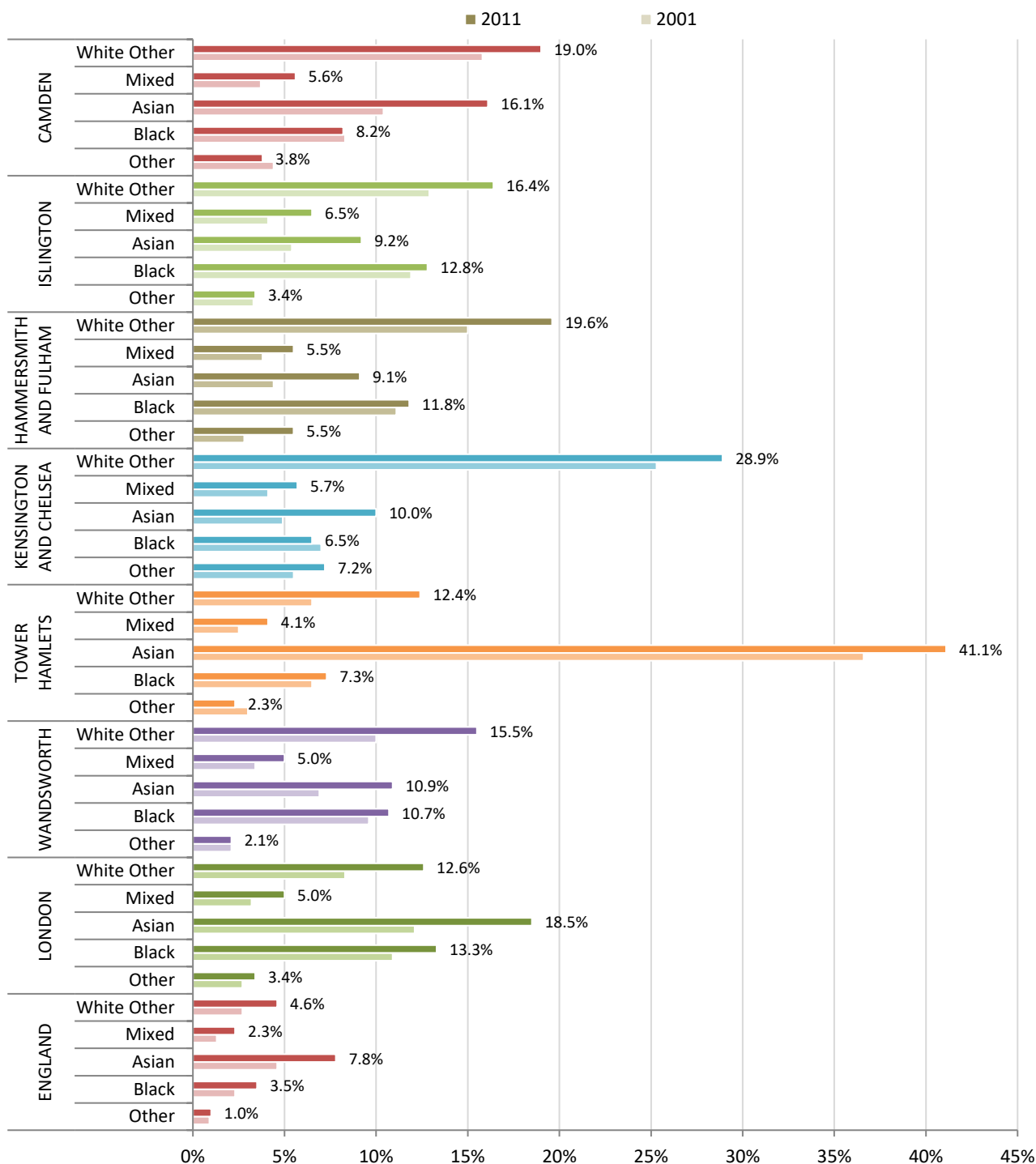
7.52 The number of people from a minority ethnic group has increased by 10.7% (Islington) and 10.1% (Camden); this is a lower rate than comparator authorities. The increase is mainly driven by the Asian and White Other groups.

Figure 108: Change of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)

BME Group	White Other	Mixed	Asian	Black	Other	Total
Camden	+3.2%	+1.9%	+5.7%	-0.1%	-0.6%	+10.1%
Islington	+3.5%	+2.4%	+3.8%	+0.9%	+0.1%	+10.7%
London	+4.3%	+1.8%	+6.4%	+2.4%	+0.7%	+15.6%
England	+1.9%	+1.0%	+3.2%	+1.2%	+0.1%	+7.4%

Figure 109: Existing Housing Mix for Black and Minority Ethnic Group Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	3.1%	1.4%	4.5%
1 bedroom	-	3.4%	0.2%	13.1%	14.7%	31.4%
2 bedrooms	1.2%	6.2%	0.3%	10.1%	16.5%	34.3%
3 bedrooms	1.9%	3.4%	0.0%	4.1%	9.9%	19.3%
4 bedrooms	1.9%	1.2%	-	1.7%	4.1%	8.9%
5+ bedrooms	1.6%	-	-	-	-	1.6%
TOTAL	6.7%	14.1%	0.5%	32.2%	46.5%	100%
With housing benefit support	-	-	-	6%	28%	34%
Without housing benefit support	-	-	-	34%	31%	66%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.53 The largest proportion of Black and Minority Ethnic group (BME) households occupy social rented housing, with 31.2% in 1 and 2 bedroom properties, followed by 9.9% in 3 bedroom and a further 4.1% in 4 bedroom. A higher proportion of BME households occupy these type of properties than for all households. In total, 46.5% occupy social rented properties compared to 32.2% in private rented and 20.8% in owner-occupied properties. Taking all tenures together, just over 65% of BME households occupy 1 or 2 bedrooms, with 31.4% in 1 bedroom and 34.3% in 2 bedroom properties. A higher proportion occupy private rented accommodation than the average for all households.

7.54 Just over two thirds of BME households can afford social rented housing (67%), with about two fifths (39%) being able to afford market rent of the size required, and 42% being able to afford shared ownership at 25%. A quarter of BME households can afford owner-occupation. More (53%) can afford a bedsit or room than can afford a larger private rented property (as implied by 'of the size they need'). The affordability of a bedsit or room has been assessed for all BME households regardless of the size of property needed because this group will include some single people and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all BME households; the figure of 53% includes those who can afford a larger property alongside those who can only afford a bedsit or room, but that is a property of the size needed.

Figure 110: Housing Product Affordability for Black and Minority Ethnic Group Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
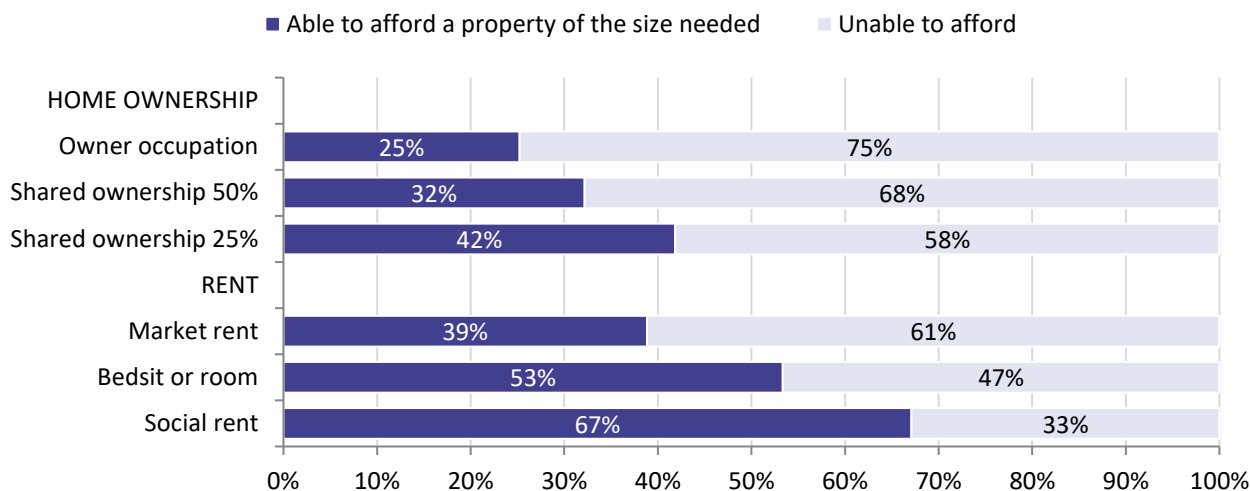

7.55 There are fewer BME households in owner-occupied properties than the other larger groups considered in these profiles. The proportion in owner-occupation (20.8%) is a little lower than the 25% who can afford an owner-occupied property of the size needed, and most of these households are in flats or maisonettes.

7.56 Shared ownership is under provided or under utilised by BME households; either more is required or the tenure requires increased promotion. Only 0.5% occupy shared ownership properties, yet at 25% ownership, 42% of BME households could afford a shared ownershp property of the size needed. If the 25% who can afford owner-occupation are removed, then for at least 17%, shared ownership is a relevant tenure.

7.57 There are more BME households living in the private rented sector than the average for all households (32.2%). The majority of these do not receive housing benefit support. In fact, there are almost six times as many private rented tenants who *do not* receive HB support than who do receive HB support. This suggests that few are unable to afford the properties they rent. While 39% of BME households could afford a private rented property of the size needed, 25% can also afford (and 20.8% live in) owner-occupation, leaving private rented as a relevant tenure - on this measure - for around 15% to 20%.

7.58 The largest tenure required by BME households is social rented properties. It is notable that only 67% can afford a social rented property of the size required. For the remaining third (33%), social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size. Approaching half of BME households in social rented properties receive housing benefit support.

7.59 There is a notably high proportion of BME households in 1 or 2 bedroom properties; 65.7% in total. This high proportion is reflected across all tenures, but particularly in private rent and social rent.

Housing for Young People

Young people aged 16-24

7.60 This section considers households aged 16 to 24.

7.61 Predominantly, young people households occupy the social rented (55.5%) and private rented (43.0%) sectors with the remaining small proportion in owner-occupied flats or maisonettes. The proportions of young people households in 4 bedroom social rented properties (19.1%) and private rented properties (7.9%) are much higher than the average for all households. There are also higher than average proportions in 1 to 3 bedroom properties in private rent and 1 and 2 bedrooms in social rent.

Figure 111: Existing Housing Mix for Young People Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.0%	0.0%	0.0%
1 bedroom	-	0.0%	0.0%	15.9%	13.4%	29.3%
2 bedrooms	0.0%	0.5%	0.0%	14.9%	15.0%	30.5%
3 bedrooms	0.0%	0.9%	0.0%	4.3%	8.0%	13.2%
4 bedrooms	0.0%	0.0%	-	7.9%	19.1%	27.0%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	0.0%	1.5%	0.0%	43.0%	55.5%	100%
With housing benefit support	-	-	-	2%	23%	25%
Without housing benefit support	-	-	-	39%	36%	75%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.62 Approaching two thirds of young people households can afford social rented housing (63%), with about two fifths (38%) being able to afford market rent of the size required and 40% a bedsit or room, and in the case of young people households, these two categories will overlap with a bedsit or room being the size required for many single young people. While a bedsit or room will be an appropriate size for many young people, the affordability of a bedsit or room has been assessed for all young people households regardless of the size of property needed. Fewer than one in five can afford shared ownership at 25% and only 2% can afford owner-occupation.

Figure 112: Housing Product Affordability for Young People Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
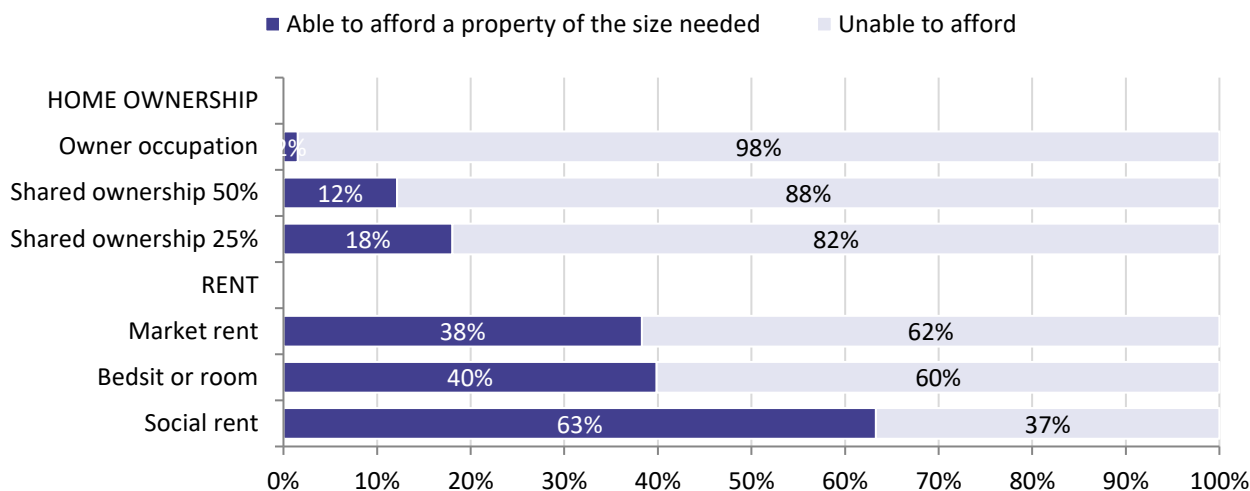
7.63   Most young people households who can afford owner-occupation are buying; 1.5% live in owner-occupied properties, 2% can afford owner-occupation. This could include some who are living in a property being bought by or with the help of family.

7.64   There is no current identifiable market for shared ownership for young people households. There may be many reasons for this such as choice by the households or allocation criteria. However, 18% could afford shared ownership at 25% and it might be possible to promote the tenure.

7.65   The private rented sector appears to be roughly balanced with 40% being able to afford a bedsit or room, 38% able to afford market rent for the size of property needed, and 43% living in the sector. Only 2% of all young people households live in private rented and receive housing benefit support; less than one in twenty of those living in the tenure. The picture of affordability, tenure and size of property supports a view of a considerable amount of sharing accommodation, predominantly by working young people.

7.66   The proportion of larger properties suggests sharing is common in social rented properties, though this would not be consistent with usual housing allocation practices in the sector. Around two fifths of those in social rent receive housing benefit support. Only 63% can afford a social rented property of the size required. This raises a concern about the Affordable rent tenure being more expensive than social rent. For 37%, social rented, or private rented with HB, will be the only options and even then it might be expected that those households will not be able to afford a property of the required size.

People under 35 reliant on housing benefit at the shared accommodation rate

7.67   This section considered households aged under 35 and in receipt of Housing Benefit, Living as Single Person Household or as part of a Multi-Adult Household.

7.68   For these households, the options are limited to two tenures; private rent, which accounts for 14.4% of the accommodation occupied, and social rent which accounts for the remaining 85.6%. The largest proportion of these households live in 1-bedroom social rented (75.8%). The remainder occupy 1-bedroom private rented accommodation or a bedsit or room, with 4.4% living in 2 bedroom social rented properties.

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	8.3%	5.4%	13.7%
1 bedroom	-	0.0%	0.0%	6.1%	75.8%	81.9%
2 bedrooms	0.0%	0.0%	0.0%	0.0%	4.4%	4.4%
3 bedrooms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4 bedrooms	0.0%	0.0%	-	0.0%	0.0%	0.0%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	0.0%	0.0%	0.0%	14.4%	85.6%	100%
With housing benefit support	-	-	-	14%	86%	100%
Without housing benefit support	-	-	-	0%	0%	0%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

Figure 114: Housing Product Affordability for Households under 35 Reliant on Housing Benefit at Shared Accommodation Rate (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
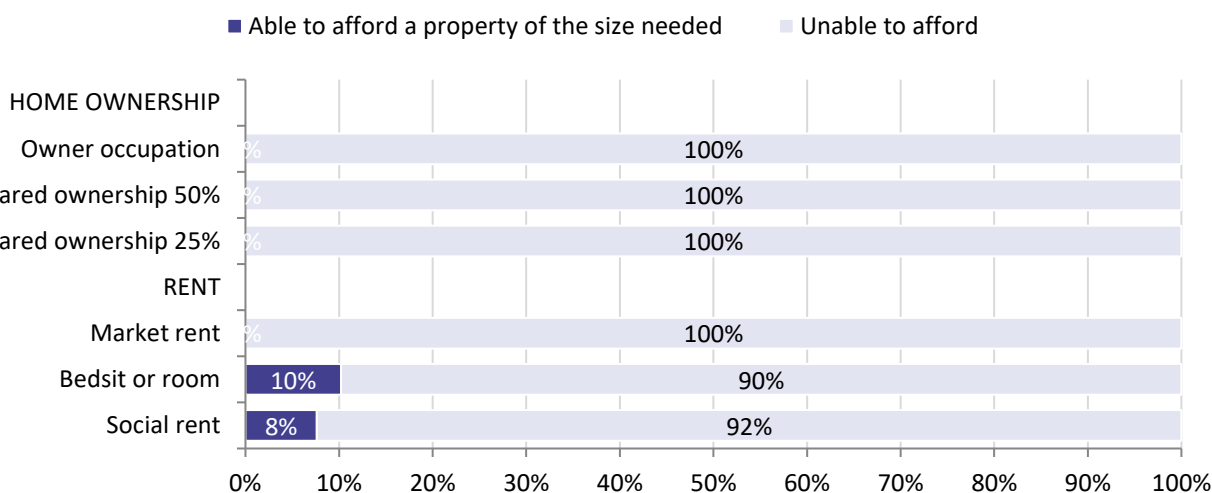
7.69 Options for households under 35 reliant on HB at shared accommodation rate are limited by the level of benefit. Only 10% can afford a bedsit or room, leaving 90% reliant entirely on receipt of HB. While a bedsit or room will be an appropriate size for many single people under 35, the affordability of a bedsit or room has been assessed for all single people under 35 reliant on HB regardless of the size of property needed. By definition, the need is for bedsits and 1 bedroom properties in the private and social rented sectors.

Housing for Older People

7.70 This section considers households with all members aged 65 or over and is in two main parts. Firstly, data from the SHMA household survey is considered. This is combined data for Islington and Camden to ensure the results are based on a sufficiently large sample. Data from other sources relates to Islington alone, unless otherwise stated. Islington's Housing Strategy 2014-2019 sets out that the borough will look for new ways of working together to increase support and choice for older people to deliver better housing options and services, ensuring older people have choices about their housing options including to remain in their own home. The household survey results consider the existing housing mix for older people followed by the affordability of different tenures to provide additional context to the demographic projections.

7.71 Secondly, the need for additional specialist housing for older people is considered through comparing three projections to 2035; the Housing LIN Toolkit, the London SHMA benchmarks for London boroughs, and a projection of need based on holding the current rate of supply fixed for the 2035 population.

Older Persons in the Household Survey

7.72 From the household survey, the largest tenure among older people households is owner-occupation at 48.1%. However, we would note that at the time of the 2011 Census the largest proportion of older persons in Islington occupied social rented accommodation, and the survey data does consider Camden and Islington together. Based on the survey results, a much higher proportion than the average for all households are in 2 or 3 bedroom owner-occupied houses, with higher than average proportions in 1 to 3 bedroom flats and 4 bedroom houses. A larger proportion are in owner-occupied flats or maisonettes, which may in part reflect specialist provision such as sheltered housing for lease or outright sale. Social rent is the second largest tenure (38.9%). About half of older people households in social rented properties have 1 bedroom with just under a third having 2 bedrooms. Again this may in part reflect purpose built or designated housing such as sheltered housing. Just over half of older people households in social rented properties receive housing benefit support. A significant minority live in private rented properties (12.7%).

Figure 115: Existing Housing Mix for Older People Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.5%	1.2%	1.7%
1 bedroom	-	6.7%	0.2%	6.5%	19.1%	32.4%
2 bedrooms	5.2%	10.9%	0.0%	3.7%	12.9%	32.7%
3 bedrooms	7.5%	7.3%	0.1%	1.2%	5.1%	21.1%
4 bedrooms	6.6%	0.8%	-	0.8%	0.6%	8.8%
5+ bedrooms	3.2%	-	-	-	-	3.2%
TOTAL	22.5%	25.6%	0.3%	12.7%	38.9%	100%
With housing benefit support	-	-	-	8%	39%	46%
Without housing benefit support	-	-	-	17%	37%	54%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

7.73 Approaching two thirds of older people households can afford social rented housing (63%), with half (50%) being able to afford market rent of the size required and three quarters (74%) being able to afford a bedsit or room. Just over half can afford shared ownership at 25% and almost half can afford owner-occupation. The affordability of a bedsit or room has been assessed for all older people, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for older people. We would again note that the survey data is combined for Camden and Islington, so results for Islington alone may indicate an even higher need for affordable housing.

Figure 116: Housing Product Affordability for Older People Households (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
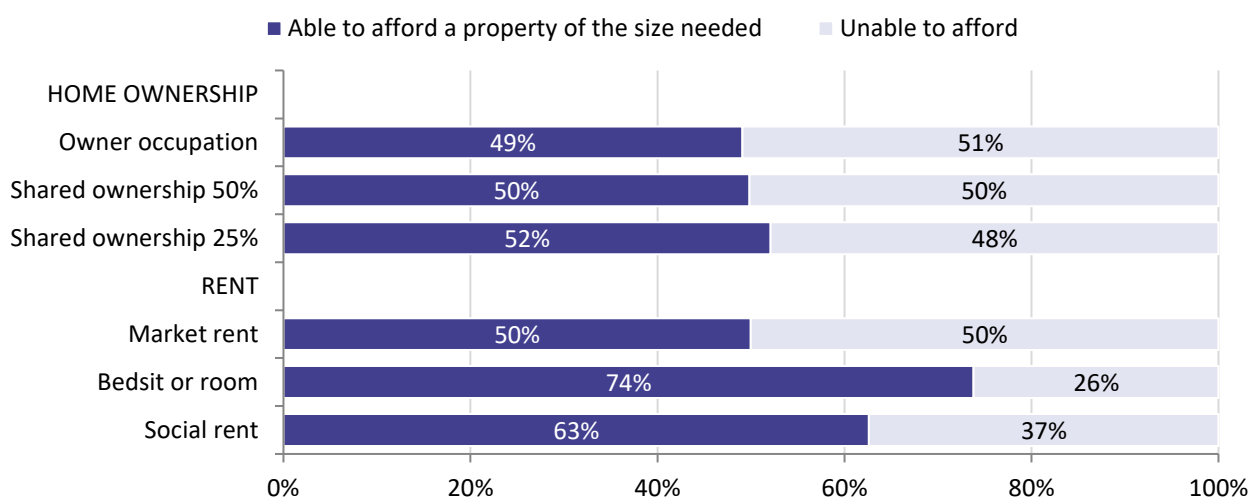
7.74 The owner-occupation market is roughly balanced with respect to older people households. The proportion in owner-occupation (48.1%) compares to the 49% who can afford an owner-occupied property of the size needed. This does not necessarily mean that the number who can afford owner-occupation equals the number who are in owner-occupied properties, as some will have been able to afford properties in the past, who would be unable to afford at current prices. The proportions of older people households in 3+ bedroom properties suggests a level of under occupation. For example, 10.6% of all older people households live in 4+ bedroom owner-occupied properties.

7.75 Considered as a proportion of all tenures, shared ownership is under provided or under utilised by older people households. However, assuming that most older people households in owner-occupation own outright or took out a mortgage some years ago, moving to shared ownership may not be a desireable option for many. This may change over time if the tenure increases in size, although staircasing may mean that by the age of 65+ many shared owners would own the properties outright. Currently, only 0.3% occupy shared ownership properties. At 25% ownership, 52% of older people households could afford a shared ownership property of the size needed, but 49% can afford (and 48% live in) owner-occupation, leaving shared ownership as a relevant tenure for 3% to 4% of older people households. Limited access to mortgages for older people means that many who are renting in the PRS or in social housing currently would be unable to access home ownership unless they have access to capital from another source such as savings.

7.76 More older people households than might be expected live in the private rented sector given the proportions who can afford an owner-occupied property of the size needed. Of the 12.7% who occupy private rented properties, about a third receive housing benefit support.

7.77 Social rented properties form the second major tenure for older people households, with 38.9% living in the tenure and 63% being able to afford a property of the size needed. However, for 37%, social rented, or private rented with HB, will be the only options and even then it can be expected that those households will not be able to afford a property of the required size. Just over half of older people households living in social rented properties receive housing benefit support. The number of older people households in larger social rented properties - 5.1% of all are in social rented 3+ bedrooms - suggests some under occupation. The 12.9% of all older people households in 2 bedroom social rented also suggests some under occupation, but the level is difficult to assess.

Modelled Older Person Housing Needs

7.78 The results of the SHMA survey can be considered in the context that Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.6m by 2037[34] for the over 60s, and from 1.4m (2012) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

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

7.79 The population projections based on long-term migration trends identified that the Islington population was likely to increase from 224,000 persons to 260,600 persons over the 20-year period 2015-35; a 20-year increase of 36,600 persons. The population in older age groups is projected to increase substantially during the Plan period, with 21% of the overall population growth (7,600 persons) projected to be aged 65 or over and almost 10% projected to be 75 or over (3,400 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to need accessible housing. However, it should be remembered that while the older person population of Islington is projected to rise, this will still see a smaller share of the population being older persons than for England or London as a whole.

7.80 The SHMA household survey identified that among older households (where all residents were aged 65+), 42% include a household member with a long standing illness, disability or infirmity; and 22% of all older households have a household member with a long standing illness, disability or infirmity which affects their housing requirements.

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

Figure 117: Members of Household With Longstanding Illness, Disability or Infirmity That Affects Housing Requirements– Older Households (All 65+) in Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
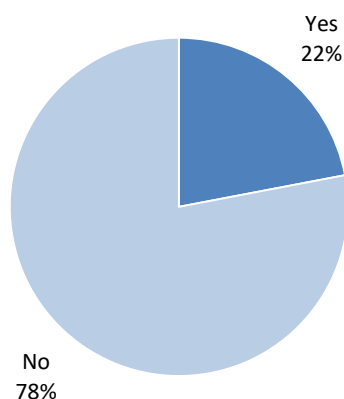
7.81 To consider the need for specialist accommodation, the three projections to 2035 are presented in this order:

» the Housing LIN Toolkit;

» the London SHMA benchmarks for London boroughs;

» a projection of need based on holding the current rate of supply constant for the 2035 population.

7.82 Results from the three are compared at the end of the section. the Housing LIN Toolkit and and projection based on holding the current rate of supply constant are based on people aged 75+, while the London SHMA benchmarks for London boroughs relate to people aged 65+.

7.83 The data below is from the most recently available Elderly Accommodation Council data (a recommended data source in previous iteration of PPG pre 2015 revision). This indicates a considerable supply of just over 1,000 specialist homes in Islington as well as around 525 Care home beds in the Borough. Camden figures are also presented for reference.

Figure 118: Existing Specialist Housing Supply (Source: EAC 2015[35])

		Camden	Islington
HOUSING UNITS	Owned	47	52
	Rented	1,849	876
TOTAL HOUSING UNITS		**1,896**	**928**
CARE HOME BEDS: Nursing Care	Private accommodation	160	391
	Local Authority	0	0
	Voluntary sector	20	135
CARE HOME BEDS: Residential Care	Private accommodation	46	0
	Local Authority	146	0
	Voluntary sector	34	0
TOTAL CARE HOME BEDS		**406**	**526**

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

7.84 The Older People housing options considered in this section follow the definitions in the 2012 *Housing Our Ageing Population* report (HAPPI2)[36]. This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements were modelled using the Housing LIN methodology (2012)[37]. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+. The benchmark need figures are based upon a standard proportion of people aged 75+ moving to particular types of housing schemes. This therefore uses national data which does not necessarily pick up on local nuances such as different levels of health or affordability in local areas.

Figure 119: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012

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

7.85 Based on the growth in population aged 75+ identified across the population projection scenarios (an increase from 8,748 persons in 2015 to a population of 13,212 in 2035), the table below identifies the potential requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, the toolkit suggests a significant need for Leasehold Schemes for the Elderly (LSE).[38]

Figure 120: Additional Modelled Demand for Older Person Housing in Islington (Source: Housing LIN Toolkit)

	Owned	**Rented**	**TOTAL**
Additional Modelled Demand for Older Person Housing 2015-35			
Extra care	134	67	201
Sheltered 'plus' or 'Enhanced' Sheltered	45	45	89
Conventional sheltered housing to rent	-	268	268
Dementia	-	27	27
Leasehold Schemes for the Elderly (LSE)	536	-	536
TOTAL	**714**	**406**	**1,120**

7.86 The toolkit identifies future need for over 1,100 specialist older person housing units of various types over the 20-year period 2015-35; however almost half of this need (48%, 536 dwellings) is for LSE housing.

7.87 The London Plan allocates benchmark figures to boroughs for 'specialist housing for older people'[39]. The model used for this analysis derives from a review of international rates for older persons occupying specialist housing. Again, it should be noted that this approach will not necessarily pick up local variations in health or affordability. The annualised figures for Islington for 2015 – 2025 are: 30 private sale; 10 intermediate sale; 50 affordable rent. These figures are for 10 years to 2025, but for comparison, allocating

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[36] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf
[37] www.housinglin.org.uk/housinginlaterlife_planningtool
[38] Leasehold Schemes for the Elderly (LSE) are owner occupied properties normally purchased on a shared equity basis
[39] https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-annexes/annex-five-specialist

the same figures over 20 years would give totals of: 600 private sale; 200 intermediate sale; 1,000 affordable rent. These figures are higher than the Housing LIN Toolkit, but relate to people aged 65+ rather than aged 75+ as do the Housing LIN figures.

Figure 121: London Plan Benchmarks for Older Peoples Housing (London Plan Annex 5)

	Islington indicative requirement benchmarks	
	Annual	**20 years**
HOUSING UNITS		
Private sale	30	600
Intermediate sale	10	200
Affordable rent	50	1,000
TOTAL	**90**	**1,800**

7.88 The third projection is found by holding the current rate of provision fixed to 2035. This assumes that the projected additional households over 65 require proportionally the same amount of specialist accommodation that is currently available, reflecting the borough's Housing Strategy that includes older people remaining in their own home as a housing option. On this scenario, lower levels of demand are apparent.

Figure 122: Current rate of Older People's Housing Supply Projected Forward (totals may not sum due to rounding)

	Current supply	Rate per thousand population aged 75+	Projected demand 2035	Additional demand
HOUSING UNITS				
Owned	52	6.101	73	21
Rented	876	102.781	1,228	352
TOTAL HOUSING UNITS	**928**	**108.882**	**1,301**	**373**

7.89 The London Plan figures are split into three categories including intermediate sale, while the Housing LIN and projected rate figures divide into two categories; owned and rented. Nevertheless, the figures can be compared as below.

Figure 123: Comparison of the Three Projections for Older People's Housing

	Housing LIN	Current rate projected forward	London SHMA benchmarks
HOUSING UNITS			
Owned/Private sale	714	21	600
Intermediate sale	-	-	200
Rented	406	352	1,000
TOTAL HOUSING UNITS	**1,120**	**373**	**1,800**

7.90 Totalling the London Plan benchmarks figures over 20 years gives a total of 1,800 which is higher than the 1,120 from the Housing LIN, however, the London Plan benchmarks are based on the population aged 65+ while the housing LIN are based on the population aged 75+. Both the Housing LIN and London Plan approaches are based upon standardised approaches which do not consider local variations in health or affordability. On this basis adopting the London Plan benchmark figures may not accurately reflect the needs of Islington, with the Housing LIN model offering an alternative perspective on the needs figures.

The figures produced by projecting the current rate forward are considerably lower than the Housing LIN projections. However, these projections specifically do not take account of any increase in supply required beyond maintaining the existing rate of provision.

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

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

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

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

7.94   It is important to recognise that the identified OAN does not include the projected increase of institutional population and which is a consequence of the CLG approach to establishing the household population[40], which assumes *"that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s"* on the basis that *"ageing population will lead to greater level of population aged over 75 in residential care homes"*.

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

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

»   **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;

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

» **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme;

» **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated;

» **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly LA Supporting People Teams and the Health Service; and

» **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Households with Specific Needs

7.97 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

> ***Households with specific needs***
>
> *There is no one source of information about disabled people who require adaptations in the home, either now or in the future.*
>
> *The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.*
>
> *Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

7.98 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have *"other, more severe, walking difficulty"* above the Lower Mobility Component (which is for supervision outdoors).

7.99 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill.

7.100 Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *"not all of the people included within these counts will require adaptations in the home"*.

7.101 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:

» Widening doors and installing ramps;

» Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;

» Providing a heating system suitable for needs; and

» Adapting heating or lighting controls to make them easier to use.

7.102 Local data about DFGs was published by CLG in Live Table 314[41], and this indicated that 59 DFGs were funded in the study area in 2010/11 at an average cost of £5,458. However, PPG notes that whilst patterns of DFG applications *"provide an indication of expressed need"* it cautions that this could *"underestimate need"*. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

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[41] Table 314 has now been discontinued by CLG

7.103 As previously noted, the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)[42]. This introduces three categories of dwellings:

» Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties

» Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes

» Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

7.104 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

> *Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.*
>
> *To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.*
>
> **Planning Practice Guidance (March 2015), ID 56-007**

7.105 The population projections based on long-term migration trends identified an increase of 2,500 persons aged 85 or over, just over a tenth of the total increase over the period 2016 to 2031. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing. The Minor Alterations to the London Plan 2015[43] 'Housing Standards Review Evidence of Need' considers various strands of evidence and concludes: "*the current requirement for all new housing to be Lifetime Homes compliant is superseded with a requirement in Policy 3.8 for 90 per cent of new housing to be 'accessible and adaptable' dwellings, reflecting the optional Building Regulations access requirements under M4(2)*". **Given this context, the evidence supports the need for at least 90 per cent of dwellings to meet Category 2 requirements.** This approach has been adopted in Local Plans elsewhere.

7.106 The CLG guide to available disability data[44] (referenced by PPG) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). It is also important to recognise that these proportions are likely to increase over the period to 2031 in the context of the larger numbers of older people projected to be living in the area. The Minor Alterations to the London Plan 2015 'Housing Standards Review Viability Assessment' notes that the current London Plan target is for 10% of homes to be designed to be wheelchair accessible or easily adaptable standard and states that; *"The MALP updates this by requiring 10% of units to meet Building Regulations optional requirement M4(3) – 'wheelchair user dwellings'"*. However, the

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[42] http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1
[43] https://www.london.gov.uk/what-we-do/planning/london-plan/minor-alterations-london-plan/minor-alterations-london-plan-2015
[44] https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data

'Housing Standards Review Evidence of Need' references the survey carried out for the Review and notes the example of a London Borough which has built *"10 per cent wheelchair user dwellings across tenures for many years "whilst still retaining a waiting list of people who require this type of accommodation""*. From this, the evidence base concludes that; *"10 per cent is required as a minimum to meet demand"*. **The evidence therefore supports the need for 10% of market housing and affordable housing to meet Category 3 requirements.** This recognises the changing demographics of the area and also provides an element of choice for households that need wheelchair user dwellings now as well as those households considering how their needs may change in future. The evidence also supports the need for affordable dwellings in Category 3 to be fully wheelchair accessible, that is, to be readily useable by a wheelchair user at the point of completion.

Housing support needs due to long standing illness, disability or infirmity

7.107 This section considered the housing needs of people with a long standing illness, disability or infirmity who may need support alongside housing. The housing tenure needs are considered below. Firstly, this is put within the context of their support needs more generally. Figure 124 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

7.108 The key projected increases are relatively similar for a range of groups, ranging from people with disabilities to refugees and rough sleepers. This may mean that additional specialist housing provision is needed, although any provisions should be on the basis of a local appraisal.

Figure 124: Estimates of Vulnerable People Needs 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit[45])

Client Group	Camden				Islington			
	Estimated Number of People		Change 2011-21		Estimated Number of People		Change 2011-21	
	2011	2021	Number of People	% Change	2011	2021	Number of People	% Change
People aged under 18 in need								
Teenage parents	286	335	49	*+17.1%*	327	318	-9	*-2.8%*
Young people aged 16-17	29	33	4	*+13.8%*	26	26	0	*0.0%*
People aged 18-64 in need								
Alcohol misuse	972	1,178	206	*+21.2%*	957	1,119	162	*16.9%*
Learning disabilities	429	519	90	*+21.0%*	415	490	75	*18.1%*
Mental health problems	912	1,106	194	*+21.3%*	1,067	1,260	193	*18.1%*
Offenders	544	659	115	*+21.1%*	636	751	115	*18.1%*
Moderate physical or sensory disability	249	299	50	*+20.1%*	234	277	43	*18.4%*
Serious physical or sensory disability	66	79	13	*+19.7%*	60	72	12	*20.0%*
Refugees	32	38	6	*+18.8%*	37	44	7	*18.9%*
Rough sleepers	11	13	2	*+18.2%*	12	15	3	*25.0%*
Single homeless with support needs	696	844	148	*+21.3%*	814	961	147	*18.1%*

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[45] Housing for Older People is dealt with separately in Figure 120

7.109 The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for the SHMA to determine these figures in isolation. Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need.

7.110 There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of Welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. On this basis, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Islington's residents.

7.111 This section considers households with a member who has a long standing illness, disability or infirmity of any sort, including substance abuse, that affects their housing requirements.

7.112 Predominantly, households who require support due to a long standing illness, disability or infirmity occupy social rented housing with 50.2% in 2 or 3 bedroom properties, followed by 19.6% in 1 bedroom and a further 3.4% in 4 bedroom properties. Almost two thirds of these households receive housing benefit support. A higher or much higher proportion of these families occupy these type of properties than for all households. In total, 74.9% occupy social rented properties compared to 11.0% in private rented and 14.1% in owner-occupied properties, the majority of owner-occupiers being in flats or maisonettes.

Figure 125: Existing Housing Mix for Households with Housing Support Needs Due to a long standing illness, disability or infirmity including substance abuse (Source: SHMA Household Survey, LBI and LBC combined results, 2014)

Property Size	Property Tenure and Type					Total
	Owner Occupied		Shared Ownership	Private Rent	Social Rent	
	House or bungalow	Flat or maisonette				
Bedsit or room	-	-	-	0.9%	1.7%	2.7%
1 bedroom	-	3.5%	0.0%	3.4%	19.6%	26.5%
2 bedrooms	1.8%	3.2%	0.0%	3.2%	28.1%	36.3%
3 bedrooms	1.2%	2.5%	0.0%	2.9%	22.1%	28.7%
4 bedrooms	1.2%	0.7%	-	0.5%	3.4%	5.8%
5+ bedrooms	0.0%	-	-	-	-	0.0%
TOTAL	**4.2%**	**9.9%**	**0.0%**	**11.0%**	**74.9%**	**100%**
With housing benefit support	-	-	-	5%	61%	66%
Without housing benefit support	-	-	-	8%	26%	34%

Orange highlighted cells identify where the proportion for this type of household is above the average for all households in the survey. Darker cells show where the proportion is much higher than average.

Figure 126: Housing Product Affordability for Households with Housing Support Needs due to a long standing illness, disability or infirmity including substance abuse (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
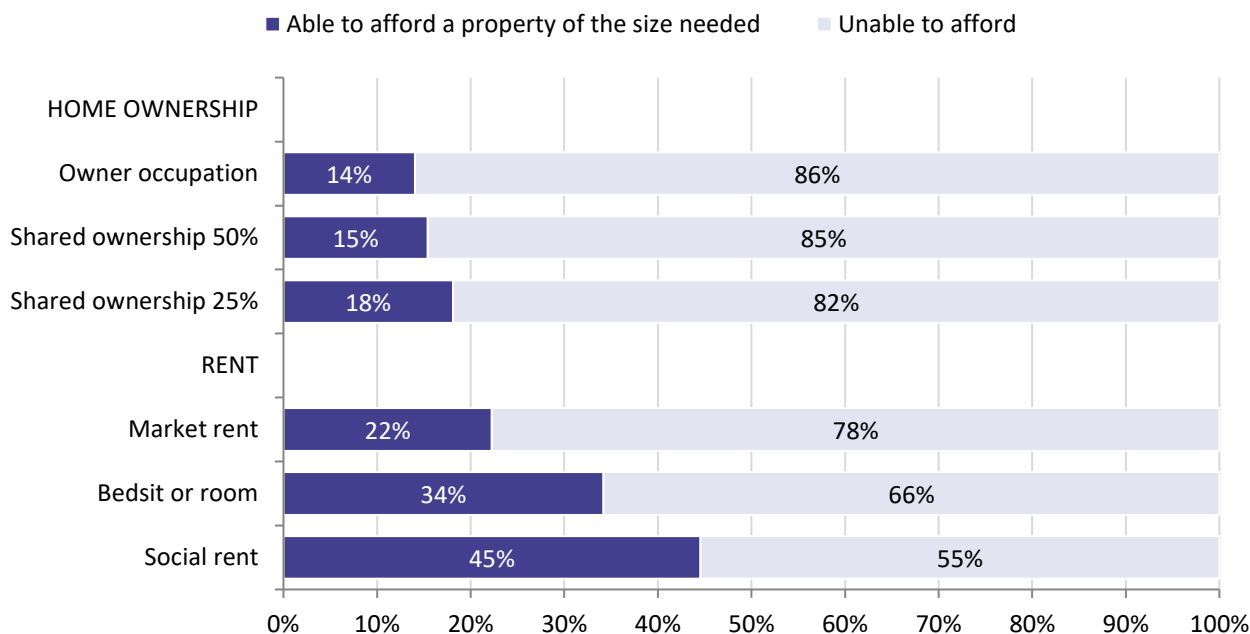
7.113 Less than half of households requiring support due to a long standing illness, disability or infirmity can afford social rented housing (45%), with less than a quarter (22%) being able to afford market rent of the size required and a third being able to afford a bedsit or room. About one in five can afford shared ownership at 25% and one in seven can afford owner-occupation. The affordability of a bedsit or room has been assessed for all households with housing support needs due to a long standing illness, disability or infirmity, regardless of the size of property needed and, as explained above, this should not be taken to suggest that a bedsit or room is appropriate for all such households.

7.114 The owner-occupation market is broadly in balance with respect to households requiring support due to a long standing illness, disability or infirmity, with 14.2% living in owner-occupied properties and 14% able to afford an owner-occupied property of the size needed.

7.115 According to the affordability figures, shared ownership is a realistic option for a small proportion of these households, with 18% able to afford at 25% shared ownership. Taking account of the 14% able to afford owner-occupation suggests shared ownership is relevant to around 4%. Currently, none live in shared ownership properties.

7.116 While 22% of these households requiring support could afford a private rented property of the size needed, 14% can also afford owner-occupation, leaving private rented as a relevant tenure for around 8%. This is lower than the 11.0% living in the tenure, which suggests a possible affordability problem. Over 60% of those tenants do not receive housing benefit support.

7.117 The major tenure required by these households is social rented properties. It is notable that only 45% can afford a social rented property of the size required. For just over half (55%), social rented, or private rented with HB, will be the only options, and there will also be affordability difficulties for a larger proportion of households, as demonstrated by the 61% currently in social rented properties and receiving housing benefit support.

Service Families

7.118 Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.

7.119 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and *"Laying the Foundations: A Housing Strategy for England 2011"* (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel "additional preference" (higher priority) for the allocation of social housing since 2009, this "additional preference" **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the "*Housing Act 1996*" who have urgent housing needs.

7.120 *"The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012"* and the *"Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012"* both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.

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

7.122 Considering service families in Islington and Camden, Figure 127 shows the number of residents employed in the Armed Forces. There were a total of 75 service personnel living in Islington at the time of the 2011 Census; most living in households, but with 2 living in communal housing.

Figure 127: Camden and Islington residents employed in the Armed Forces by LA (Source: 2011 Census)

	Camden	Islington	TOTAL
Usual residents employed in the Armed Forces			
Living in a household	123	73	196
Living in a communal establishment	38	2	40
TOTAL	**161**	**75**	**246**
Percentage of population aged 16+	*< 0.1%*	*< 0.1%*	*< 0.1%*

7.123 This represents less than 0.1% of the population of Islington aged 16 or over, therefore service families are relatively small in number in the area. It is unlikely that the needs of these families would impact on the overall level of housing need identified for Islington and Camden, but the Councils will need to ensure that arrangements are in place to properly address the needs of service families in the area.

Appendix A
Glossary of Terms

Definitions

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

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

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

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

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

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

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

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

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

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

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

» an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

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

» a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

» a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

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

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

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

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

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

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

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

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

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

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low Cost Home Ownership.

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

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

Appendix B
Household Survey Results

The SHMA household survey was carried out in Autumn 2014. The survey comprised 3,006 interviews the main or joint homeowner or tenant, with the sample split equally between Camden and Islington. The main text contains household survey results where those results are based on a large enough response to be reliable and also can add depth to the analysis. This appendix contains the remainder of the results in two sets. The first set of results focus on elements of the SHMA, but are based on small numbers of responses and should therefore be treated with caution. The second set present the demographic and social-economic profile of respondents to the survey in Islington. Quotas were set to ensure the survey was representative in terms of age, gender and housing tenure (owned or rented). All percentages are weighted.

Results relevant to elements of the SHMA

The household survey identified that 71% of households owning with a mortgage (including shared ownership) considered their mortgage to be either well within their current budget or about the right amount; however, 23% reported their mortgage to be 'just manageable' and a further 6% were experiencing some level of difficulty. This is of particular concern in the current climate of low interest rates, as many mortgage payments will increase when interest rates rise in future: 2% of households with a mortgage reported that they either have or anticipate having difficulties keeping up with repayments.

Figure 128: Affordability of Mortgage Payments of Those Owning with a Mortgage including Shared Ownership in Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
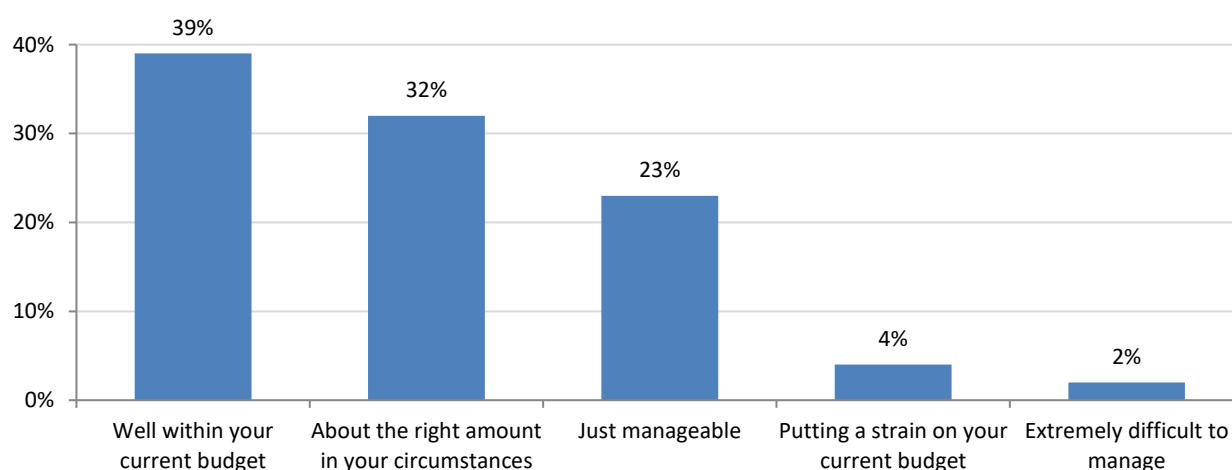
The survey identified that 40% of households renting in the private sector considered their rent payments to either be well within their current budget or about the right amount in their circumstances; however, over two thirds of households (43%) reported their rent to be 'just manageable' with a further quarter experiencing some level of difficulty, from putting a strain on their current budget (10%) to being extremely

difficult to manage (6%). Taken together, 59% report the rent to be 'just manageable' at best, suggesting a lack of affordability for many households in the private rented sector.

Figure 129: Affordability of Rent Payments of Those Renting Privately in Islington (including other Private Rent and Living Rent Free) (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
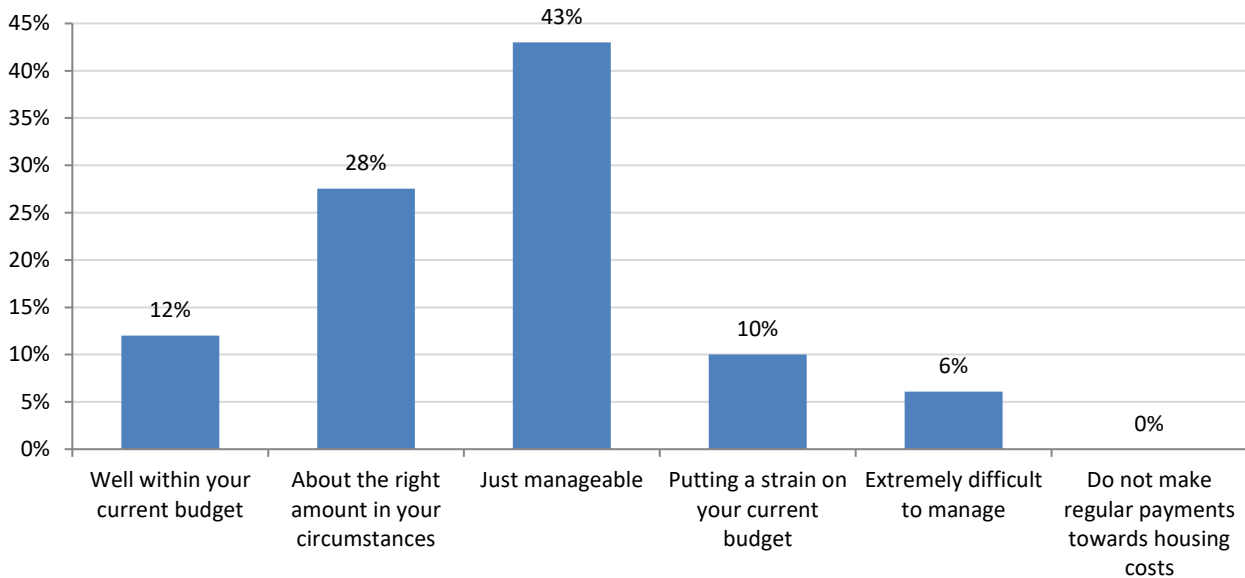
Of all privately renting households, 9% report that they have had or anticipate having difficulty paying their rent, almost one in ten. This again suggests a lack of affordability.

Figure 130: Affordability of Rent Payments of Those Renting Privately in Islington (including other Private Rent and Living Rent Free) (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
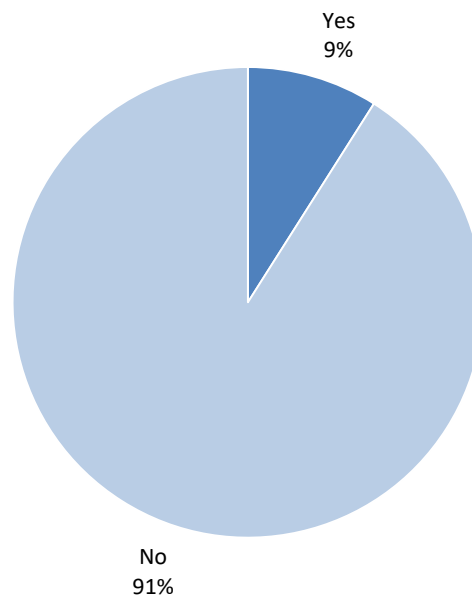
Households renting in the private sector report paying anything from under £400 to over £4,000 per month. The largest proportion (29%) pay between £1,200 and £1,600 and just over half (55%) pay £1,000 but less than £2,000. This compares with 95% of Council tenants paying less than £800. Almost half of housing association tenants pay between £400 and £600 per month (45%), with four fifths (80%) paying between £400 and £800. While this analysis does not take the size and quality of accommodation into

account, it gives a broad picture of the relative cost of renting across the tenures, especially as a small proportion of Council and housing association properties are in the higher cost brackets.

Figure 131: Monthly Rent – Renters in Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
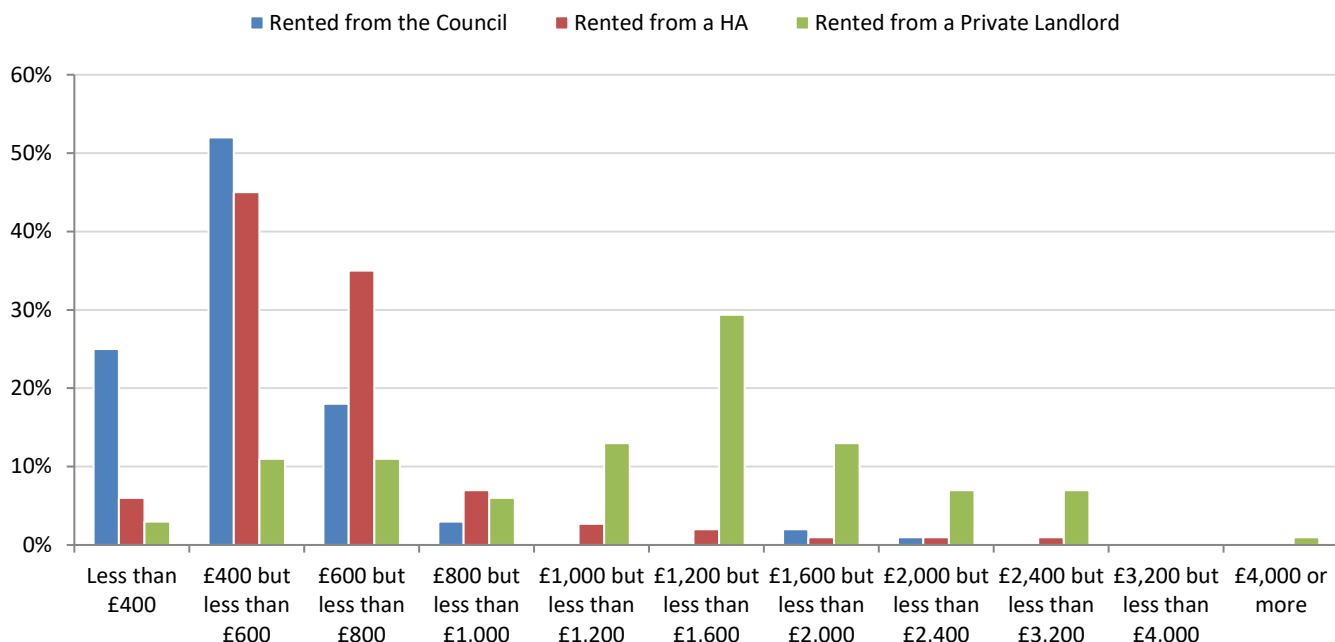
Nevertheless, the SHMA household survey identified 11% of addresses where households were sharing with at least one other individual or family group, with 5% of addresses shared with two or more other individuals or family groups. Among White British, 13% of addresses housed more than one individual or family group compared to 8% among non-White British ethnic groups.

Comparing property type, the rate was 12% in houses and 16% in converted flats compared to 7% of purpose built flats.

Figure 132: Number of Multiple Individuals or Family Groups at Address in Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
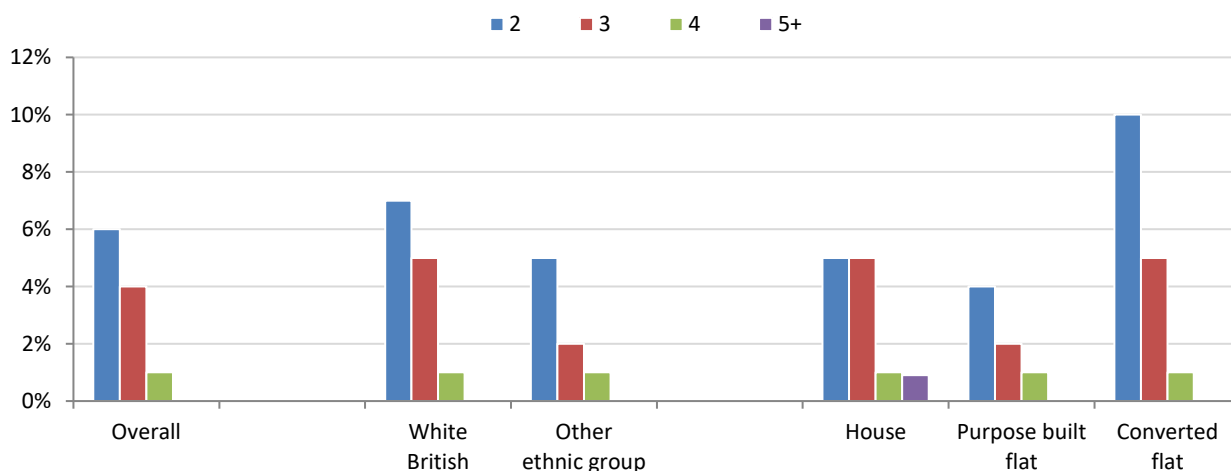
Many of these households would not be classified as "sharing households" by the Census, but instead would be considered to be multi-adult households; despite them being unrelated and often living separately within the same dwelling.

Results relevant to elements of the SHMA, based on few responses

The household survey investigated reasons for moving out of Islington and destinations of those who intended to move, which produced responses exploring the relationship between affordability and intended moves out of the Borough.

Across all tenures, 42% of those expecting, wanting or needing to move in the next two years and expecting to move out of Islington said that they cannot afford suitable housing in the Borough. Two percent said that the cost of living in London is too expensive generally, and 11% said there was a lack of suitable housing in the Borough.

Figure 133: Reasons for Moving Away of Those Expecting/Needing to Move in Next 2 Years and Expecting to Leave Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014. Note: these percentages are based on a small number of cases and must be treated with caution[46])
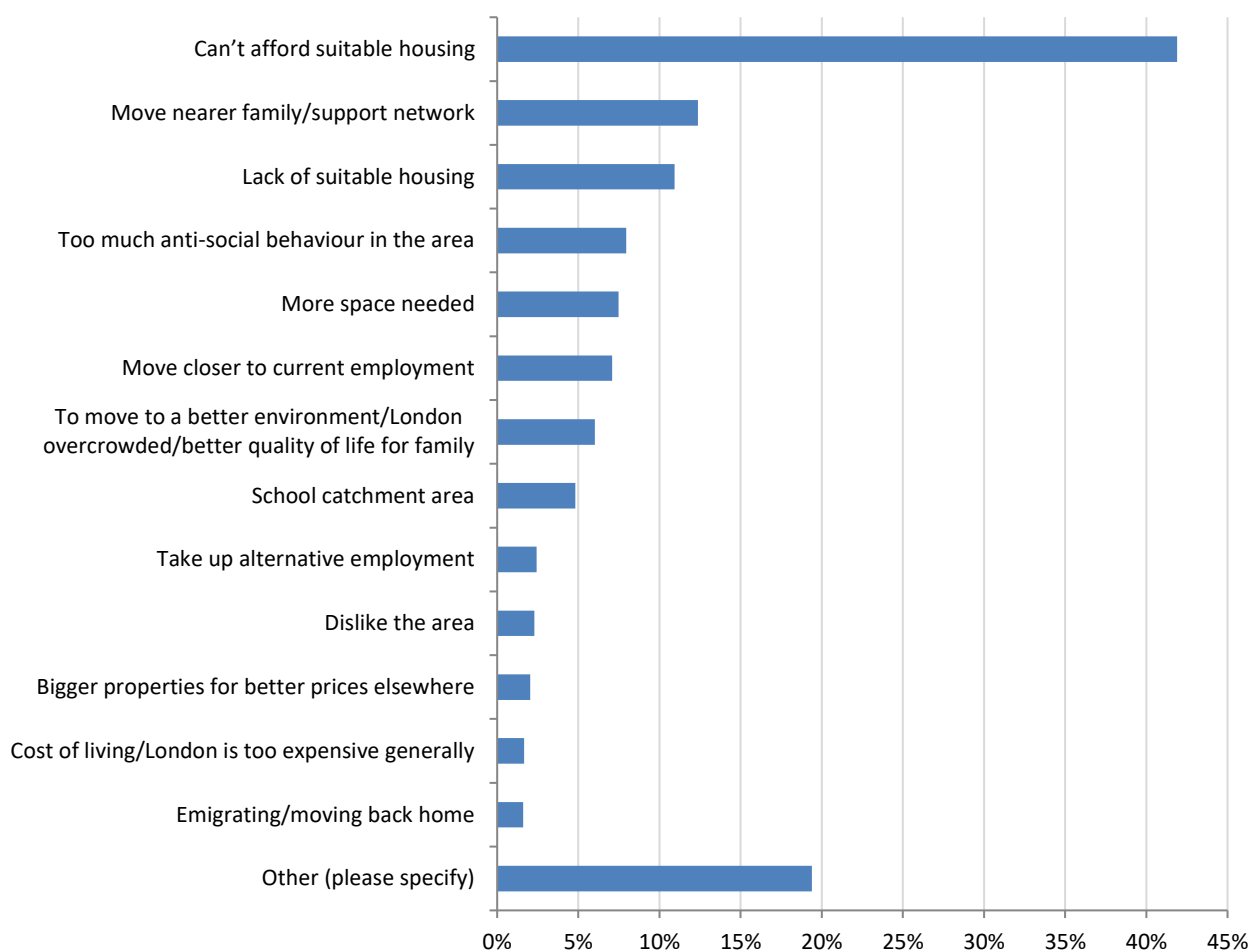
Of those households who are expecting or needing to move in the next two years, 59% expect to move either 'in this local area' or 'elsewhere in Islington, suggesting that affordability is not the greatest concern for nearly three fifths of survey respondents, but that is not to suggest that it is of no concern.

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[46] The small number of cases is a result of cross-tabulating data for households who: expected to move in the next two years, plus; expected to move out of Islington, and who; cannot afford suitable housing in Islington.

Figure 134: Destination of Those Expecting/Needing to Move in Islington in the Next 2 Years (Source: SHMA Household Survey, LBI and LBC combined results, 2014
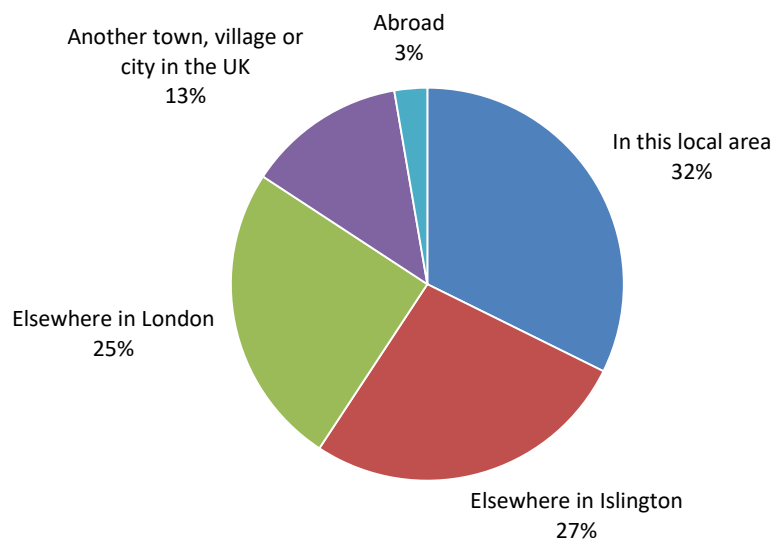
The majority (81%) of those Islington households who expected or needed to move in the next two years and cannot afford suitable housing in Islington, expected to move elsewhere in London, although 18% expected to move elsewhere in the UK. Again, this could suggest that affordability is not the greatest concern for movers. However, it is not possible to identify the reasons for movers staying in London and reasons such as employment and others could override concerns about affordability.

Figure 135: Destination of Those Expecting/Needing to Move in Next 2 Years and Moving Away as Cannot afford suitable housing in Islington (Source: SHMA Household Survey, LBI and LBC combined results, 2014)
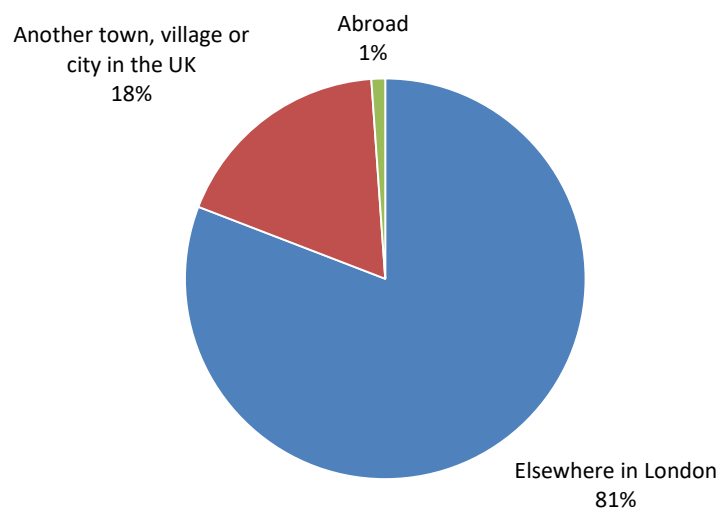
The household survey explored affordability in relation to Housing Benefit and welfare reform along with the affordability of taking up Starter Homes.

Responses from private sector tenants in receipt of housing benefit in Islington show levels of housing benefit received from between £100 and £200 per month to over £1,000, with just under half receiving £1,000 or more. This is as might be expected given the level of private sector rents in Islington and limited availability of social housing.

Of those renting privately and in receipt of housing benefit, 39% reported that that had been affected by the recent welfare reforms or changes to state benefits.

Further analyses of the data identified that almost three-fifths of those households that reported being affected by recent welfare reforms said that they were affected by the introduction of the LHA and two-fifths said that they were affected by changes to Council Tax Benefit; 23% of private renters who receive housing benefit have had or anticipate difficulty paying rent compared to 6% who do not receive housing benefit. Whilst this provides a reasonable indication of the typical effects of welfare benefit reforms, the figures should be treated with caution given the number of respondents affected.

Figure 137: Affected by Government's Recent Welfare Reforms/Changes to State Benefits of Those Renting Privately in Islington (including other Private Rent and Living Rent Free) and in Receipt of Housing Benefit (Source: SHMA Household Survey, LBI and LBC combined results, 2014. Note: these figures should be treated with caution due to small sample sizes)
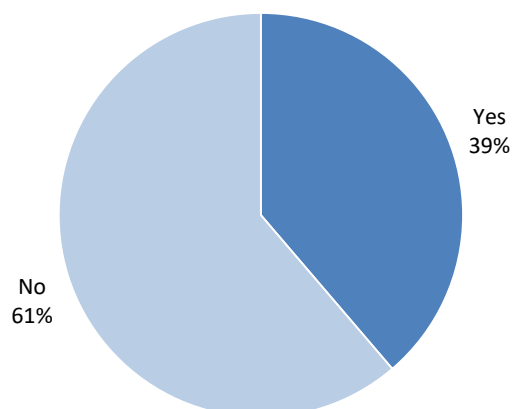
The proposed cap on Starter Homes in London is £450,000, for which a 5% deposit would be £22,500 and a 10% deposit £45,000. Among households in social and private rented properties who reported having savings to fund a mortgage deposit, a total of 62% of the 16-34 age group reported having savings of £20,000 to £30,000, though none reported having savings of over £30,000. Of the 35-49 age group, 74% reported having savings of £20,000 or over and 46% reported having savings of £40,000 or over. These figures suggest a high proportion of the 16-34 age group have sufficient savings to place at least a minimum deposit to buy a Starter Home and almost half of the 35-49 age group in the survey have sufficient savings for a 10% or higher deposit. These figures suggest higher incomes than might be expected, but could include possible sources of funds such as loans or gifts from family, particularly for younger households

Figure 138: Savings to Fund a Deposit for a Mortgage on a Property of Those Renting in Islington and Having Savings (Source: SHMA Household Survey, LBI and LBC combined results, 2014. Note: these figures should be treated with caution due to small sample sizes)
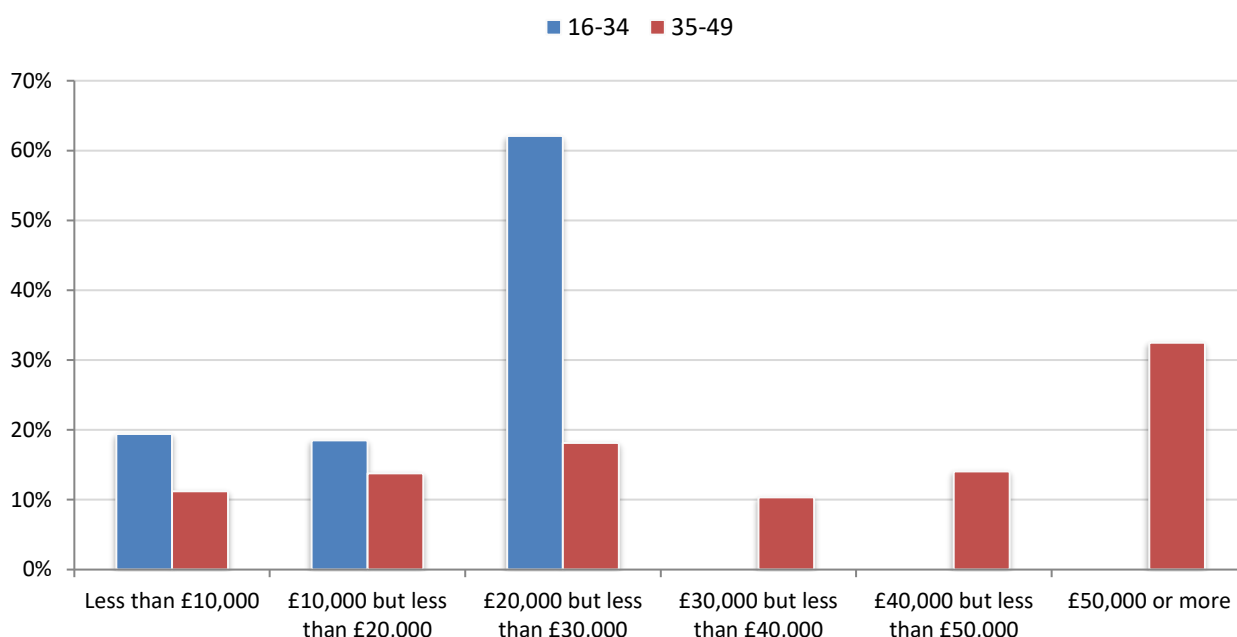
Demographic profile of respondents

All 1,503 respondents gave their **age group**. The grouping can be classified, broadly, as likely to be; students (16-24), working age (25-34, 35-49, and 50-64), retired (65-74, 75-84, and 85+). In the survey, 6% were aged 16 to 24, 80% aged 25 to 64, and 14% aged 65 or over.
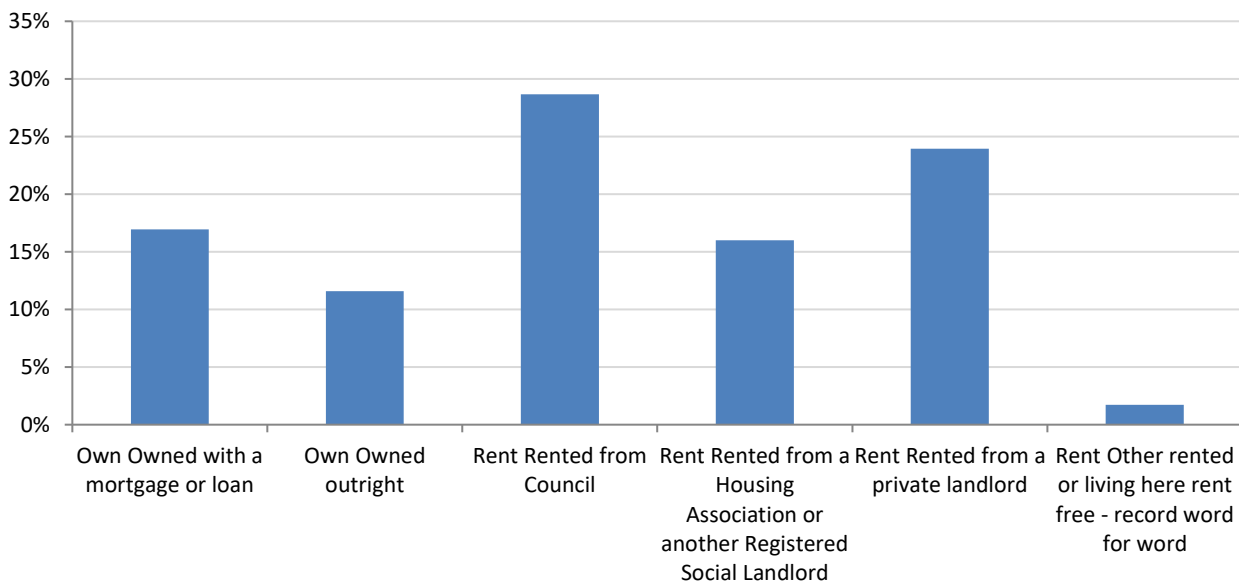
Figure 139: Age profile of survey respondents in Islington (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)
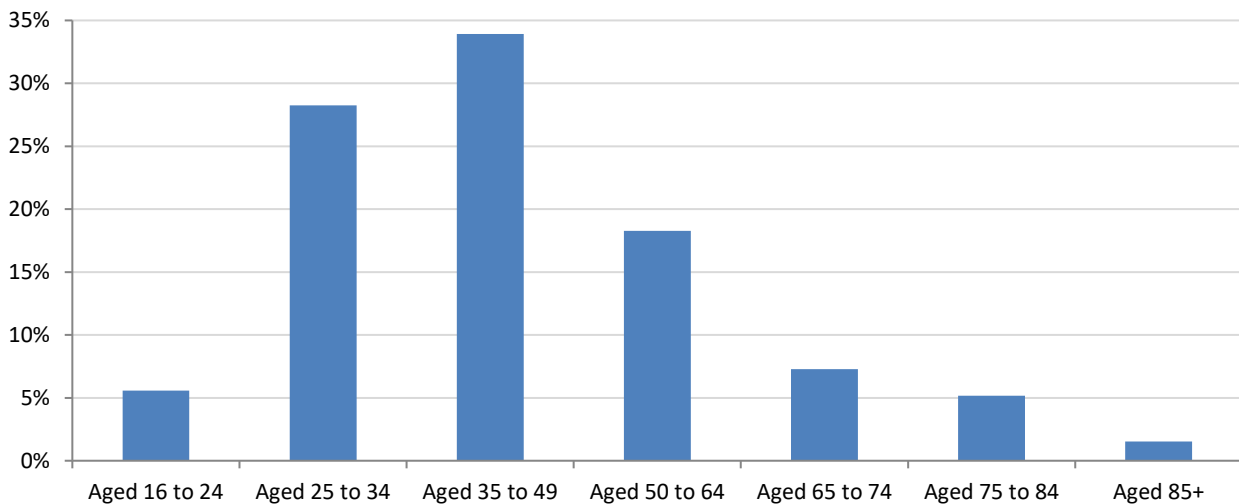
All respondents gave their **gender** and the weighted distribution was 49% male to 51% female.

All respondents gave the **tenure (owned or rented)** they occupy. 29% owned properties either with or without a mortgage, 45% rented from the Council or a housing association, and 24% from a private landlord, with 2% living rent free. There were small numbers of people in two other tenures; "Owned: Other owned", and "Both Part rent and part mortgage (shared ownership)". Together, these made up 1% of respondents.

Figure 140: Tenure profile of survey respondents in Islington (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)

A total of 1,460 gave their **ethnic group**. Just over half (52%) identified as White British, 4% as White Irish and 17% as White Other. Those identifying as South Asian ethnicities; Asian, Asian British or Asian Other, accounted for 6%, with a further 2% identifying as Chinese. The Black ethnicities; Black, African, Caribbean and Black British, accounted for 13%. All mixed race ethnicities taken together accounted for 3% and 1% identified as Arab.

Figure 141: Ethnicity of survey respondents in Islington (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)
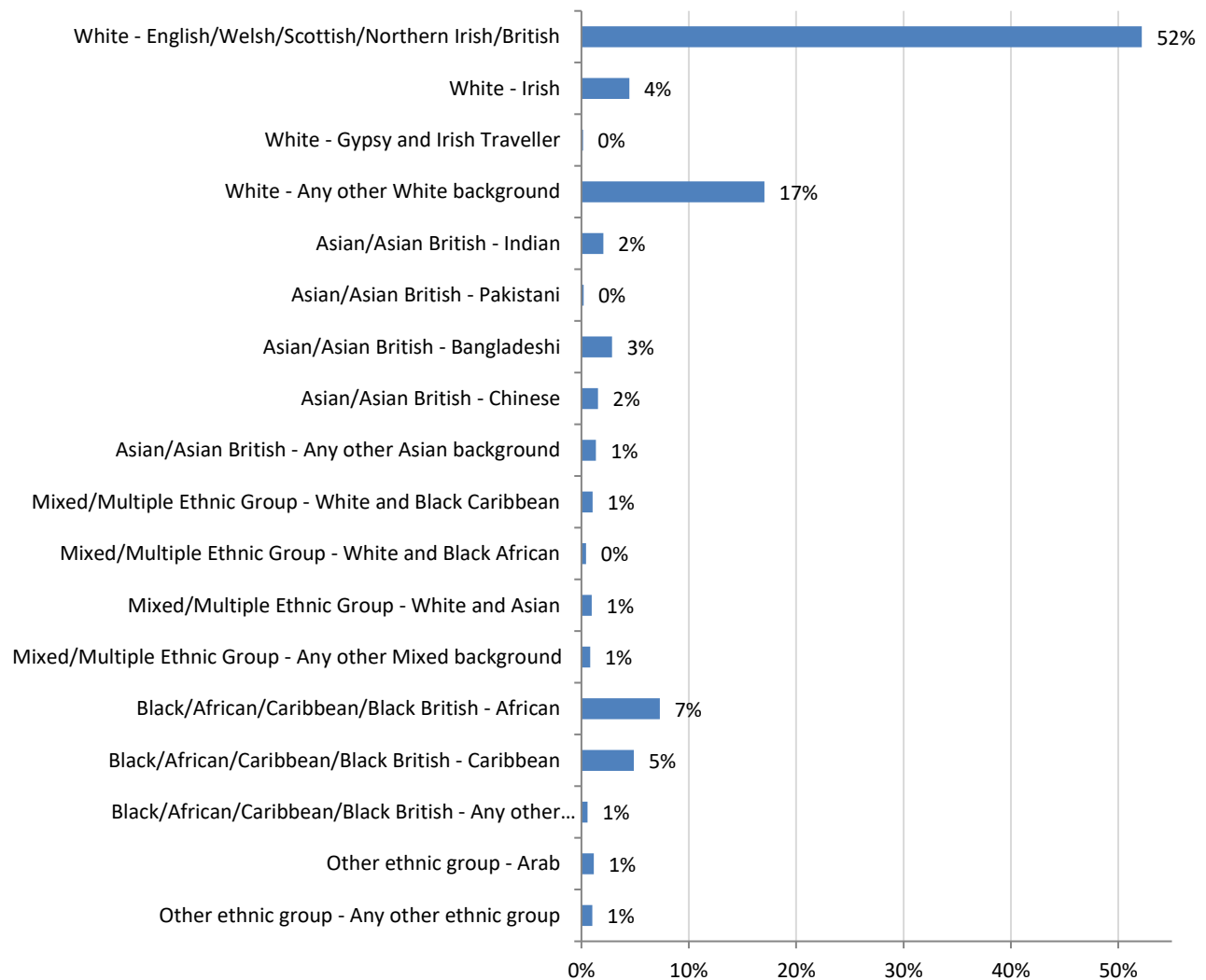
A total of 1,489 respondents answered the question about **Long Term Limiting Illness, Disability or** Infirmity, with 25% of households having a household member with a limiting illness, infirmity or disability. Among those households, the most commonly reported were "A condition which substantially limits one or more basic physical activities such as walking, climbing stairs, lifting or carrying" (46%) and "A long-term illness" (51%). Notably, mental health problems were reported in 19% of the households and a further 4% dementia compared with 8% learning difficulty and 12% sensory impairment.

Figure 142: Long term illness, disability or infirmity in survey respondents households in Islington (Source: London Borough of Camden & Islington – Housing Needs Survey July 2014)