CITY PLAN 2019 – 2040

HOUSING NEEDS ANALYSIS

JUNE 2019

Preface

Westminster City Council is preparing a new City Plan 2040 which sets out the council's vision to make Westminster a city of excellence in all areas. In order to inform the plan as accurately as possible, this analysis estimates the number and type of new homes needed in Westminster each year over the next 20 years. It updates the existing City Plan and previous housing assessments completed by Ecorys and Wessex.

Throughout the assessment, the Ministry of Housing, Communities and Local Government's (MHCLG) guidance[1] has been followed as far as possible. Wessex Economics has been appointed by the council to act as an independent critical friend to the project; their letter of endorsement forms part of this assessment (see Appendix 1).

This report is accompanied by a Technical Appendix which gives more detailed information about the methodology and information sources for Section 2: Affordable Housing. It is intended that this analysis will be regularly updated.

[1] Department of Housing, Communities and Local Government: Housing and Economic Needs Assessment March 2015
www.gov.uk/guidance/housing-and-economic-development-needs-assessments#identifying-the-need-for-different-types-of-housing
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf

Non-Technical Summary

Enabling affordable and appropriate housing in Westminster remains a top priority. Addressing the shortfall, both current and future, presents a challenge which cannot be met overnight. This report assesses housing need in order that pragmatic planning decisions can most effectively address demand.

In order that we can effectively plan, and subsequently deliver, this report assesses Westminster's housing needs.

Analysis shows that **247 new social rented homes** are required each year to meet current and future need. This figure is based on actual need for social housing and does not include households who would prefer social housing over other choices they have available.

The demand for immediate housing is even greater, with 316 new homes needed each year, although the two numbers are not directly comparable as they are calculated in a different way.

However, the number of homes required is only part of the story. Westminster has a higher proportion of one bedroom properties, compared to other areas; as a result residents have fewer opportunities to access family sized homes. This is particularly acute in social rented housing where 47% comprises of studio or one bedroom accommodation. Yet, 80% of households with priority for social housing need two bedrooms or more, and 41% require three bedrooms or more. A target of at least 25% of all homes being family sized (defined as having 3 bedrooms or more) would help to re-address the balance.

Any assessment of affordable housing can only ever be an estimate, particularly given Westminster's unique demographic factors and economy. However, it is clear from the figures contained in this report that decisive action is needed now to meet both current and future housing demand.

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About this report

This analysis estimates the number and type of new homes needed in Westminster each year over the next 20 years. It updates the previous assessment completed by Ecorys and Wessex Economics in 2014 and it has been developed to form part of the evidence base for the council's twenty-year City Plan.

In order to complete this assessment, the Ministry of Housing, Communities and Local Government's (MHCLG) guidance[2] has been followed as far as possible and the council has appointed Wessex Economics to act as an independent critical friend to the project. Their letter of endorsement forms part of this assessment (see Appendix 1). It is intended that this assessment will be regularly updated.

This report is accompanied by a Technical Appendix which gives more detailed information about the findings, methodology and information sources for some sections.

Executive Summary

This analysis has found that Westminster requires:

- **563 new affordable homes** each year of which 316 (56%) are for 'intermediate' housing and 247 (44%) are for 'social' housing, although it is acknowledged that these tenures are different and households needing social rented homes generally have no other choices in the market. For this reason, the social housing requirements are expressed as need and the intermediate as demand.
- Westminster needs more family sized homes and 40% of social homes should have 2 beds and 40% 3 beds. 40% of intermediate homes should have 2 bedrooms or more.
- More older persons housing is needed. Sheltered housing need is included in the social rented figure above, but the analysis also shows more extra care, nursing and residential homes are needed.
- There are no compelling reasons to set targets for the provision of student housing.
- It is not possible to say with certainty what the demand for self-build and custom housebuilding is in Westminster, although it is likely to be lower than the current numbers on the council's register.

[2] Department of Housing, Communities and Local Government: Housing and Economic Needs Assessment March 2015 www.gov.uk/guidance/housing-and-economic-development-needs-assessments#identifying-the-need-for-different-types-of-housing
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf

Section 1: The number of new homes needed across all tenures

1.1 Using MHCLG's standard method[3], it is estimated that Westminster needs 1,495 new homes each year, across all tenures, over the next ten years. Section 1 in the Technical Appendix shows how this figure was calculated.

Section 2: The number and type of affordable homes needed

Defining affordable housing

2.1 The National Planning Policy Framework 2019 (NPPF) defines affordable housing in broad terms as 'housing for sale or rent, for those whose needs are not met by the market[4]. The NPPF definition covers a range of different housing types: affordable housing for rent; starter homes; discounted market sale housing; and other types of affordable home ownership, such as shared ownership, shared equity and those purchased with equity loans[5]. In practice, there are generally considered to be two types of affordable housing, as described in the London Housing Strategy 2018, and these have been used for the purposes of this analysis:[6]

- **Social housing:** This is rented housing for people with low incomes. The council holds a list for households with priority for social housing and it has statutory housing responsibilities towards most households on this list. The rents are either Social Rents, set in line with government policy or Affordable Rents which are at least 20% below market rents.
- **Intermediate housing:** This is housing for people who are not eligible for social housing or do not have priority for it, but nevertheless cannot afford a market home. It can be rented housing, where the rents are discounted from market rates by at least 20%, or it can be a type of low cost home ownership, such as shared ownership. The Mayor of London sets out that intermediate housing is for households with incomes of up to £90,000 per year. The council runs an intermediate housing service for those interested in intermediate housing, called Homeownership Westminster, and holds a waiting list.

Factors affecting the assessment

2.2 Any assessment of affordable housing need can only ever be an estimate and certain demographic and economic factors make assessments in Westminster more difficult than in other areas. These are:

[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728247/How_is_a_minimum_annual_local_housing_need_figure_calculated_using_the_standard_method.pdf

[4] www.gov.uk/government/publications/national-planning-policy-framework--2
[5] www.gov.uk/government/publications/national-planning-policy-framework--2
[6] www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf

I) The cost of market housing is very high, with many unable to afford it, however not everyone unable to afford market housing will *need* or *want* affordable housing, as they will not necessarily want to make Westminster their permanent home. There are high rates of population churn in the city, for example between June 2016 and 2017, 25% of the full-time resident population in Westminster moved out of the city[7]. Churn is particularly high in the private rented sector and estimates indicate that just 45% of households remain in Westminster for more than one year (see 2.7 in the Technical Appendix, for more information).

II) High numbers of households in Westminster will also not be eligible for affordable housing, as they are only here for study or work for a fixed period. There are also high numbers of households with their main home elsewhere and that only live part-time in the city. The 2011 Census found 12% of housing spaces had no full time resident, compared with 3.6% for England as a whole. It also found that 7% of Westminster residents had a home elsewhere.

III) Non-related households living together in Westminster to make it affordable is relatively common, which makes it hard to estimate income at an individual level, as available data sources aggregate household income. The 2011 Census found that 20% of private rented properties were occupied by multiple households.

IV) Westminster is a hub for employment and migration which makes it particularly susceptible to economic changes, currency fluctuations and economic downturn, making long-term predictions more difficult.

V) Westminster has been one of the London boroughs most impacted by some welfare reforms. The number of housing benefit claims fell from 40,000 in 2011 to 21,000 in 2019[8] and the impact of welfare reform is ongoing, again making long term predictions difficult.

VI) Around half of the 2,700 homeless households currently in temporary accommodation live *outside* Westminster, and while many will return, some will be made private rented sector housing offers outside the city, where private rented housing is more affordable. This ends the council’s housing duty towards them.

The methodology

2.3 In order not to overestimate demand and to address points I) and II) above, some demand has been ‘dampened’ in the assessment to take account of these factors. This has involved applying ‘propensity to stay’ and ‘eligibility’ factors to some of the overall numbers.

- The ‘propensity to stay’ factor is assessed at 45%. This means it reduces potential households by 55% to take into account those that will not make Westminster their long-term home. It is based on estimates of households living in the private rented sector that are likely to stay in Westminster, using 2011 Census information on migration and short-term migration numbers.
- The ‘eligibility factor’ removes households that would not be eligible for affordable housing because they have second homes elsewhere, or because they are unlikely

[7] 2017 Components of Change, ONS Mid Year Estimate series 2018
[8] Local housing benefit data

to be looking for long term housing because of their age. Potential households are therefore reduced by different percentages depending on the circumstances.

2.4 Tables 2 and 3 show where these factors have been applied and more information on how they were calculated is included in 2.7 and 2.18 of the Technical Appendix.

2.5 Any assessment of affordable housing requirements must resolve a number of tensions. Firstly, there is a tension between need and aspiration. Some households may have their needs met in the private rented sector for example, but they would prefer to live in affordable housing because it offers more security, lower rents and it provides the opportunity to live independently. In order to help resolve this issue, Narrow and Broad estimates of the affordable homes required were produced as a first stage in this assessment. The Narrow estimate was based around ‘known need’ i.e. households that will certainly need affordable housing. The Broad estimate built on this and included some wider groups that may aspire to affordable housing both now and in the future.

2.6 Given that the Narrow estimate is likely to underestimate requirements and the Broad to overestimate them, a Central estimate was then developed. More information about these Narrow and Broad estimates is in the Technical Appendix. The Central estimate is presented in this report as the most realistic requirement for Westminster. The Technical Appendix (2.35 - 38) also provides further information on why the Central Estimate is considered realistic.

2.7 Secondly, there is a tension between requirements for different types of affordable housing (traditionally expressed as social and intermediate) as they are not directly comparable. Local authorities generally have statutory rehousing duties towards households with priority for social rented housing. These households often have few alternative choices in the housing market, because they are homeless, for example, or living in inadequate housing in the private rented sector. Councils do not have the same statutory responsibilities to rehouse those eligible and with priority for intermediate housing and this group is likely to have more choices in the housing market, although these may not meet their long term aspirations – to live independently rather than sharing, for example, or to buy a home. There are also likely to be wider impacts of not providing intermediate housing in high value areas, as housing markets can become polarised and there can be economic impacts if this leads to labour shortages. To resolve this issue, social housing requirements are described as need and intermediate as demand, although it is recognised that there will be overlap between the two.

2.8 The overall methodology followed to calculate affordable housing requirements is summarised in table 1 below.

Table 1: Methodology used for assessing affordable housing requirements

A	Backlog of need/demand (Households that are waiting to have their needs met now)
B	Emerging need/demand (This includes newly forming households, new households that move into Westminster that will require affordable housing and those that will fall into need in the future due to a change in their circumstances)
C	**Gross requirement = A+ B**
D	Supply created through normal turnover i.e. properties becoming vacant as the occupants move away

E	Net new supply required each year = C minus D
For each of the above, the total figures are divided by 20 years to reflect the timespan of the City Plan	

Social housing

2.9 The analysis found that Westminster requires **247 new social homes each year** to meet current and future need. Table 2 summarises how this figure has been calculated.

Table 2: Social homes needed each year in Westminster

	Social housing (Central Estimate)	No	What this includes	Source
A	**Backlog of need**	281	I. Households on the council's social housing Waiting List, including homeless households in temporary accommodation (153) II. Households estimated to be living in unsuitable housing in the private rented (67). 'Propensity to stay' factor of 45% applied III. 'Hidden need' i.e. hidden homeless households that the council hasn't traditionally had a rehousing duty towards (15) IV. Other specialist groups that are not currently on the council's housing Waiting List, such as 'looked after children' (67) V. Double counting has been removed (-21)	• Council housing records • The council's City Survey results 2017/18 • Council homelessness records • The council's Housing and Social Services records
B	**Emerging need**	410	VI. The number of new households that will move into Westminster and are estimated to need social housing (39). 'Propensity to stay' factor of 45% applied VII. Estimated growth in homeless households needing temporary accommodation (25) VIII. The estimated number of households will need social housing in future (but do not need it now i.e. due to a change in their circumstances (266). (More information is available in Technical Note 1 in the Technical Appendix) IX. Specific groups of people that will need social housing i.e. those with mental health issues, ex-offenders, care leavers, women moving from refuges (67)	• ONS population projections/council records • Council homelessness records • Employment Support Allowance flow data (NOMIS, DWP) • Council Housing/Social Services records • Independent research into demand for sheltered housing 2017

			X. Increased future demand from older people (13)	
C	**Gross demand A + B**	**691**		
D	**Supply**	443	XI. The total number of social homes that are estimated to become available annually through normal turnover (443)	• Council housing records
E	**Net need C - D**	**247**		

2.10 This requirement does not include households that may prefer social rented housing, due to its lower rent and because of the stability it offers, such as those living in the private rented sector and receiving housing benefit. This is because national policy is clear that the private rented sector is an adequate tenure for homeless households[9].

Intermediate housing

2.11 The analysis has found that Westminster requires 316 new intermediate homes each year to meet current and future demand. Table 3 summarises how this figure has been calculated.

Table 3: Intermediate housing demand each year in Westminster

	Intermediate housing (Central Estimate)	No	What this includes	Source
A	**Backlog of need**	224	I. Households on the council's intermediate housing list at its peak. Households on the list include, those that: • Can only afford the private rented sector with housing benefit • Are living in a private sector home that is not the right size, but cannot afford a larger home • Are sharing or living with family and would prefer to live independently • Are renting privately and would like to buy, but can't afford it	• Council intermediate housing data
B	**Emerging need**	150	II. Newly forming households in the private rented sector that are likely to be eligible for intermediate housing due to their income profile	• CACI Income Data 2018 • Census 2011

[9] The Localism Act 2011 introduced legislation which enables councils to discharge their rehousing duty to homeless households by offering them private rented accommodation

			III. 'Eligibility' and 'propensity to stay' factors apply	
C	**Gross demand A + B**	**374**		
D	**Supply**	58	IV. The total number of intermediate homes that are estimated to become available annually through normal turnover (58)	• Council housing records
E	**Net need C - D**	**316**		

Bringing affordable housing requirements together

2.12 Overall the assessment shows that Westminster requires 563 affordable homes each year which is 38% of the overall number needed (1,495). It also suggests that Westminster requires more intermediate than social homes to meet demand, although as set out above the two tenures are not directly comparable.

Table 4: Total number of affordable homes required each year in Westminster

	Social	**Intermediate**	**Total**	**% of total homes needed**
Number	247	316	563	38%
% (of affordable homes required)	**44%**	**56%**		

Limitations of the assessment

2.13 As stated above, any assessment of affordable housing can only ever be an estimate and there are limitations to the findings, these are:

- The gross supply figure for social housing (D in table 2) is for properties of all sizes and does not take into account that the majority of social homes becoming available through natural turnover have one bedroom and do not meet the profile of demand. It also does not take into account the number of properties that will be lost from potential supply each year through the right to buy.
- The requirements assume that the backlog of those waiting for affordable housing will be cleared over twenty years, if the backlog were cleared over a shorter period then the overall requirements each year would be much higher.
- External factors such as the impact of Brexit, from ongoing welfare reform and the Homelessness Reduction Act 2017 have not been included in the model.
- While the Central requirement is considered as the most realistic for Westminster, other ranges have also been identified. The Narrow range indicates that 473 affordable homes would be required annually and the Broad that 1,056 would be required (for more information see the Technical Appendix).

Section 3: Older persons housing

3.1 As table 5 below shows, the number of older people in Westminster is projected to increase, with the greatest increases in the 75+ age group. It is also estimated that 25% of older people in Westminster have a low income, which may indicate a need for affordable housing[10] and 45% are living alone[11].

Table 5: Older persons population projections in Westminster

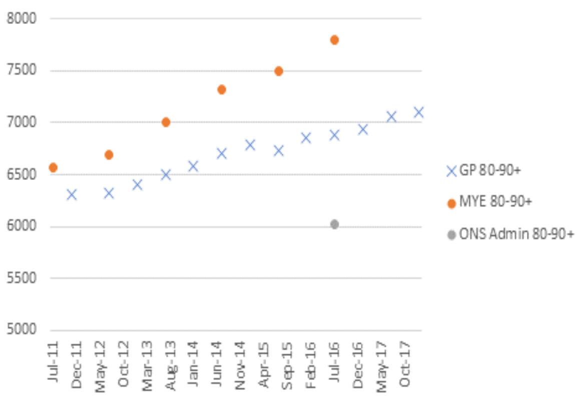
Age	2017	2030	% change
60+ No that might be living in poverty[12]	40,118 10,029	56,888 14,222	42%
75+ No that might be living in poverty	13,466 3,366	20,534 5,133	52%

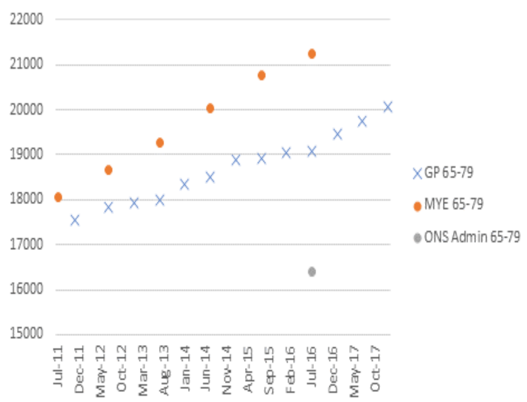
3.2 Additionally, an increase of people with dementia is estimated amongst those over 65 and there is projected to be an increase from 1,810 dementia sufferers in 2015 to 3,060 by 2030[13].

3.3 The number of older people estimated to be living alone is also predicted to increase from 5,710 people in Westminster in 2019 to 8,140 by 2030[14].

3.4 Projected figures of older people in Westminster are a matter of some concern for the council. These concerns are shared by the GLA. There appears to have been an issue with the over-allocation of older international migrants to Westminster, which is causing the projected estimate of older people in the city to increase faster than other sources (e.g. GP registers) suggest they should, as shown in the charts below. We are unlikely to be able to re-base with confidence until the 2021 Census and this means some degree of caution needs to be exercised when assessing the future housing needs of older people.

Charts 1 and 2: Older persons population estimates compared with other sources





3.5 Caution also needs to be exercised when assessing the housing needs of older owner occupiers with low incomes as this does not indicate in itself a need for affordable

[10] Index of Multiple Deprivation 2015: Income Deprivation Affecting Older People
[11] Census 2011
[12] Index of Multiple Deprivation 2015: Income Deprivation Affecting Older People. The figure assumes that the proportion that are living in poverty remains the same in 2030
[13] Projecting Older People Population Information System (POPPI) based on ONS population projections 2018
[14] Projecting Older People Population Information System (POPPI) based on ONS population projections 2018

housing, given home owners may have assets, which if released could enable them to fund their own care and support.

3.6 The draft London Plan[15] sets an older persons housing strategic benchmark for 2015 – 2025 for London boroughs. This aims to help boroughs when setting targets. The benchmark for Westminster is below.

Table 6: Annual Indicative Requirements for older persons specialist housing (Draft London Plan)

Private	Intermediate sale	Affordable Rent	Total
70	20	20	**110**

3.7 Given Westminster's unique features however the council has carried out or commissioned its own research into older persons housing needs where it makes sense:

Sheltered Housing

3.8 Westminster currently has c.2,000 units of sheltered social housing provided by the council and registered providers (housing associations) and households apply for this by joining the council's general housing waiting list. An independent review in 2017[16] estimated that demand for sheltered housing would increase and that an extra 100 people could join the list through population growth alone by 2030, and this could increase to 225 if the current trend of increasing demand from older people in the private rented sector continued. Annually this means between 8 - 17 homes would be needed.

3.9 Increased demand for sheltered housing has been taken into account in the social housing requirement above (see table 2 point X which takes an annual figure of 13). The mid point of the above estimate has been used as it is considered the most realistic figure given the uncertainties around the older persons population projections and, because at the time of writing, demand for sheltered housing (households applying through the council's Waiting List) had fallen. It is too early to tell if this is a long-term trend and the extent to which it relates to the quality and size of current stock (a high proportion is studios which can be unattractive), and this is being kept under review.

Extra Care Housing

3.10 Extra care housing is a valuable resource to address both the housing and care needs of older and vulnerable people. It provides an alternative to residential care for many older and vulnerable people and supports independent living for longer. It also has the potential to contribute to the prevention agenda as there is evidence to indicate that when it includes services that support wellbeing and active ageing, residents can experience a delay in needing care or a reduction in previous care and support needs. Extra care can cover a mix of tenures, income and need. It can include affordable rent

[15] www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-annexes/annex-five-specialist

[16] Review of community supportive housing for Westminster City Council (2017 Housing LIN and Archadia Chartered Architects

through to leasehold sale and the most successful developments usually contain a mix of need in order to enable people to 'age in place' and future proof their care needs.

3.11 There are currently two extra care developments in Westminster making up 77 units. Local data and analysis have identified that this is a lower supply rate than the London average. The data suggests the following is needed:

- A further 66 units now. This is based on Westminster having a supply rate of 2.6 units per 1,000 residents aged 65+, whilst the London average is 4.7 [17]
- A further 37 units over the next decade, if population estimates are correct.

3.12 In light of both national data and internal trend analysis, while the council has projects in development to increase the extra care housing provision within the city (110 units by 2025), the need to defer and deflect admissions to residential care would suggest that up to 60% of people admitted to residential care and 20% of people admitted to nursing care could be supported in an extra care environment.

3.13 This would suggest, on the basis of current placements outside of Westminster (but within London), an additional 100 units could be utilised at this moment, which would mean that even continuing to use the London 'Supply' methodology may significantly underestimate the numbers of units that could be utilised.

3.14 New schemes need to be able to support older and vulnerable people with a continuum of need, from those whose primary need is for housing and support, to those who have dementia and end of life care needs. The most successful extra care schemes house a balanced community of those with and without care needs to ensure a vibrant inclusive ethos with a focus on prevention and early intervention.

Nursing and residential

3.15 Westminster has 167 residential care beds and 219 nursing care beds, slightly more than identified by the Care Quality Commission (CQC) assessment in 2018[18]. The CQC assessment scales provision to population and using this approach for Westminster, suggests comparative provision is 398 residential care beds and 586 nursing care beds nationally, which indicates an under supply in Westminster.

3.16 This needs to be moderated by both the choices that people make about their preferred location as well as the alternatives available. A snapshot of admissions to care settings (residential and nursing) as at December 2018 identifies that 138 older people were placed in borough and 284 out of borough (although 227 of these were in London boroughs); i.e. almost 87% of placements made are within London.

3.17 While there is no question that developing an in-borough cost viable offer could be utilised, extra care housing and 'ageing in place' as an alternative offer to residential care would mean that the residential care/ nursing care placement is increasingly

[17] Housing Care website, 2016, Population GLA 2016 SHLLA Housing Cap
[18] CQC Local System Data Summary: Older people's pathway Westminster Local Authority 28/9/2018

considered to be a temporary intervention with the specific focus to return people to living in their own homes.

3.18 Extra care housing if provided sufficiently early can make a valuable contribution to keeping people within the community and reducing levels of admission into residential care.

Bringing the evidence together

3.19 There is also a need to ensure that there is a balance of mainstream housing that meets the needs of older people and particularly diverse, adaptable housing options. Through this, older people, regardless of income or tenure, will be more able to move into homes which suit their needs.

Section 4: Housing for students

4.1 Students form a significant population in Westminster and are important to consider as a group. There are almost 2 million in England in Higher Education (HE)[19], and the presence of HE establishments brings in concentrated pockets of young people. Around 70% of students in England are under 24 and more than half of these are 20 and under. The majority of students (over 80% of undergraduates) live away from home.

4.2 In Westminster, there are many teaching establishments from different further education providers, including the University of Westminster, King’s College London and Kingsway College. There are more with sites around the borders of the city such as University College London, Imperial and the London School of Economics.

4.3 There are 18,300 students with a term-time address in Westminster and many others studying at Westminster colleges but not living in the city, for example there are over 19,000 students at the University of Westminster alone[20]. The following is known about Westminster’s student population:

- The number living in the city has been increasing and rose by 7% over the 4 year period 2013/14 to 2017/18.
- Nationally around 66% of students are undergraduates which compares to 61% in Westminster where there are greater numbers of post-graduate students. Therefore, students living in Westminster are likely to be older, on average, than those in the UK as a whole.
- There are 11,150 undergraduates in Westminster which is an increase of 9% since 2013/14 which indicates they are a relatively fast-growing group. Over half of all full-time undergraduates with a known tenure live in the private rented sector, either in general private rented (27%) or a short-term student house-share (27%). A further 27% live in HE provider stock (such as a halls of residence), with a relatively large number (19%) living at home.
- There are 7,140 postgraduates in Westminster. 77% live in private rented housing, 16% in HE managed properties and 6% live at home.

[19] Higher Education Statistics Authority data 2019, relates to 2018
[20] As above

- Overall, over 9,150 students live in Westminster's private rented sector. The proportion of student only households is not known, however the 2011 Census suggested that around 57% of students in the private rented sector lived in all student households and when this proportion is applied to current student figures it equates to around 5,200 people, and between 1,500 to 2,000 households, which is c.4% of the sector as a whole.

Implications for housing need

4.4 With the small distances involved and the rich network of transport options available (including an expanding network of cycle highways), in central London (and Inner London generally), Westminster differs from many University towns, in that there is no compelling reason for students to live in the same borough as their main place of learning. In view of this there are no compelling reasons to set targets for the provision of student housing in Westminster as there has been no clear evidence that current housing provision is having adverse consequences on student numbers. There is also little evidence that students adversely impact on Westminster's longer term residents by competing for property.

Section 5: The size of new homes

Factors to consider

5.1 Only 19% of households in the city have dependent children compared with 31% across London. This links to the size of homes and Westminster has a higher proportion of one bedroom properties, compared to other areas as table 7 shows. Westminster residents therefore have fewer opportunities to access family sized homes, compared with other areas.

Table 7: Bedroom size in Westminster compared with other areas

Bedrooms	Westminster	London	England
1 bedroom	39%	22%	12%
2 bedrooms	36%	32%	28%
3 bedrooms	17%	31%	41%
4 bedrooms	5%	11%	14%
5 or more bedrooms	2%	4%	5%

Source: 2011 Census

5.2 As table 8 below shows, the size of new homes completed over the past five years is helping to address this imbalance in the stock.

Table 8: Completion of new homes in Westminster by bedroom size (all tenures)

Year	% of new completions with 2 beds or more	% of new completions with 3 beds or more
2014/15	71%	37%

2015/16	68%	34%
2016/17	70%	35%
2017/18	64%	31%
2018/19 (partial)	60%	25%

Source: Westminster planning records

5.3 Demand for family sized housing is most acute for social housing as table 9 shows, with 80% of households with priority for social housing, needing 2 bedrooms or more and 41% needing 3 bedrooms or more. The shortage of family sized housing is compounded by the existing stock profile as 47% of current social housing is studios or 1 bedrooms[21]. Turnover in multiple bedroom social properties is also much slower than for smaller homes which results in very long waits for them. During 2018/19, only 5 four bedroom social homes became available through normal turnover.

5.4 Demand for intermediate housing is predominately from single people and couples, with 82% of households eligible for a one bedroom home. This in part reflects Westminster's demographic profile, which has a high number of residents of working age and a far lower proportion of children (and older people) than other boroughs. However, there are likely to be households needing family sized homes that have not registered with Homeownership Westminster, because opportunities are limited. Nearly 60% of new intermediate homes developed over the past 5 years have had 1 bedroom.

5.5 Also 43% of households on the intermediate list would like a home with 2 bedrooms or more (although are not necessarily eligible for one now), which suggests they may intend to have children and make Westminster their long-term family home.

Table 9: Demand for affordable homes by bedroom size

	Studios/1 beds	2 beds	3 beds	4 plus beds	Total
Social no	786	1,528	1,277	369	**3,960**
Social %	20%	39%	32%	9%	
Intermediate no	2,281	347	123	34	**2,785**
Intermediate %	82%	12%	4%	2%	

The size of new homes required

5.6 Given the issues discussed above, there is clearly a need for family sized homes to continue to be developed in Westminster and it is therefore appropriate to set targets to ensure this. A target of at least 25% of all homes, across all tenures, being family sized (defined as having 3 bedrooms or more) would help towards rebalancing Westminster's stock and in providing opportunities for residents that want to remain in the city when they have families.

5.7 More specific targets are needed for the affordable sector given the nature of demand and the size requirements are set out in table 10. These reflect demand, current stock profiles and with regards to intermediate housing, they also take account of the likely aspiration of some households on the intermediate list to have families.

[21] Census 2011

Table 10: The size of affordable homes needed

	1 bed	2 bed	3 bed	Other
Social	5% (1 double bedroom)	40% (2 double bedrooms)	40% 3 bedroom (at least half with all double bedrooms, up to half with 1 single bedroom)	Remaining 15% to be determined by the council based on demands on the waiting list
Intermediate	60%	40% (2 beds or more)		

Section 6: Self-build and custom build homes

6.1 Under the Self-build and Custom Housebuilding Act 2015 (as amended), the council is obliged to keep a register of individuals and associations of individuals seeking to acquire serviced plots of land in Westminster to build their own homes. There is also a duty on the council to give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area.

6.2 There are currently 137 entries on Westminster's Self-Build and Custom Register. Of these, 34% provided an address in Westminster, a further 58% provided an address within Greater London but outside Westminster, and 7% provided an address located elsewhere.

Table 11: Westminster's Self-Build Register

	2016-17	2017-18	2018-19	2019-20	Total
Westminster address	4	19	17	7	**47**
Greater London address (excluding Westminster)	18	32	24	6	**80**
Other or no address	0	6	3	1	**10**
Total	**22**	**57**	**44**	**14**	**137**

6.3 Since registers were first introduced, the government have altered the rules relating to their content, introducing a 'local connection test' and allowing councils to charge a fee to apply to join or remain on the register. This has the effect of splitting the register into 'Part 1' and 'Part 2', with 'Part 1' being the fee paying and more restricted part. 'Part 2' of the register is no longer subject to the duty to ensure suitable development permissions are given to ensure plots of land are available. Westminster is planning to introduce these measures in due course, which are likely to provide a more realistic picture of actual demand.

6.4 Until these changes are in effect, it is not possible to say with certainty what the demand for self-build and custom housebuilding is in Westminster, although it is likely to be lower than the current numbers on the register. It is also not possible to consider whether the duty to provide suitable development permissions applies to all those currently on the register as it is not known how many will wish to stay on the register or join the more restricted part once the changes are enacted.

Appendix 1: Self-build and custom build homes

Wessex Economics
Economics Housing Regeneration

Westminster City Council 17th Floor 64, Victoria Street London SW1E 6QP	Wessex Economics Ltd Brewery House High Street Twyford Winchester SO21 1RF

10th June 2019

To whom it may concern

Re: Housing Needs Analysis and Technical Appendix

Wessex Economics, led by Kerry Parr (Associate), acted as a ‘critical friend’ to Westminster City Council (WCC) in the preparation of its Housing Needs Analysis report to support the Westminster City Plan.

Wessex Economics were appointed in December 2018 and worked with Westminster City Council officers over a 4 month period to:

- Review and develop the approach to affordable housing need assessment in Westminster
- Test assumptions in the analysis
- Check WCC’s spreadsheets and modelling
- Provide suggestions and alternatives in relation to the data and assumptions
- Review the draft Housing Needs Analysis report which contains the affordable housing need assessment.

Wessex Economics can confirm that the Westminster City Council Housing Needs Analysis and the affordable housing needs assessment it contains is consistent with the National Planning Policy Framework (2019) and Planning Practice Guidance (PPG). It is also consistent in approach with other affordable housing need assessments undertaken by Wessex Economics in other local authority areas and builds on the work undertaken by Wessex Economics for Westminster City Council in 2014.

The approach, data sources and assumptions are set out transparently in the Housing Needs Analysis and Technical Appendix. The data sets used are broadly common with those used in other local authorities; though it is normal for these to vary as different local authorities record and collate data differently. Where common data sets are available, for example national population projections produced by ONS, these have been used.

The assumptions made in the modelling are reasonable and consistent with the evidence in Westminster. Some of the data sets and assumptions are different from other local authorities (especially those outside London) but are necessary in Westminster because of the nature of the market and, in particular, the high levels of population churn and international in-migration. Particular care has been taken by WCC officers to cross check (or triangulate) data sources with other sources in order to reduce the risk of relying on one data set as a key input in the assessment.

As with all affordable housing need assessments, the outputs are estimates. Wessex Economics thoroughly endorse WCC's use of a range of estimates ('narrow' and 'broad') and the presentation of the central estimate as the best estimate of affordable housing need.

Wessex Economics' Expertise

Kerry Parr has over 15 years' experience in housing policy, research and consultancy and specialises in affordable housing need assessments. Kerry has undertaken numerous Strategic Housing Market Assessments, leading on the affordable housing need assessment, including in Hart, Rushmoor and Surrey Heath which has recently been tested at the Examination in Public of Hart's Local Plan.

Kerry has spent many years developing and refining affordable housing need assessments in response to changes in national policy and the housing market. She has been a key champion of using real data, available in-house in local authorities, to produce need assessments so that local authorities can undertake analysis in-house and update assessments more frequently rather than relying on infrequent and costly surveys. In recent years she has been developing the approach to examining the need for older persons housing and the policies to support the delivery of specialist and mainstream housing suitable for older people.

Kerry has a background in central government policy development having previously worked in the planning policies team (housing) at the Department for Communities and Local Government (DCLG) and was a member of the Barker Review of Housing Supply team (2003-04).

Yours Sincerely,

Founder and Director of Wessex Economics Ltd

CITY PLAN
2019 – 2040

City of Westminster