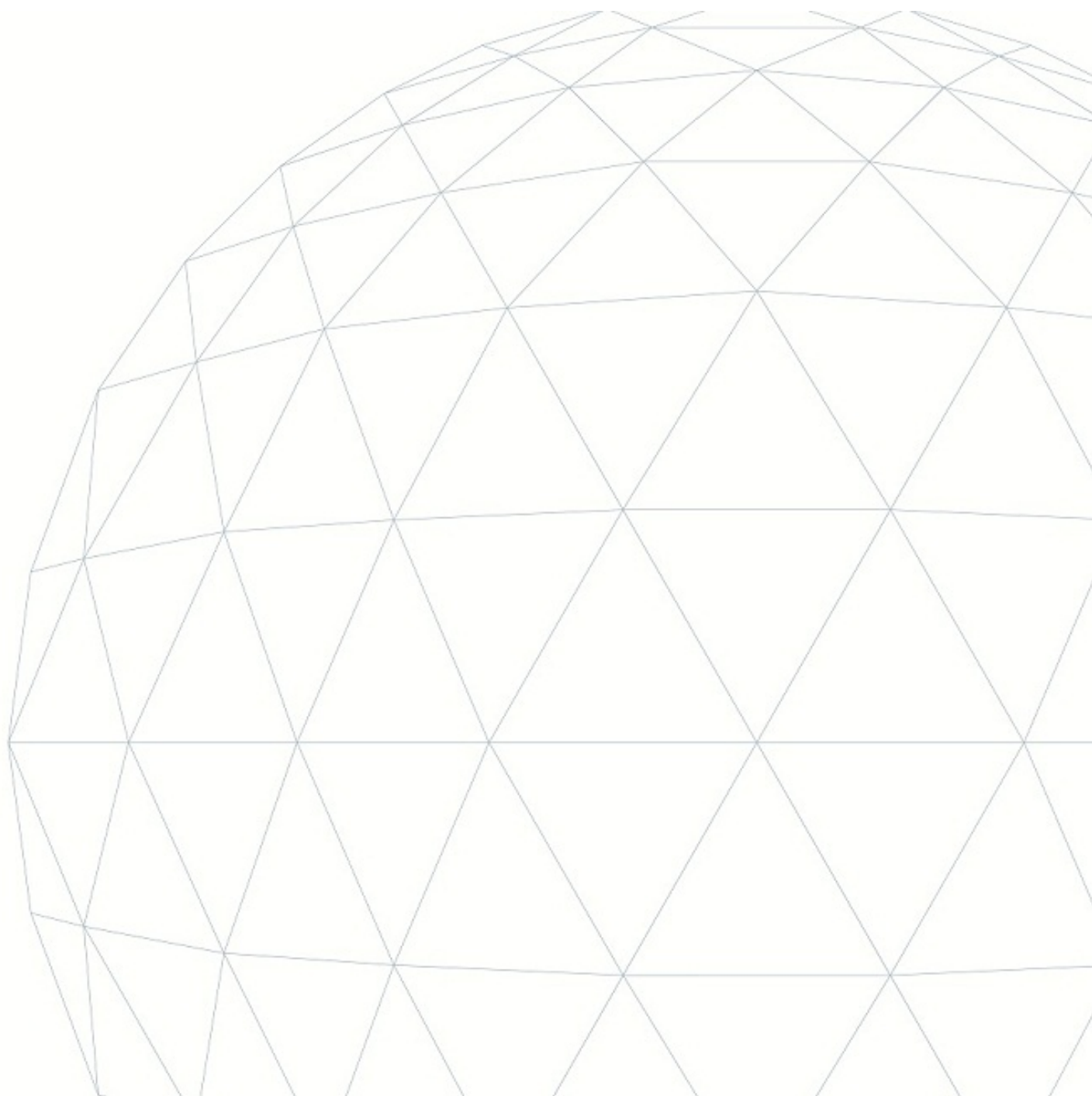




## Westminster Housing Market Study

Final Report to Westminster City Council



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# Executive Summary

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## Background

Westminster City Council commissioned Ecorys to carry out a Housing Market Analysis Study in November 2013.

This research provides insight into the key drivers behind the housing market within the Borough and explores current and future housing need and demand, affordability and supply. The study will inform the City Council's updated Housing Strategy and the development of planning policies. This study contributes to developing an evidence base required by the National Planning Policy Framework (NPPF) and associated National Planning Practice Guidance (NPPG) which requires local authorities to meet the full, objectively assessed needs for their housing market area. In particular, the NPPF requires a housing market assessment which will provide analysis and conclusions on:

- Household population projections (taking account of migration and demographic changes in Westminster);
- Need for affordable housing (both social and intermediate);
- Need for different groups (e.g. students, families, the elderly); and
- The scale, mix and range of tenures required to cater for housing demand.

The NPPG continues to emphasise the importance of a robust approach to the assessment of housing need, as reflected in the previous DCLG Strategic Housing Market Assessment Guidance (2007).

## Approach

The study has drawn on extensive use of secondary data to explore the housing market drivers and current and future housing needs of the Westminster population. The assessment of annual unmet housing need follows Government guidance as set out in the DCLG Strategic Housing Market Assessment National Planning Policy Guidance (NPPG) on Meeting Housing Need and the recently published NPPG.

Paragraph 47 of the NPPF emphasises the importance of a robust approach to the assessment of housing need and requires local authorities to objectively assess need for market and affordable housing in the housing market area. The National Planning Policy Guidance (NPPG) provides further guidance on how housing market assessments should be carried out (housing and economic development needs assessments) and explains that the housing needs for an area should be assessed in the context of demand for housing influenced by market signals such as land and house prices, rent levels and affordability, and rates of development.

The City Council's Housing Register, the Census 2011 database and CORE data provided valuable sources of data on indicators essential to the identification of housing needs. The net number of newly forming households was derived from the GLA 2013 Round Population Projections to estimate the future need and demand for different tenures. Affordability was estimated using a combination of English Housing Survey data for specific household categories extrapolated to Westminster incomes using local CACI household income data.

The study also draws on results of an online survey of landlords active in the local area to examine landlord views on the sub-markets and if and how future intentions have changed.

The study has also included an analysis of the capacity of the private rented sector (PRS) to accommodate low income households in future and linked to this how changes to the PRS may impact on homeless demand for social rented housing.

## **Current and Future Requirements**

A key feature of the current housing market in Westminster is the relatively high ratio of house prices to incomes – the ‘affordability ratio’ is second only to Kensington and Chelsea in London and is unlikely to improve given the current trends in house prices in Central London. The high ratio means that the vast majority of both households who currently need to move to new homes and the new households which are projected to emerge over the next five years would be unable to afford to buy or rent in Westminster in the open market.

Given the high level of up front costs required for market housing, entry prices for private renting (without Local Housing Allowance) are considered to be more affordable for all property sizes when compared to home ownership, so entry prices for lower quartile renting are considered to represent the true entry costs for unsupported market housing. A household currently needs a gross annual income of £63,200 to rent a one-bedroom flat without assistance, while a family seeking to rent a three-bedroom property would need a gross income of £119,200.

Estimates of the need for affordable housing involve adding the current unmet housing need (‘backlog’) and projected future housing need and then subtracting the current supply of affordable housing stock from this. The backlog need for affordable housing is estimated to be circa 6,068. It is made up of homeless households (2,355), concealed households (1,581) overcrowded households (752) and households facing mobility issues (556). We assume that this backlog would need to be addressed over 10 years. It should be stressed that this is a conservative estimate, in particular only households facing ‘severe’ overcrowding have been included – if the bedroom standard is applied strictly and all overcrowded households are included, the numbers would be considerably higher.

After taking into account the supply of accommodation which would be released by backlog households moving to accommodation which is appropriate to their needs, it is estimated that there are 5,180 households are currently in housing need and unable to afford in the market, i.e. they would be unable to access suitable housing without assistance.

The current housing need figure of 5,180 is higher than the number of households on the Council’s housing register which is currently 4,317. The estimated need for 1 bed properties based on the affordability calculations is also considerably higher than the number of households identified as requiring 1 bed properties on the Council’s waiting list. In part this difference is driven by the housing register eligibility criteria and legislation which tends to prioritise households with children.

Based on the GLA “Central” projection, the number of households in Westminster will grow from 114,110 in 2014 to 128,167 by 2033, an increase of 728 households a year. In the five years between 2014 and 2018, the number of households is expected to grow by 4,960, an average of 992 per annum. Based on price and income information, near 90% of these households (circa 4,500) cannot afford open market housing. Around 438 existing households are also expected to “fall into need of affordable housing” each year. Together, the final estimate for newly arising need for affordable housing is 1,328 households per annum.

In the following 15 years (2019-33) it is estimated that there will be an additional demand of 1,940 homes in the open market and an additional need for 8,239 affordable homes.

After comparing current intermediate costs to market rents and taking into account current and future need, it is estimated that there will be a need for 1,300 intermediate units in Westminster over the next five years. 108 intermediate units are currently under construction which suggests an unmet need of approximately 1,200 units. Additional intermediate units can be expected from the planning pipeline and the City Council’s regeneration plans which would help to meet some of this unmet need although significant need would remain.

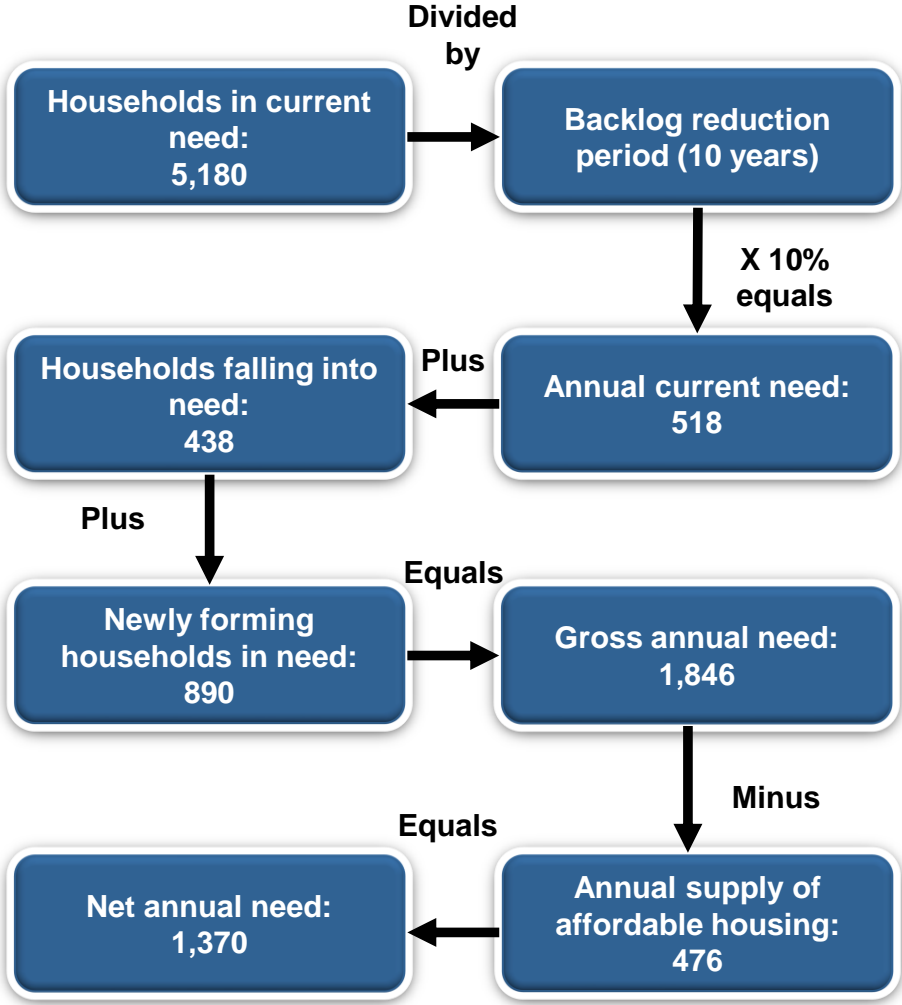
The components of the model are brought together to generate a final estimate of net annual need: 1,370.

**Table ES 1 Key Components of Need**

Key Components	Calculation Steps	Number of Households
<b>Backlog need</b>	A: Backlog need	6,290
	B: Number who can afford in the market	220
	C: Backlog need for affordable housing	6,068
	D: Supply released	906
	E: Net backlog need (A-B-D)	5,180
	F: Backlog reduction period	10
	G: Annual backlog need (E/F)	518
<b>New need</b>	H: Newly forming households	992
	I: % unable to afford market	90%
	J: Newly forming households in need (H*I)	890
	K: Existing households falling into need	438
	L: Annual newly arising need (J+K)	1,328
<b>Final steps</b>	M: Gross annual need (L+G)	1,846
	N: Annual supply	476
	O: Net annual need (M-N)	1,370

Figure ES 1 overleaf is a flow diagram providing a schematic overview of the calculation.

**Figure ES1 Assessing Annual Need for Affordable Housing**



The tables below bring together the various supply and demand elements to arrive at the final housing need and demand figures for Westminster over the next five years. Following the approach of the London SHMA we present two scenarios. The first table shows net demand and need if it is assumed that backlog need would need to be cleared over a five year period. The second table shows net demand and need if backlog need is cleared over a ten year period (i.e. the backlog need figures have been divided by 2). The 5 year and 10 year backlog numbers are added to newly arising need (including falling into need and newly arising need and demand based on the GLA projections) in order to arrive at total need over a five year period.

**Table ES2 Five Year Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	709	14	20	-38	706
	Supply	289	253	230	53	825
	Net need	420	-239	-210	-91	-119
Social	Gross need	4,953	3,095	2,085	467	10,601
	Supply	1,287	596	343	48	2,274
	Net need	3,666	2,499	1,742	420	8,327
Intermediate	Gross need	348	674	235	21	1,279
	Supply	59	43	6	0	108
	Net need	289	631	229	21	1,171

Note: gross need is based on calculations presented in tables 5.5 – 5.7; supply figures are from tables 5.8 and 5.9

**Table ES 3 Five Year Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	655	-15	9	-41	607
	Supply	289	253	230	53	825
	Net need	366	-268	-221	-94	-218
Social	Gross need	4,148	2,164	1,539	311	8,163
	Supply	1,287	596	343	48	2,274
	Net need	2,861	1,568	1,196	263	5,889
Intermediate	Gross need	348	539	222	18	1,127
	Supply	59	43	6	0	108
	Net need	289	496	216	18	1,019

Note: gross need is based on calculations presented in tables 5.5 – 5.7 with backlog totals from these tables divided by 2 to reflect the longer backlog reduction period; supply figures are from tables 5.8 and 5.9

The table above suggests a considerable unmet need for social rented properties over the next five years (5,900) even if backlog need is cleared over a 10 year period. The table also shows that there is only a demand for one bed properties in the market sector.

The next tables show the annual unmet need based on the two scenarios (i.e. the net need figures in the tables above divided by 5). The annual supply of market, intermediate and affordable housing is subtracted to arrive at figures for annual unmet need and demand.

**Table ES 4 Annual Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	84	-48	-42	-18
Social	733	500	348	84
Intermediate	58	126	46	4

Source: Ecorys analysis

**Table ES 5 Annual Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	73	-54	-44	-19
Social	572	314	239	53
Intermediate	58	99	43	4

Source: Ecorys analysis

The figures on bed size requirements suggest a relatively high need for 1 bed properties and a negative demand for 2 bed+ properties. These figures are mainly driven by the future need for affordable housing which is derived from the GLA household projections. The projections indicate that single person households and couples (without children) are likely to provide a major component of the need for

additional homes and particularly affordable homes. As the contextual analysis on population trends shows in section 2, Westminster has a higher proportion of 25 to 39 year olds than London as a whole. The relatively younger population in Westminster is a significant factor driving the high demand for one bed size properties. However the GLA household projections indicate that there will be a decrease in the number of households which require larger dwellings such as families with children (see table 4.2).

The housing market assessment makes various assumptions about housing size and income which are applied to growth projections for income and population. In reality in Westminster, this is only relevant for affordable housing which more closely mimics need rather than desire or aspiration. In terms of market housing the reality is that Westminster's market is within other markets including London-wide, the south-east and international markets, all of which create demand for housing, particularly new housing. This is not and cannot be properly captured in the methodology used for a housing market study of the kind required by the NPPF/NPPG.

In planning terms, need is therefore not just about providing accommodation to solve a housing problem e.g. overcrowding or a growing population, but also what level and type of housing that the market demands. Within Westminster's housing market, which attracts investors from all over the world, incoming residents are very likely to have, on average, higher incomes than the existing borough average. The existing high price of housing in Westminster means that this is essential if new residents are to afford current market values – which they clearly can, as evident from rising house prices in the city. Similarly there will be a degree of under-occupation in market properties as people buy homes with more bedrooms than they need – creating a market demand for larger sized properties than 'needs' figures would indicate. This is something which is not reflected in the recommended NPPG methodology and is a recognised shortcoming of the study.

## **Specialist Housing Requirements**

### *Students*

There is competition between students and others for access to the private rented sector, with an increasing tendency for landlords to let to students, especially international students. In order to take some pressure off the lower end of the Private Rented Sector (PRS), which would assist lower-income students, there is at least some current of thought that Westminster needs to make greater provision for developing affordable housing for its students. However, given the high demand for conventional affordable housing that is discussed in earlier chapters, the authority will find it difficult to prioritise planning for additional student accommodation.

### *Wheelchair Accessible Accommodation*

It is estimated that there are 638 wheelchair-using households in Westminster with unmet housing needs, forecast to gradually rise to 723 by 2031. Some of these needs can be met by conversions and adaptations. The greatest need will be for one-bed units (46%), but there will be a requirement for 30% two-beds, and 24% three-beds or larger.

Comparing the current supply of general needs social rented wheelchair accessible accommodation with backlog demand, there is a need for the same amount again of wheelchair accessible units than is currently in the social sector stock.

There is a substantial ageing population in the private sector and especially in the private -rented sector, an increasing number of whom will require mobility-accessible accommodation at some stage. Welfare reform in the private rented sector may well exacerbate need. There is also concern about the number of

'hidden' residents with wheelchair requirements – the now adult sons and daughters of aging parents, with perhaps complex needs – in the private sector.

#### *Armed forces*

Westminster has revised its social housing allocations policies in line with DCLG guidance to broaden the priority that armed forces households have to allocations, compared to other types of households. We therefore conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

#### *People wishing to build their own homes*

Potential Westminster self-builders would have access to an £8M GLA support fund, and the authority can assist self-builders to identify suitable sites. However there is concern that high land costs and lack of long-term controls over future use of self-build homes could result in the government fund being used for development for on-sale rather than development for long-term housing of local residents. We conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

### **The role of the private rented sector in meeting the needs of low income households**

Over the last three years landlords have shifted their sub-markets towards professionals and students, and away from lower income, housing benefit (HB) claiming households, and homeless or vulnerable households. There is a certain amount of landlord interest in expanding their interests in the student and sharer markets, but substantially reduced interest in the low income and homelessness markets.

There is still a relatively substantial body of existing and new Local Housing Allowance (LHA) claiming PRS residents. But as regards rent levels and the relationship with benefit caps, it can be seen that for all property sizes even lower quartile rents are greater than the relevant LHA, with the affordability gap increasing proportionately as properties get larger, particularly for those affected by the benefit cap. In the past, the PRS has been an important resource providing housing for low income households, for the prevention of priority homelessness, as temporary accommodation when homelessness cannot be prevented, and as a sector that could be used for the long-term discharge of homelessness legislation duties. It still continues to have this role – but at a much-reduced scale, necessitating the increased use of out-of-borough placements for homeless households.

It is impossible to predict the number of properties available to low income households in the future, but taking all factors together, our forecast for the future shape of the PRS in Westminster is that by 2017 under 20% of landlords will be letting to low income households including homeless households and vulnerable groups (this does not mean 20% of PRS stock will be available to low income households). This compares to the 44% in the 2011 PRS study and 31% in the current study. While the LHA sector has not 'vanished overnight' it is in steady decline, and unless there are significant welfare reform policy changes, the PRS is likely to continue to play a reducing role in meeting the housing needs of those on low incomes.

### **Homelessness and Future Need for Social Rented Housing**

There have been high and increasing levels of acceptances of priority need homeless applicants over the last two years, though there is some evidence that numbers are reducing, albeit from very high levels.

Homeless acceptances have greatly exceeded numbers rehoused into social housing resulting in corresponding increases in the use of temporary accommodation. Overall just over 50% of homeless acceptances come from the PRS and this is a conservative estimate as the tenure of some households accepted is unknown. The largest single reason for acceptances (21%) is the loss of a private rented sector tenancy; these numbers have doubled for each of the last two years. A significant number of these are households with children.

While there are indications that applications and acceptances from those made homeless from the PRS are starting to plateau, (albeit still at high levels), it may be that over time the number of acceptances will taper off, as the sector reshapes itself. However, it would be premature to consider that the significance of the PRS as a source of homelessness has peaked.

In terms of the overall impact of these changes on the future need for social rented housing, while we consider that there will be an eventual reduction of homeless demand from PRS evictees, it is difficult to forecast the rate and speed at which this will occur. The indications from landlords are that there is little interest in servicing homeless households; but conversely, there is still a substantial 'rump' of LHA-claiming tenants in the sector and it continues to be a resource for these households.

Although it is too early to tell, any reduction in homeless demand from those losing PRS tenancies may be counterbalanced at least in part by increases in applications from other groups. Familial evictions may be on an upward trajectory – although it is too early to tell with any certainty. In 2013/14, evictions by parents, relatives and friends rose after a period of reduction. The authority should therefore monitor the situation carefully and be cautious in assuming that the contraction of the HB market PRS sector will lead to significantly reduced demand from statutory homeless households.



# 1.0 Introduction

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## 1.1 Background

Westminster City Council commissioned Ecorys to carry out a Housing Market Analysis Study in November 2013.

This research provides insight into the key drivers behind the housing market within the Borough and explores current and future housing need and demand, affordability and supply. The study will inform the City Council's updated Housing Strategy and the development of planning policies. This study contributes to developing an evidence base required by the National Planning Policy Framework (NPPF) and associated National Planning Practice Guidance (NPPG) which requires local authorities to meet the full, objectively assessed needs for their housing market area.

The NPPG document "Housing and Economic Development Needs Assessments" continues to emphasise the importance of a robust approach to the assessment of housing need, as reflected in the previous DCLG Strategic Housing Market Assessment Guidance (2007).

In particular, the NPPF requires a housing market assessment which will provide analysis and conclusions on:

- Household population projections (taking account of migration and demographic changes in Westminster);
- Need for affordable housing (both social and intermediate);
- Need for different groups (e.g. students, families, the elderly); and
- The scale, mix and range of tenures required to cater for housing demand.

## 1.2 Study Approach

The study has drawn on extensive use of secondary data to explore the housing market drivers and current and future housing needs of the Westminster population. The assessment of annual unmet housing need follows Government guidance as set out in the DCLG Strategic Housing Market Assessment National Planning Policy Guidance on Meeting Housing Need ("Housing and economic development needs assessments") and the recently published NPPG. The City Council's Housing Register, the Census 2011 Census database and CORE data provided valuable sources of data on indicators essential to the identification of housing needs. The net number of newly forming households was derived from the GLA 2013 Round Population Projections to estimate the future need and demand for different tenures. Affordability was estimated using a combination of English Housing Survey data for specific household categories extrapolated to Westminster incomes using local CACI household income data.

The study also draws on results of an online survey of landlords active in the local area to examine landlord views on the sub-markets and if and how future intentions have changed.

The study has also included an analysis of the impact of welfare reform agenda in particular the number and proportion of private renters and social housing residents that will be affected by the caps on Housing Benefit as well as the number and proportion of social housing residents that are under-occupying, and how the Housing Benefit bedroom-based caps will impact on those groups.

The requirements listed in the City Council's specification for the study are given here, with the sections where the relevant analysis appears in this report:

<b>Theme 1 – Current and future housing requirements</b>	
An estimate of current, annual and future (in the next 5 years and 20 years) housing requirements and proportions by tenure and bedroom size, broken down into market (home ownership and private rented), intermediate and social rented housing based on need	Chapters 3 and 4
Using the City Council's own research into comparative housing markets an assessment of how Westminster's central London/housing drivers impact on its housing requirements and an assessment of how these drivers could change in the future and the implications of any changes	Chapter 2
An assessment of the role Westminster's housing market plays in the wider London market	Chapter 2
The policy implications that arise from the findings	Chapter 8

<b>Theme 2 – Current and future housing requirements for specialist housing</b>	
Current and future housing requirements for wheelchair accessible housing across all tenures including private rented housing used for temporary accommodation	Chapter 6
Current and future requirement for student housing	Chapter 6
An assessment of projected housing demand from single people that are struggling to cope but are not eligible for social rented housing	Chapter 8
The policy implications arising from the findings	Chapter 6 and 8

<b>Theme 3 – The extent to which current and future affordable housing requirements can be met within Westminster</b>	
An assessment of the extent to which Westminster is likely to meet its affordable housing requirements by tenure and bedroom size	Chapter 5
An assessment of how far there is and will be in the future, private rented homes affordable to low income/non working households in Westminster within LHA rates and welfare benefit caps	Chapter 5 and 7
The policy implications from the findings	Chapter 8

<b>Theme 4 – Intermediate Housing</b>	
An assessment of the extent to which Westminster's intermediate housing register reflects requirements identified in theme 1 - i.e. in terms of bedroom size and income bands	Chapter 5
An assessment of the role intermediate renting could play in meeting requirements, and the suitability of the affordable rent product for intermediate households	Chapter 5
An assessment of the extent to which the intermediate housing needs of single people could be met through 'flat sharing'	Chapter 5
The policy implications arising from the finding	Chapters 5 and 8

<b>Theme 5 – Future demand for social rented housing from homeless households</b>	
An assessment of the potential impact of LHA changes, welfare reform and other national policy changes such as discharge of duty on the long term future demand for social rented housing from homeless households with priority for housing	Chapter 7 and 8
The policy implications that arise from the findings	Chapters 7 and 8

### 1.3 Report Structure

The remainder of this report is structured as follows:

- Chapter 2 provides an analysis of the current housing market context focusing on population and migration trends, economic factors and housing market characteristics.
- Chapter 3 sets out the results of the current housing needs analysis, identifying the breakdown between affordable and market housing need.
- Chapter 4 focuses on the future need for affordable housing and future market demand for housing in Westminster over the next 20 years.
- Chapter 5 considers the extent to which current and future housing requirements can be met within Westminster.
- Chapter 6 provides additional analysis into the need for specialist student housing, the need for wheelchair adapted housing across all tenures and for hostel accommodation.
- Chapter 7 examines the role of the private rented sector in meeting the needs of low income households.

- Chapter 8 examines the potential impact of Local Housing Allowance changes, welfare reform and other national policy changes on the long term future demand for social rented housing from homeless households.
- Chapter 9 brings the analysis together and identifies key conclusions and policy implications from the study.

## 2.0 Housing Market Context

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### 2.1 Introduction

This chapter analyses the drivers affecting Westminster's housing market. The analysis addresses the following themes:

- The demographic context including analysis of population changes and household composition.
- The economic context focusing on incomes, employment, deprivation and recent trends in homelessness.
- The housing stock focusing on patterns of tenure and trends in residential completion.
- The active market which examines the interaction between the supply and demand for market housing and trends in affordability.

The analysis in this chapter aims at understanding the drivers underpinning the Westminster housing market focusing in particular on supply and demand factors which influence the affordability of housing. This provides the context for the detailed assessment of need for affordable homes and demand for market housing in the following chapters.

### 2.2 The Demographic Context

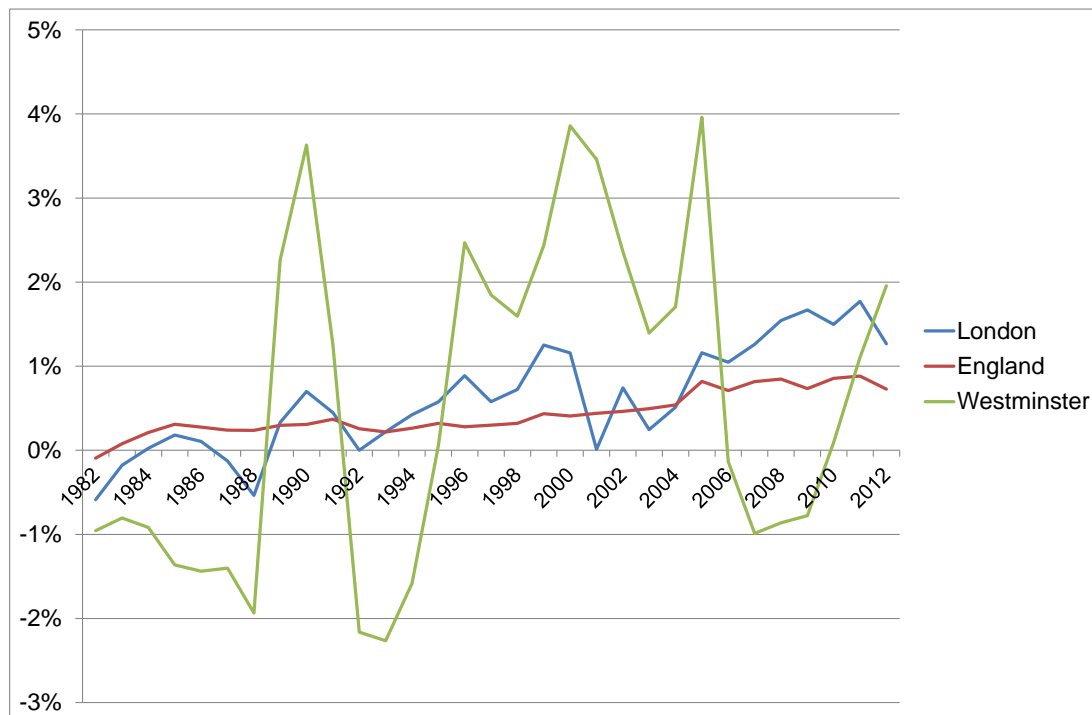
#### 2.2.1 Population Trends

Westminster's population can be measured using two main methods of projection, ONS 2011 Census based projections and GLA modelled projections. The ONS 2011 Census projections estimate that the population in Westminster in 2013 was 230,302. The GLA trend-based population projections, which are considered to be the most reliable method for Westminster estimate that the Westminster population was 226,597.

Westminster's population increased from 202,898 in 2001 to 223,782 in 2012, an average rate of growth of approximately 1,899 inhabitants per annum.<sup>1</sup> As displayed in figure 2.1, a particular feature historically has been the volatility in Westminster's rate of population change which appears to be very much related to the economic cycle. The reasons for this relationship can be attributed to lower levels of in-migration during recession and also the age profile of international migrants to Westminster, which is explored further in section 2.2.3. As international migrants coming into Westminster fall mostly into the 20-29 age categories (see section 2.2.2) and they tend not to stay in Westminster permanently, this creates a degree of churn and also influences household composition owing to the willingness of young international migrants to share properties with other, unrelated households.

<sup>1</sup> Source: GLA 2013 Round of Population Projections

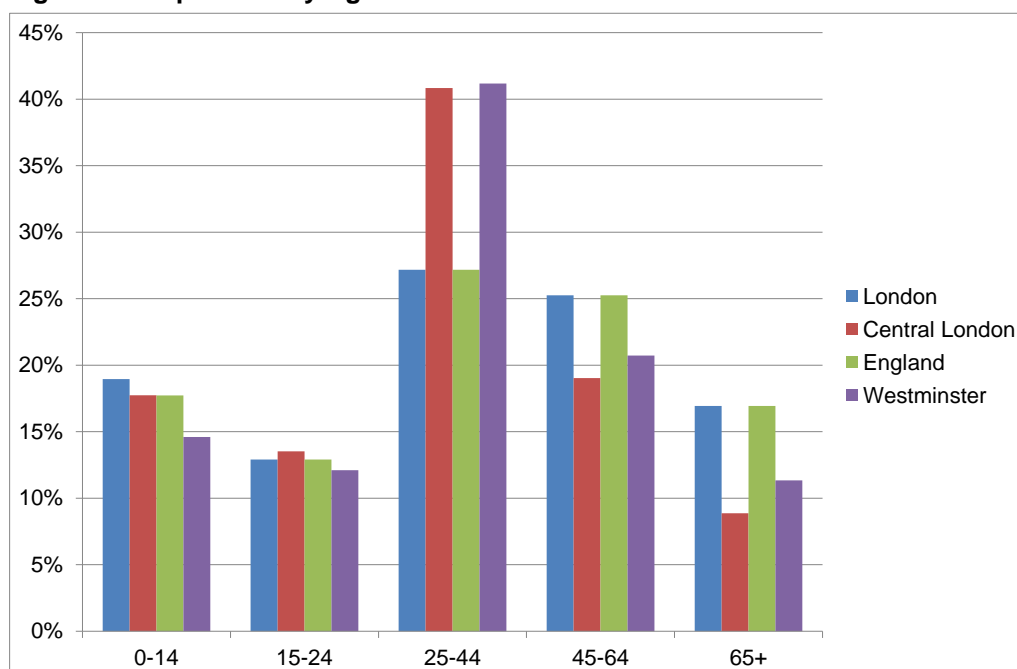
**Figure 2.1 Change in Population**



Source: ONS Mid-Year Population Estimates

As shown in the graph below, Westminster has a similar proportion of 25 to 44 year olds to Central London. However the proportion of 25-44 year olds in Westminster and Central London is considerably higher than London and the national average. Westminster has a similar proportion of people in the 45-64 age category to both London and England. However in line with the London average, Westminster has a significantly lower proportion of people (than England as a whole) in the age categories of 60 and above.

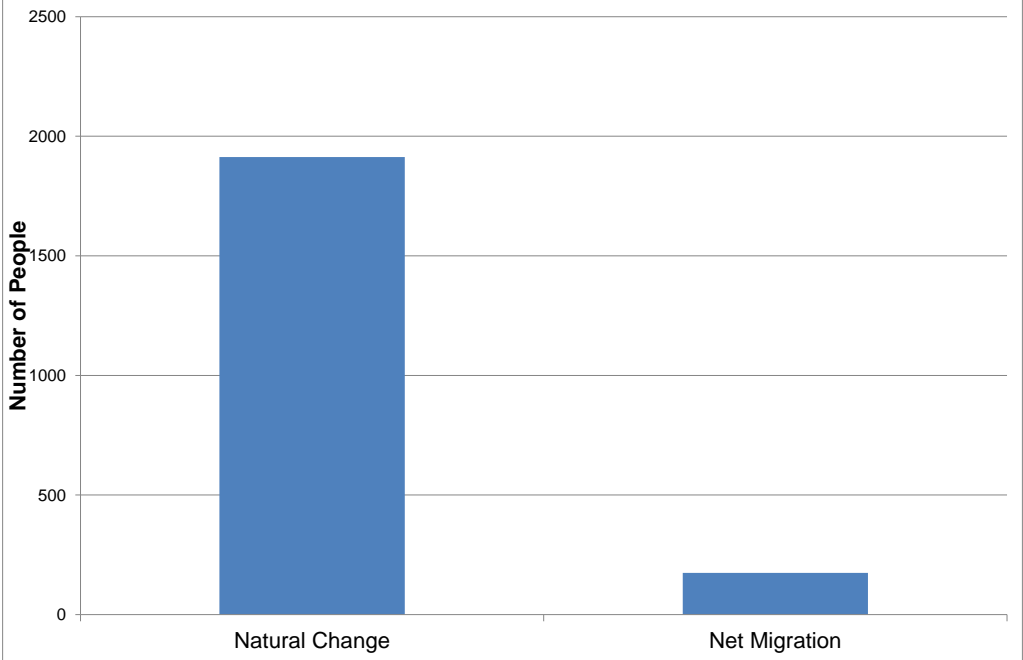
**Figure 2.2 Population by Age Band 2012**



Source: ONS Mid-year Population Estimates 2012

Between 2009 and 2012 the largest contributor to population growth in Westminster was natural change. According to GLA data, there were 3,001 births per year and 1,088 deaths per year in this period, equivalent to an average natural change of 1,913. The main components of population change are set out in figure 2.3 (the breakdown between international and domestic migration is considered below).

**Figure 2.3 Components of Population Growth 2008-2012 Annual Average**



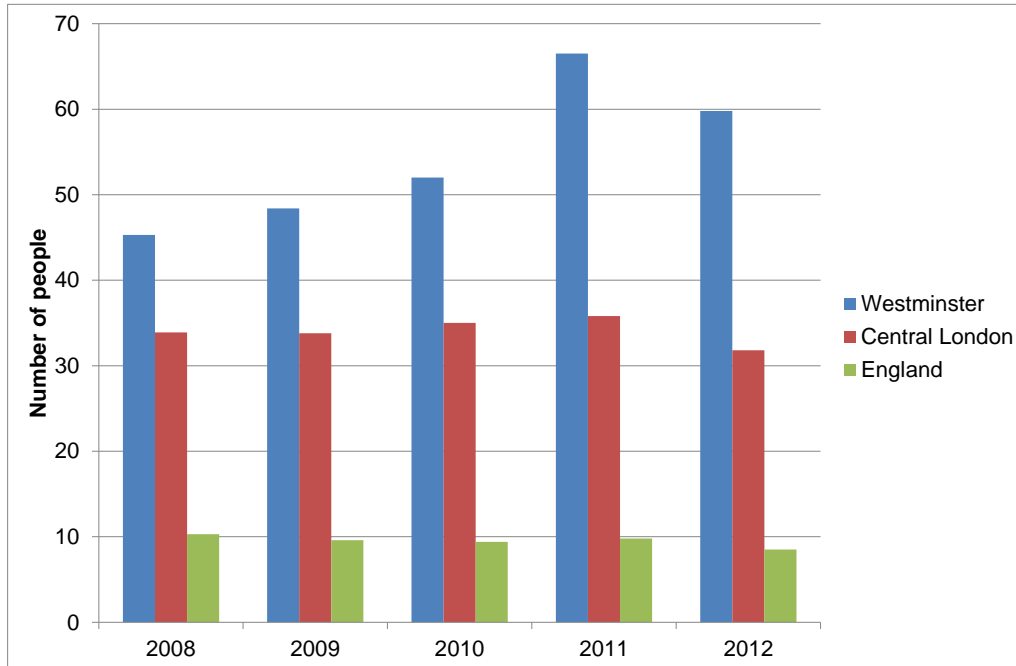
Source: GLA 2012 Round of Demographic Projections - SHLAA

**2.2.2 International Migration**

Local Area Migration Statistics indicate that the rate of international migration turnover in Westminster is significantly higher than that of both Central London and England as a whole (figure 2.4).<sup>2</sup> The data indicates a significant growth in the rate of inflow (number moving to Westminster) between 2008 and 2011. By 2011, the rate of international migration inflow in the City had increased to 67 per 1000 population compared to a rate of just less than 10 in England as a whole. The rate of inflow tailed off slightly in 2012.

<sup>2</sup> Data is not available for London.

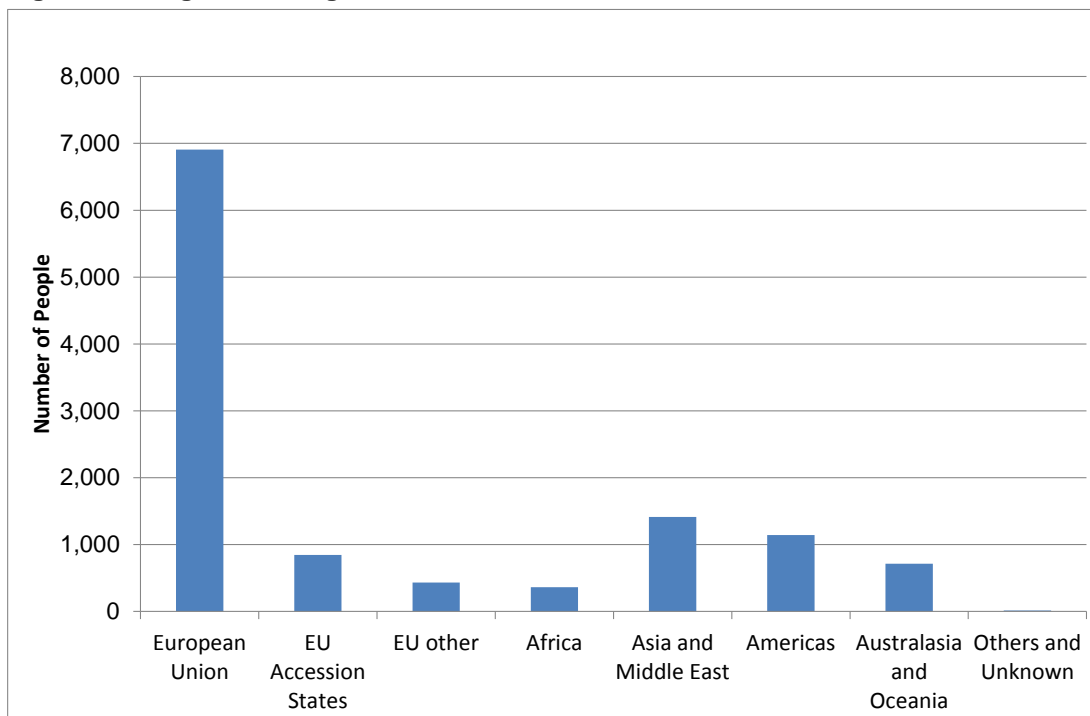
**Figure 2.4 International Inflow per 1,000 Resident Population**



Source: Local Area Migration Statistics (based on DWP National Insurance Number Allocations)

Department of Work and Pensions data for 2013 shows that the highest level of international in-migration to Westminster has been from EU countries (figure 2.5). Migrants from these countries accounted for 6,900 registrations in 2013. The next highest in terms of world regions were Asia and Middle East and the Americas. Migration from Asian and Middle Eastern countries accounted for just under 1,500 registrations of foreign workers in 2013 while 1,150 came from the Americas.

**Figure 2.5 Origin of Foreign Workers in Westminster, 2013**

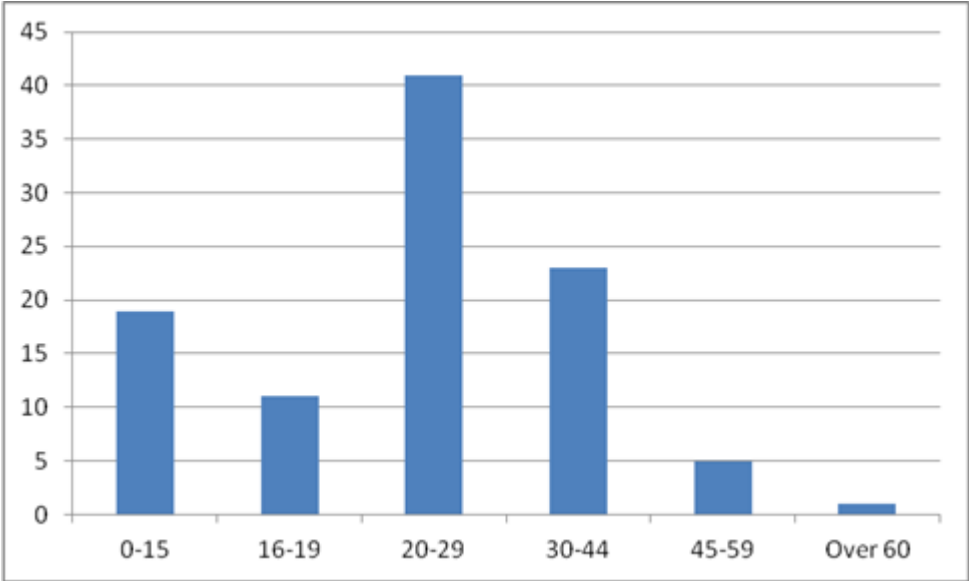


Source: DWP (NINo Registrations To Adult Overseas Nationals Entering The UK)



As shown in figure 2.6, international migrants coming into Westminster fall mostly into the 20-29 age.

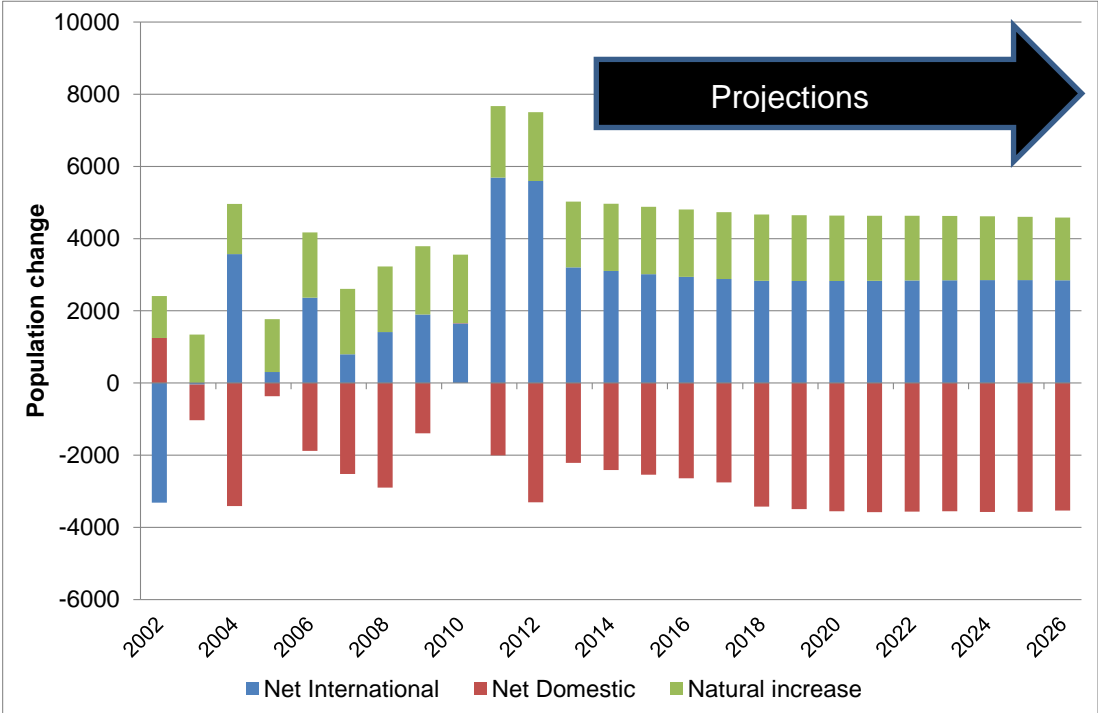
**Figure 2.6 Age of Arrival in Westminster**



Source: Census 2011

Figure 2.7 shows that the increase in international migrants was a major contributory factor in the increased population growth in Westminster between 2010 and 2012. However, the GLA population projections central scenario (considered in detail later in section 2.2.6) suggest that the growth in international migrants will tail off considerably over the medium-term. The projected total international inflows are derived from a simple average of the previous five years' flows so take into account international migration flows in the period prior to 2012 when the figures were significantly lower.

**Figure 2.7 Causes of Population Change**

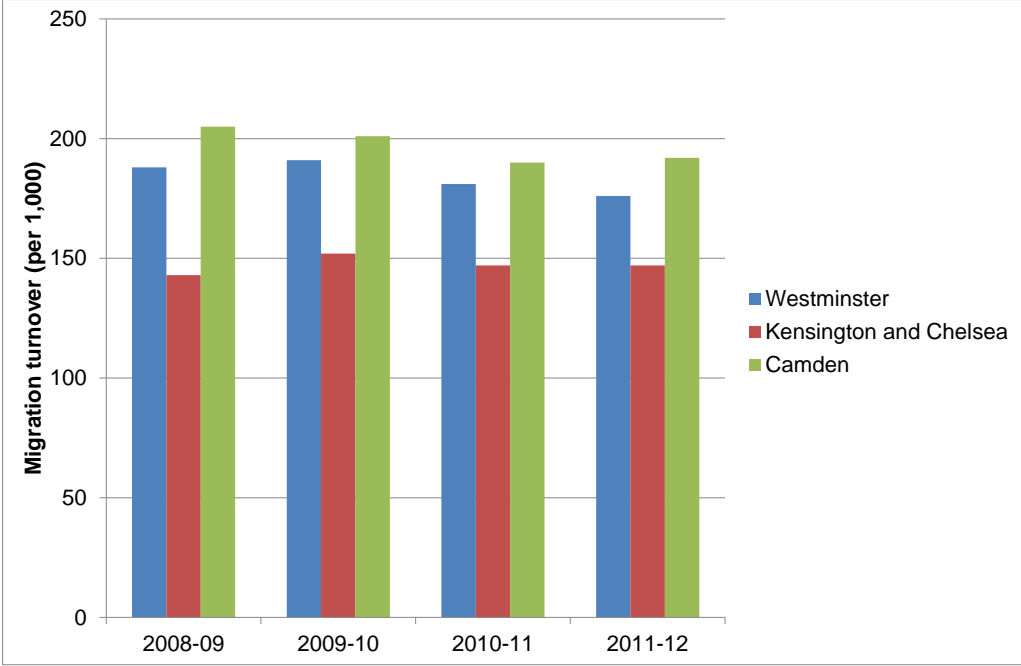


Source: GLA 2013 round Trend-based population projections (central scenario)

### 2.2.3 Internal Migration

Data on internal migration indicates that Westminster is characterised by a relatively high rate of population churn. In 2008-09 the rate of internal migration turnover (the sum of in and out migration) was 188 per 1,000. By 2009 this had reduced marginally to 176. As shown in the graph below, the rate of internal migration turnover has been significantly higher than neighbouring Kensington and Chelsea but lower than Camden.

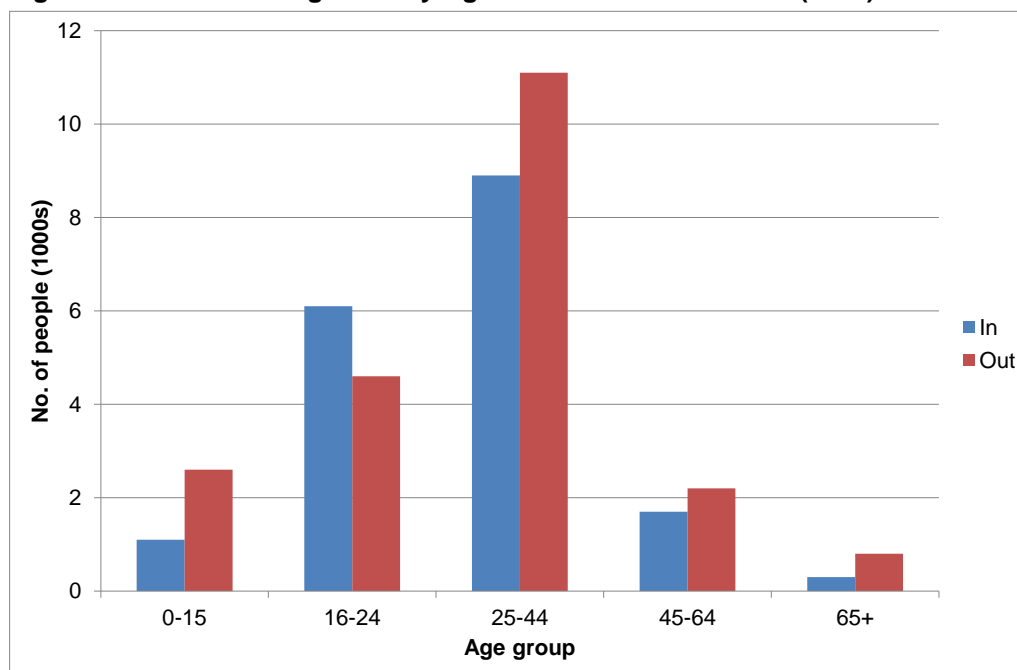
**Figure 2.8 Internal Migration Turnover per 1,000**



Source: Local Area Migration Statistics (based on GP Registration Flag 4)

Reflecting wider trends in the Central London area, Westminster attracts large numbers of young people for work and education from the UK and the rest of the world. Analysis of the age characteristics of migration flows into Westminster shows that they contain very high proportions of people in the 16 to 44 age categories. However flows away from Westminster are also relatively high for these age groups. The local area migration statistics indicate that migration turnover is highest amongst the 25-44 year age group. Within this group in 2012 there was net out-migration of 2,200 with 8,900 people moving in to the Borough compared to 11,100 moving out.

**Figure 2.9 Domestic Migration by Age – Inflows and Outflows (2012)**



Source: Local Area Migration Statistics (based on GP Registration Flag 4)

Table 2.1 shows the ten local authority areas where the greatest number of Westminster residents moved in 2011 (out-migrants). All of the areas in the top ten are London boroughs. Kensington and Chelsea and Camden had the highest numbers of out-migrants from Westminster. In terms of the Outer London boroughs Brent had the highest number of out-migrants.

**Table 2.1 Out Migration to other Boroughs – Top Ten (2011)**

London Borough (Ten with the highest out migration from Westminster)	Out-migrants (from Westminster to London Borough)
Kensington and Chelsea	1,770
Camden	1,680
Hammersmith and Fulham	1,410
Brent	1,180
Wandsworth	930
Lambeth	900
Islington	760
Southwark	720
Tower Hamlets	630
Barnet	610

Source: Local Area Migration Statistics (based on GP Registration Flag 4)

Table 2.2 shows the ten local authority areas with the highest number of their former residents who moved into Westminster (in-migrants) in 2011. Again, all of the areas in the top ten are London boroughs. Kensington and Chelsea and Camden provided the highest numbers of in-migrants to Westminster. In terms of outer London boroughs, Brent was also the most important source of in-migration.

**Table 2.2 In Migration from other Boroughs – Top Ten (2011)**

London Borough (Ten with the highest in migration to Westminster)	In-migrants (to Westminster from another London Borough)
Kensington and Chelsea	1,580
Camden	1,490
Brent	900
Hammersmith and Fulham	690
Islington	560
Lambeth	560
Southwark	560
Wandsworth	490
Tower Hamlets	480
Barnet	470

Source: Local Area Migration Statistics (based on GP Registration Flag 4)

Putting these two tables together we can see that Westminster is a net exporter of people to other parts of central London. Table 2.3 shows the ten London Boroughs where more Westminster residents moved to compared to numbers who moved in to Westminster in 2011. The table suggests areas to the south and west of Westminster had the highest net outflow of migrants from Westminster. Only five boroughs provided a net inflow of migrants to Westminster although the numbers were very small. Only five boroughs provided a net inflow of migrants to Westminster although the numbers were very small.

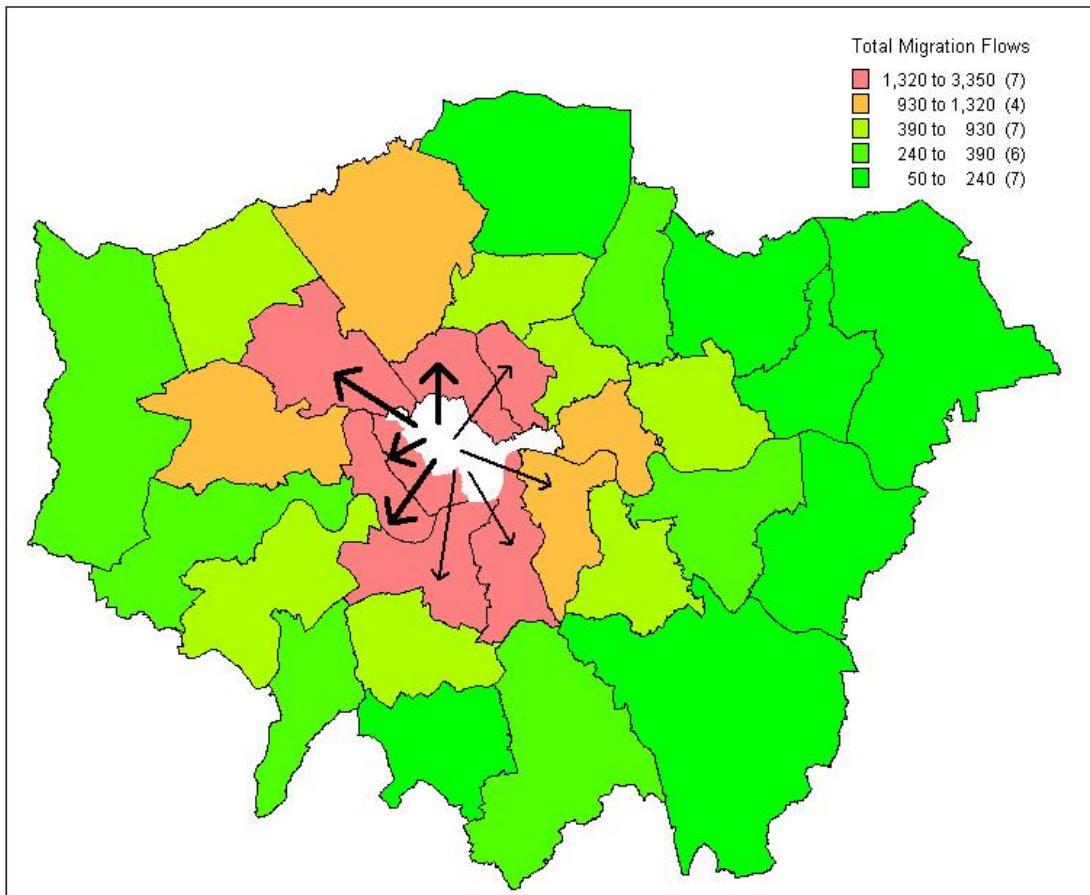
**Table 2.3 Net Out Migration to other Boroughs – Top Ten (2011)**

London Borough (Ten with the highest net out migration from Westminster)	Net out-migrants (from Westminster to another London Borough)
Hammersmith and Fulham	720
Wandsworth	440
Lambeth	340
Brent	280
Islington	200
Camden	190
Kensington and Chelsea	190
Richmond upon Thames	180
Ealing	170
Southwark	160

Source: Local Area Migration Statistics (based on GP Registration Flag 4)

The data above is presented in the map below (figure 2.10). The map shows that the strongest relationships in terms of total migration flows are with boroughs to the north and west of the City. The arrows indicate the direction and scale of net migration from or to those boroughs that have the strongest relationship with Westminster. The thickness of arrows reflects the scale of net migration i.e. wider and bolder the arrow, the greater the level of net outward migration.

**Figure 2.10 Total Migration Flows and Direction of Net Migration**



Source: Local Area Migration Statistics (based on GP Registration Flag 4)  
Contains Ordnance Survey Data © Crown Copyright 2013

Table 2.4 shows levels of migration to Westminster by region in 2011. The table shows that between 2005 and 2009 there was a net migration outflow to the rest of London. However, there has been a net inflow of population from every other region outside of London.

**Table 2.4 Migration by Region**

Region	In-migrants (to Westminster from other region)	Out-migrants (from Westminster to other region)	Net migration
North East	280	150	130
North West	680	420	240
Yorkshire and Humber	550	330	220
East Midlands	500	310	180
West Midlands	650	350	300
East	1,250	1,140	110
London	10,950	14,740	-3790
South East	2,530	2,280	250
South West	940	720	220
Wales	250	170	80

Source: Local Area Migration Statistics (based on GP Registration Flag 4)

### 2.2.4 Commuting and Travel to Work

As well as migration into and out of an area, another factor that can affect incomes and affordability are the patterns of commuting into and out of an area. Travel to Work areas are defined as areas where at least 75% of an area’s resident workforce live; and at least 75% of the people who live in the area also work there. Thresholds are lower for larger areas, and the ONS accepts that London as a whole can be treated as one Travel to Work area. Nonetheless, when we examine the commuting patterns of Westminster residents, and the areas where those who work in Westminster come from, it is striking how widely dispersed those that work in the borough are, with only 12% actually living in Westminster, and approaching 20% commuting in from out of London. As regards Westminster residents, nearly 90% either work in the borough or in inner London. These figures can be examined in the context of earnings to house price ratios, and the Westminster economy, both discussed later in section 2.5.3.

**Table 2.5 Commuting and Travel to work**

Where Westminster workers live		Where Westminster residents work	
Westminster	12.0%	Westminster	41.7%
Inner London	41.2%	Inner London	45.8%
Outer London	28.2%	Outer London	7.8%
Elsewhere	18.6%	Elsewhere	4.8%

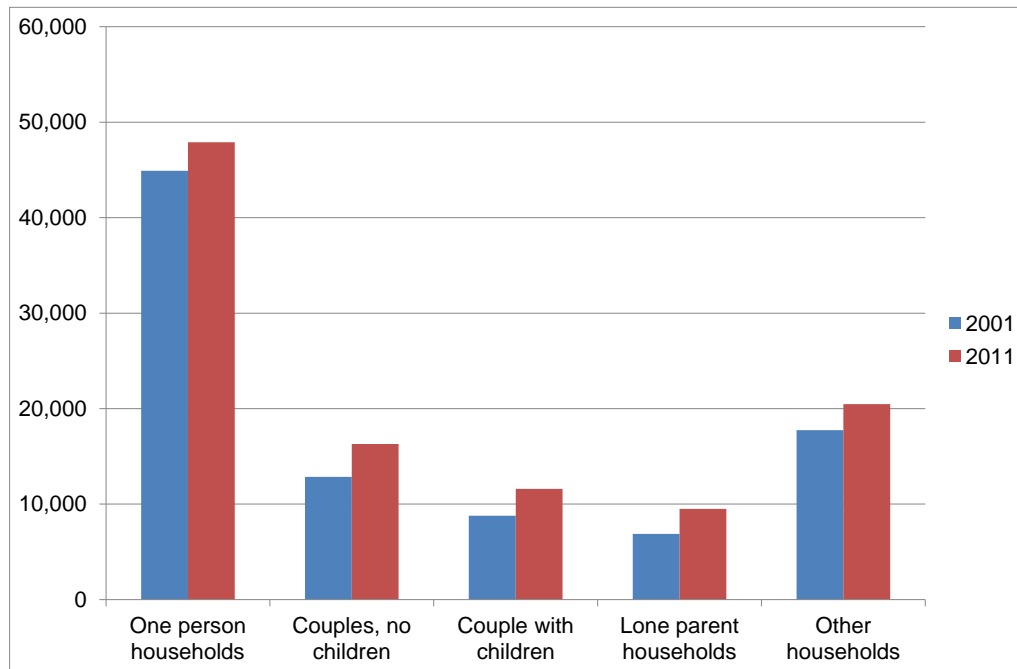
Source: Annual Population Survey, 2011

### 2.2.5 Households

The projected number of households in Westminster in 2012 was 112,014 with an implied average household size of 2.00. This compares to a London-wide average in 2012 of 2.5. Westminster has a significantly higher proportion of one person households (52.7%) than London as a whole (31.9%).

The chart below shows how household composition in Westminster has changed over time. The chart shows that there was a steady rise in households of all types. However the highest relative increases were in the ‘couple with no children’ and ‘lone parent household’ categories which rose by 27% (from 12,800 to 16,300) and 38% (6,900 to 9,500) respectively between 2001 and 2011.

**Figure 2.11 Household Composition over time**



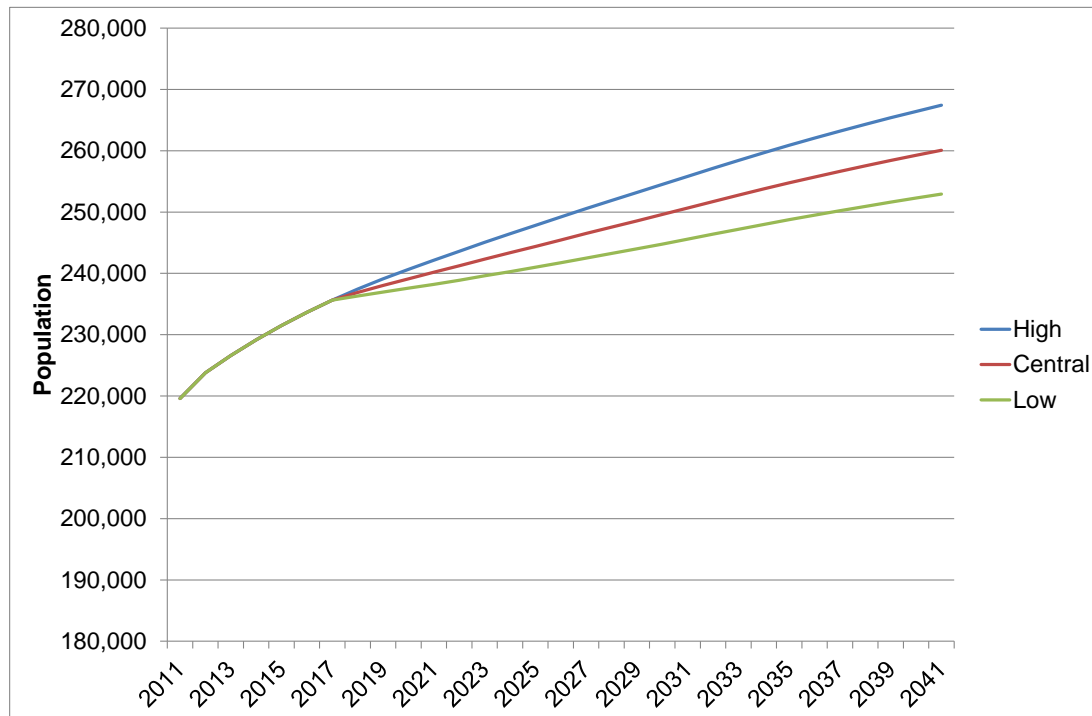
Source: Census 2001; Census 2011

## 2.2.6 Projecting the Population

In December 2013 the GLA published three variants of the trend-based population projections for London and corresponding household projections. These are labelled as High, Central and Low with the different scenarios based on domestic migration assumptions beyond 2017. The economic crisis has been linked to a fall in migration from London to the rest of the UK and a rise in flows from the rest of the UK to London. The variants reflect a range of scenarios relating to possible return to pre-crisis trends in migration. The 'high' scenario assumes changes to domestic migration flows are structural and recent patterns persist regardless of an improving economic outlook. In the 'low' scenario changes to domestic migration patterns are assumed to be transient and return to pre-crisis trends beyond 2018. The 'central' scenario assumes recent migration patterns are partially transient and partially structural. Beyond 2018, domestic outflow propensities increase by 5% and inflows by 3% as compared to the High variant.

As shown in figure 2.12 below, these three migration scenarios give rise to a range of population outcomes. By 2036 the difference between the High and Low projections of Westminster's total population is approximately 12,500, with the range from 262,000 to 250,000.

**Figure 2.12 Population Projections for Westminster – GLA scenarios**

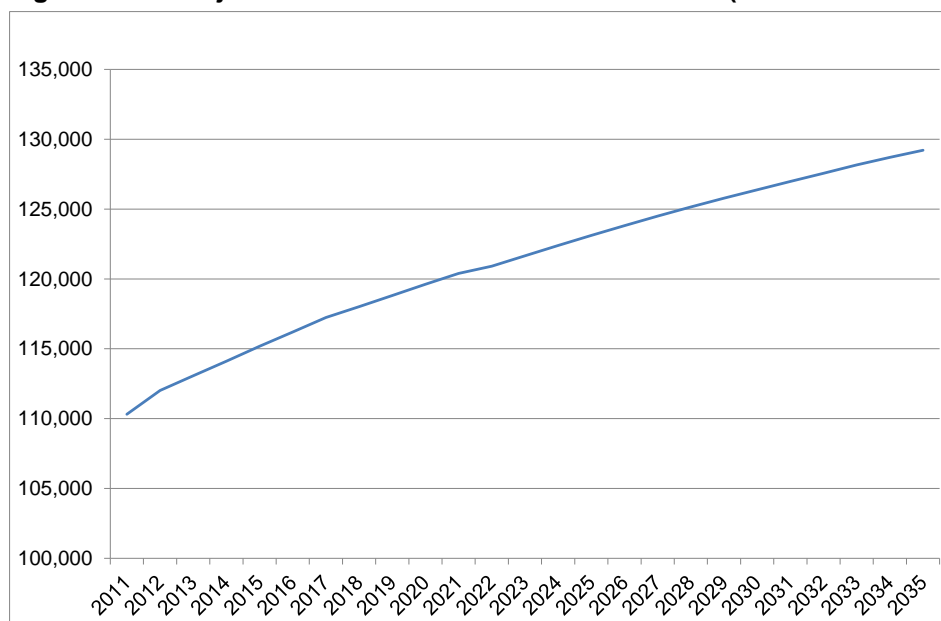


Source: GLA 2013 round Trend-based population projections

The GLA population projections (central scenario) indicate that the population in Westminster will grow by 10,300 people between 2013 and 2018, an annual average growth of 2,060 people. Natural growth is expected to make the largest contribution to population growth in this period with an annual average of 1,860 people. Average net migration per annum is projected to be 199 people over this period.

Figures 2.13 and 2.14 show the total projected households for Westminster and the equivalent annualised household growth figures. The GLA Central projection indicates that the number of households will grow from 112,014 to 129,000 households by 2035.

**Figure 2.13 Projected Households to 2035 Westminster (GLA Central Projection)**

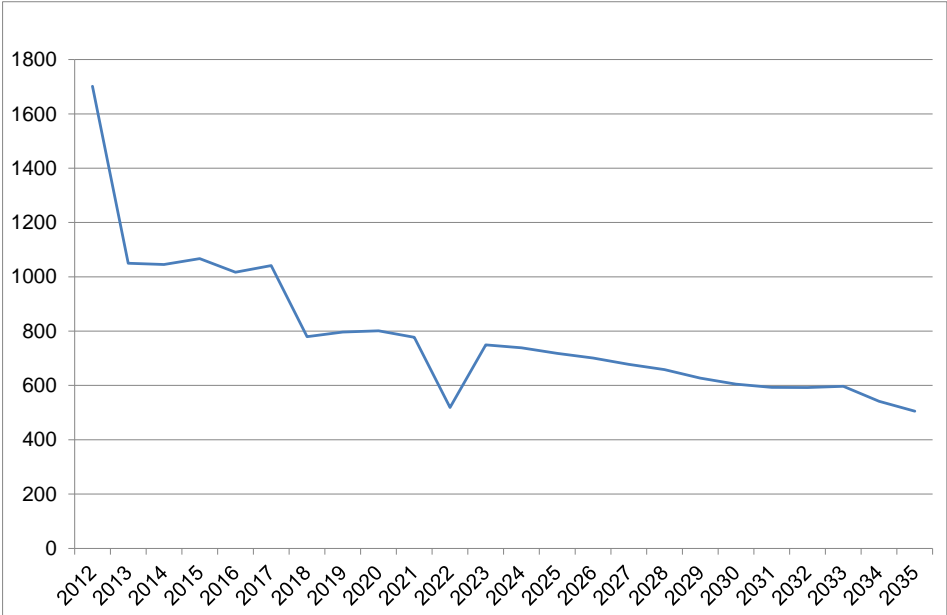


Source: GLA 2013 round Trend-based household projections (Central scenario)



In terms of household growth from 2011 to 2035, the projections equate to 788 additional households per annum. As shown in the graph below, the GLA projections indicate a gradual decline in the annual rate of household growth from 1,050 in 2013 to 505 in 2035.

**Figure 2.14 Projected Annual Household Growth to 2035 Westminster (GLA Central Projection)**



Source: GLA 2013 round Trend-based household projections

The London SHMA reported that in recent years more families have remained in London that might have previously opted to move out of the capital. Combined with recent high birth rates, the London SHMA contends that the effect has been a large increase in the number of children in the capital and a corresponding increase in demand for the infrastructure to support them. The other effect of increasing numbers of families remaining in London is that average household size (AHS) tends to increase, explaining some of the rise in AHS observed between 2001 and 2011. Nevertheless, the GLA household projections (central scenario) show a slight decline in household size up to 2035 and in Westminster household size is projected to remain almost unchanged up to 2035 at approximately 2.01 compared to 2.35 across London.

Historically, household formation trends have shown a steady decline in average household size, brought about by the formation of more one-person households, more lone parent households, smaller families and fewer multi-family households. This trend was shown to have come to an end by the results of the 2001 Census, which showed little change in household size from 1991.<sup>3</sup> The 2011 Census revealed a reversal of the trend towards smaller average household sizes since 2001. Some commentators have associated this with the impacts of the global financial crisis in 2007 and the subsequent scarcity of mortgage finance, increased unemployment and economic uncertainty, and the fall in new housing production; however the evidence on this is not conclusive given that household sizes were seen to be rising prior to 2007. Anyhow these factors led many households which might otherwise have obtained independent accommodation to defer formation or remain ‘concealed’ within other households, the latter being demonstrated in the Census by a large increase in concealed family households. A key issue for demographic forecasting is whether, with a measure of economic recovery evident, this trend will continue, whether previous trends will resume with a period of catching up when suppressed households will obtain separate accommodation, or whether some middle point between these extremes will come

<sup>3</sup> GLA (2013) London Strategic Housing Market Assessment

about with a return to long term trends over a longer period, but without the realisation of demand suppressed over the post-2007 period. The most recent contribution to this debate was by McDonald and Williams (2014)<sup>4</sup> who conclude that some catching up is likely but that each local authority should consider previous household formation trends and the trajectory of the local economy/housing market in terms of the mix of jobs and the costs of housing. This might suggest that in Westminster that concealment rates will remain high because of the continuing high costs.

Chapter 4 examines household projections by household type and considers the implications of household growth in terms of future market demand for different bed sizes and affordable housing need.

## 2.3 Economic Context

### 2.3.1 Greater London and Westminster Economy and Labour Market

#### *The Greater London Economy*

Given the central position, geographically, commercially, and financially that Westminster occupies in the capital, Westminster's economy and its impact on housing cannot be considered without reference to the Greater London economy.

The Greater London economy has weathered the post 2007/8 recession with more resilience than other parts of the country. While there was sharper decline in output than in the 1980 and 1990 recessions, there were lower level increases in unemployment and decreases in employment than in previous decades. The GLA forecasts<sup>5</sup> a return to growth starting in 2012, with in the longer term an additional 850,000 jobs created by 2036. Oxford Economics projects that one in every four jobs created in the UK between 2013 and 2018 will be in London<sup>6</sup>

Growth is expected in most sectors, with professional, real estate, scientific and technical activities sectors seeing the most activity. Information, communication, administrative and support services are also projected to see an expansion. However, the continuing decline of the manufacturing sector in the capital is expected to continue, as well as decline in wholesaling, transport and public sector services over the longer term. Nonetheless, GVA<sup>7</sup> is expected to increase from a base of 1% across 2012 to pick up to 2.8% in 2014, reaching an annual increase of 3.8% during 2015-2020.

The implications of this are growth in professional occupations, managers and administrators, accounting for 45% of all job growth. These sectors generally have higher salary levels than public sector, manufacturing and clerical jobs, and a demand for higher level qualifications. Conversely, a decline in secretarial and clerical occupations – projected to decline from 15% to 5% of jobs by 2036 – is expected<sup>8</sup>.

In economic terms, the GLA forecasts that the combination of commuting patterns, international migration and in-UK in migration, plus a workforce staying in employment to greater ages will offset the net out-migration to other parts of England that is characteristic of London population flows.

<sup>4</sup> Neil McDonald and Peter Williams (2014) Planning for Housing in England: Understanding Recent Changes in Household Formation Rates and their Implications for Planning for Housing in England

<sup>5</sup> London Labour Market Projections, GLA Economics, 2013

<sup>6</sup> The Economic Outlook for London, Oxford Economics, April 2013

<sup>7</sup> Gross Value Added (GVA) – the prime measure of the value of goods and services produced in an area

<sup>8</sup> London Labour Market Projections, GLA, 2013

This means that London's working population should be large enough to capitalise on the new jobs projected to be created. However, London's economy cannot be viewed without reference to commuting from the South East and beyond. Enhanced transport links – from, for example, Crossrail and ultimately HS2 – will improve access to the London labour market. It is also well established that the better paid the job and the higher the qualification required to fill it, the further individuals will commute.<sup>9</sup> Thus, projected high level job growth in London – and in particular Central London – will not necessarily be resourced by London – and Westminster – residents. The implication for this is that jobs growth in London will not necessarily require additional housing supply entirely within the capital's boundaries. Indeed, it would be difficult to argue that the capital – and Westminster – would ever be able to house all those working there. The reality is that a combination of affordability and availability in all sectors will mean that Westminster (and London as a whole) will always be reliant on in-commuting to fill the jobs in its expanding economy

But this does beg the question of the role of the service sector and support workers on lower incomes needed to support an expanding, higher-end London economy. There are substantial issues around affordability of housing in Westminster for local lower-paid workers, particularly in the private rented sector (discussed in Chapter 7), pressure on the social sector as a housing resource for this economic group, and problems about the feasibility of lower paid workers needing to commute into service jobs in central London – such as transport costs and childcare. The 2009 GLA study referenced above noted that Central London sources employees with low qualification levels mostly from East London and the Thames Estuary, whereas, as noted, higher-qualified employees travelled in from the wider South East. The issue for Westminster's labour market may well be not so much about the availability of low cost accommodation within Westminster (which is unfeasible) but whether the areas peripheral to the centre, especially to the East, will continue to be affordable. If not, there may well be a service sector 'vacuum' developing that may impact on the inner London economy.

### ***The Westminster economy***

The Westminster economy is the largest in London, containing more enterprises and employees than any other, generating consistently high levels of GVA, Stamp Duty Land Tax and business rates. There are around 47,000 enterprises operating in the borough, and figure 2.15 graphically illustrates the substantial relative size of the Westminster economy compared to other London authorities. It has around 608,000 employees<sup>10</sup>, representing 14% of London's jobs – nearly twice as many as the second largest centre of employment, the City of London<sup>11</sup>. Westminster's economy generates around £40bn GVA.

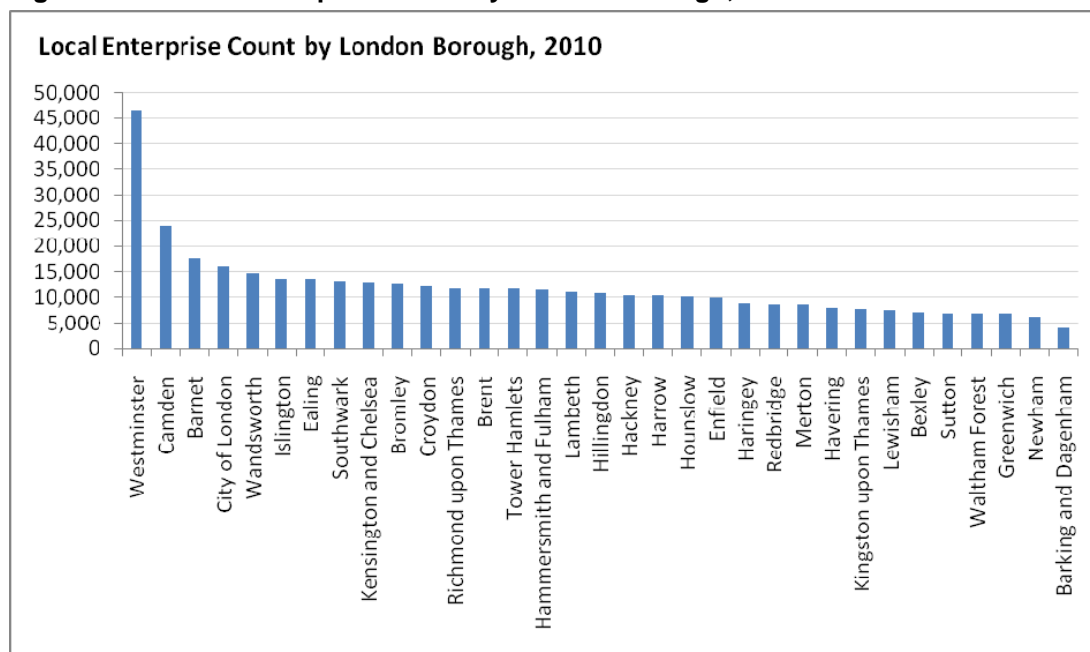
The economy is also very diverse, reflecting Westminster's role as a national and global centre for employment and industry, its role as the centre of UK government, and its cultural, tourism and entertainment roles. It has a special significance as an international retail centre, as well as its role as a location for the head offices of national and international corporations.

<sup>9</sup> Commuting patterns in London by qualification level and employment location, GLA Economics, 2009

<sup>10</sup> London Labour Market Projections, GLA Economics, 2013 – figure at 2011

<sup>11</sup> NOMIS labour market statistics, 2012

**Figure 2.15 Local Enterprise Count by London Borough, 2010**



Source: Westminster City Council Local Economic Assessment Baseline Study 2011

Yet it should be noted that some 85% of Westminster’s businesses employ fewer than 10 employees – similar to the London average of 90%.

Westminster has not been immune to the impact of the recession. Most sectors lost up to 15% of employees since 2008, and an increasing number of new business ‘deaths’ have been reported, with only 64% of 2008 start-ups surviving more than one year. In 2009 there were more business ‘deaths’ than ‘births’. GVA growth slowed in the recession years, but is expected to ‘bounce back’ in 2014 and settle at a growth rate of 1.6% over 2015-2020. This would be accompanied by job gains in most private sector areas, but continuing job losses in the public sector.<sup>12</sup>

Employment is also overwhelmingly concentrated in the centre of the authority area, in St James’s and West End wards, with the more deprived and predominantly residential areas in the north and west of the borough benefitting less, such as Queen’s Park, Maida Vale and Harrow Road wards

In terms of future projections for growth, Westminster’s residents are reasonably well-placed to benefit from opportunities. Over half of residents (53%) are educated to degree level or above (compared to the London average of 34%) and there are comparatively few (9%) with no qualifications. These are also concentrated in the same wards in the north and west of the borough. Around half of the borough’s residents are managers, senior officials or professionals of some nature, with a further quarter in technical and professional occupations. The majority of residents are in highly skilled occupations with only 13% in lower-skilled occupations. Additionally, Westminster has a higher rate of self-employed residents than the rest of London and England as an average (18% compared to 16% in London and 13% in England).<sup>13</sup>

In terms of the future, the GLA estimates that Westminster will be one of six boroughs that will account for half of future job growth in London by 2036. Employee growth is forecast to rise by 0.2% per annum over the period, resulting in an additional 39,190 jobs between 2012 and 2036, 688,000 in total. The Oxford

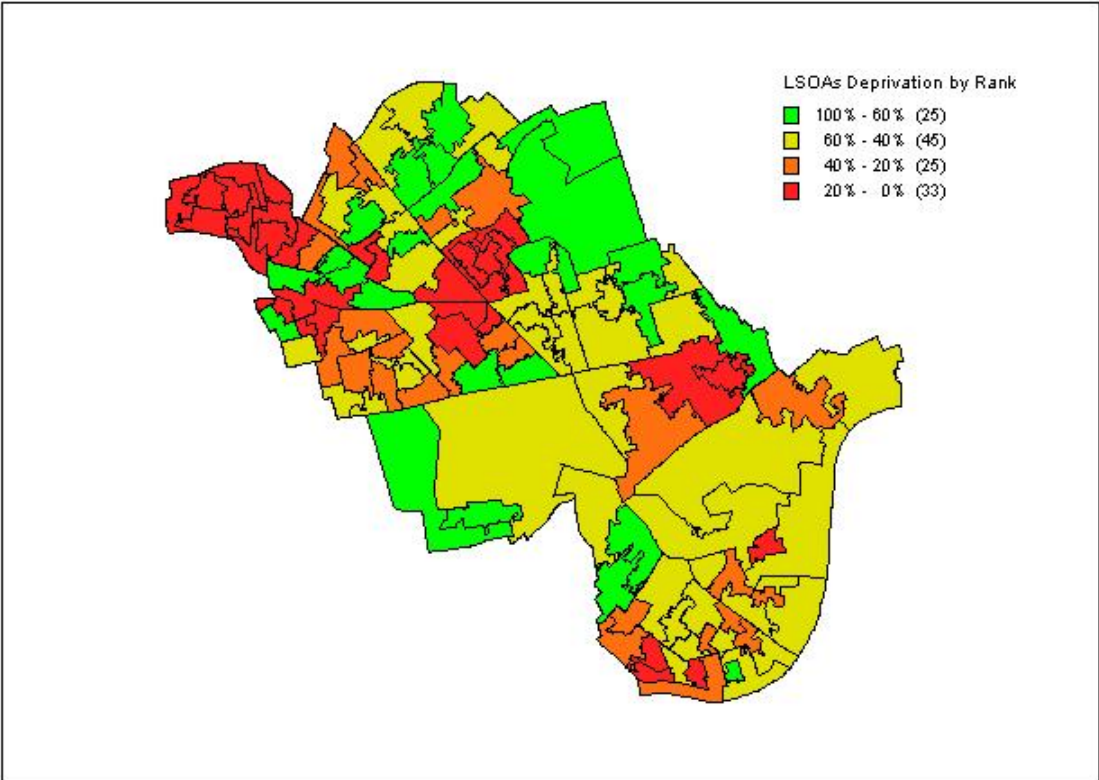
<sup>12</sup> The Economic Outlook for London, Oxford Economics, April 2013

<sup>13</sup> Westminster City Council Local Economic Assessment Baseline Study 2011

Economics projection is even more optimistic. Westminster’s relatively youthful population structure and significant proportion of young adults is thus well-placed to benefit from the increase in jobs, as well as requirements being met from international and UK migration, and commuting. However, this does depend on the resident population having the relevant skills to meet employment market requirements and being able to compete with in-coming young people for higher-level jobs; and as noted above, there are issues around the complementary requirement for a lower-skilled workforce to provide primary services in Westminster. Additionally there are still substantial areas of deprivation in the borough, in the five ‘priority neighbourhoods’<sup>14</sup>, which are main areas where regeneration programmes are focussed, including Tollgate Gardens and Ebury Bridge. We are aware that the authority has an active employment support and advice programme. This will be important in ensuring that all residents are equipped to benefit from the optimistic economic forecast for the borough.

The map below shows that in the latest Index of Multiple Deprivation (ONS, 2010), areas in the North West of the City rank amongst the highest in the country.

**Figure 2.16 Index of Multiple Deprivation – Lower Super Output Areas by Rank**



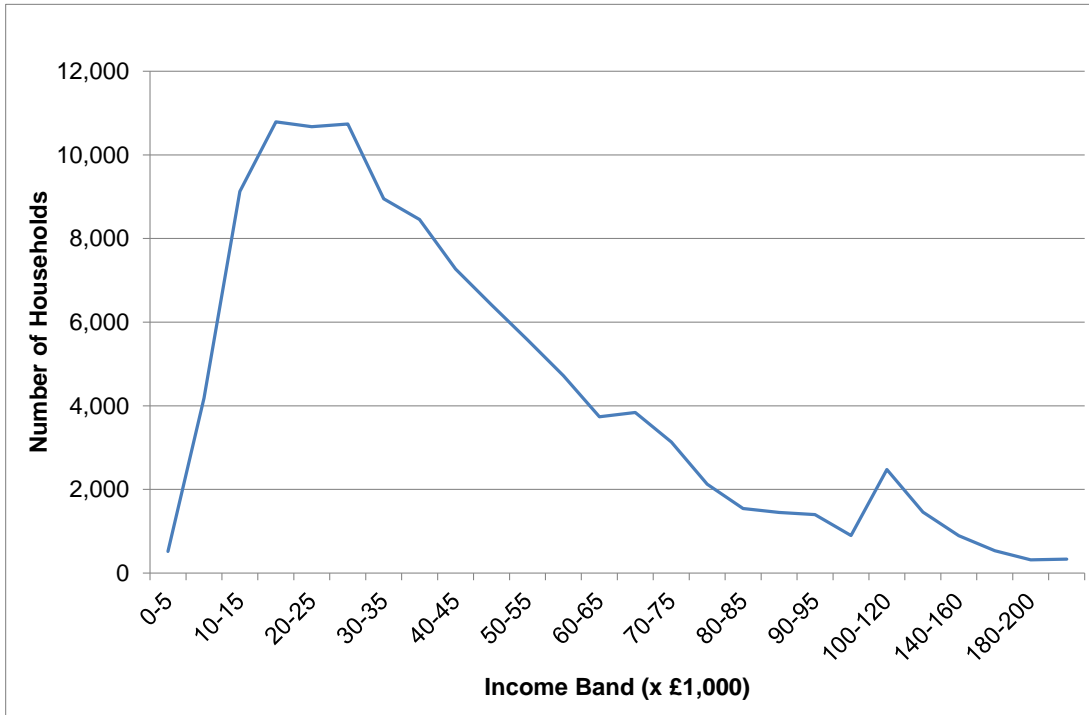
Source: DCLG Indices of Deprivation, 2010  
 Contains Ordnance Survey Data © Crown Copyright 2013

**2.3.2 Income**

According to CACI PayCheck data, the average annual gross household income in Westminster in 2013 was £43,326. The income distribution of households in Westminster is shown in the graph below.

<sup>14</sup> Westminster Housing Renewal Strategy, Westminster City Council, 2010

**Figure 2.17 Distribution of Household Incomes**

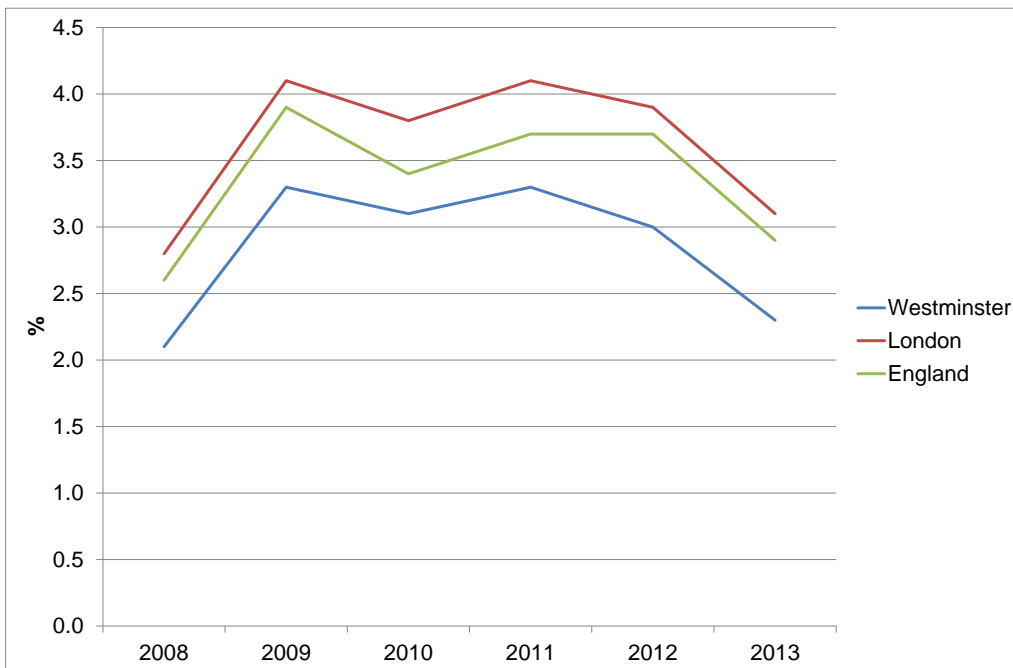


Source: CACI Paycheck

### 2.3.3 Unemployment

According to the Claimant Count, in November 2013 there were around 3,700 people in Westminster claiming Job Seekers Allowance (JSA), equivalent to a rate of 2.3% of the city's population. This compares to 3.1% in London and 2.9% in England. JSA claimant numbers in Westminster have been reducing since the beginning of 2013 reflecting the trend in London as a whole and across England.

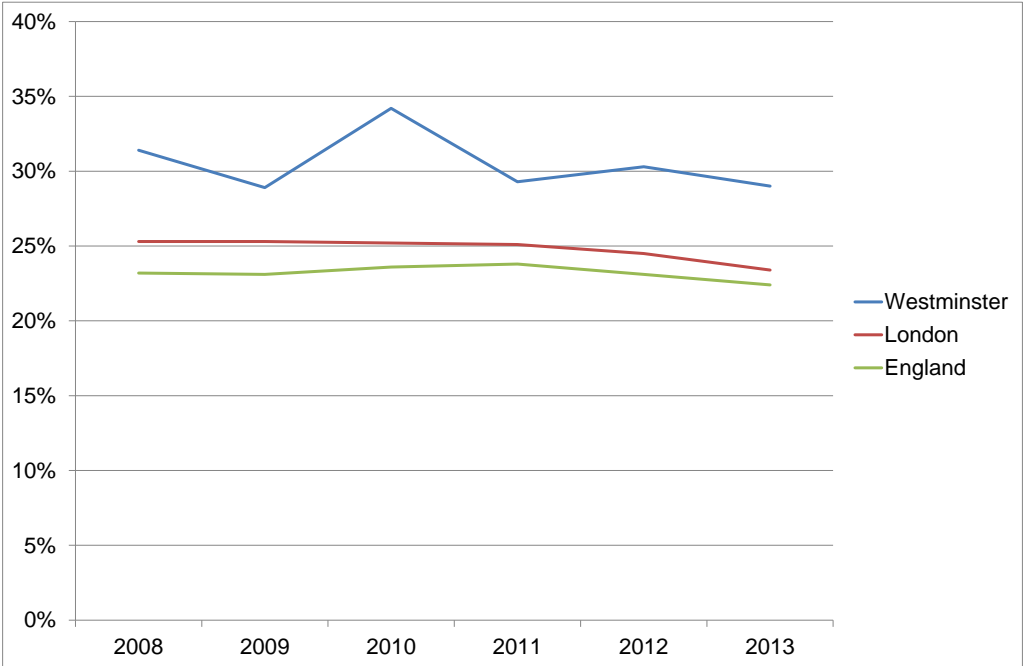
**Figure 2.18 Proportion of People Claiming Job Seekers Allowance**



Source: Claimant Count

In September 2013 there were 58,400 economically inactive people in Westminster not looking for work, or 29% of the population. The proportion of the population in Westminster in this group has consistently been higher than the London and England averages, as shown in figure 2.19. The data indicates a significant difference between males and females: 21% of males were inactive compared to 38% of females. Amongst ethnic minority groups, 42% of the population were economically inactive.

**Figure 2.19 Proportion of Population Inactive and Not Seeking Work**

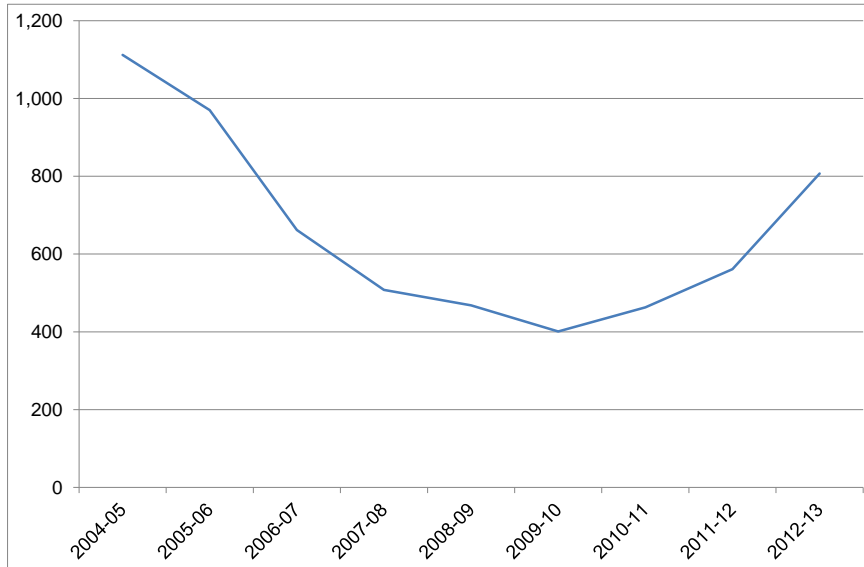


Source: Annual Population Survey

### 2.3.4 Homelessness

Figure 2.20 shows the trend in the rate of homelessness acceptances in Westminster from 2004/05 onwards. The number of acceptances fell sharply between 2004 and 2010 from 1,112 to 401 before rising again up to 807 in 2012-13. The sharp rise between 2010 and 2013 appears to relate to the impacts of the recession and welfare reforms. This is explored in more detail in chapter 8. In 2012-13 the number of acceptances per 1,000 households in Westminster was 6.2, which was higher than the London average of 4.4. There are some signs that the level of acceptances and the consequent use of temporary accommodation is now levelling off slightly. This is also discussed further in Chapter 8.

**Figure 2.20 Trend in Homelessness Acceptances Westminster**



Source: DCLG Live Table 584 - local authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts: financial years 2004-05 to 2012-13, by local authority

### 2.3.5 Houses in Multiple Occupation

According to the Local Authority Housing Statistics (LAHS) return (2012-13) there were estimated to be 8,000 HMOs in Westminster, of which 350 were licensable<sup>15</sup>, and 305 actually had licences. According to the Census the number of 'shared dwellings'<sup>16</sup> was 522, containing 2,057 households made up of 3485 persons. As well as this, there are 722 'communal'<sup>17</sup> dwellings of different types in Westminster (hostels, hotels, Bed and Breakfasts, halls of residence for example), housing 6,188 people 'usually resident' in those establishments

## 2.4 Housing Stock

### 2.4.1 Tenure Split

According to LAHS, there were 119,250 dwellings in Westminster at the end of 2012. There are several ways of breaking down the stock into different tenures, and here we combine the most accurate of sources. From the LAHS where local authorities report on their own stock numbers amongst other data, council stock amounted to 12,241 homes.

The tenure split in Westminster at the time of the Census (2011) was:

- Owner occupier – 31%
- Shared ownership – 1%
- Social rented – 26%
- Private rented – 40%

<sup>15</sup> An HMO is required to be licensed if it has 3 or more storeys AND these are occupied by 5 or more persons, forming two or more households AND there is some sharing of facilities.

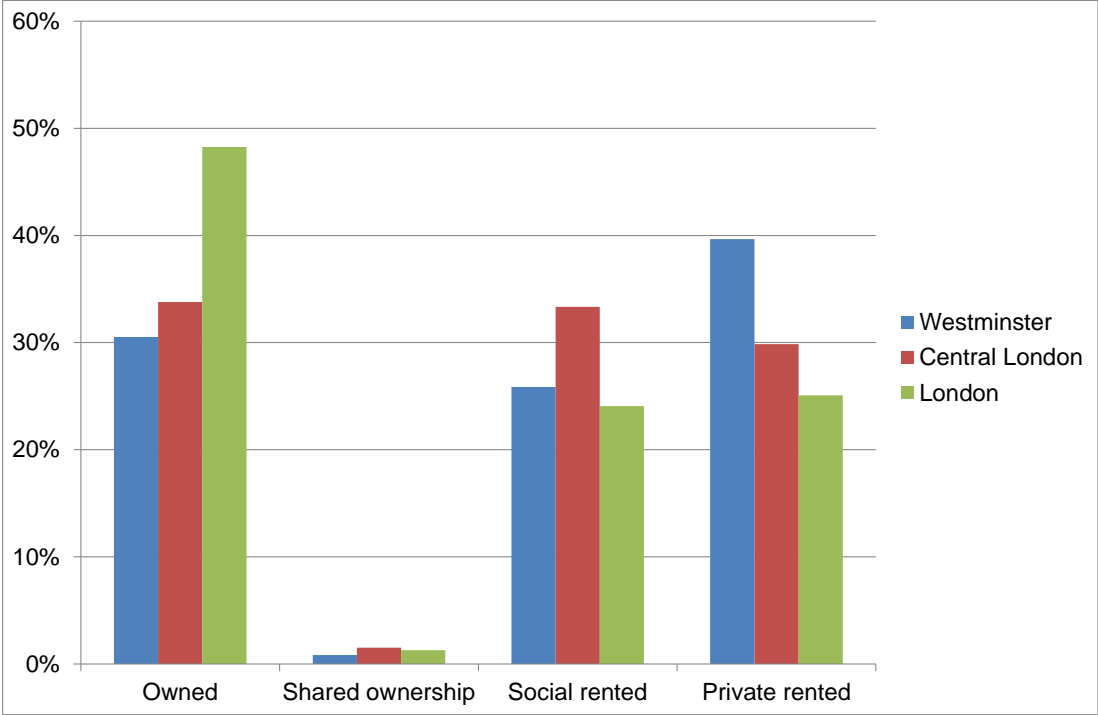
<sup>16</sup> Shared dwellings are those where more than one household shares some facilities (e.g. kitchen, bathroom).

<sup>17</sup> Communal dwellings are defined as accommodation where 'managed residential services' are provided



The graph below compares the tenure split in Westminster with Central London and London as a whole. Westminster has the highest proportion of private rented sector households in London (43%). This is significantly higher than Central London and compares to a London-wide average of 26%. Westminster has low numbers of owner occupiers: 31% in total, compared to a London-wide average of just under 50%. The social sector is proportionately similar in size to London as a whole.

**Figure 2.21 Tenure Split**



Source: Census 2011

**2.4.2 Trends in Residential Completions**

According to figures from the Council’s Annual Monitoring Reports 4,529 dwellings were built in Westminster in the six year period 2007/08-2012/13 of which 28% were in the affordable sectors (including intermediate tenures) and 72% in the market sector. 890 social rented dwellings and 360 intermediate affordable dwellings were built in this period. The recent trend in residential completions is displayed in figure 2.22, below. This shows a continuing rise in the number of completions up to 2011/12 reaching a peak of 852. However in 2012/13 there were 592 completions, which was a significant decline on the previous year.

**Figure 2.22 Caption Residential Completions**



Source: Westminster City Council Annual Monitoring Report

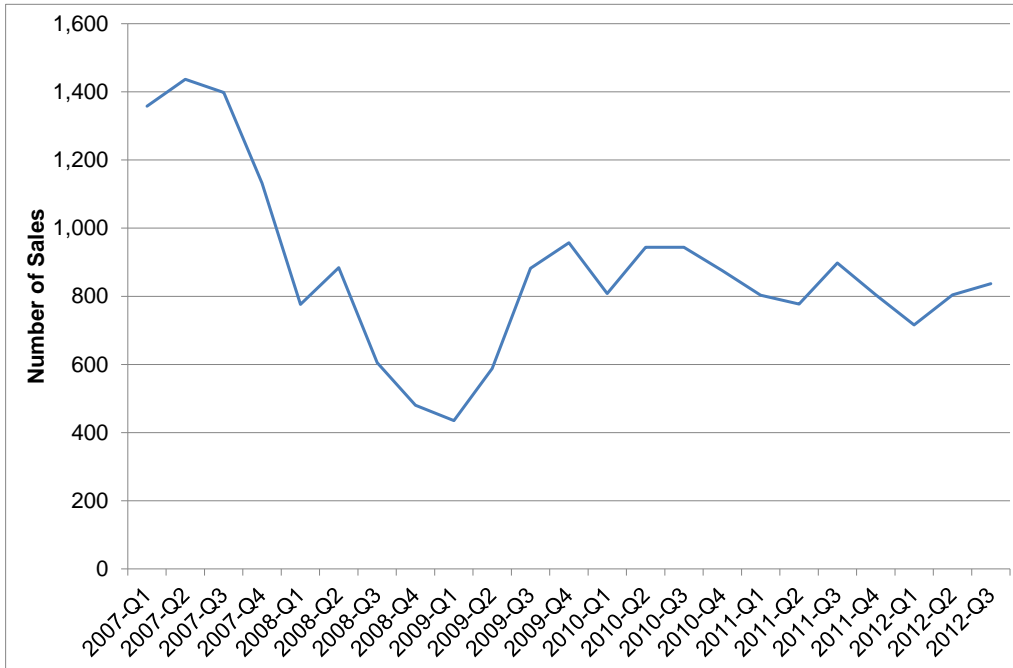
## 2.5 Active Market

This section examines the interaction between the supply and demand for market housing and trends in affordability.

### 2.5.1 Sales and Prices

As can be seen from the graph below, the volume of transactions fell off dramatically from 2007, bottoming out at the start of 2009. The latest available trends data shows that after a small recovery, the market in 2011 remained relatively 'flat' in comparison to pre-credit crunch trends.

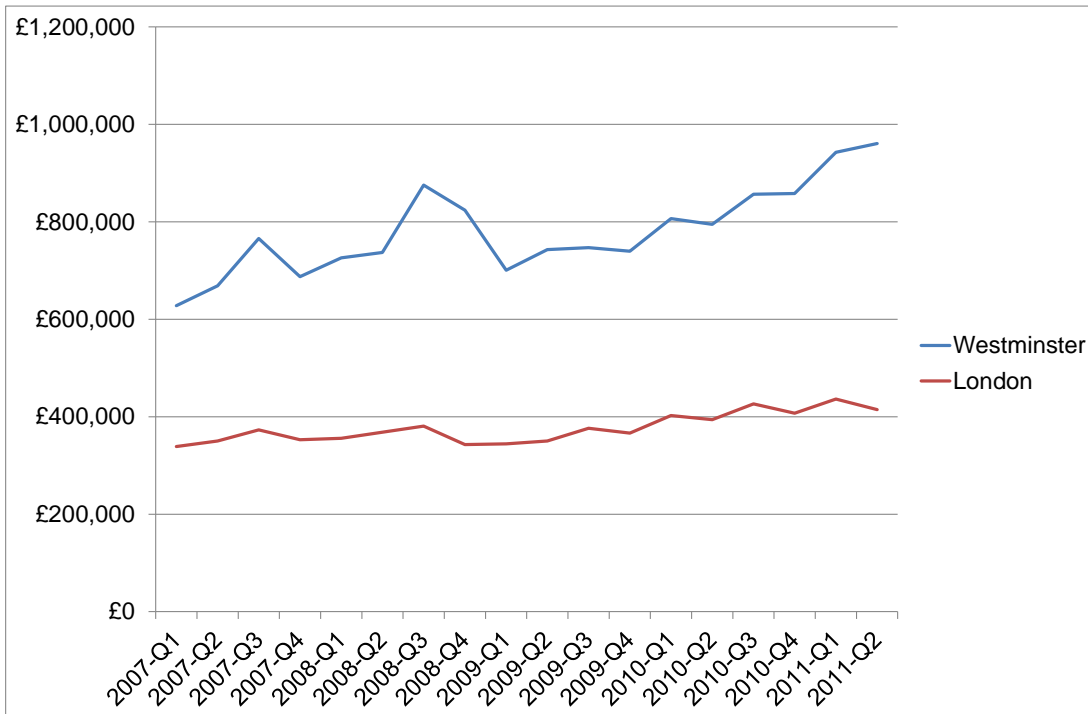
**Figure 2.23 Number of Sales in Westminster**



Source: DCLG Live Table 584 Property Sales based on Land Registry data

Figure 2.24 shows that the gap between average house prices in Westminster and London as a whole has continued to widen since the onset of the credit crunch.

**Figure 2.24 Changes in Average House Prices in Westminster**



Source: DCLG Live Table 581 Mean house prices based on Land Registry data

## 2.5.2 Private Rented Sector – Rents

The median rent for new lettings in July 2013 was just under £643 per week. The median rent for each bedsize can be analysed using Hometrack data, as shown in the table below. At all bedroom sizes, and even for Lower Quartile rents, rents are above the relevant Local Housing Allowance set for the Broad Rental Market Areas that cover Westminster. This is discussed in more detail in Chapter 7.

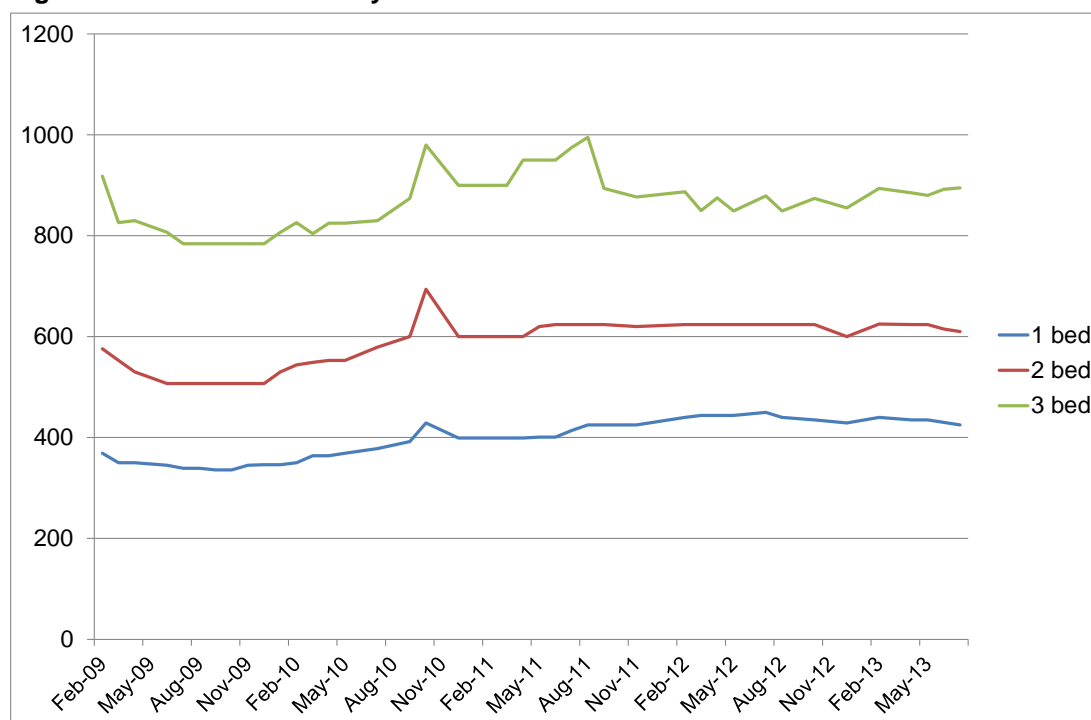
**Table 2.6 Median Rents by Bedsize**

Number of bedrooms	Weekly Rent (£)	
	Westminster	London
1	425	295
2	610	365
3	895	430

Source: Hometrack

According to Hometrack data, there has been very little movement in average rents since 2009 with the average rent rising by 15% and 6% respectively for one and two bedroom flats and falling by 3% for three bedroom flats.

**Figure 2.25 Median Rents by Bedsize**



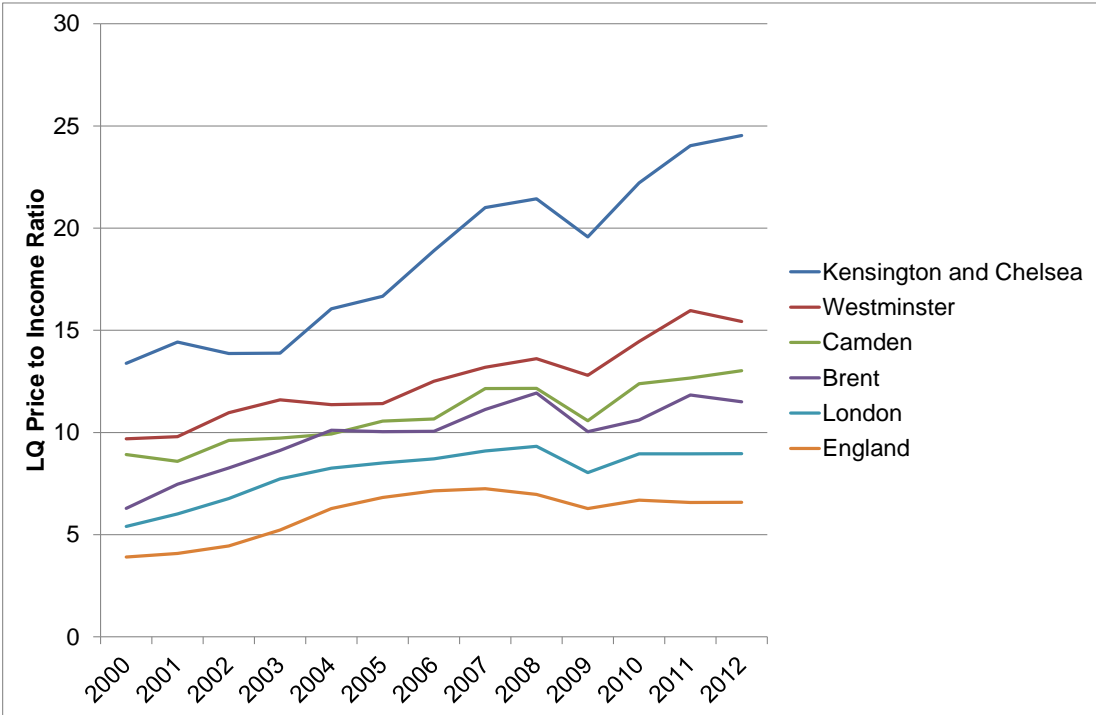
Source: Hometrack

## 2.5.3 Affordability and Market Entry Prices

The sharp increase in house prices between the late 1990s and the onset of the economic downturn in 2007-08 made housing in the open market increasingly unaffordable across London for those with average incomes and particularly first time buyers who do not have existing assets to use as a deposit. The ratio of low incomes to lower quartile prices in Westminster, although a crude measure of access to basic housing demonstrates how the problem of affordability in Westminster has developed - the ratio rose from 9.69 in 2000 to a peak of 15.97 in 2011 before tailing off slightly in 2012. As figure 2.26 shows, Westminster's affordability ratio has been consistently lower than the neighbouring borough of Kensington

and Chelsea; however the ratio in Westminster has remained significantly higher than London as a whole – the London-wide average in 2012 was 8.96 while the national average was 6.59.

**Figure 2.26 Change in Lower Quarter Affordability**



Source: CLG Live Tables (based on ONS Annual Survey of Hours and Earnings and HM Land Registry)

It should also be noted that there is a distinction between the ratios that apply to people who work in Westminster, as oppose to those who live in Westminster. The workplace ratios are around 2 points higher than the residence based ratios. In other words, people who live outside but work in Westminster have on average lower incomes than those who actually live in Westminster, making owner-occupation even more unaffordable for them than for existing residents. However, we cannot necessarily assume that affordability is the only reason for this situation: the strength of the Westminster job market means that it will attract in-commuting, whereas other communities may have more local jobs for local people. When the relationship between the earnings both of Westminster residents and of those who work in the borough and median house prices are examined, the ratio of prices to incomes was 14.9 times resident income, and 16.2 times workplace income. With the exception of Kensington and Chelsea (and Richmond for the workplace-based ratios) these ratios are the highest in London. The relatively high affordable ratios for workplace based incomes may be one factor in why people tend to commute from farer distances to work in Westminster although this is a common feature of the Central London labour market. The Inner London mean figures are 11.2 times for the residence based ratio and 9.6 times for the workplace based ratio.<sup>18</sup>

## 2.6 Summary of Key Points

The analysis of Westminster’s current housing market drivers highlights a number of specific features and implications:

<sup>18</sup> Sources: Land Registry and ASHE data; DCLG Live Tables

- In recent years the population of Westminster has been growing by around 1,899 per annum due to a surplus of births over deaths and net growth in international migration.
- There is a high rate of migration turnover in the 25 to 44 age category – although Westminster attracts high numbers of young people on an annual basis, high numbers of young people also tend to move out of the City resulting in net out-migration.
- The GLA population projections (central scenario) indicate that the population in Westminster will grow by 10,300 between 2013 and 2018 which equates to an annual average growth of 2,060. Natural growth is expected to make the largest contribution to population growth in this period with an annual average of 1,860. It is estimated that the impact of net migration on population change will continue to be much smaller than natural change with the average net migration per annum projected to be 199 over this period.
- The Westminster economy is the largest in London, containing more enterprises and employees than any other in, generating consistently high levels of GVA and business rates.
- The GLA estimates that Westminster will be one of six boroughs that will account for half of future job growth in London by 2036. Westminster's relatively youthful population structure and significant proportion of young adults is thus well-placed to benefit from the increase in jobs, as well as requirements being met from international and UK migration, and commuting.
- According to CACI PayCheck data, the average annual gross household income in Westminster in 2013 was £43,326.
- Westminster has the highest proportion of private rented sector households in London (43%), compared to a London-wide average of 26%.
- The ratio of low incomes to low prices in Westminster, although a crude measure of access to basic housing demonstrates how the problem of affordability in Westminster has developed - the ratio rose from 9.69 in 2000 to a peak of 15.97 in 2011 before levelling off slightly in 2012.
- There has been very little movement in average rents since 2009 with the median rent rising by 15% and 6% respectively for one and two bedroom flats and falling by 3% for three bedroom flats.

## 3.0 Current Housing Need

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### 3.1 Introduction

The National Planning Practice Guidance states that local authorities should 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. This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting from this the future planned supply of housing stock. This section focuses on current unmet need. Section 4 focuses on future need and market demand over the next five and fifteen years. Section 5 considers the role of planning supply in meeting housing needs in the future.

### 3.2 Analytical Approach

The first key step in the assessment of housing need is to identify backlog or current need. This is defined as the number of households currently living in the area who lack their own housing or live in unsuitable housing, and cannot afford to meet their needs in the market.

The assessment of current housing needs is based on the following steps:

- i) Specific components of backlog need

The first step is to calculate the gross number of households in need for each of the specific categories of need as identified in Government guidance. These include homeless, concealed<sup>19</sup> and overcrowded households, households facing mobility issues and other households living in unsuitable housing.

- ii) Overlaps

In arriving at total backlog of need, overlap factors are applied to avoid double counting households experiencing more than one form of need.

- iii) Bedroom requirements

A basic assumption is that the size of the home a household requires is based on the bedroom standard<sup>20</sup>. If data is not available on the household characteristics of those in need within the specific needs categories (which would determine the number of bedrooms required) the analysis generally relies on Housing Register data on bedroom requirements.

- iv) Affordability test

Our approach has been to model the proportion of households in backlog need which are not able to afford entry-level mortgages or market rents. In determining suitable affordability thresholds it is important

<sup>19</sup> A concealed household is defined as a household (family unit or single person) staying with the head household temporarily or intending to move, that does not have a home of their own.

<sup>20</sup> The 'bedroom standard' is a widely accepted method for calculating overcrowding. This allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members

to compare current market conditions in the ownership and rented sectors. The market entry level to be used in assessing housing need equates to the entry level in the sector with the lower income requirements. Affordability thresholds are based on the London Plan guidance that housing costs should not exceed 40% of net income (where net income is 70% of gross income).

The core assumptions and datasets used in estimating affordability are as follows:

- Lower quartile house prices (derived from analysis of current advertised prices on the Right Move website).
- Mortgage conditions – standard product loan to value ratio and interest rates (derived from analysis of current mortgage best buys).
- Lower quartile rents - Hometrack data on private rents for different bed sizes.

It is presumed that the housing situation of homeless households is so extreme that they would not have the financial ability to resolve their own issues. However for other categories this will not be the case. Our general approach was to use data from the Survey of English Housing to derive a distribution of incomes for the particular categories and a measure of how they compare with all households. It was assumed this relationship applies to the income distribution in Westminster. Local CACI income data for all households was then used to derive local distributions for the specific categories.

The relationship between household size and bedroom requirements underpins the affordability calculations. The London SHMA assumes that households in affordable housing occupy only the size of homes they require according to the bedroom standard, even though some would desire more bedrooms than they need. This assumption is used because households entering affordable housing in a constrained environment like London are generally allocated the size of home they require and no more, and it does not seem reasonable to assume that either current overcrowding or current under-occupation levels continue. This assumption has therefore been applied in our assessment of the need for affordable housing.

Chapter 2 sets out the context for affordability in Westminster. Westminster continues to be the second least affordable borough in London (after Kensington and Chelsea) and the gap between incomes and house prices continues to widen. The gross incomes required for each size of property are based on an analysis of mortgage best buys on moneysupermarket.com. The analysis takes into account typical deposit requirements for first-time buyers – it is assumed that a 40% deposit would be required for first-time buyers and mortgages.

**Table 3.1 Market Entry Households Income requirements by Bedroom Size (Owner occupation)**

	1 Bed	2 Bed	3 Bed	4+ Bed
Market level entry (lower quartile) price	£390,000	£537,200	£1,238,000	£1,501,000
40% up front costs <sup>21</sup>	£156,000	£214,880	£495,200	£600,400
Amount to be funded by mortgage	£234,000	£322,320	£742,800	£900,600
Annual gross household income required (to afford mortgage repayments only not deposit)	£40,107	£55,246	£127,317	£154,364

Source: Hometrack; Ecorys analysis

<sup>21</sup> Based on standard product loan to value ratio (of 60%) (derived from analysis of current mortgage best buys on the moneysupermarket.com website in March 2014.) Mortgage availability is assessed against the estimated market level prices.



The gross incomes required based on lower quartile rents for each bedroom size are shown in table 3.2.

**Table 3.2 Market Entry Households Income requirements by Bedroom Size (Rent)**

	1 Bed	2 Bed	3 Bed	4+ Bed
Market level entry (lower quartile) weekly rent	£340	£470	£618	£868
Market level entry (lower quartile) annual rent costs	£17,694	£24,166	£33,366	£46,864
Annual gross household income required (to afford rent)	£63,192	£86,307	£119,164	£167,371

Source: GLA Rents Map; Ecorys analysis

It should be noted that the income requirements for the ownership options need to take into account the size of deposit. For example for a one bedroom property at the lower quartile price the assumptions set out in table 3.1 suggest that although those on incomes of at least £40,107 could afford the repayments of a typical mortgage for this price of property, a deposit of approximately £156,000 would be required. As this is more than 5 times the estimated single person income at the 95<sup>th</sup> percentile level<sup>22</sup> it is safe to assume that the vast majority of single person households would not be able to afford a mortgage with this level of deposit. We therefore use the incomes highlighted in table 3.2 as the thresholds marking a household's ability to afford housing on the open market.

- v) Supply released by moving within the social sector

The analysis also needs to take into account the number and size of properties which would be vacated if the needs of social tenants are met by them moving to another affordable property as while this would essentially have an overall neutral effect on gross numerical requirements. However it is also important to assess how this would affect the supply of properties of different bed sizes (see section 3.3.8).

### 3.3 Components of Backlog Need

#### 3.3.1 Homeless households

The measure of homeless households is based on the statutory requirements under the Homelessness Act 2002 and its predecessors. Specifically, we use the number of households placed in temporary accommodation as part of the duties authorities have under the legislation (rather than homeless acceptances<sup>23</sup>) as the number of households in temporary accommodation reflects the stock of homelessness or the total number currently in need.

Data on the number of homeless households assisted by local authorities is collected by central government using the P1E Form, which is completed and returned by each local housing authority in England. On the basis of this information, on 30<sup>th</sup> June 2013 (the most up-to-date published data at the date of calculating the housing needs figures) the council was providing temporary accommodation for 2,355 homeless households.

#### 3.3.2 Concealed Households

A concealed household is defined as a household (family unit or single person) staying with the head household temporarily or intending to move, that does not have a home of their own. Concealed households can include couples, people with children and single adults sharing a kitchen, bathroom or WC with another household.

<sup>22</sup> 95% of households have incomes below this income level.

<sup>23</sup> A household is accepted as homeless when duty is owed to the applicant under the homelessness legislation.

Census 2011 data identifies the number of concealed families i.e. two or more families living in the same household/property or where there is a family in the household which does not include the household reference person.<sup>24</sup> However the Census does not contain data on concealed households which are single adults.

The data does not provide an indication of whether households are looking to move; however it is reasonable to assume that the vast majority of concealed families would want to move if they had the opportunity.

Census data indicates that the total number of concealed households (families) across Westminster was 881 of which 356 were lone parent families and 525 were couple families. Based on projected growth in population since the 2011 Census of 2.1%, it is estimated that the current number of concealed families in Westminster is 900.

A limitation of the Census data on concealed families, as highlighted above, is that this data does not include single adults. Moreover, survey data showing the number of concealed households which are single people in Westminster is not available. The Intermediate Housing Register can be used to provide a minimum figure as the 'housing status' field on the database indicates whether those wanting to move are living with friends and family. For this assessment we have included singles aged 30 or over only to take into account realistic constraints on home ownership or the ability to afford market rents. The Register indicates that there are 766 single person households in this category.

Taken together this adds up to an estimated total of 1,666 concealed households (including families and single people households).

### 3.3.3 Overcrowded Households

The 'bedroom standard' is a widely accepted method for calculating overcrowding. This allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

Census 2011 data allows households to be classified by occupancy rating based on the number of bedrooms in the household. This information is used to provide a measure of overcrowding (i.e. a dwelling is considered to be overcrowded if it has an occupancy rating of -1 and below). This is the first time the occupancy rating in the Census has been based on the bedroom standard.

Using this measure, census data indicates that the total number of overcrowded households across Westminster was 12,265 (% of all households). Of these, 1,889 households were regarded as being seriously overcrowded as they had 2 bedrooms less than they needed. The rate of overcrowding in Westminster (11.6% of all households) was equal to London overall (also 11.6%).

Based on the projected growth in population since the Census (2.1% increase) it is estimated that the current number of seriously overcrowded families in Westminster is 1,929. The Census 2011 data can be compared to Housing Register data on overcrowding as a reason for wanting to move – 1,050 households are included in this category on the register. However the Census approach is regarded as

<sup>24</sup> Household Reference Persons provide an individual person within a household to act as a reference point for producing further derived statistics and for characterising a whole household according to characteristics of the chosen reference person.

providing a more accurate picture of the extent of serious overcrowding as this measures the extent of overcrowding in the entire population.

### 3.3.4 Other Forms of Unsuitable Housing

#### *Households sharing basic facilities*

Sharing households are those households who live together in the same dwelling but only share basic facilities and do not share either a living room or regular meals together.

Census data indicates that the total number of shared dwellings across Westminster in 2011 was 522. Of these, 179 dwellings contained two households sharing and 343 had three or more households sharing. Based on the projected growth in population since the Census it is estimated that the current number of shared dwellings in Westminster in 2013 is 533 broken down as follows: 183 shared dwellings with two households and 350 with three households or more.

There is no straightforward way of converting the number of shared dwellings into housing need figures because it is not known how many households in shared dwellings of three or more households will want to move together to the same dwelling. However a key research study on housing need for DCLG assumed that the number of housing units required for sharers will be more than twice the total number of shared dwellings (because some dwellings are shared by three households or more) but less than the number of sharers (because some will couple up with others, and because some may choose to share).<sup>25</sup> On this basis, it is estimated that the number of shared dwellings converts into a backlog need figure of 1,200.

Again we recommend excluding singles aged under 30 to take into account realistic constraints on home ownership and the ability to afford market rents. The Intermediate Housing Register provides one method of estimating the proportion of those in shared dwellings who are single and under 30 as this provides a sample of households who are sharing and looking to move. The Register indicates that the proportion of sharing households who are single person households under 30 is 27%. The gross number of households living in shared dwellings and in housing need is therefore estimated as 882.

#### *Households facing mobility impairment issues*

The Housing Register provides the most robust and up to date data on households facing mobility impairment issues i.e. those needing to move because accessible property is needed. This data shows that there are 779 households needing to move because their current property does not meet their mobility requirements. The mobility categories and numbers are shown in the table below.

**Table 3.3 Mobility Categories**

Mobility Category	Number
Fully wheelchair accessible property needed	12
Property needed for those who use a wheelchair outside the home but can manage in the home without one	20
Level access property needed with no stairs	747
<b>TOTAL</b>	<b>779</b>

Source: Westminster City Council Housing Register (December 2013)

<sup>25</sup> G. Bramley et al (2010) Estimating Housing Needs, Research study for DCLG

### ***Households facing major disrepair or unfitness issues***

A further source of housing need is when housing is subject to major disrepair or unfitness and the household does not have the resources to make fit (for example through equity release or grants).

The Housing Health and Safety Rating System (HHSRS) is Government's approach to the evaluation of the potential risk to the health and safety to occupants from any deficiencies identified in dwellings. If a Category 1 hazard e.g. is present under the HHSRS scoring system, the dwelling will fail the Decent Homes Standard. The actual number of dwellings containing at least one category 1<sup>26</sup> HHSRS hazard in Westminster in 2011 was 17,961; or 16.6% of all private dwellings.

In line with the London SHMA and previous studies, cases of dwelling disrepair are excluded from the backlog assessment of housing need as in-situ solutions are assumed to be possible through non-planning policies such as owner investment, local authority enforcement, equity release, grants and so on.

### ***Households containing people with particular social needs which cannot be resolved except through a move (e.g. escaping harassment).***

Stock data is unavailable on the number of households needing to move because of particular social issues. CORE data shows that the average annual flow of households moving into social housing because of domestic violence or racial harassment based on data from the past three years has been 19. This is considered as part of the 'falling into need' calculations in section 3.6.

### ***Other households facing affordability issues***

'Unaffordability' constitutes a housing need because it implies that the current home/tenure is not sustainable and that there is a risk of moving into insecurity or even outright homelessness. It is also a problem in its own right as it may lead to poverty and hardship.

For owner-occupiers, this means households facing serious mortgage payment difficulty as either being more than 6 months in arrears or 'finding it very difficult' to manage payments or 'falling further behind' with payments. The Ministry of Justice statistics on claims leading to possession orders by mortgage lenders and landlords at local authority level provides a proxy measure of households facing affordability issues. The issuing of a possession order is an advanced stage of the repossession process and while these homes are not all certain to be repossessed – some orders are suspended - there is a serious risk that they will be.

The numbers of outright repossession orders made in the last 6 calendar years is shown in the table below. The table shows that there has been a year on year decline in the number of orders since the onset of the financial crisis in 2008.

<sup>26</sup> If a council discovers serious category 1 hazards in a home, it has a duty to take the most appropriate action.

**Table 3.4 Households Facing Affordability Issues**

Year	Number
2008	189
2009	118
2010	75
2011	93
2012	52
2013 (first six months only)	28

*Source: Ministry of Justice statistics on claims leading to possession orders by mortgage lenders*

Again, stock data is unavailable on the number of households needing to move because of affordability issues so is considered as part of the 'falling into need' calculations in section 3.6.

It has become important to estimate the proportion of private renters that are facing affordability problems as a result of the recent welfare reform regimes. This includes the number and proportion of private renters and social housing residents that will be affected by Local Housing Allowance caps, Housing Benefit bedroom-based caps and the number and proportion of social housing residents that are under-occupying. Some evidence of this is emerging through the homelessness figures, which have seen an increase in priority needs acceptances from those formerly in the private rented sector. Discretionary Housing Payments are supporting some households whose positions would be untenable because of the caps, but it would be unsafe to assume that this assistance would be indefinite. There are indications that landlords are moving their operations more towards the professionals market, making it more difficult for lower-income households to access the PRS. This is discussed in more detail in Chapter 7

At this stage, this group are represented in the 'falling into need' section of the housing needs calculation, through the numbers formerly in the PRS who were rehoused into social housing.

### 3.3.5 Overlap Factor

Care should be taken not to double count households suffering from more than one form of need. For example if a household containing a concealed household suffers from overcrowding then the concealed household is counted as being in need but the overcrowding should ideally be discounted if this problem were to be solved by the concealed household leaving the address to live independently. Overlap factors have been estimated using the latest Survey of English Housing (SHE) data which estimates the number of households in need by region across the different backlog categories.

The following overlap factors have been applied:

- The latest Survey of English Housing (SHE) data for the London, South East and East of England regions indicates that 59% of overcrowded households in these regions contain at least one concealed family.
- The Housing Register data indicates that 4% of households facing mobility issues are also overcrowded households and 19% are also homeless.

**Table 3.5 Overlap Calculations**

Category	Gross number	Overlap factor applied	Net number (after overlap applied)
Homeless	2,355	0	2,355
Concealed	1,666	0	1,666
Overcrowded	1,929	0.59 (concealed)	791
Sharing/lacking basic facilities	882	0	882
Households facing mobility issues	779	0.04 (overcrowded) 0.19 (homeless)	600
<b>TOTAL</b>	<b>7,611</b>		<b>6,294</b>

Source: Ecorys analysis

### 3.3.6 Bedroom Requirements

Following the calculation of gross backlog need the next step is to determine the requirement for affordable dwellings of different sizes. The Council's Housing Registers (General Needs & Intermediate) provide the most up to date and robust local data on the bedroom requirements of those in need.

#### **Homeless households**

The size requirement was calculated from Housing Register data on bedroom requirements of those in the homeless category. The estimated split of bed sizes is shown in the table below.

**Table 3.6 Bedroom Requirements of Homeless Households**

Number of Bedrooms Required	Percentage
1	2.0%
2	56.1%
3	34.4%
4+	8.4%

Source: Ecorys analysis

#### **Concealed households**

The best available method for analysing the bed size requirements of concealed households is based on the Intermediate Register data which identifies the bedroom requirements of those in the 'living with family and friends' category for housing status, shown in the table below.

**Table 3.7 Caption Bedroom Requirements of Concealed Households**

Number of Bedrooms Required	Percentage
1	69.6%
2	28.3%
3	1.7%
4+	0.3%

Source: Ecorys analysis

#### **Overcrowded households**

The size requirement of overcrowded households was calculated from Housing Register Data on the bedroom requirements of those in the Register's overcrowded category (table below).

**Table 3.8 Bedroom Requirements of Overcrowded Households**

Number of Bedrooms Required	Percentage
1	0%
2	42.5%
3	43.0%
4+	14.5%

Source: Ecorys analysis

### Households sharing basic facilities

The best available method for analysing size requirement is based on the Intermediate Register data which identifies the bedroom requirements of those in the 'living with family and friends' category for housing status, shown in the table below.

**Table 3.9 Bedroom Requirements of Households Sharing Basic Facilities**

Number of Bedrooms Required	Percentage
1	69.6%
2	28.3%
3	1.7%
4+	0.3%

Source: Ecorys analysis

### Household facing mobility issues

The size requirement of households facing mobility issues was calculated from Housing Register Data on the bedroom requirements of those in the relevant categories, as indicated below.

**Table 3.10 Bedroom Requirements of Households Facing Mobility Issues**

Number of Bedrooms Required	Percentage
1	60.0%
2	21.9%
3	13.3%
4+	4.4%

Source: Ecorys analysis

### 3.3.7 Filtering for Affordability

The approach to filtering for affordability follows the steps which are set out in section 3.2. The affordability calculation shows the percentage of households in each category who can afford in the open market. The table below shows the numbers who cannot afford in the open market for each of the backlog categories.

**Table 3.11 Filtering for Affordability**

Category	Gross number in need	Housing Costs	Incomes	Affordability Calculation (% who cannot afford in open market)	Number of households who cannot afford in private market
Homeless households	2,355	Assume all cannot afford in open market	Assume all cannot afford in open market	100%	2,355
Concealed households	1,666	Based on lower quartile rents for single rooms (for concealed singles) and lower quartile rents for 2 bed properties for concealed families	Incomes for concealed households modelled using SHE/CACI data	Concealed singles - 90% Concealed families - 95%	1,581
Overcrowded households	791	Based on lower quartile rents for 2 bed flats	Incomes for overcrowded households	95% (all bed sizes)	752

Category	Gross number in need	Housing Costs	Incomes	Affordability Calculation (% who cannot afford in open market)	Number of households who cannot afford in private market
			modelled using SHE/CACI data		
Sharing basic facilities	882	Based on lower quartile rents for 1 bed flats (for single sharers) and lower quartile rents for 2 bed properties (for 2+ sharers)	Incomes for sharing households modelled using SHE/CACI data	Singles – 95% 2+ - 90%	824
Mobility issues	600	Based on lower quartile rents for 1 bed flats (for single sharers) and lower quartile rents for 2 bed properties (for 2+ people)	Incomes for households facing mobility issues modelled using SHE/CACI data	Singles – 95% 2+ - 90%	556
<b>TOTAL</b>	<b>6,294</b>				<b>6,068</b>

Source: Ecorys analysis

### 3.3.8 Supply released by households already occupying affordable housing

Meeting the needs of existing social sector tenants who would need to vacate their properties would free up accommodation thus having an essentially overall neutral effect on gross numerical requirements. However property size is a relevant consideration and this has been considered in the assessment.

The consideration of existing tenancies is relevant to the following categories:

- Overcrowded households – the ratio of private sector households to households already in affordable housing is derived from Survey of English Housing data for London as whole. It is estimated that the proportion living in affordable housing is 65%. It is assumed that households looking for 2 bed accommodation would free up 1 bed properties and those looking for 3 would free up 2 bed properties and those looking for 4+ bed properties would release 3 bed properties.
- Households facing medical needs – based on assumptions adopted in the London SHMA it is estimated that 25% currently live in private sector accommodation. The breakdown of bedroom sizes freed up was calculated from Housing Register Data on the bedroom requirements of those households facing mobility issues.

Estimates of the supply released by meeting the needs of existing social sector tenants are shown in the table below.



**Table 3.12 Supply Released by Households Occupying Affordable Housing**

Backlog category	Overall number of dwellings released	Bed sizes freed up
Overcrowding	489	1b – 208 2b – 210 3b – 71
Household facing mobility issues	417	1b – 256 2b – 89 3b – 54 4b – 18

Source: Ecorys analysis

### 3.4 Summary of Gross Backlog Need

Estimates of households in backlog need have been compiled from a variety of sources. Table 3.13 lists the different types of backlog need and provides the estimated number of households in need in each category and who cannot afford in the open market. The table also shows the bedroom requirements of those in need.

**Table 3.13 Summary of Backlog Need Calculations**

Category / type of backlog	Number of households who cannot afford in open market	Supply released	Net backlog need	Bed requirements	
<b>Homeless Households</b>	2,355	0	2,355	1 bed	48
				2 bed	1,321
				3 bed	807
				4+ bed	197
<b>Concealed Households (Families)</b>	1,581	0	1,581	1 bed	1,102
				2 bed	448
				3 bed	27
				4+ bed	5
<b>Overcrowded Households</b>	752	489	263	1 bed	-208
				2 bed	109
				3 bed	252
				4+ bed	109
<b>Households sharing basic facilities</b>	824	0	824	1 bed	583
				2 bed	225
				3 bed	13

Category / type of backlog	Number of households who cannot afford in open market	Supply released	Net backlog need	Bed requirements	
				4+ bed	2
Households facing mobility issues	556	417	139	1 bed	85
				2 bed	30
				3 bed	18
				4+ bed	6
<b>TOTAL</b>	<b>6,068</b>	<b>906</b>	<b>5,180</b>	<b>1 bed</b>	<b>1,610</b>
				<b>2 bed</b>	<b>2,133</b>
				<b>3 bed</b>	<b>1,118</b>
				<b>4+ bed</b>	<b>319</b>

Source: Ecorys analysis

### 3.5 Converting Backlog Need into an Annual Flow

The most important assumption in addressing current housing need is the timescale for clearing the backlog. The DCLG Guidance on SHMAs recommends converting the current backlog into an annual flow using a quota based upon meeting need over a period of 5 years. We present two scenarios: DCLG's recommended 5 year quota which would mean that 20% of current unmet need should be addressed each year (i.e. current backlog need divide by 5) and a 10 year quota with 10% addressed each year. The numbers are added to the annual flow of households falling into need (section 3.6 below) and newly arising need from future growth in the number of households (see table 4.2) to get total need on an annual basis over an initial five year period. This analysis is brought together in section 5.5. The two scenarios for converting backlog need into an annual flow are presented in table 3.14.

**Table 3.14 Annual Flow of Dwellings to Meet Backlog Affordable Need**

Scenario	Annual Flow				
	1 bed	2 bed	3 bed	4+ bed	Total
5 years	322	427	224	64	1,036
10 years	161	213	112	32	518

Source: Ecorys analysis

The table shows that if a five year timescale was used the annual requirement would be 1,036 affordable homes per year. If a ten year timescale is assumed the requirement would be far lower at 518 affordable homes per year.

### 3.6 Market Demand Arising from Backlog Need

A small proportion of households currently in need would be able to solve their housing problems by buying properties in the open market in Westminster. The estimated annual demand for homes in the market sector are included in the table below. The level of demand is derived from the affordability ratios estimated above. Following the approach to reducing backlog need, annual demand over five year and ten year periods are presented.

**Table 3.15 Annual Market Demand for Dwellings from Households Currently in Need**

Scenario	Annual Demand				
	1 bed	2 bed	3 bed	4+ bed	Total
Total	107	59	23	7	197
5 years	21	12	5	1	39
10 years	11	6	2	1	20

Source: Ecorys analysis

### 3.7 Households Falling into Need

A further component of future need concerns the expected flow of households falling into need due to a reversal of fortune. The recent history of households who recently started renting from the council, renting from a housing association or those that became homeless and started staying in temporary accommodation were examined using CORE data.

Those falling into need are considered to comprise the following:

- All homeless rehousing except those that were previously social sector tenants.
- Non-homeless households losing private sector accommodation because of eviction, arrears, domestic violence and end of tied tenancies.

Following this approach this annual “flow” is estimated to be 438 households.

The calculations take into account lettings into general needs housing (i.e. standard local authority and housing association tenancies) as well as Supported Housing (lettings which are permanent or medium terms tenures).

**Table 3.16 Falling into Need**

Element	Last 3 Years Total	Estimated Annual Flow
Lettings into General Needs Housing	1,056	352
Lettings into Supported Housing	258	86
TOTAL	1,314	438

Source: Ecorys analysis

As data is not available on the bedroom requirements of those falling into need, an assumption is made that the requirements reflect the requirements of households in current need. On this basis, the breakdown of bed size requirements for households falling into need on annual basis is set out in the table below.

**Table 3.17 Falling into Need: Bed Size Requirements**

Bed Size Requirement	1 bed	2 bed	3 bed	4 bed	Total
Number of households	136	180	95	27	438

Source: Ecorys analysis

### 3.8 Summary of Key Points

The following key findings emerge from the current housing needs analysis:

- Lower quartile rents are considered to be more affordable than entry costs for purchasing for all property sizes, so lower quartile rents are considered to represent the true entry costs for unsupported market housing. A household currently needs a gross annual income of £63,200 to rent a one-bedroom flat without assistance, while a family seeking to rent a three-bedroom property would need a gross income of £119,164.
- Based on secondary data analysis of all of the key components of backlog need it is estimated that 5,180 households are currently in housing need and unable to afford in the market, i.e. they would be unable to access suitable housing without assistance. It should be stressed that this is a conservative estimate, in particular only households facing 'severe' overcrowding have been included – if the bedroom standard is applied and all overcrowded households are included, the numbers would be considerably higher. The backlog figure represents around 4% of all households in the City.
- We estimate an additional 438 households are likely to fall into need each year.
- It is estimated that only a very small proportion of households in need would be able to solve their problems by purchasing properties in the open market.
- To meet all affordable housing need over the next ten years, the council and its partners would need to be able to provide suitable housing for 10% of existing households in need (518 households) each year, plus the new households (498) falling into need.

## 4.0 Future Need and Demand

### 4.1 Introduction

This chapter analyses the future need for affordable housing and future market demand for housing in Westminster over the next 20 years.

### 4.2 Household Growth

Chapter 2 set out the projected growth of both population and households in Westminster over the next few decades. According to the GLA central projection the number of households in Westminster will grow from 114,110 in 2014 to 128,167 by 2033, an increase of 728 households a year.

As shown below in Table 4.1, of the 728 projected annual growth in households between 2014 and 2033, 254 is from one person households, 239 is from couple households with no children, 39 is from couple and one adult and 189 is from 'other' households (those without couples, lone parents or dependent children). In terms of percentage annual change a number of categories are expected to shrink. These include couples with one child and 2 children and lone parents with 2 or more children.

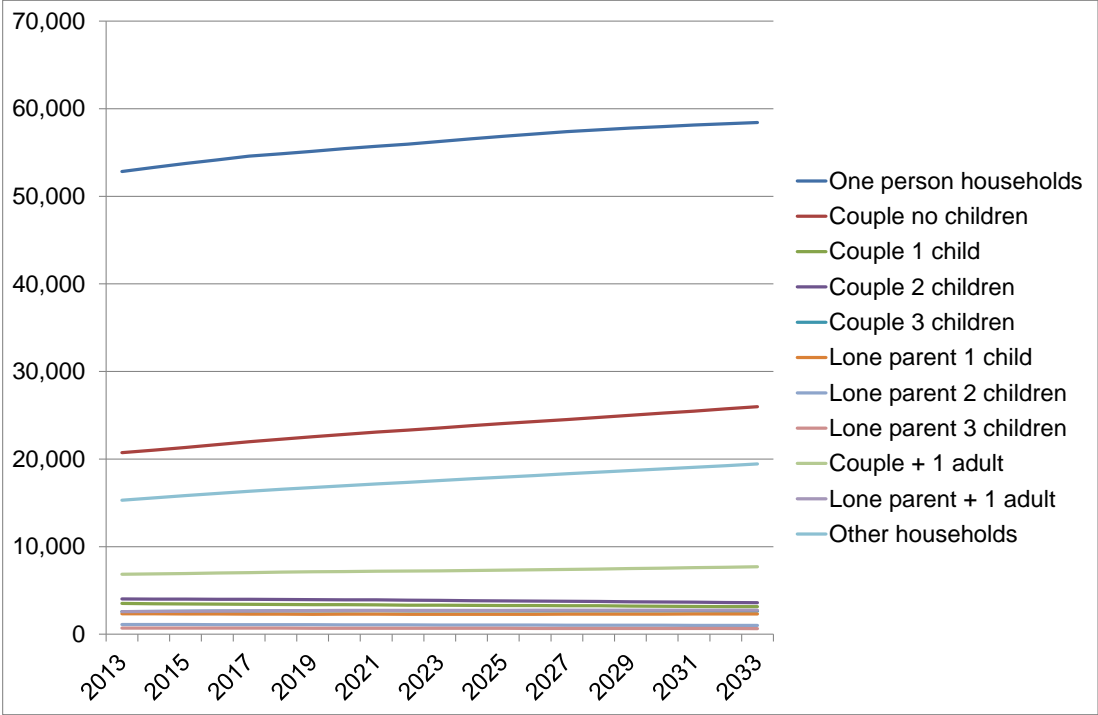
**Table 4.1 Projected Annual Household Growth by Household Type 2014-2033**

Household Type	Annual Growth
One person	254
Couple: no children	239
Couple: 1 child	-17
Couple: 2 children	-20
Couple: 3+ children	1
Lone parent: 1 child	-1
Lone parent: 2 children	-5
Lone parent: 3+ children	-3
Couple + 1 Adult (0,1,2 or 3+ dependent children)	39
Lone parent + 1 adult (1,2 or 3+ dependent children)	8
Other households	189
<b>TOTAL</b>	<b>728</b>

*Source: GLA 2013 round Trend-based household projections (central scenario)*

Figure 4.1 shows the projected growth for each of the key household types. These have been analysed separately in the modelling of future demand and need to arrive at project figures for the demand for market housing and need for affordable housing.

**Figure 4.1 Growth in Households by Households Type**



Source: GLA 2013 round Trend-based household projections (central scenario)

### 4.3 Approach to Assessment of Future Need and Demand

Our approach to modelling future housing need is derived from estimating the scale of the effective demand for market housing in the next 20 years (2014 - 2033). A comparison of the affordability of different tenures is achieved in the model by introducing the costs of private renting and intermediate housing. It models the volume of newly forming households that, each year, are able to afford a mortgage, taking account of both the monthly cost and the size of the deposit.

The potential demand for intermediate housing is derived by subtracting the volume of households that can afford market housing from the volume that can afford intermediate housing. This is examined in chapter 5. (The costs of intermediate housing will be derived from an examination of the costs of available products that are most relevant to the needs of each household type).

The key features that this approach compares are as follows:

- Underlying demand, which is household formation determined by demographic changes and migration patterns and hence the 'natural' demand for housing arising each year.
- Effective demand, which is a subset of underlying demand, determined by income and mortgage conditions, and represents the actual quantity of housing that newly formed households are able to buy (or rent) each year.

The gap between the two is indicative both of the scale of the 'problem' caused by current and potential future house price rises and mortgage conditions and the scale of residual demand for other tenures/ solutions.

The core data sets and assumptions to be used in the modelling approach are:

- Household projections – In December 2013 the GLA published three variants of the trend-based population projections and corresponding household projections. These are labelled as High, Central and Low with the different scenarios based on domestic migration assumptions beyond 2017. The economic crisis has been linked to a fall in migration from London to the rest of the UK and a rise in flows from the UK to London. The variants reflect a range of scenarios relating to possible return to pre-crisis trends in migration. The 'high' scenario assumes changes to domestic migration flows are structural and recent patterns persist regardless of an improving economic outlook. In the 'low' scenario changes to domestic migration patterns are assumed to be transient and return to pre-crisis trends beyond 2018. Domestic outflow propensities increase by 10% and inflows decrease by 6% as compared to the 'high' variant. We propose to adopt the 'central' scenario which assumes recent migration patterns are partially transient and partially structural. Beyond 2018, domestic outflow propensities increase by 5% and inflows by 3% as compared to the 'high' variant.
- Household incomes - The approach to assessing demand and need for housing in the future can be derived from analysis of the current distribution of incomes in Westminster provided by CACI data. A limitation of the CACI data is that it only provides an analysis of income distribution across all household types. To improve the realism and policy relevance of the analysis it is important to consider the incomes of particular household types and the size of dwellings they would require in terms of numbers of bedrooms. We used English Housing Survey (EHS) data (2011-12) to examine how incomes vary between different household types at the regional level (i.e. single person; couple, couple with children, lone parent) in comparison with the income distribution of all households. If it is assumed that this relationship applies in Westminster, the CACI data can be adjusted to provide income estimates for different household types.
- Relationship between household types and bedroom requirements – The relationship between household size and bedroom requirements underpins the affordability calculations. In the London SHMA modelling it is assumed that households in affordable housing occupy only the size of homes they require according to the bedroom standard, even though some currently have more or less bedrooms than they need. This assumption is used because households entering affordable housing in a constrained environment like London are generally allocated the size of home they require and no more, and it does not seem reasonable to assume that either current overcrowding or current under-occupation levels continue.
- Lower quartile house prices (derived from analysis of current advertised prices on the Right Move website).
- Mortgage conditions – standard product loan to value ratio and interest rates (derived from analysis of current mortgage best buys).

Annual household income growth assumptions, house price inflation, and changes in mortgage conditions over the time period assessed are based on the latest available market intelligence.

The table below sets out the key variables and data sources used in the modelling:

Variables	Sources	Assumptions
Household projection	GLA 2013 Round Household Projections (trend-based projections central scenario)	-
Lower quartile house prices	Current LQ House prices for 1, 2, 3, 4+ bed based on survey of properties on Right Move website  House price projections for Central London based on Savills latest mainstream regional market projections (Q4 2013)	Annual growth of 3.0% (in 2014); -1.0% (in 2015); 8% (in 2016); 6.5% (in 2017) and 5% (in 2018) – based on the Savills forecasts.  First scenario: 5% p.a. growth held constant from 2019 onwards Second scenario: 2% p.a. growth held constant from 2019 onwards
Household income	Household income estimates to be sourced from CACI.  Household income growth projections based on OBR forecast, December 2013 (average earnings)	Annual growth of 2.6% (in 2014); 3.3% (in 2015); 3.5% (in 2016); 3.7% (in 2017); 3.8% (in 2018); 2.5% (thereafter)  Average tax rate of 30% to convert gross income to net income. This is a common assumption in affordability analysis.
Loan To Value Ratio	Based on mortgage best buys on the moneysupermarket.com website	60% in 2014 - rising gradually to 75% by 2018 and then held constant at 75% from 2019 onwards
Mortgage Interest Rate	Based on Bank of England predictions for the changes to the base rate (Source: Bank of England November 2013 Inflation report)	1.5% in 2014 - rising 0.25% percentage points every year from 2015 reaching 2.5 from Q1 2018. Held constant from 2019 onwards.
Payback period	-	General assumption that the payback period is 25 years
Market Rents	Hometrack data on private rents for different bed sizes	Forecast growth in rents based on projecting forward trends from 2009-2013.
Effective market demand condition 1	-	Mortgage costs must not be higher than 40% of net household income
Effective market demand condition 2	-	The deposit required must not be higher than the net annual household income
Demand condition market renting	-	Rents must not be higher than 40% of net household income



Variables	Sources	Assumptions
Demand condition intermediate housing		Rents / monthly costs must not be higher than 40% of net household income

#### 4.4 Future Need and Demand – Next Five Years

Based on the assumptions set out above, table 4.2 breaks down the projected growth in each household type over the next five years (between 2014 and 2018) by tenure affordability. Where there is negative growth in relation to particular categories this would have the effect of freeing up dwellings. It is assumed that there is an equal split between the ownership, PRS and affordable homes sectors in terms of the number of homes released. This has been factored into the overall analysis of net demand for the different bed sizes. The affordability gap shows the number of households that cannot afford homes in the open market. The potential roles of the various affordable tenures in meeting this need are addressed in chapter 5.

**Table 4.2 Need and Demand by Household Type (2014-2018)**

Household Type	Bed size	Number of Households who can afford option			Affordability gap (Need for intermediate / affordable / social rent)
		Ownership	PRS	Net PRS (PRS but not ownership)	
One person	1	101	101	0	1,915
Couple: no children	1	153	487	334	1,044
Couple: 1 child	2	-37	-	-37	-37
Couple: 2 children	3	-19	-	-19	-19
Couple: 3+ children	4+	3	3	0	65
Lone parent: 1 child	2	-18	-	-18	-18
Lone parent: 2 children	3	-10	-	-10	-10
Lone parent: 3+ children	4+	-4	-	-4	-4
Couple + 1 Adult (0 dependent children)	2	16	16	0	306
Couple + 1 Adult (1 dependent children)	3	-7	-	-7	-7
Couple + 1 Adult (2 dependent children)	4+	-18	-	-18	-18
Couple + 1 Adult (3+ dependent children)	4+	-2	-	-2	-2
Lone parent + 1 adult (1,2 or 3+ dependent children)	3	6	6	0	107
Other households (1 bed)	1	5	14	9	51
Other households (2 bed)	2	16	49	33	498

Household Type	Bed size	Number of Households who can afford option			Affordability gap (Need for intermediate / affordable / social rent)
		Ownership	PRS	Net PRS (PRS but not ownership)	
Other households (3+ bed)	3	32	63	31	571
<b>TOTAL</b>		<b>217</b>		<b>292</b>	<b>4449</b>

Source: Ecorys analysis

The table shows that latest GLA household projections and future estimations of affordability indicate that over the next five years (2014-2018) 509 additional homes will be demanded in the open market and there will be an additional need for 4,449 affordable homes.

The table shows that single person households and couples (without children) are likely to provide a major component of the need for additional homes and particularly affordable homes. Based on the affordability calculations detailed in section 4.3, it is estimated that at least 95% of single person households currently would not be able to afford the mortgage costs for a lower quartile priced one bed property in Westminster. Given the latest market intelligence on house price forecasts and official estimates of income growth, it is fair to assume that affordability problems are unlikely to improve. Based on the modelling of the relationship between house prices and incomes, it is therefore estimated that over the next five years there would be a need for 1,915 additional affordable homes for single people and an additional 1,044 affordable homes for couples to meet demand.

Based on the assumptions on bed size requirements set out in the table above, the table below provides estimates of the overall bed size requirements over the next 5 years.

**Table 4.3 Bed Size Requirements (2014 -2018)**

Bed size	Ownership	PRS	Affordable homes
One	259	343	3,010
Two	-23	-22	749
Three	2	-5	642
Four +	-21	-24	41
<b>TOTAL</b>	<b>217</b>	<b>292</b>	<b>4449</b>
%	4%	6%	90%

Source: Ecorys analysis

The analysis above was repeated for the following period of fifteen years (2019 – 2033) with the results displayed in table 4.4.

**Table 4.4 Need and Demand by Household Type (2019-2033)**

Household Type	Bed size	Number of Households who can afford option			Affordability gap (Need for intermediate / affordable / social rent)
		Ownership	PRS	Net PRS (can afford PRS but not ownership)	
One person	1	179	179	0	3,399
Couple: no children	1	372	1,859	1,487	1,866
Couple: 1 child	2	-78	-	-78	-78
Couple: 2 children	3	-117	-	-117	-117
Couple: 3+ children	4+	-15	-	-15	-15
Lone parent: 1 child	2	2	2	0	35
Lone parent: 2 children	3	-26	-	-26	-26
Lone parent: 3+ children	4+	-14	-	-14	-14
Couple + 1 Adult (0 dependent children)	2	41	41	0	783
Couple + 1 Adult (1 dependent children)	3	-21	-	-21	-21
Couple + 1 Adult (2 dependent children)	4+	-43	-	-43	-43
Couple + 1 Adult (3+ dependent children)	4+	0	0	0	5
Lone parent + 1 adult (1,2 or 3+ dependent children)	3	3	3	0	55
Other households (1 bed)	1	8	45	37	110
Other households (2 bed)	2	64	349	285	923
Other households (3+ bed)	3	74	99	25	1,377
<b>TOTAL</b>		<b>421</b>		<b>1,520</b>	<b>8,239</b>

Source: Ecorys analysis

Based on the assumptions on bed size requirements set out in the table above, the table below provides estimates of the overall bed size requirements over the next 15 years.

**Table 4.5 Bed Size Requirements (2019 -2033)**

Bed size	Ownership	PRS	Affordable homes
One	559	1,524	5,375
Two	-12	207	1,663
Three	-90	-113	1,268
Four +	-72	-72	-67
<b>TOTAL</b>	<b>421</b>	<b>1,520</b>	<b>8,239</b>
%	4%	15%	81%

Source: Ecorys analysis

## 4.5 Summary of Key Points

The following key findings emerge from the analysis of future housing needs:

- The latest GLA household projections and future estimations of affordability indicate that over the next five years (2014-2018) 509 additional homes will be demanded in the open market and there will be an additional need for 4,449 affordable homes.
- In the following 15 years (2019-2033) there will be an additional demand of 1,940 homes in the open market and an additional need for 8,239 affordable homes.
- The GLA projections indicate that over the long-term there will be a shrinkage in market demand for 3 and 4 bed properties in the City.

## 5.0 Meeting Housing Requirements

### 5.1 Introduction

This section considers the extent to which current and future housing requirements can be met within Westminster. It begins by considering the extent to which those households in need identified through the analysis of current and future need in chapters 3 and 4 would be able to afford intermediate housing products which are currently on offer in Westminster. Those who cannot afford either market or intermediate options would require subsidised low cost PRS housing or another intermediate product. The chapter goes on to consider the extent to which current planned developments can meet the current and future housing needs for the different tenure options over the next five years. The role of the PRS is covered in depth in Chapter 7.

The chapter also provides an analysis of the intermediate housing register including how demand from those on the register compares with the demand identified through the general assessment of current need and affordability in Westminster. The potential roles of other housing options including the private rented sector and affordable rent properties in meeting the requirements of those on the register are also considered.

### 5.2 Demand for Intermediate Properties

This section considers how need could be met through the provision of intermediate and affordable rent properties. Affordability thresholds for both intermediate and affordable rent properties are based on the percentage of gross income to be spent on housing costs. As set out in section 3.2, affordability thresholds are based on the London Plan guidance that housing costs should not exceed 40% of net income (where net income is 70% of gross income).

The estimated monthly costs for intermediate homes are based on a survey of intermediate housing association properties available in Westminster on the Homeownership Westminster and London First Steps websites accessed in March 2014. No properties were available in the 4+ bed category in Westminster therefore the annual costs for 4+ bed costs are derived from the typical ratio of 3 bed to 4 bed costs in nearby boroughs. The table also compares the affordability of low cost home ownership products with intermediate rents based on recent advertised properties on the Homeownership Westminster website.

**Table 5.1 Households Income requirements by Bedroom Size (Intermediate Rent)**

	1 bed flatshare	1 Bed (flat/apartment)	2 Bed	3 Bed	4+ Bed
Average monthly rent	£462	£1,100	£1,310	£1,518	£1,837
Average annual rent costs	£5,550	£13,191	£15,720	£18,216	£22,042
Annual gross household income required (to afford rent)	£19,820	£47,110	£56,140	£65,057	£78,719

Source: Ecorys analysis

#### ***Demand from those in Backlog Need***

The table below shows the potential demand for intermediate rent homes from households currently in need identified through the analysis in section 3. It is assumed that all households registered as homeless would not be able to afford homes in the intermediate sector.

**Table 5.2 Need for Intermediate Housing from Households in Current Need**

Category / type of backlog	Estimated number of households who cannot afford in the private market	Bed requirements		Potential Demand for Intermediate Housing	Need for Social / Affordable Rent Homes
<b>Homeless Households</b>	2,355	1 bed (flat)	48	0	48
		2 bed	1,321	0	1,321
		3 bed	807	0	807
		4+ bed	197	0	197
<b>Concealed Households</b>	1,581	1 bed	1,044	0	1,044
		2 bed	448	180	268
		3 bed	27	6	21
		4+ bed	5	0	5
<b>Overcrowded Households</b>	263	1 bed	-208	0	0
		2 bed	109	6	103
		3 bed	252	14	238
		4+ bed	109	6	103
<b>Households sharing basic facilities</b>	824	1 bed	583	0	583
		2 bed	225	80	145
		3 bed	13	4	9
		4+ bed	2	0	2
<b>Households facing mobility issues</b>	139	1 bed	85	0	85
		2 bed	30	5	25
		3 bed	18	2	16
		4+ bed	6	1	5
<b>TOTAL</b>	<b>5,180</b>	<b>1 bed</b>	<b>1,610</b>	<b>0</b>	<b>1,610</b>
		<b>2 bed</b>	<b>2,133</b>	<b>271</b>	<b>1,862</b>
		<b>3 bed</b>	<b>1,118</b>	<b>26</b>	<b>1,092</b>
		<b>4+ bed</b>	<b>319</b>	<b>7</b>	<b>312</b>

Source: Ecorys analysis

The modelling approach indicates that there are no significant differences in the affordability of 1 bed properties between the market and intermediate sectors. For example it is estimated that 90% of households in the concealed singles category cannot afford either market or intermediate rents for 1 bed properties (flats). As under 30s were excluded from the estimates of those currently in need it is assumed

that all households requiring 1 bed properties would require flats rather than flat shares<sup>27</sup>. The main difference in affordability was for groups requiring 2 and 3 bed properties. For these size categories generally between 10% and 5% of households in need are able to afford homes in the market sector while between 40% and 20% can afford intermediate rents.

### ***Demand for Intermediate Homes based on Future Need (2014-2018)***

The potential demand for intermediate housing over the next five years is estimated by subtracting the number of households that can afford market housing from the number that can afford intermediate housing. The table shows the estimated number of households that could potentially afford intermediate rents based on the modelling approach outlined in section 4. For household types where shrinkages in the number of households are projected it is assumed that the ratio of intermediate homes released to other affordable homes reflects the affordability ratio for these tenancy categories.

**Table 5.3 Potential Future Need for Intermediate Housing**

Household Type	Bed size	Number who can afford market	Number who can afford Intermediate Rent	Net Intermediate housing demand	Need for Social / Affordable Rent Homes
One person	1	101	134	33	1,881
Couple: no children	1	487	794	306	737
Couple: 1 child	2	(74)	-	(9)	(28)
Couple: 2 children	3	(38)	-	(5)	(15)
Couple: 3+ children	4+	3	21	18	47
Lone parent: 1 child	2	(36)	-	(5)	(13)
Lone parent: 2 children	3	(20)	-	(5)	(15)
Lone parent: 3+ children	4+	(8)	-	(1)	(3)
Couple + 1 Adult (0 dependent children)	2	16	193	177	129
Couple + 1 Adult (1 dependent children)	3	(14)	-	(2)	(5)
Couple + 1 Adult (2 dependent children)	4+	(36)	-	(5)	(13)
Couple + 1 Adult (3+ dependent children)	4+	(4)	-	(1)	(1)
Lone parent + 1	3	6	15	9	97

<sup>27</sup> Flat share refers to accommodation where living space and kitchen is shared amongst occupants..

Household Type	Bed size	Number who can afford market	Number who can afford Intermediate Rent	Net Intermediate housing demand	Need for Social / Affordable Rent Homes
adult (1,2 or 3+ dependent children)					
Other households (1 bed)	1	14	23	9	42
Other households (2 bed)	2	49	158	109	388
Other households (3+ bed)	3	63	264	201	370
<b>TOTAL (2014 - 2018)</b>		<b>509</b>		<b>829</b>	<b>3598</b>

Source: Ecorys analysis

Note: Figures in brackets are minus numbers

The table below provides estimates of the overall bed size requirements over the next 5 years for intermediate rent properties and the remaining number of households who would not be able to afford either open market or intermediate options (the affordability gap).

**Table 5.4 Bed Size Requirements (2014 -2018)**

Bed size	Intermediate Housing		Need for Social / Affordable Rent Homes	
	Number	%	Number	%
One	348	42%	2,662	74%
Two	272	33%	477	13%
Three	198	24%	444	12%
Four +	11	1%	30	1%
Total	829	100%	3,613	100%

Source: Ecorys analysis

## 5.3 Housing Requirements 2014-2018

This sections brings together the analysis from sections 3 (on backlog need), section 4 on future need and demand and section 5.2 to identify housing requirements by tenure type for the period 2014-2018.

### 5.3.1 Market Demand

The table below sets out the overall demand for market dwellings over the next five years based on the demand arising from households currently in need who can afford properties in the open market (see table 3.15) and future market demand over five years (see table 4.2).



**Table 5.5 Market Demand 2014-2018**

Bed size	Backlog		Future (2014-2018)		Total	
	Ownership	PRS	Ownership	PRS	Ownership	PRS
1	46	61	259	343	294	390
2	26	34	-23	-22	-4	3
3	10	13	-2	-5	9	4
4+	3	4	-21	-24	-18	-20
TOTAL	85	112	207	292	281	377

Source: Ecorys analysis

### 5.3.2 Intermediate Need

The table below sets out the overall demand for intermediate properties over the next five years based on the analysis in section 5.2.

**Table 5.6 Intermediate Demand 2014-2018**

Bed size	Backlog	Falling into Need	Future (2014-2018)	Total
1	0	0	348	348
2	271	131	272	674
3	26	11	198	235
4+	7	3	11	21
TOTAL	304	145	829	1,278

Note: The Falling into Need figures are derived from table 3.17 (five year totals are derived) and the estimated ratio of demand for intermediate housing which is based on the affordability analysis (table 5.2) above

### 5.3.3 Social Housing

The table below sets out the overall 'affordability gap' (or need for affordable rent housing) over the next five years, bringing together the analysis in chapters 3 and 4 and the analysis above which addresses the affordability of intermediate properties.

**Table 5.7 Affordability Gap (Need for Affordable Rent or 'Capped' Affordable Rent) 2014-2018**

Bed size	Backlog	Falling into Need	Future (2014-2018)	Total
1	1,610	681	2,662	4,953
2	1,862	770	463	3,095
3	1,092	461	532	2,085
4+	312	132	23	467
TOTAL	4,876	2,044	3,680	10,600

Source: Ecorys analysis

## 5.4 Supply

The previous section identified the potential need and demand for market and affordable homes over the next five years. This section identifies the net annual need for affordable homes by taking into account current planned supply (i.e. the new build supply of affordable dwellings) and the turnover of affordable properties (i.e. affordable re-lets to new tenants entering social housing).

### 5.4.1 Annual Supply of Social Re-lets

The previous DCLG SHMA Guidance recommended that the average number of re-lets over the previous three years should be used to predict the annual re-let level. We have taken the CORE average of LA and RSL lets for 3 years then deducted the proportions of first lets and re-let transfers using CORE data

to arrive at a net annual figure of 460. Future first lets are addressed in the analysis below on planned supply. Re-let transfers are excluded because households moving within the social rented sector do not generate additional supply. The bedroom breakdown of re-lets, based on CORE data, together with the projected supply over 1 year and 5 years are presented in the table below.

**Table 5.8 Re-Lets Bedroom Breakdown**

	1 bed	2 bed	3 bed	4 bed	Total
Percentage (bedroom breakdown)	58.5%	25.3%	14.1%	2%	100%
1 year total	256	111	62	9	438
5 year total	1,281	554	309	44	2,190

Source: CORE; Ecorys Analysis

There is limited data on intermediate re-let and re-sales although we understand from data provided by Homeownership Westminster that shared ownership resale property opportunities add another 20 opportunities each financial year. We would assume that 20 re-let opportunities would be available in the intermediate rent sector. However as there is no data on bed sizes, intermediate re-lets and re-sales have been excluded from the analysis of annual supply.

**5.4.2 Planned Developments under Construction**

In assessing how far demand and need will be met through planned supply it is important to take into account the likelihood that planned developments will go ahead. Generally the approach taken in previous housing market studies has been to only consider development which has already begun or is fully resourced with all planning requirements in place i.e. developments which are ‘under construction’.

The table below shows the number of units which are currently under construction in Westminster by tenure type.

**Table 5.9 Social and Intermediate Units Currently Under Construction**

Tenure	1 bed	2 bed	3 bed	4+ bed	Total
Market	289	253	230	53	825
Social	6	42	34	4	90
Intermediate	59	43	6	0	108

Source: Respipe data (for market only); social/intermediate breakdown provided by Council separately

**5.5 Bringing the Analysis Together – Establishing Net Need and Demand**

The next tables bring together the various supply and demand elements identified in sections 3 and 4 and above to arrive at the final housing need figures for Westminster.

As indicated in chapter 3, the most important assumption in addressing current housing need is the timescale for clearing the backlog. The DCLG Guidance on SHMAs recommends converting the current backlog into an annual flow using a quota based upon meeting need over a period of 5 years. We have presented two scenarios: DCLG’s recommended 5 year quota which would mean that 20% of current unmet need should be addressed each year (i.e. current backlog need divide by 5) and a 10 year quota with 10% addressed each year. The rate of backlog reduction is factored into the overall assessment of need (taking into account current and future need) and supply to arrive at figures for the net current and future needs for private, intermediate and social rent/affordable rent over a five year period. The supply of market, intermediate and affordable housing (Table 5.9) is subtracted from the need and demand figures to arrive at figures for unmet need and demand.

The tables below bring together the various supply and demand elements to arrive at the final housing need and demand figures for Westminster over the next five years. Following the approach of the London SHMA we present two scenarios. The first table shows net demand and need if it is assumed that backlog need would need to be cleared over a five year period. The second table shows net demand and need if backlog need is cleared over a ten year period (i.e. the backlog need figures in table 5.5 to 5.7 have been divided by 2). The 5 year and 10 year backlog numbers are added to newly arising need (including falling into need and newly arising need and demand based on the GLA projections) in order to arrive at total need over a five year period.

**Table 5.10 Five Year Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	709	14	20	-38	706
	Supply	289	253	230	53	825
	Net need	420	-239	-210	-91	-119
Social	Gross need	4,953	3,095	2,085	467	10,601
	Supply	1,287	596	343	48	2,274
	Net need	3,666	2,499	1,742	420	8,327
Intermediate	Gross need	348	674	235	21	1,279
	Supply	59	43	6	0	108
	Net need	289	631	229	21	1,171

*Note: gross need is based on calculations presented in tables 5.5 – 5.7; supply figures are from tables 5.8 and 5.9*

**Table 5.11 Five Year Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	655	-15	9	-41	607
	Supply	289	253	230	53	825
	Net need	366	-268	-221	-94	-218
Social	Gross need	4,148	2,164	1,539	311	8,163
	Supply	1,287	596	343	48	2,274
	Net need	2,861	1,568	1,196	263	5,889
Intermediate	Gross need	348	539	222	18	1,127
	Supply	59	43	6	0	108
	Net need	289	496	216	18	1,019

*Note: gross need is based on calculations presented in tables 5.5 – 5.7 with backlog totals from these tables divided by 2 to reflect the longer backlog reduction period; supply figures are from tables 5.8 and 5.9*

The table above suggests a considerable unmet need for social rented properties over the next five years (5,900) even if backlog need is cleared over a 10 year period. The table also shows that there is only a demand for one bed properties in the market sector.

The next tables show the annual unmet need based on the two scenarios (i.e. the net need figures in the tables above divided by 5). The annual supply of market, intermediate and affordable housing is subtracted to arrive at figures for annual unmet need and demand.

**Table 5.12 Annual Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	84	-48	-42	-18
Social	733	500	348	84
Intermediate	58	126	46	4

*Source: Ecorys analysis*

**Table 5.13 Annual Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	73	-54	-44	-19
Social	572	314	239	53
Intermediate	58	99	43	4

Source: Ecorys analysis

The figures on bed size requirements suggest a relatively high need for 1 bed properties and a negative demand for 2 bed+ market properties. These figures are mainly driven by the future need for affordable housing which is derived from the GLA household projections. The projections indicate that single person households and couples (without children) are likely to provide a major component of the need for additional homes and particularly affordable homes. As the contextual analysis on population trends shows in section 2, Westminster has a higher proportion of 25 to 39 year olds than London as a whole. The relatively younger population in Westminster is a significant factor driving the high demand for one bed size properties. However the GLA household projections indicate that there will be a decrease in the number of households which require larger dwellings such as families with children (see table 4.2). The implications of this analysis is returned to in the conclusions (section 8.2).

## 5.6 Development Pipeline (unimplemented permissions)

The City Council's 5 year housing supply schedule also identifies schemes in the planning pipeline i.e. schemes which have been granted planning permission but where the construction process has not yet begun. Excluding developments under construction which are identified above, the total additional planned units over the next five years are:

- Market – 990
- Affordable – 332 (including at least 112 intermediate units)

Westminster's Housing Renewal Strategy published in 2010 identified the need to improve the quality of housing and the supply and quality of affordable homes to meet a variety of local needs, including housing for families. The strategy identified five initial renewal neighbourhoods (Church Street, Tollgate Gardens, Brunel, Ebury Bridge and Westbourne Green) that would be the focus of investment. Housing estate regeneration plans for each of the areas are progressing with the exception of Brunel and Westbourne Green as residents voted against the proposals. However masterplanning for all areas is progressing and the City Council has informed us that the new housing supply as a result of the regeneration in the renewal areas which are going ahead is very likely to take place. The likely supply from the regeneration plans which would be additional to the planned unimplemented developments highlighted above is set out in table 5.14.

**Table 5.14 Proposed Net Supply from Westminster's Regeneration Plans**

	Social	Intermediate	Private
Current Units	253	0	141
Proposed Units	410	106	646
Change	157	106	505

Source: Westminster City Council

## 5.7 Analysis of the Intermediate Housing Register

In April 2009 the City Council set up a dedicated intermediate housing service (Homeownership Westminster). It was established to provide a clear and easy first point of contact for advice and information about intermediate housing and to help customers understand the confusing array of products. It was also set up to ensure that people prioritised for intermediate housing in Westminster were prioritised for local opportunities, which was not happening through the First Steps<sup>28</sup> service<sup>29</sup>. All registered providers advertise their Westminster opportunities through the Homeownership Westminster service (both new opportunities and re-sales/relets) and have agreed through a Memorandum of Understanding for these properties to be made available in line with local priorities. The service is widely marketed through the Homeownership Westminster website – which advertises all opportunities and adverts are placed in the local authority magazine - the Reporter - which goes out to all Westminster residents. There are five priority groups which are summarised in table 5.15 below. Priority is awarded in line with the Mayor's guidelines and social housing tenants and armed forces personnel have the highest priority.

**Table 5.15 Priority Groups for Intermediate Homes Products**

Priority Group	Category	Priority Group Details
1	Social housing tenants giving up their property for nomination to WCC waiting list  MOD serving personnel  Ex Family Quota applicants (adult children of WCC tenants and leaseholders)  Discretionary P1s (current discounted rental/IMR tenants in housing association property within Westminster)	First offer within band to Social Housing tenants - all Council and RP tenants living in Westminster  Second offer to MOD serving personnel  Third offer to ex-family quota category waiting list applicants with a WCC issued and confirmed list number as at 31 March 2011  Fourth offer to current housing association discounted rental/IMR tenants, residing in Westminster, when vacating the property provides an opportunity for WCC to nominate into the resultant vacant property (subject to verification by Homeownership Westminster)
2	Waiting list for council housing	Homeless duty owed to re-house.
3		All other Council Housing Waiting List categories.
4	Westminster residents	Currently living in Westminster (No nomination offer will be made until the term of residency is at least 12 months unless agreed by the Housing Development Manager.)
5	Working in Westminster	People employed in Westminster First preference within this group given to key workers meeting Westminster's definition over other professions (No nomination offer will be made until the period of employment in Westminster is at least 12 months unless agreed by the Housing Development Manager.)

Source: Homeownership Westminster

<sup>28</sup> FIRST STEPS is the official intermediate housing programme from the Mayor of London. The programme aims to bring together all advertised properties on to one website.

<sup>29</sup> Opportunities in Westminster could be offered to anyone meeting the Mayor's criteria regardless of where they lived and worked.

### 5.7.1 Profile of Households on the Intermediate Housing Register

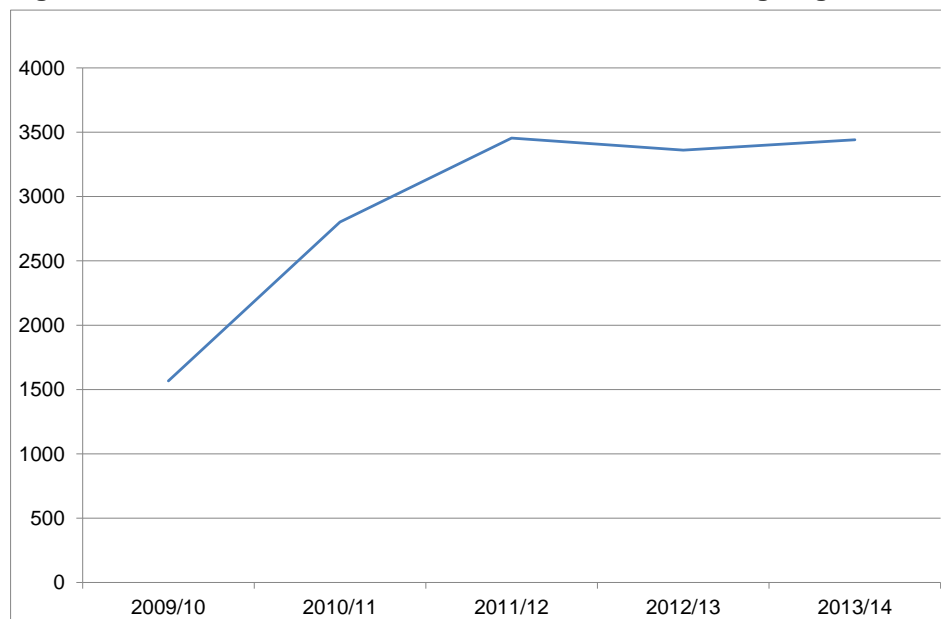
Households can join the register only if they are eligible to do so. The key eligibility criteria are set out below:

- Households must have either lived or worked in the borough for at least 12 months;
- Working households are able to cover mortgage or rent payments each month;
- Household income required by registrants should be between £18,000-£66,000 for 1 and 2 bed properties and £80,000 for 3 beds properties; and
- First Time Buyers only (or if they were a previous home owner in UK or abroad they have not owned for the last 2 years).

The criteria are also designed to encourage households with a desire or aspiration to have a stake in homeownership, or a more secure form of accommodation to join the register.

As shown in the graph below, the number of households on the register has increased from 1,567 in 2009/10 to 3,442 in 2013/14. The graph shows a rapid rise in the number of registrants between 2009/10 and 2011/12. Much of this increase can be explained by the increase in residents' awareness of intermediate products as a result of the marketing efforts of Homeownership Westminster.

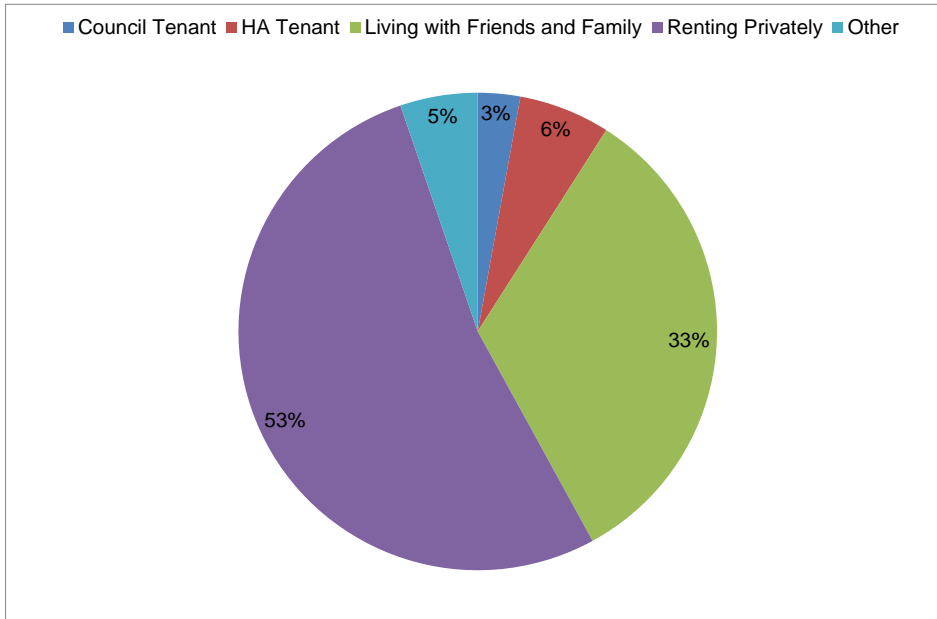
**Figure 5.1 Numbers of Households on Intermediate Housing Register**



Source: Westminster Intermediate Housing Register

As the chart below shows, just over half of the 3,534 households currently registered (53%) rent privately while 33% live with family and friends. Only 9% of those registered live in social housing.

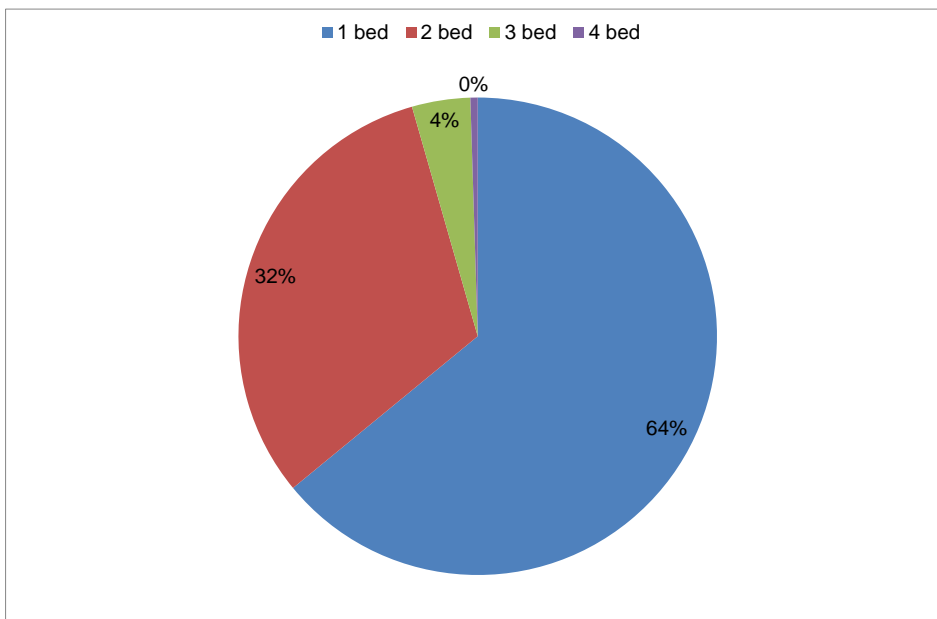
**Figure 5.2 Households Registered for Intermediate Housing by Tenure**



Source: Westminster Intermediate Housing Register

As shown in figure 5.3 below, the majority of households on the register (65%) require a 1 bed property, 32% need a 2 bed property and only 4% need properties with 3 beds or more with less than half a per cent requiring 4 bed properties.

**Figure 5.3 Households Registered for Intermediate Housing – Bed Size Requirements**



Source: Westminster Intermediate Housing Register

The tables below show the affordability of various product options for those on the intermediate housing register for all property sizes. In line with the approach set out in section 3.2, the affordability assumption is that households can afford the particular options if costs do not exceed 40% of net household income (70% of gross income).

Table 5.16 shows that the lower quartile market rent for 1 bed properties is £335 per week. The income threshold at which households can afford to rent in the private sector is therefore £62,214. On this basis

43 of the 2,264 households on the register needing 1 bed properties could afford lower quartile rents in Westminster. The table indicates that 63% of those on the register who require 1 bed properties would be able to afford affordable rent properties at the mid-range rent as set out in the Council's affordable rent statement.

Westminster's intermediate housing register indicates a higher demand for one bed properties in the intermediate sector than indicated by the assessment of backlog demand in section 5.2. The register reflects the aspirations of households to have a stake in homeownership while the analysis of backlog need identifies the number of households with particular housing needs who can afford properties in the intermediate sector.

**Table 5.16 Affordability of Tenure Options - 1 Bed Properties**

Option	Annual Cost	% lower quartile rents	Household Income threshold	Number of households on register which can afford option	% of households on register which can afford option
Private rented sector (based on lower quartile market rent)	£17,694	100%	£63,192	43	2%
Affordable Rent <sup>30</sup>	£7,982	45%	£28,507	1,433	63%
Intermediate rent (fair share scheme – single U35s only)	£6,240	36%	£22,286	872 (single U35s only)	38%
Intermediate rent	£13,191 <sup>31</sup>	75%	£47,110	361	16%
Intermediate ownership	£13,200 <sup>32</sup>	75%	£47,140	361	16%
Total number on register				2,264	

Source: Westminster Intermediate Housing Register and Ecorys analysis

The City Council requires an assessment of the extent to which the intermediate housing needs of single people could be met through 'flat sharing'. The 'Fair Share' scheme will provide high quality sub-market rent accommodation in Central London on a shared basis for people who do "their fair share for the local economy", which implies that the scheme will be marketed to people working in Westminster. The most suitable accommodation type for this tenure would likely be 3 bedroom units with living space and kitchen shared amongst all three housemates. The Council has earmarked a number of sites within Westminster's Central Activities Zone in and around the West End which are suitable for the pilot. These will consist of new build and conversion of existing stock (pending sign-off from the Homes and

<sup>30</sup> Affordable rent costs are based on Westminster City Council's Affordable Rent Statement (September 2011)

<sup>31</sup> The estimated monthly costs for intermediate homes are based on a survey of intermediate housing association properties available in Westminster on the Homeownership Westminster and London First Steps websites accessed in March 2014.

<sup>32</sup> The estimated annual costs for intermediate ownership properties takes into account rent, service charge and estimated mortgage costs.



Communities Agency) and comprise of up to 25 units. Soho Housing alone will be supporting affordable sharing with around 20 properties over the next two years.

Criteria were agreed with the Council to identify the number of potential ‘flat sharers’ on the intermediate housing register. Single people under 35 were considered most likely to be interested in flat share opportunities. An analysis of the register shows that 1,055 households fall into this category and of these, 872 single people would be able to afford the fair share property. Whether this provides a realistic assessment of the actual demand for Fair Share properties would depend on how far the Fair Share properties meet the aspirations of people on the register. Anecdotal evidence suggests those on the register generally do not wish to share communal areas with others (kitchen, bathroom, living room) and would rather a place of their own. Although most want to buy many will consider renting if it means they can move away from living with family or to be closer to their place of work, whilst they save for a deposit to buy their own home. The Fair Share scheme could therefore be seen as a short term solution for some single people who are looking to move but would like to stay within the City.

None of the 1,134 households on the register needing 2 bed properties could afford lower quartile rents in Westminster. Table 5.17 indicates that 65% of those on the register who require 2 bed properties would be able to afford affordable rent properties at the mid-range rent as set out in the Council’s affordable rent statement.

Westminster’s intermediate housing register indicates a lower need for two bed properties (116 to 271) than suggested by the assessment of backlog demand in section 5.2.

**Table 5.17 Affordability of Tenure Options - 2 Bed Properties**

Option	Annual Cost	% lower quartile rents	Household Income threshold	Number of households on register which can afford option	% of households on register which can afford option
Private rented sector (based on lower quartile market rent)	£24,440	100%	£87,285	0	0
Affordable Rent	£8,892	36%	£31,757	733	65%
Intermediate rent	£15,720	65%	£56,143	116	10%
Intermediate ownership	*		£60,000	65	6%
Total number on register				1,134	

Source: Westminster Intermediate Housing Register and Ecorys analysis

None of the 114 households on the register needing 3 bed properties could afford lower quartile rents in Westminster. The table indicates that 57% of those on the register who require 3 bed properties would be able to afford affordable rent properties at the mid-range rent as set out in the Council’s affordable rent statement.

Westminster’s intermediate housing register indicates a lower need for three bed properties than suggested by the assessment of backlog demand in section 5.2.

**Table 5.18 Affordability of Tenure Options - 3 Bed Properties**

Option	Annual Cost	% lower quartile rents	Household Income threshold	Number of households on register which can afford option	% of households on register which can afford option
Private rented sector (based on lower quartile market rent)	£33,366	100%	£119,164	0	
Affordable Rent	£9,516	29%	£33,986	65	57%
Intermediate rent	£18,216	55%	£65,057	6	5%
Intermediate ownership	No data		-	-	
Total number on register				114	

Source: Westminster Intermediate Housing Register and Ecorys analysis

There are only 9 households on the register requiring 4 bed properties and only 2 households in this category with incomes over £50,000. However both of these households do not have incomes above the £78,000 threshold that would be required to afford intermediate rents for 4 bed properties.

Generally, the income data on the register indicates that the majority of households on the register are not able to afford intermediate properties. The table below shows that there is a considerable difference between the estimated need for intermediate homes and the numbers on the intermediate housing register. It should be noted however that the need for intermediate homes is based on analysis of incomes of households in backlog need i.e. those who are facing specific housing problems whereas the register reflects the aspirations of households to have a stake in homeownership. The reason that the estimated need for intermediate homes amongst households in backlog needs is zero was explained in section 5.2 i.e. the modelling approach indicates that there are no significant differences in the affordability of 1 bed properties between the market and intermediate sectors for those in backlog need.

**Table 5.19 Estimated Need for Intermediate Housing and Intermediate Register**

Bed size	Estimated Need	Intermediate Housing Register
1	-	2,263
2	271	1,134
3	26	114
4	7	9

## 5.8 Summary of Key Points

The key points to emerge from the analysis are as follows:

- It is estimated that there will be a need for 1,300 intermediate units in Westminster over the next five years (based on current and future projected need). 108 intermediate units are currently under construction which suggests an unmet need of approximately 1,200 units over the next five years. However, more intermediate units (up 200) can be expected to flow from the unimplemented pipeline and the City Council's regeneration plans.
- After taking into account the number of social units which are currently 'under construction' in the City and assuming a backlog clearance of ten years, the unmet need for social rented housing in Westminster over the next five years is estimated at 5,900.
- The number of households on Westminster's intermediate register has increased from 1,567 in 2010/11 to 3,442 in 2013/14. The register indicates a higher need for one bed intermediate properties and a lower need for two and three bed intermediate properties than suggested by the general assessment of backlog need and affordability.
- On the basis of income data, a majority of households would be able to afford affordable rent accommodation at the rents which were set in 2011 without any housing benefit support. However, a generally much smaller proportion would be able to afford intermediate products.
- Generally over half of households on the register would be able to afford affordable rent properties but not intermediate rents based on the bed size requirements.
- The City Council's Fair Share scheme which is currently being piloted would aim to provide accommodation at intermediate rents for single people interested in flat shares. Single people under 35 are considered most likely to be interested in flat share opportunities. An analysis of the register shows that 1,055 households fall into this category and of these, 872 single people would be able to afford the fair share property. However it is likely that people have applied to the register because they have aspirations to have a stake in home ownership or live independently, and therefore actual demand is likely to be much lower than this analysis suggests. A separate register for Fair Share properties may help to identify the true level of demand for this type of accommodation.

## 6.0 Specialist Housing Requirements

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### 6.1 Introduction

The main focus of this report is on general needs housing across all tenures as the City Council undertakes its own local research into the needs of specialist groups. This section provides additional analysis into the need for specialist student housing, for disability accessible and wheelchair adapted housing, housing for armed forces service personnel, and facilities for those wishing to build their own homes.

### 6.2 Students

Westminster currently has eleven major universities and colleges within its boundary, more than any other London authority<sup>33</sup> and is home to many smaller colleges, professional education institutions, training centres, London campuses of several American universities, and language schools. Three of the worlds' 'top 100' universities are located in Westminster. Geographically Westminster borders Camden which also has significant numbers of other Higher Education (HE) schools, and colleges of the University of London are located just to the north of Westminster's boundary. The higher education sector is a major employer in Westminster's economy, employing over 20,000<sup>34</sup> people, and it owns substantial land, buildings and facilities. The presence and spending power of students is a significant and welcome economic force.

Student numbers attending Westminster's universities and colleges – and therefore either living in or commuting into the area – are difficult to estimate because of multiple campuses. According to HESA<sup>35</sup> data there are 119,000 students attending Westminster HE institutions, nearly a third of the Higher Education students in London. This would include students registered at Westminster institutions but studying on campuses outside the borough. Of those registered at Westminster institutions, 64% are UK domiciled and 36% are from the EU or other nations. There is also a similar and significant split between undergraduate proportions (64%) and postgraduate proportions (34%) – the remaining 2% are attending Further Education courses. Over a third (36%) of higher education students in London attend an establishment in Westminster.

The housing implications of this demographic are two-fold: although a substantial proportion of UK-domiciled students may live at home, London universities attract students from throughout the UK and – when added to the 36% of international students – this represents a significant housing requirement. Secondly, the relatively high proportion of postgraduates – a third of the total – might imply an older and possibly family profile for at least a proportion of this group, leading to a larger size accommodation requirement or less chance that these students would want to house-share with others.

However, when we look at the 2011 Census data on the number of full-time students that actually live in Westminster, the numbers and proportions are low. Nearly 22,000 full-time students were living in the borough when the Census was taken: only 18% of those were attending Westminster higher education establishments. Only 4,335 students were enumerated as 'household reference person' (the replacement

<sup>33</sup> London Student Housing, 2012, Drivers Jonas Deloitte

<sup>34</sup> Westminster Local Economic Assessment Baseline Report, 2011

<sup>35</sup> Higher Education Statistics Agency: statistics by institution <http://www.hesa.ac.uk/content/view/1897/239/>

for 'head of household')', but this figure is not a good indicator of student presence, as it undercounts multiple student households. It should be noted that University of Westminster, whose students make up 20,000 of the 119,000 students attending Westminster institutions, provides over 800 student bedspaces out of borough.

There has been a certain amount of work done on the housing requirements of students in London. The London Academic Forum, set up by the Mayor to advise on student housing requirements, predicts an increase in student numbers in Greater London of between 6,000 and 10,000 per annum until 2025. Assuming a proportionate increase this would imply additional student number of between 1,920 and 3,200 per annum in attending Westminster Higher Education institutions every year until 2025, an increase of between 2% to 3% per annum.

How this need is to be met is the subject of debate on the proportion of purpose-built versus existing private rented sector HMOs that are required and need being met in other boroughs. At least one strand of the Forum's thinking involved consideration of commuting time and distance that students could expect to travel.

The Forum, through the London Strategic Housing Market Assessment, has produced a range of scenarios. The principal one that feeds into the 'Further Alterations to the London Plan' suggests that 33% of students should be housed in purpose-built accommodation, implying an annual London requirement of 2,500 to 3,100 units per annum<sup>36</sup>. This position has been taken in the context of built up pressure from an expanding student population, and the scope that purpose-built accommodation will have in reducing pressure on the conventional private rented sector and freeing it up for others in housing need.

While rents set by universities are likely to be lower than those available in the private rented sector, the Forum also identified issues around the affordability of purpose-built accommodation, especially that provided by the private sector. The expanding international student market in London is driving this to some extent. They recommend that a new clause is introduced into the London Plan which, subject to viability, requires those providers who have not entered into an undertaking with a specific academic institution(s), to deliver an element of student accommodation that is affordable for students in the context of average student incomes and rents for broadly comparable accommodation provided by London universities. It should be noted that Westminster City Council responded to this draft proposal in the Further Alterations to the London Plan by asking for it to be removed.

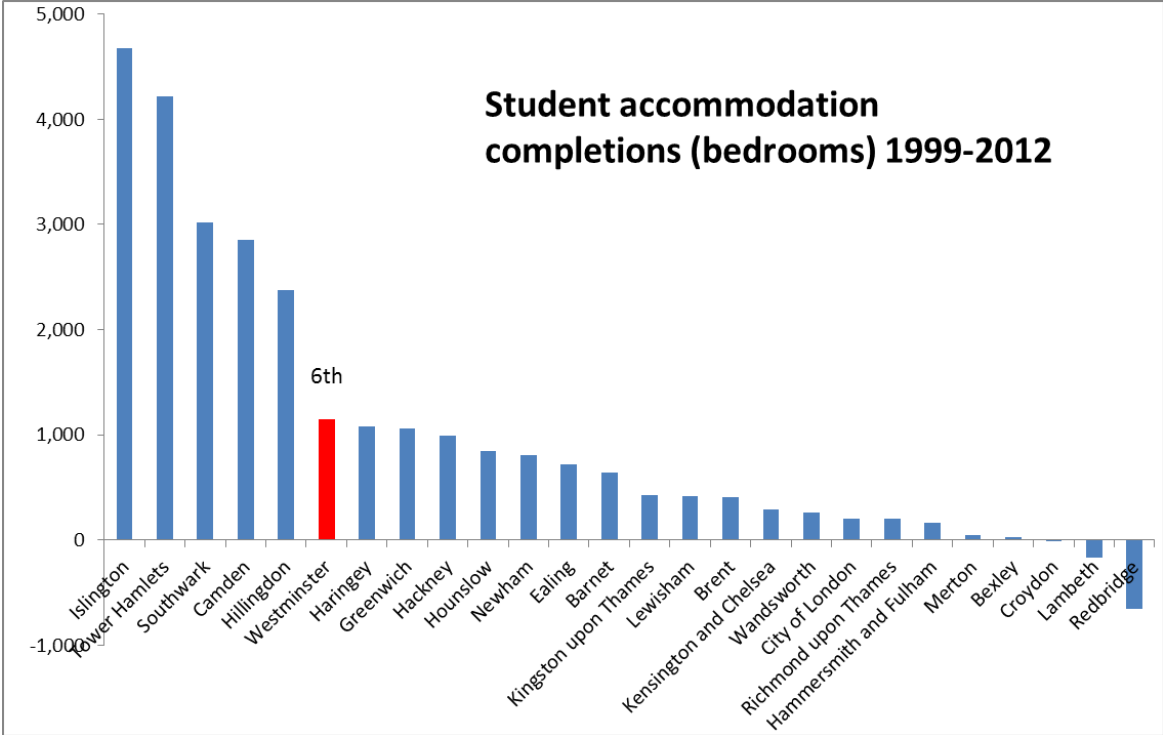
As regards the international market, there are indications from Westminster officers that a significant proportion of this group are living in accommodation purchased or rented by their parents.

In terms of Westminster's role in meeting this need, approximately 60% of the 59,000 purpose built student accommodation units are located in six inner London boroughs, including Westminster. However Westminster currently contains substantially fewer units than Camden, Islington, Tower Hamlets and Southwark, around 3,200 units. Given that Westminster educational institutions hold 36% of London's higher education students, there is a substantially smaller proportion of London student accommodation to be found within Westminster – some 9% of the total. And this deficit seems especially significant, given the low proportion of Westminster students that currently live in the borough, as noted above. There is substantial reliance on the private rented sector, both within and outside Westminster.

<sup>36</sup> London Strategic Housing Market Assessment, 2013

If we examine the number of completions of new student accommodation, there were 1,145 net additional bedrooms completed in Westminster in the period between 1999-2012, under 5% of the total number of completions of student accommodation in London in the period. If we also look at the number of approvals granted in the period – viewed by the Mayor’s Academic Forum<sup>37</sup> as a better indicator of trends, there were 1,230 approvals for student accommodation granted in Westminster – under 4% of the total approvals for student accommodation granted between 1999 and 2013.

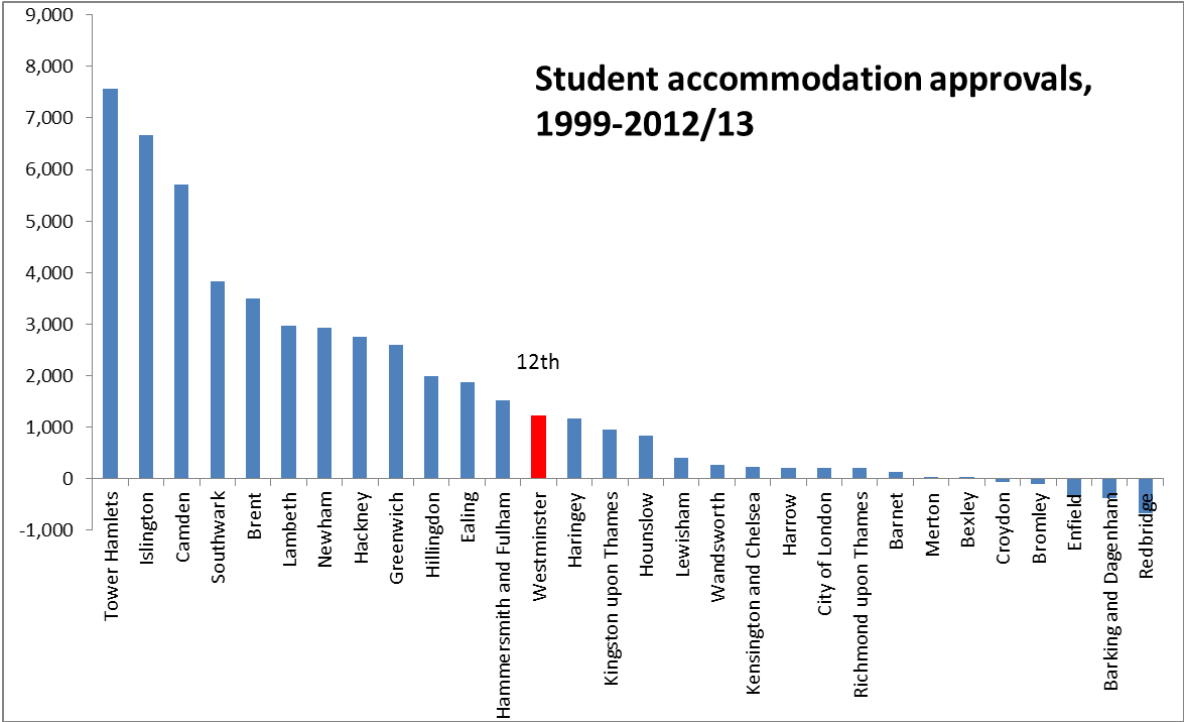
**Figure 6.1 Student Accommodation Completions (bedrooms) 1999-2012**



Source: Mayor’s Academic Forum

<sup>37</sup> Strategic planning issues for student housing in London, Mayor’s Academic Forum, March 2014

**Figure 6.2 Student Accommodation Approvals 1999-2012/13**



Source: Mayor’s Academic Forum

However, clearly, there are other factors at work limiting the number of students living in Westminster. The ease of transport links into central London, the high cost of development in Westminster and land scarcity combine to work against significantly ramping up Westminster’s student purpose-built stock. The London Academic Forum has suggested scenarios whereby it is acceptable to meet student housing demand by providing accommodation at certain travel time distances from higher education facilities. The London Plan indicates that student demands should not compromise capacity to meet the need for conventional dwellings. It also recommends more dispersed distribution of further development, taking account of regeneration potential in accessible areas outside central London<sup>38</sup>.

Outside the purpose-built sector, there is a tension between and competition for certain segments of the private rented sector between students and other lower income Westminster residents. The private rented sector is discussed in more detail in Chapter 7 but it is clear from a survey of landlords, that some are interested in expanding lettings to students, potentially at the expense of those to lower income households: Housing Options staff have noticed increased competition from foreign students for properties in the PRS; and there is at least some current of thought (drawn from a survey of the members of the Mayor’s Academic Forum) that greater provision of affordable housing for students would simultaneously help Westminster maintain its role and reputation as a centre of academic excellence, and take pressure off the lower end of the PRS, on which lower-income students may rely. However, given the high demand for conventional affordable housing that is discussed in earlier chapters, the authority will find it difficult to prioritise planning for additional student accommodation.

<sup>38</sup> Further Alterations to the London Plan, section 3.53a, Mayor of London, 2014

### 6.3 Disability and Wheelchair Accessible Accommodation Requirements

#### 6.3.1 The demographic, social and health context

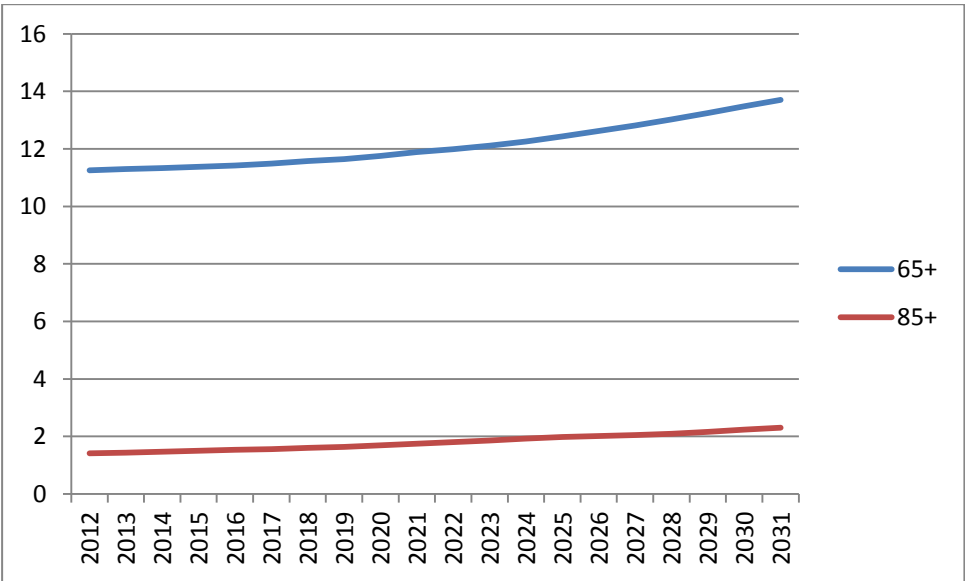
The current and future requirement for disability accessible and wheelchair-adapted accommodation is intrinsically linked to the age and health profile of Westminster’s population. 75% of current wheelchair users are aged 60 and over in England<sup>39</sup>, including 20% who are 85 or over.

#### Ageing population

In common with the rest of England, Westminster’s population is an ageing one. The number of residents aged 65 or over is forecast to rise from 25,175 in 2012 to 28,101 by 2020, and to 34,336 by 2031, representing an increase in the proportion of the population from 11.25% to 13.7%. It is noticeable that demographic patterns related to historic birth rates mean numbers increase particularly rapidly after 2017. This is a similar rate of increase to that of London as a whole. In terms of actual numbers, this represents a 36% increase of the over 65s by 2031.

When we look at the numbers of very elderly residents (85 or older), these are forecast to increase from 3,168 in 2012, to 4,052 by 2020, and to 5,768 by 2031. This is an increase from 1.4% to 2.3% of the total population. The figures increase most particularly after 2021. In terms of the actual numbers, this represents an 82% increase of 85+ residents in Westminster, a slightly faster rate of increase than that for London as a whole (80%).

**Figure 6.3 Older Residents as a percentage of Westminster Population**



Source: GLA population projections (Central), 2013

This is the basis of the population that are likely to need wheelchair-accessible accommodation in the future. While there will be younger households with these needs (discussed below) a significant proportion will be from the older categories.

We have data projecting numbers of older people with mobility with mobility impairments until 2020 from the Projecting Older Peoples Population Information System (POPPI). This shows that in 2012 in

<sup>39</sup> English Housing Survey 2011 Table A6.11



Westminster there were 4,565 residents 65 or over who were unable to manage at least one mobility related activity on their own. Activities included going out of doors and walking down the road, getting up and downstairs, and getting around the house. This number was forecast to increase by 1,000 to 5,592 by 2020 – a 22% increase owing to improved medical science and better lifestyles meaning people with disabilities live longer.

**The tenure of an ageing population**

The tenure profile of older people in Westminster differs markedly from that of London as a whole and England. This is primarily to do with the relatively low levels of owner-occupation in the authority, and high levels of private renting.

**Table 6.1 Proportion of Population Aged 65+ by Tenure**

Area	Owner-occupier	Social Rented	PRS
Westminster	45%	37%	19%
London	65%	27%	8%
England	75%	19%	6%

Source: Census 2011 Table DCV4201EW (Household Reference Person)

The over 85 group within these figures shows a similar profile, with a slightly higher reliance on the private rented sector (21%) and lower presence among owner-occupiers (42%). There must be significant interest therefore in the ability of the PRS to maintain that level of tenure into the future, though we cannot assume any factors relate to income and resources to support PRS tenures.

**Working age and younger disabled residents**

As regards younger residents with physical disabilities, the Projecting Adult Needs and Service Information database (PANSI) forecasts that the numbers in Westminster with moderate or severe physical disabilities aged 18 to 64 may increase from 2,903 in 2012 to 3387 in 2020 – a 17% increase. This is primarily a reflection of demographic factors and improvements in medical science increasing life span and moderating the severity of disabilities.

There is little information as regards children with mobility related disabilities. What there is stems from the Census of Children In Need (2013) run by the Department for Education, which recorded 138 children with mobility-related disabilities in Westminster. The other education-related database is the numbers of school-aged children with statements of Special Education Needs, which records 57 children with mobility-related disabilities.

**Health-related indicators**

The Census 2011 sheds some light on the health of the Westminster population, but it did not include a specific question on mobility-related disability or need for wheelchair accommodation. The data on the health of Westminster residents shows both that there are more in ‘very good health’ (54.2%) than the London average (50.5%), but also more in ‘bad’ or ‘very bad’ health (5.8% compared to 4.9%). The associated question about whether residents suffered a long-term health problem or disability showed Westminster’s figures being similar to London’s as a whole, with 7% saying their condition limited their activities a little, and another 7% saying their activities were limited a lot.

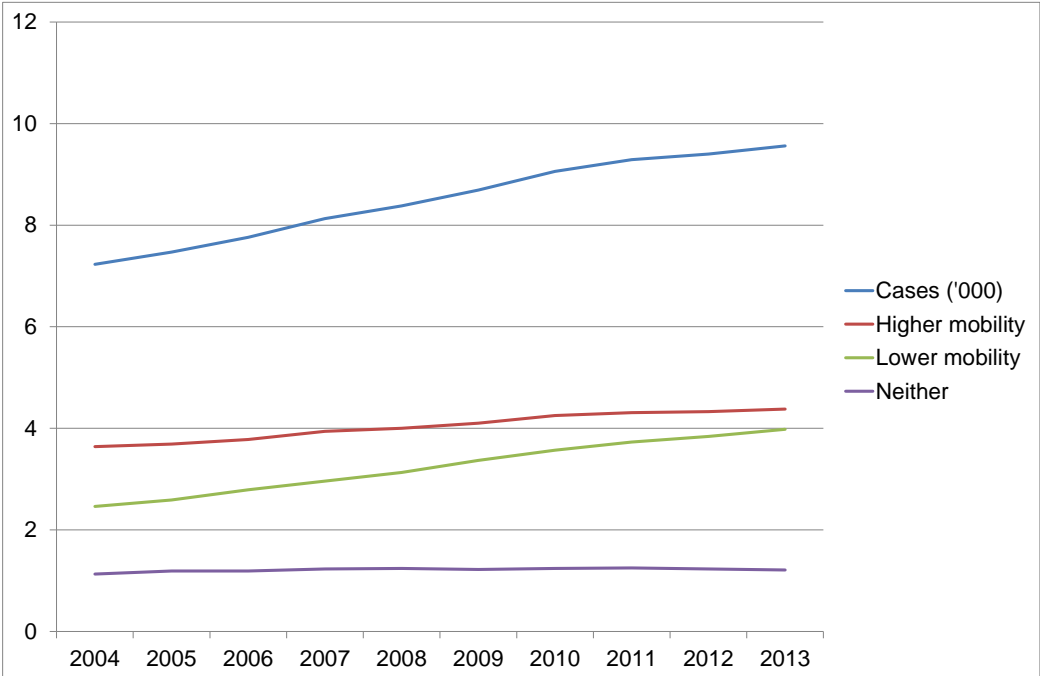
An additional assessment of the link between health and disability in Westminster is found in the 'Marmot Indicators' for health outcomes and social inequity, for each authority<sup>40</sup>. The most significant finding is that Westminster residents can expect to have substantially fewer years of their lives without a significant illness or health problem that limited their daily activities than either in London as a whole, or in England. This may contribute to increased requirement for disability-adapted accommodation.

### 6.3.2 Prevalence of disability

#### Disability Living Allowance and Disabled Facilities Grants

Another indicator of mobility-related disabilities are the numbers claiming Disability Living Allowance (DLA), and in particular the mobility-related components. These are divided into two sections – higher and lower mobility needs. Since 2004 the number claiming DLA in Westminster have increased by a third from 7,200 to 9,600. This includes a 22% increase in higher mobility needs claimants.

**Figure 6.4 Disability Living Allowance Claims**



Source: Department of Work and Pensions

In parallel with DLA, Disabled Facilities Grants enable residents with disabilities to acquire adaptations, to make their existing homes more accessible. Over the last three years 122 grants have been made in Westminster<sup>41</sup> for this purpose, and there was £525,000 available to Westminster for 2013-14<sup>42</sup>. Research carried out by the Building Research Establishment<sup>43</sup> for the DCLG estimated the average value of a DFG to be £5,191. The sum Westminster has available could thus be estimated to fund 101 DFGs.

<sup>40</sup> Marmot Indicators for Local Authorities 2012, UCL Institute of Health Equity / London Health Observatory

<sup>41</sup> Source – Westminster City Council

<sup>42</sup> Disabled Facilities Grant Capital Determination 2013-2014, DCLG, 2013

<sup>43</sup> Quoted in House of Commons Library Standard Note SN/SP 3011 Disabled Facilities Grants (England), December 2013

## Council Tax data

An additional data set that is relevant to the numbers requiring wheelchair accommodation is the Council Tax base. This lists the numbers of properties where there are Council Tax reductions, exemptions or disregards, for a variety of reasons that may involve disability and mobility impairments. They include properties where the resident has moved into care-based accommodation, where they are patients in a home, or where they have moved to have care provided. There are 95 such instances<sup>44</sup>.

### 6.3.3 Existing and future need for disability accessible and wheelchair accessible accommodation

The English Housing Survey 2012 estimates that there are 726,000 households in England where there are wheelchair users, representing 3.3% of all households: this is a 0.5% rise from the 2007 figures. Work by South Bank University<sup>45</sup> re-analysing EHS data has estimated that nationally around 13% of wheelchair-using households have unmet housing requirements; this figure rises to 18% in London (the data cannot be disaggregated to a local authority level).

Given that the Westminster demographic data noted above shows that the population is ageing at a similar – or slightly faster rate – than the London average, and that general health levels are similar to the London average, we would be fairly safe – and possibly a little conservative – in using the 3.3% and 18% figures at a Westminster level. Validation for this figure comes from the Westminster Private Sector Stock Condition Survey (2010) which assessed that around 3% of properties had a resident with a disability present (predominantly in the owner-occupier sector).

So, this results in forecast requirements for wheelchair accommodation (across all tenures) is as follows:

**Table 6.2 Requirements for Wheelchair Accommodation Across all Tenures**

	2012	2020	2031
Total households	107,344	114,681	121,707
Estimate of wheelchair-using households (3.3%)	3,542	3,784	4,016
Estimate of wheelchair-using households with unmet housing requirements (18%)	638	681	723

Source: GLA household projections 3013 and Ecorys analysis using South Bank model

To take this a stage further, we have broken down these forecast requirements by tenure and bedsize required, over the period 2012 to 2031. For tenure, we have used the Census 2011 proportions of the different tenures in Westminster. For the bedroom mix, we have used the proportions based on the requirements of general needs households on the Mobility Housing Register, as discussed in 6.3.6 below. These are similar to the overall tenure breakdown but there is a slightly higher one bed requirement, and slightly lower two bed requirement

<sup>44</sup> Council Tax Base spreadsheet, DCLG, 2012

<sup>45</sup> Mind the Step – an estimation of housing need among wheelchair users in England, Habinteg / South Bank University 2010

**Table 6.3 Requirements for Wheelchair Accommodation by Tenure and Bedsize**

Proportions by tenure and bedroom number					
Tenure	Total	1 bed	2 beds	3 beds	4 + beds
Owned or shared ownership	31%	20%	35%	41%	53%
Social rented	26%	31%	24%	24%	12%
Private rented or living rent free	43%	49%	42%	35%	35%
All categories: Tenure	100%	46%	30%	18%	6%
2012 wheelchair requirements					
Tenure	Total	1 bed	2 beds	3 beds	4 + beds
Owned or shared ownership	200	58	66	47	20
Social rented	165	91	45	28	5
Private rented or living rent free	273	144	80	40	13
All categories: Tenure	638	293	191	115	38
2020 wheelchair requirements					
Tenure	Total	1 bed	2 beds	3 beds	4 + beds
Owned or shared ownership	214	62	71	50	22
Social rented	176	98	48	30	5
Private rented or living rent free	291	153	85	42	14
All categories: Tenure	681	313	204	123	41
2031 wheelchair requirements					
Tenure	Total	1 bed	2 beds	3 beds	4 + beds
Owned or shared ownership	227	66	75	54	23
Social rented	187	104	51	32	5
Private rented or living rent free	309	163	90	45	15
All categories: Tenure	723	333	217	130	43

Source: Ecorys analysis using South Bank model, Census 2011 Table DC4601EW, WCC Housing Mobility Register 2014

This does not necessarily imply all this need should be met through provision of new stock. Conversions, adaptations and extra facilities may well be appropriate in many cases, especially among residents in the private sector.

#### 6.3.4 General accessibility of stock

The English Housing Survey (EHS) 2012 grades the accessibility of stock against four key features: level access; flush threshold; sufficiently wide doors and circulation and space to move around; and use of a WC on the ground or entry floor. The survey concludes that only around 1.1 million dwellings (5%) in England possessed all four of these features and could therefore be considered fully accessible, or 'visitabile'. Around 9% of dwellings had three features, 20% had two and 39% had one. Almost 6 million dwellings (26%) had none of these four features. Table 6.4 extrapolates those figures to the Westminster level.

**Table 6.4 Accessibility of Stock**

	2012
Total dwellings	118,318
4 accessibility / visitability features 5%	5,916
3 accessibility / visitability features 9%	10,649
2 accessibility / visitability features 20%	23,664
1 accessibility / visitability features 39%	46,144
0 accessibility / visitability features 26%	30,763

Source: Census 2011 and EHS 2012

The EHS also breaks down these quality standards by tenure and property type, as follows<sup>46</sup>:

**Table 6.5 Visitability Features in Westminster Housing Stock**

Tenure	Number of 'visitability features in current Westminster housing stock					
	None		1 to 3		All 4	
	%	no.	%	no.	%	no.
Owner occupied	27.3	8,819	69.5	22,429	3.2	1,039
Private rented	27.2	12,311	66.6	30,139	6.2	2,802
Local authority	23.1	2,901	71.5	8,973	5.3	670
Housing association	19.4	3,044	66.2	10,384	14.4	2,262
All dwellings	26.2	27,075	68.8	71,926	4.9	6,772

Source: Census 2011 and EHS 2012

### 6.3.5 The supply of social rented wheelchair and disability-accessible dwellings

There is some data available on the mobility-related characteristics of council stock, managed by City West Homes. Of the 12,100 plus homes, 74% have not yet been assessed for accessibility, 14% are graded CAT 3 (level access) and under one per cent (63 units of which 21 are supported or sheltered) are CAT 1 (wheelchair accessible) or CAT 2 (suitable for those who use a wheelchair outside the home but can manage inside without one). 12% have been assessed as not having the characteristics that would grade them as CAT 1, 2 or 3. The housing management assumption is that un-assessed stock is unlikely to be mobility-accessible; this means that around 86% of stock is likely to fall into none of the mobility categories. According to Westminster City Council stock data there are also another 7 flats with level access managed by City West Homes that are designated as temporary accommodation.

We can gauge the overall stock of social housing that is wheelchair accessible provided by housing associations and other Registered Providers from data in the 2011 Regulatory and Statistical Return. Unfortunately the Homes and Communities Agency has ceased to collect this information in more recent years, but the 2011 baseline gives a reasonable picture. In summary, there were 138 general needs units and 199 supported housing, or housing units designed for older people that were wheelchair accessible / mobility standard. This represented respectively 1.2% of general needs stock and 6.9% of supported housing owned by registered providers. If we assume that at least the same proportion of housing association stock as local authority stock is CAT 3, this means there are 1,965 of these homes, though it is likely (given that a greater proportion of housing association stock has been more recently developed than local authority stock) that there may be a greater number built to higher mobility standards and of larger bed sizes than assumed.

<sup>46</sup> It should be noted that the figures in this and the previous table do not tally, because of different definitions for counting property types (e.g. shared spaces, temporary homes, flats in commercial premises)

### The bedroom breakdown

We have size-related data for local authority stock (though not housing association mobility-accessible stock), but if we again assume similar proportions to local authority stock, a full picture of social housing mobility accessible stock is as follows:

**Table 6.6 Wheelchair Accommodation – Social sector Stock**

Bedrooms	Mobility stock: wheelchair access CAT 1,2			Mobility stock: level access CAT 3			Mobility stock total: CAT 1,2,3		
	HA	LA	Total	HA	LA	Total	HA	LA	Total
General need									
Studio/1	94	28	122	1297	1095	2392	1391	1123	2514
Two	33	10	43	452	381	833	485	391	876
Three	7	2	9	216	181	397	223	183	406
Four	3	1	4	10	9	19	13	10	23
TOTALS	138	42	180	1965	1666	3631	2103	1708	3811
Supported									
Studio/1	199	21	220	199	332	531	199	349	548

Source: analysis of WCC database and modelling of RSR 2011 data

The total figure for existing general needs wheelchair accessible social sector stock can be compared to the modelled and forecast unmet need of between 165 and 187 units between 2012 and 2031. In other words there is a need for the same amount again of wheelchair accessible units than is currently in the social sector stock.

### 6.3.6 Current need for mobility stock

As shown in Chapter 3, as well as the longer term trends noted earlier, the Housing Register gives a snapshot of current and backlog requirements. Of the 4,319<sup>47</sup> households on the Housing Register as of November 2013, their breakdown by mobility category was as follows:

**Table 6.7 Housing Register mobility categories**

Category	Number	Percentage
CAT1 Fully wheelchair accessible property needed	12	0.3%
CAT 2 Property needed for those who use a wheelchair outside the home but can manage in the home without one	20	0.5%
CAT 3 Level access property needed with no stairs	747	17%
CAT 4 Non adapted property needed	3,586	82%

Source: Housing Register November 2013

These figures are different from those modelled in tables 6.1 and 6.2, but as the requirement for level access accommodation is taken into account as well as specific wheelchair accommodation needs, there is some degree of similarity.

We also analysed the figures by the age group of the household reference person on the register. It should be remembered that there may well be older or younger people also in the household with the mobility requirements:

<sup>47</sup> There is only partial data on a very few households – 4 – so total figures in the section below will not always add to 4319

Here, we found that 85% of those head of households on the housing register are under 60 and a small percentage – about 8% - required CAT 1, 2, or 3 accommodation, the vast majority (273) requiring category 3 accommodation. As the age range increased, there are smaller numbers on the register – but a greater proportion needing mobility adapted accommodation. Again, category 3 accommodation is the most required, with 69% of 60-69 year olds, 73% of 70-79 year olds, and 82% of those aged 80 or over needing this. Full details are provided in the table below.

**Table 6.8 Adapted Accommodation Requirements by Age Band**

Age band	Number and %	Mobility Category				Total
		CAT 1	CAT 2	CAT 3	CAT 4	
18-59	Number	8	9	273	3373	3665
	% within Age Band	.2%	.2%	7.4%	92.0%	
60-69	Number	1	6	228	95	330
	% within Age Band	.3%	1.8%	69.1%	28.8%	
70-79	Number	0	5	149	49	203
	% within Age Band	.0%	2.5%	73.4%	24.1%	
80 or over	Number	3	0	97	19	119
	% within Age Band	2.5%	.0%	81.5%	16.0%	
Total	Number	12	20	747	3536	4317
	% within Age Band	.3%	.5%	17.3%	81.9%	

Source: Analysis of Housing Register November 2013

The Housing Register also holds data on the number of bedrooms households required. Again, we have analysed these against the mobility requirements for different sizes of households, this time just focussing on those requiring CAT 1, 2 or 3 accommodation. As can be seen below, the greatest demand is focussed on the smallest forms of accommodation – studios and one-beds, especially among those who need supported accommodation. However, among those requiring general needs accommodation, nearly a quarter need three bed or larger, and nearly 30% need 2 beds. This demand is predominantly for CAT 3 accommodation – level access – rather than wheelchair accessible per se. We used these figures to model the bedsize requirements for wheelchair accommodation in tables 6.5 and 6.6 above.

**Table 6.9 Bedroom Requirements for Adapted Accommodation**

	Number on Housing Register in Mobility Need		
	CAT 1,2	CAT 3	TOTAL
General needs			
Studio / 1	13	177	190
	6.8%	93.2%	
Two bed	9	115	124
	7.3%	92.7%	
Three bed	4	72	76
	5.3%	94.7%	
Four+ beds	1	24	25
	4.0%	96.0%	
TOTAL	27	388	415
	6.5%	93.5%	
Supported / community			
Studio / 1	5	358	363
	1.4%	98.6%	
Two bed	0	1	1
	0.0%	100.0%	
TOTAL	5	359	364
	1.4%	98.6%	

Source: Analysis of Housing Register November 2013

### 6.3.7 Private sector issues

While we have concentrated on supply and demand for social sector accessible housing in this section, we need to have some regard for the private sector side to have a rounded picture.

The Private Sector Stock Condition Survey (2010) indicated that there were around 3,700 owner-occupier and private renting households with disabled residents (3.4% of the total), who between them required some 17,000 different adaptations. The most common were grab rails, emergency alarms, stairlifts, redesigned kitchens and bathrooms, and ramps. 23% of dwellings housed occupants aged 60 or over, and 17% were occupied by single older people, who tended to live in worse conditions than other segments of the population. There is also concern about the number of 'hidden' residents with wheelchair requirements – the now adult sons and daughters of aging parents, with perhaps complex needs – in the private sector. This is linked to the forecast of increasing numbers of working age adults with moderate and severe physical disabilities noted earlier in this section. The prime concern is that some may be in danger of loss of accommodation and homelessness because of the welfare reform agenda, or on the death or infirmity of aging parents. Where there are established PRS tenancies, Westminster may be able to assist through grants with aids and adaptations. However, in spite of the relatively low numbers currently on the housing register with wheelchair requirements, the view of staff is that this may be the 'calm before the storm' as the current and future welfare benefits regime bites.

## 6.4 Armed Forces

As part of the implementation of the Localism Act 2011 relating to how authorities manage their housing allocation policies, Supplementary Guidance issued by the DCLG in December 2013 encouraged authorities to adopt a two-year residency test for allowing applications, but stated that authorities "must make an exception for certain members of the regular and reserve Armed Forces."<sup>48</sup> This includes allowing applications within a five year period after discharge, in cases where spouses or civil partners leave service accommodation after bereavement related to service in the armed forces, or where service or reserve service personnel need to move because of serious injury, medical condition or disability sustained as a result of their service.

Westminster's policy is to accept those meeting the above criteria onto the housing register. In order to be actually allocated housing, the applicants will be assessed to determine whether they come into a priority need group and if so, at the point of application applicants must fall under the following criteria:

- Have served in the Reserves or Armed Forces for a minimum of two years, and left within the last five years.
- If no longer serving, must not have been dishonourably discharged.
- Must have previously lived in Westminster for a minimum of three years prior to enlisting, or have immediate family currently living in Westminster and have done so for three continuous years.
- In the case of a bereaved spouse/partner, applicants must have lived in Westminster for three years prior to the bereaved spouse/partner's enlistment date, or have immediate family currently living in the borough and have done so for three continuous years.

<sup>48</sup> DCLG, *Providing social housing for local people*, December 2013, para 18



If these criteria are met, the applicant is given an additional ten points on top of the relevant points for their priority group. At the date of writing there are no service households on the register.

Given the pressures on Westminster's social housing stock, this policy provision seems to meet the requirement of giving reasonable preference to service families.

We therefore conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

## **6.5 People wishing to build their own homes**

National Planning Policy Guidance notes the government's desire to enable more people to build their own homes, and to make this form of housing a mainstream housing option. It suggests that local planning authorities should, therefore, plan to meet such demand. In 2011 a £30m fund was announced to support self- and custom – builders, £8m of which was directed at London, via the GLA.

Westminster City Council has the mechanisms in place to assist potential self-builders to identify suitable sites, either directly or via the Self-Build Portal. While encouraging self-build on appropriate sites, nonetheless there is concern that high land costs and lack of long-term controls over future use of self-build homes could result in the government fund being used for development for on-sale rather than development for long-term housing of local residents.

We therefore conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

## **6.6 Summary of Key Points**

### **6.6.1 Student Accommodation**

- Over a third of higher education students in London attend Westminster-based institutions; only 18% of those attending Westminster institutions actually live in the borough, and numbers are expected to rise by between 2% and 3% per annum.
- Only 9% of purpose-built student accommodation in London is located in Westminster, and there are issues around the affordability of purpose built accommodation, especially that provided by the private sector in London.
- There is competition between students and others for access to the private rented sector, with an increasing tendency for landlords to let to students, especially international students.
- In order to take some pressure off the PRS, there is at least some current of thought that Westminster needs to make greater provision for developing affordable housing for its students.
- However, given the high demand for conventional affordable housing that is discussed in earlier chapters, the authority will find it difficult to prioritise planning for additional student accommodation.

### 6.6.2 Wheelchair Accessible Accommodation

- It is estimated that there are 638 wheelchair-using households in Westminster across all tenures with unmet housing needs, forecast to gradually rise to 723 by 2031. Some of these needs can be met by conversions and adaptations.
- The greatest need will be for one-bed units (46%), but there will be a requirement for 30% two-beds, and 24% three-beds or larger.
- As regards the Mobility Housing Register for social rented housing, numerically, the greatest demand is for CAT 3 stock (level access), with 747 households on the register requiring this. But, proportionately in terms of available stock to meet demand, there is greater demand for CAT 1 and 2 stock (wheelchair accessible).
- The total figure for existing general needs wheelchair accessible social sector stock can be compared to the modelled and forecast unmet need of between 165 and 187 units between 2012 and 2031. Comparing the current supply of general needs wheelchair accessible accommodation with backlog demand, there is a need for the same amount again of wheelchair accessible units than is currently in the social sector stock.
- There is a substantial ageing population in the private sector and especially in the private rented sector, an increasing number of whom will require mobility-accessible accommodation at some stage. Welfare reform in the private rented sector may well exacerbate need. There is also concern about the number of 'hidden' residents with wheelchair requirements – the now adult sons and daughters of aging parents, with perhaps complex needs – in the private sector.

### 6.6.3 Armed forces

- Westminster has revised its social housing allocations policies in line with DCLG guidance to broaden the priority that armed forces households have to allocations, compared to other types of households.
- We therefore conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

### 6.6.4 People wishing to build their own homes

- Potential Westminster self-builders would have access to an £8million GLA support fund, and the authority can assist self-builders to identify suitable sites.
- However there is concern that high land costs and lack of long-term controls over future use of self-build homes could result in the government fund being used for development for on-sale rather than development for long-term housing of local residents.
- We therefore conclude that Westminster are taking all reasonable steps required in this area, and that further provision beyond that within the existing framework of supply of and demand for affordable housing is not necessary.

# 7.0 The Role of the Private Rented Sector in Meeting the Needs of Low Income Households

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## 7.1 Introduction

The private rented sector (PRS) is the single largest tenure in Westminster, accommodating 40% of the households in the borough (plus another 3% who live rent free). It has the highest proportion of private renters in London, and indeed in England. Numerically, it is the sixth largest in the country. It therefore fills a critical role in meeting housing requirements in the borough.

Previous primary research carried out between 2010 and 2011 identified that the sector had a role in accommodating a range of households with different characteristics<sup>49</sup>. Some of the main features were:

- 56% householders were in employment; 17% were unemployed, 9% were retired, and 8% were students;
- 40% of households were single people; 22% households had children;
- The sector was ethnically diverse;
- Over half households earned under £2000 a month; and
- 18% of households had a resident claiming housing benefit.

The study also surveyed landlords operating in the borough, and in particular asked for details of the tenant sub-market they catered for. Although the largest single group landlords catered for were young professionals on incomes between £24,000 and £48,000 per annum, a significant 31% catered for low income households that may be entitled to HB / LHA, and who may or may not be working. It is thus clear that at least in 2010 to 2011, the period when significant changes to Local Housing Allowance were being made, that the PRS had an important role in meeting the needs of low income households.

Additionally, some 7% of landlords let to homeless or vulnerable households placed or referred by the local authority. These will have been primarily statutory homeless households, and their position will be further reviewed in Chapter 8, though we examine the role of the PRS in meeting the needs of this sub-sector of low income households in this chapter.

This chapter updates the data on the make-up and costs of the PRS, particularly in the context of welfare reform, and re-surveys landlord views as to the direction of travel of the sector. It concludes by assessing the future role of the sector in meeting the needs of low income households.

## 7.2 The Cost of Private Renting

When we look at the costs of renting for those on lower incomes, we have to take account of the relationship between rents and benefits. There are three variables at this stage: market rents that are charged in Westminster, the relevant Local Housing Allowance (LHA) limits, and the overall household benefit cap for non working single people and families of £350 per week for single people and £500 per

<sup>49</sup> Westminster Private Rented Sector Study, Ecorys, 2011

week for couples and people/lone parents with children (not the removal of the bedroom subsidy, which only applies in the social sector). In the future Universal Credit (UC) will become relevant when benefit payments are made direct to the tenants (through discouraging landlords from renting to low income tenants). Figure 7.1 below tracks Lower Quartile (LQ) private sector rents against LHA and the household benefit caps. There are two Broad Rental Market Areas (BRMAs) in Westminster, Central London (which cover most of Westminster), and Inner London North, which covers some areas to the north and west. In fact, with the exception of the rate for shared accommodation in Inner London North which is lower, the rates are the same<sup>50</sup>.

It can be seen that for all property sizes LQ rents are greater than the relevant LHA, with the affordability gap increasing proportionately as properties get larger. For the largest properties, the overall household benefit cap is below the LHA limit – implying that even if a household was able to find a property within the LHA, they would still not get full housing benefit. Even for under-35s seeking shared accommodation, the gap between LQ rents and LHA rates is £51 per week in Inner London North and £15 in Central London.

If we look at the position (Figure 7.2) as regards average (median) rents in Westminster - the range where most of the available stock will be - the gaps between benefit levels and LHA limits become even more pronounced. For shared accommodation the gap now increases to £75 per week in Inner North London and £39 per week in Central London. And the household benefit cap thresholds would now impact on single people occupying one bedroom homes, and exacerbate affordability issues.

As can be seen from table 7.1, the period over which changes to LHA rates and other aspects of the welfare reform agenda were introduced have seen a significant shift in the make-up of the lower rent end of the private rented sector. Council HB staff report a 37% reduction in LHA HB caseload. LHA claims reduced from 6,668 in January 2012, to 4,419 in April 2013 to 4,207 in May 2014. The reduction has been compounded by the general strength of the market. Nonetheless, there are still over 60% of claimants still in accommodation. The biggest HB market is among shared accommodation and one bedroom flats and, as table 7.1 shows, lettings of these have been less severely impacted than larger homes. It seems clear that although the LHA market is reducing, there is still a relatively substantial legacy of tenancies in place in spite of welfare reform.

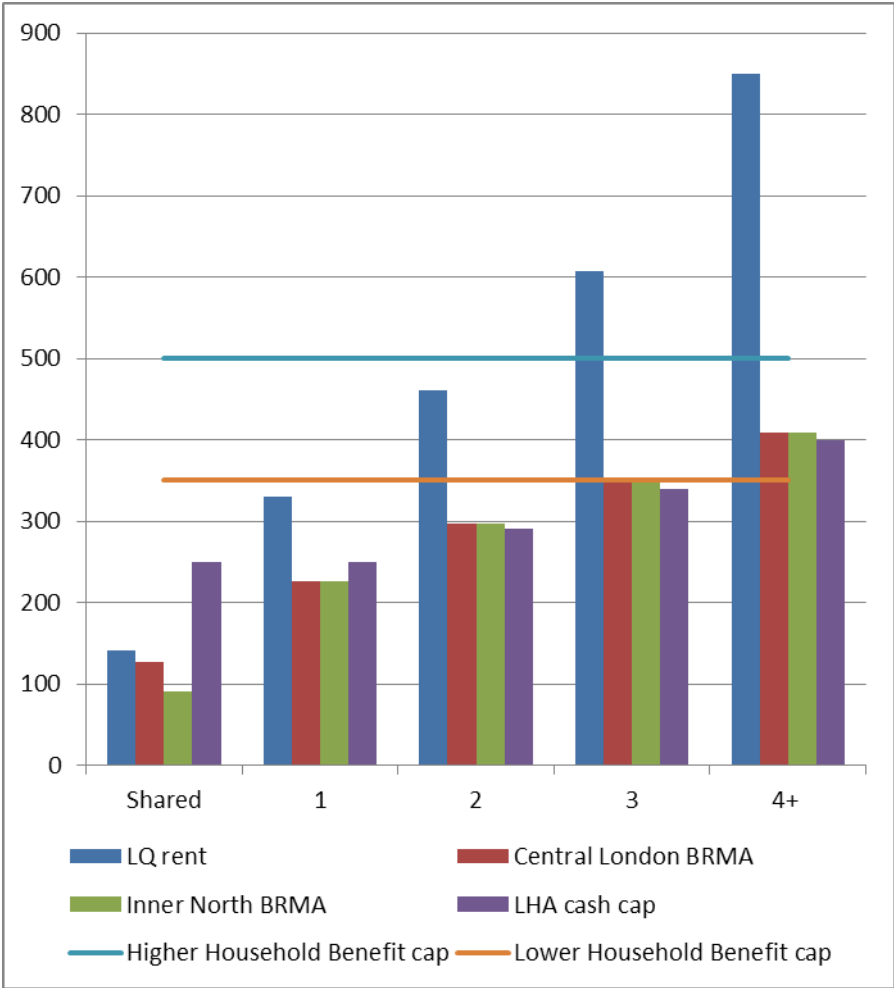
**Table 7.1 Changes in numbers of LHA claims**

Rooms	Claims May 2012	Claims May 2014	% reduction
0	849	637	25%
1	2536	1930	24%
2	1561	1041	33%
3	667	426	36%
4	201	130	35%
5	53	31	42%
6	19	12	37%
7	3		100%
<b>Total</b>	<b>5889</b>	<b>4207</b>	

Source: Westminster CC

<sup>50</sup> It should be noted that BRMA rates are scheduled to increase by 4% next year in London for the SAR, above the national 1% rate

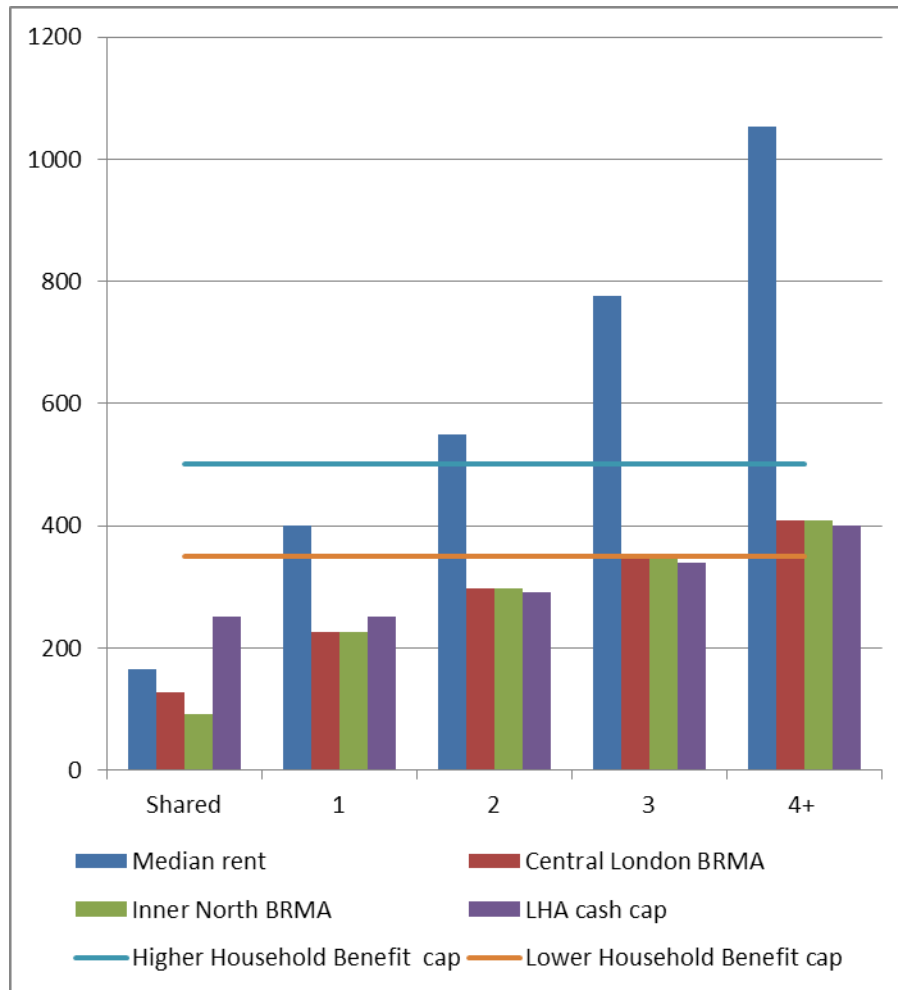
**Figure 7.1 Interaction between LQ rents, LHA rates and Household Benefit Caps**



Source: GLA London rents map Dec 2013 and VOA BRMA data<sup>51</sup>

<sup>51</sup> We have used GLA London Rents map data (based on VOA data) here rather than Hometrack data which we have used elsewhere, as the VOA data distinguishes shared accommodation, unlike Hometrack

**Figure 7.2 Interaction between median rents, LHA rates and Household Benefit Caps**



Source: GLA London rents map Dec 2013 and VOA BRMA data<sup>52</sup>

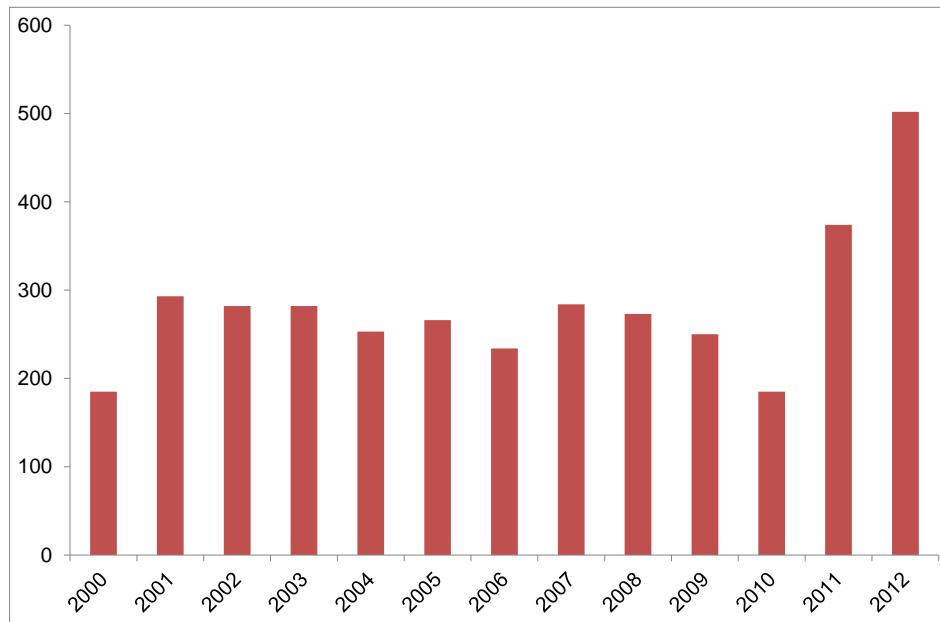
The other factor is that the authority has intervened around larger properties, particularly those where there are children, to negotiate reduced rents in some cases, and to provide Discretionary Housing Payment (DHP). In the first two quarters of 2013-14, 343 households were continuing to receiving DHP, 292 had received DHP but were no longer getting it and were still in situ, and 120 that had received it were no longer 'live' benefit cases – implying they had either gained income through employment or, more likely, moved out of Westminster.<sup>53</sup> It should be noted that the 343 cases represented only 9% of the total LHA caseload at September 2013 and 20% of the caseload for family sized housing.

Another issue is the stability of the PRS. As figure 7.3 shows, the number of landlord possession orders has increased rapidly from 2011, and 2013 partial figures show no sign of a slowdown. Although this data includes social renting possession orders, the significant size of the PRS in Westminster means that a substantial number will be from that sector. Another indicator of instability and turnover is from English Housing Survey data, which shows that over half private renters have been in their current home for two years or less, compared to just 16% of social renters.

<sup>52</sup> We have used GLA London Rents map data (based on VOA data) here rather than Hometrack data which we have used elsewhere, as the VOA data distinguishes shared accommodation, unlike Hometrack

<sup>53</sup> Data from Westminster City Council

**Figure 7.3 Westminster landlord possession orders**



Source: Ministry of Justice, Landlord and Mortgage Actions Data

### 7.3 Landlord Views

As part of this study, we undertook a web-based survey of private rented landlords operating in Westminster, to assess their views of the state of the market and their likely future activities among different sub-markets. These views will not necessarily represent the views of all landlords, as this was not a full-scale, quantitative survey, but are useful indications of the direction of travel of landlord's approach to the market, when combined with other evidence. Where relevant we compare findings with those of a similar survey, carried out in 2010-2011, as part of the Westminster Private Rented Sector study<sup>54</sup>. The source for all charts and tables in this section is the survey.

There were 71 valid responses. Figures add up to over 100% as some respondents had several roles:

- 79% were landlords;
- 13% were managing agents;
- 13% were lettings agents; and
- 4% described themselves as 'other'.

#### ***Sub-markets and changes in sub-markets over the last 3 years***

The substantial majority were operating in the professionals market, with slightly under a third letting to students and people on lower incomes. There was minimal engagement with the vulnerable and homeless sector.

- 13% operated in the luxury end

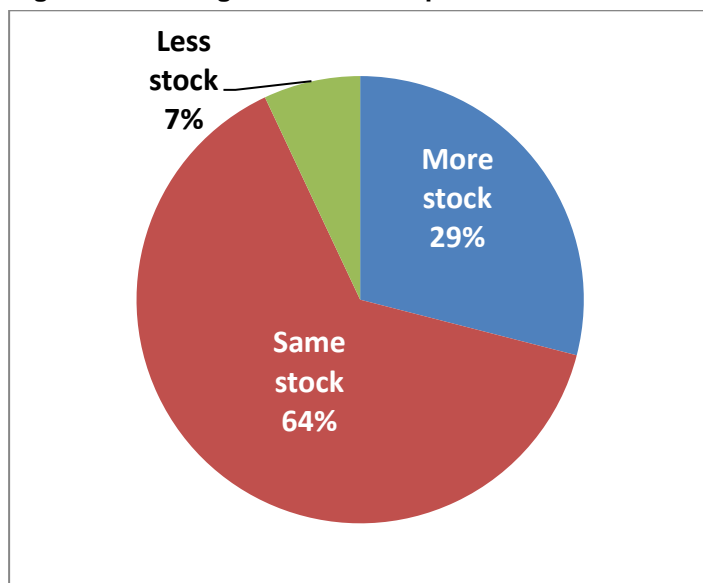
<sup>54</sup> The Private Rented Sector in Westminster, Ecorys, 2012

- 71% let to professionals
- 31% let to people on lower incomes (including HB)
- 27% let to students
- 3% let to homeless or vulnerable households.

***Changes in operations over the last three years***

Most landlords had retained their same stock size in Westminster over the last three years, but slightly under a third had increased their portfolios. Only 7% had reduced them. These actions were highly consistent with landlord opinions about future intentions when asked in the PRS survey three years ago.

**Figure 7.4 Change in Stock Compared to Three Years Ago**

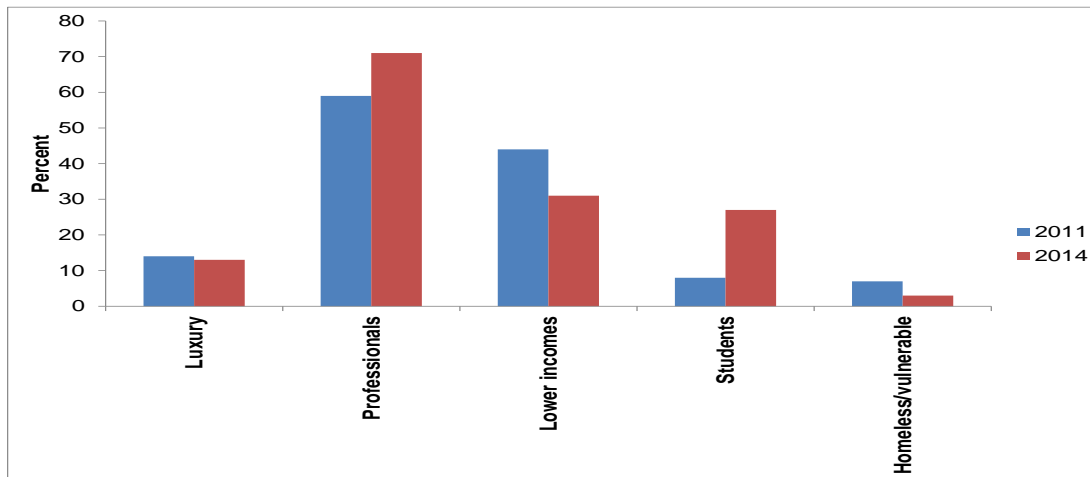


Source: Landlord Survey

When asked about changes to the sub-markets in which they operated, there were some interesting differences compared to the previous survey. The luxury market had remained the same size, but the professionals and student markets had increased substantially, while the lower income and homeless markets reduced further. Figure 7.5 illustrates the scale of the changes.



**Figure 7.5 Proportion of landlords in different sub-markets 2011 and 2014**



Source: Landlord Survey

The majority of landlords / agents thought that the relative size of the sub-markets had stayed the same. However, of those working in each of the sub markets:

- 29% thought the professional market had expanded;
- 31% thought the lower income market had reduced;
- 33% thought the student market had increased; and
- 43% thought the homeless / vulnerable market had reduced.

In more detail:

**Table 7.2 Landlord perception of changing markets**

	Luxury	Professional	Low income	Student	Homeless / vulnerable
Increased market	7%	29%	14%	33%	7%
Reduced market	7%	4%	31%	17%	43%
Market the same	87%	67%	55%	50%	50%

Source: Landlord Survey

### **Demand at different price levels**

Three quarters of landlords thought that demand levels for the different priced homes they let had stayed the same or increased. Only 12% thought demand had reduced:

- 33% thought there was more demand
- 43% thought demand was the same

- 12% thought there was less demand
- 12% didn't know.

**Future activity**

In terms of expanding holdings or developing into markets for specific groups, there was a relatively low level of positive certainty, though substantial numbers thought they 'may' be interested in expanding into accommodation for sharing (43% 'yes' or 'maybe'), and students (50% 'yes' or 'maybe'). 23% thought they may expand into lettings to those on low incomes and 22% were potentially interested in letting to homeless and vulnerable people (21% and 18% respectively said maybe). But the positive 'yes' view for these two groups was very small – 2% and 4% respectively. The pie charts 7.6 (a-d) detail this:

**Figure 7.6 Future Market Intentions**

Figure 7.6 (a)

Figure 7.6 (b)

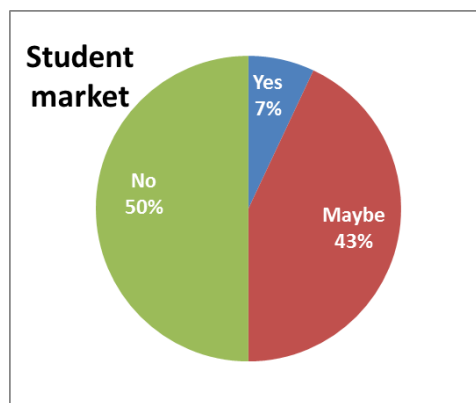
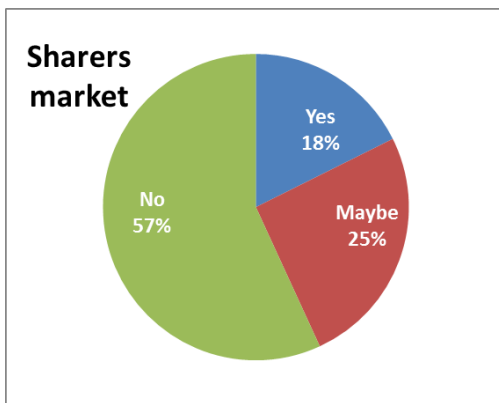
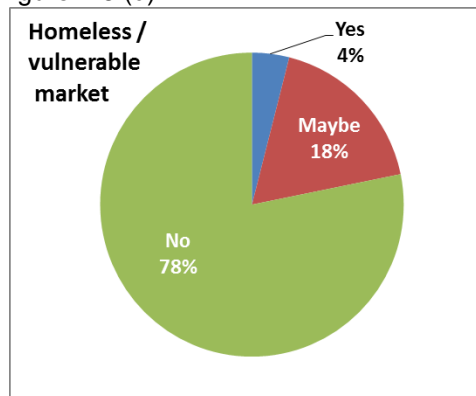
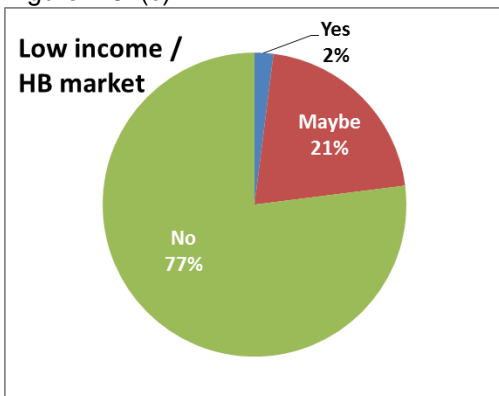


Figure 7.6 (c)

Figure 7.6 (d)



**7.4 The Use of the PRS for Homeless Households**

Until the introduction of the welfare reform measures, Housing Options staff had successfully used the PRS both as a housing solution for low income homeless households, and as temporary accommodation. Until 2012, around 250 cases a year of potential priority statutory homelessness were prevented by the

offer of a PRS tenancy; and they were able to place 70% of homeless households to whom a temporary accommodation duty was owed in PRS stock within Westminster.

During 2013-14 the numbers of PRS properties Housing Options staff were able to access to prevent homelessness fell by more than half, to 111. However, this indicates that there are still some properties available for this purpose. As regards temporary accommodation, the proportion of out of borough placements has now risen from 30% to 50%, although the actual number of “in borough” temporary units has stayed the same but the overall percentages of “in/out of borough temporary accommodation” has changed as the portfolio has grown.

Housing Options staff consider that the LHA caps have had a substantial impact on homeless applications and presentations – either because of evictions or because rent is not affordable (which is discussed more fully in chapter 8) and they have also impacted on the ability to prevent homelessness through an offer of a private rented tenancy. 21% of priority homelessness acceptances related to the end of PRS tenancies in 2013/14, linked to a perceived reluctance of landlords to accept lower LHA rates in Westminster’s buoyant private renting market.

Overall at least 51% of acceptances in 2013/14 came from the PRS as, in addition to PRS leases ending, a further 20% were due specifically to welfare reform and it is very likely that the 10% coming from the “Unreasonable to Remain” category were also from the PRS (see figure 8.1). This is a conservative estimate as some households accepted as homeless for other reasons may well come from the PRS. Housing Options staff also note a transfer of interest to the professionals and student markets, as also confirmed by the landlord survey.

This evidence, combined with discussions with Westminster allocations and housing benefit staff, also correlate landlords’ withdrawal from the housing benefit market as an extension of the end of the more generous LHA regime in 2008-10. It was also noted that withdrawal by landlords with smaller portfolios was more apparent – larger portfolio holders had generally budgeted for the longer term, and the knowledge that the LHA ‘regime’ would not last.

## **7.5 Low Income Single People and Private Renting**

The section above has concentrated on the role of the PRS in assisting low income priority homeless households to resolve their housing needs. However, it is also important to consider its role in meeting the needs of other low income groups – primarily single people. Single people (not necessarily low income single people) are currently substantially over-represented in the PRS in Westminster, according to the 2011 Census (see figure 7.7).

The context for assessing future demand of housing from single people, including young single people in London, is the increasing demographic pressure on limited accommodation resources. Research by Cambridge Centre for Housing and Planning Research<sup>55</sup> has concluded that an additional 27,965 sub-market (that is, private rented affordable under LHA and social rented) properties will be needed in London to meet demand from young people. Limited availability of social housing stock means that the most likely supply should be the private rented sector; but welfare reform measures – especially the extension of the Shared Accommodation Rate (SAR) to the under-35s has affected an additional 11,780 claimants in London alone<sup>56</sup>. However, research by Homeless Link has shown that only 5.5% of shared

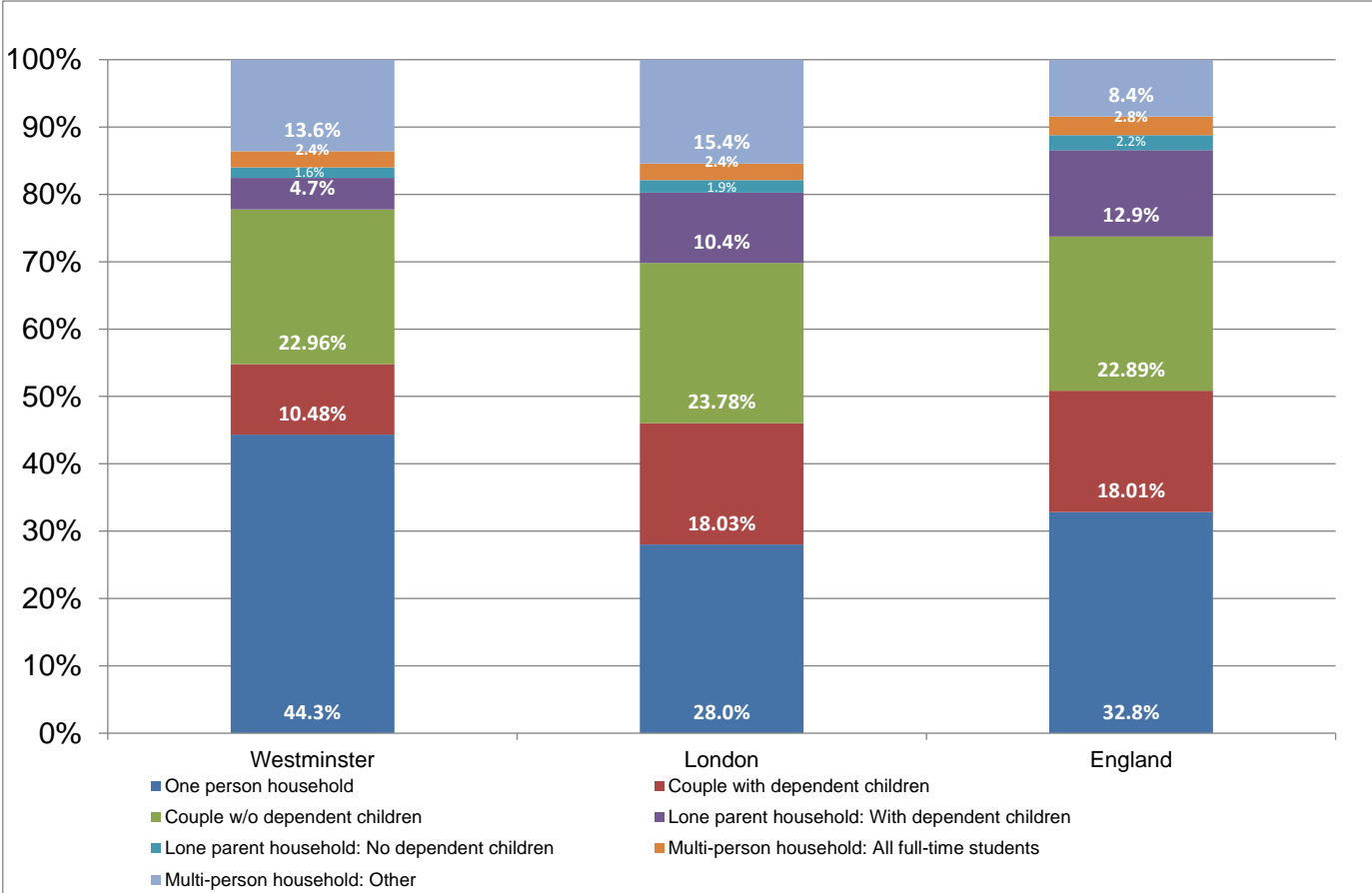
<sup>55</sup> Mapping the number of extra housing units needed for young people, A Clarke and G. Urges, CCHPR, 2012

<sup>56</sup> Housing Benefit Equality Impact Assessment, DWP, 2011

properties in London were affordable to SAR claimants and that, furthermore, landlords were reluctant to rent to benefit claimants<sup>57</sup> – a finding reinforced by the landlords survey and the previous Ecorys study into private renting in Westminster in 2011.

This is especially significant because, as noted earlier, the PRS is the largest tenure in Westminster, the largest in London both in numbers and proportions, and the sixth largest in England and Wales. Moreover, it also has a greater proportion of single people and couples without children than is the norm for London and England, as can be seen from figure 7.7 below and its age structure is slightly weighted to older groups (figure 7.8). As noted in section 6.3, a significant proportion of older residents (a third of over 85s, a quarter of over 65s) live in the PRS. While this group will not of course be affected by the SAR, wider structural changes to the sector and potential changing markets that landlords explore may well have a negative knock-on effect on the availability of private renting for older Westminster residents. Having said this, not all older residents will be poor or disabled, and the sector is likely to continue to be a resource for this group into the future.

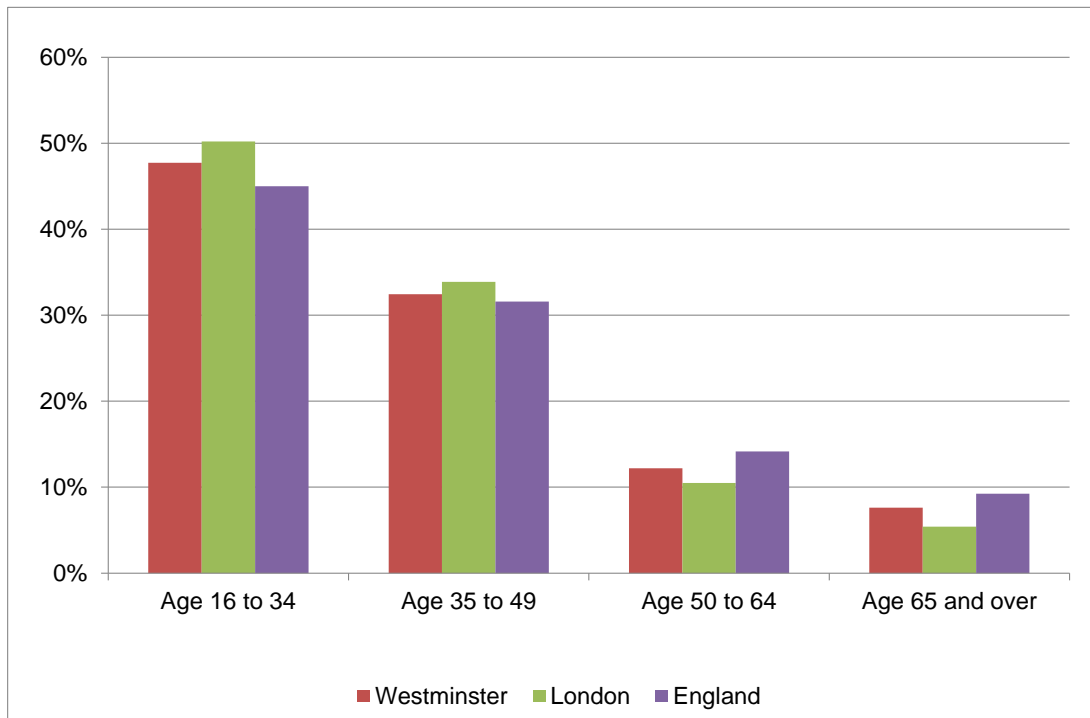
**Figure 7.7 Private rented sector household characteristics**



Source: Census 2011

<sup>57</sup> Nowhere to move: is renting on the shared accommodation rate in London affordable?, Homeless Link, 2013

**Figure 7.8 Age range of private rented sector household reference persons**



Source: Census 2011

## 7.6 Bringing the Findings Together and Key Points

- Over the last three years the landlords surveyed state that they have shifted their sub-markets towards professionals and students, and away from lower income, HB-claiming households, and homeless or vulnerable households.
- There is a certain amount of landlord interest in expanding their interests in the student and sharer markets, but substantially reduced interest in the low income and homelessness markets.
- Having said that, there is still a relatively substantial body of existing and new LHA-claiming PRS residents. Although the numbers of claims have reduced by nearly 40% in total between 2012 and 2014, smaller homes have proved more resilient in staying in the market than larger ones. This is important because, while there is and will be increasing demand for accommodation from single people, only 5.5% of shared properties in London are within the Shared Accommodation rate.
- As regards rent levels and the relationship with benefit caps, it can be seen that for all property sizes even lower quartile rents are greater than the relevant LHA, with the affordability gap increasing proportionately as properties get larger. And for the largest properties, the overall housing benefit cap is below the LHA limit.
- Both median and lower quartile larger properties (three and four bedrooms) have rents above the household benefit cap. For single people, median one bedroom homes' rents are above the relevant cap.

- In the past, the PRS has been an important resource for the prevention of priority homelessness, as temporary accommodation when homelessness cannot be prevented, and as a sector that could be used for the long-term discharge of homelessness legislation duties. It still continues to have this role – but at a much-reduced scale, necessitating the increased use of out-of-borough placements for homeless households.

It is not possible to estimate how many actual properties will be available to low income households in future, but in conclusion, taking all factors together, we can estimate the number of landlords letting to this group, which will in turn impact on the future shape of the PRS in Westminster. It is estimated that by 2017 under 20% of landlords will be letting to low income households including homeless households and vulnerable groups. This compares to the 44% in the 2011 PRS study and 31% in the current study. While the LHA sector has not ‘vanished overnight’ it is in steady decline, and unless there are significant welfare reform policy changes, the PRS is likely to continue to play a reducing role in meeting the housing needs of those on low incomes.

## 8.0 Homelessness and the Future Need for Social Rented Housing

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### 8.1 Introduction

This chapter examines the likely trends around statutory homelessness, resulting from the changes in the PRS discussed in Chapter 7, and how they will impact on demand for social housing in the future from homeless households that have priority under the City Council's Allocation Scheme.

The context to this chapter must be the general strength of the PRS and the combined impact of welfare reform and its impact on housing support; the high degree of unaffordability of all tenures bar social renting; and, to a lesser extent, the longer-term impacts of the recession, relatively low wages compared to the cost of living and the still-recovering employment market.

Across London, the combined squeeze on lower-income households, including vulnerable households, has knock-on effects across the housing chain: at one end those households who might once have aspired to owner-occupation have been unable to enter the market, in part because of the size of deposits required (typically 40% of the purchase price), and are now occupying the private rented sector. In Westminster, the historic relatively large HB-claiming PRS sub-sector is being eroded, as noted in Chapter 7 squeezing out lower income households. At the other end of the chain, we can see demographic evidence of the growth of 'multi-person' households, including concealed and overcrowded households, where adult sons and daughters – and perhaps their children – are unable to leave parental homes to set up independently. This is discussed further in section 2.2.6. And finally we can see evidence of a surge in priority homelessness and use of temporary accommodation, at least over the last two years, as lower income households lose their private rented sector tenancies due to welfare reform (and in a very strong and competitive PRS), or are subject to an increased rate of 'evictions by families, friends and relatives.

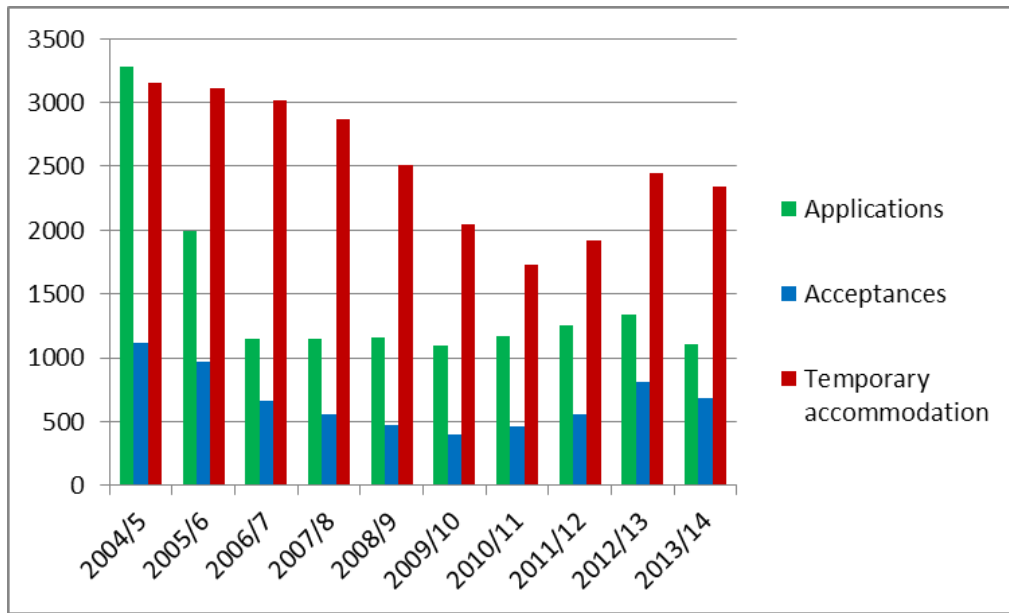
### 8.2 Demand from Priority Homeless Households

The charts below track the number of applications as homeless under the statutory provisions, and acceptances of priority need homeless households over the last decade. This is counter-posed against the use of temporary accommodation required to house accepted applicants while awaiting permanent rehousing, or those awaiting decisions while awaiting rehousing. Clearly, the most striking factor over time is that the rates of permanent rehousing have not kept pace with the numbers being accepted, resulting in backlogs in temporary accommodation of nearly three times the rate of annual acceptances.

#### ***Applications, acceptances and temporary accommodation***

Figure 8.1 tracks actual numbers, and it can be seen that while there was a steady reduction in acceptances of homeless households until 2011, numbers rapidly increased over the next two years (2012 and 2013). As noted in Chapter 7, this was contemporaneous with the reductions in numbers of PRS properties – particularly larger ones – available to people claiming HB / LHA. These numbers remain at similar levels, though slightly reduced for 2013-2014. The other feature is the drop-off in the number of applicants since the early and mid-2000s, a gradual increase since 2010, and over the last year some indication of a parallel fall-off in applications, mirroring the reduction in acceptances.

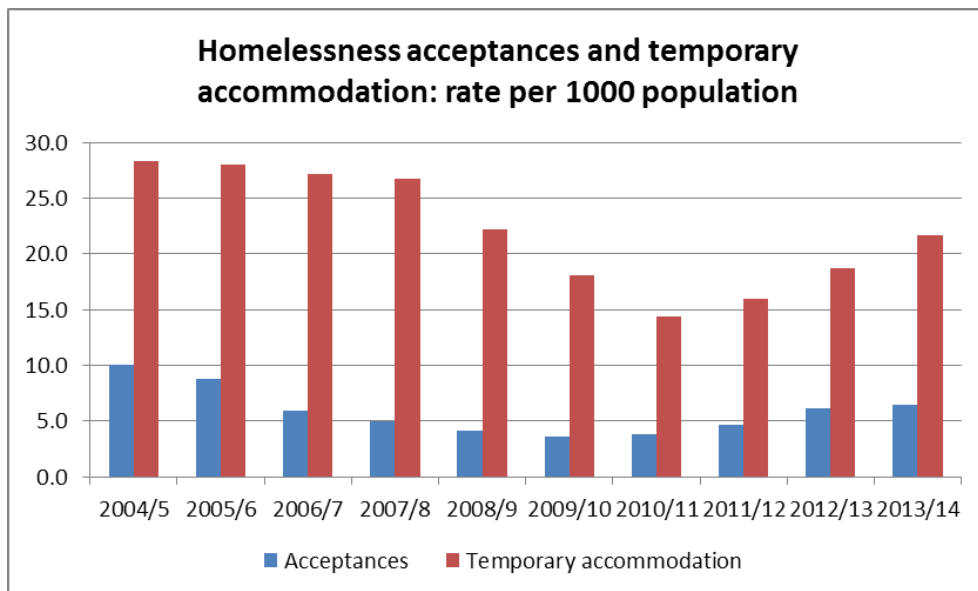
**Figure 8.1 Homelessness applications, acceptances and temporary accommodation: numbers**



Source: P1E returns and WCC homelessness data<sup>58</sup>

However, figure 8.2, which is based on the rate of acceptances and numbers in temporary accommodation per 1000 population, although similar in shape, indicates an increasing rate of homelessness into 2013-14 – this is because the ONS mid-year population estimates by the ONS (used by the DCLG in their data sets) show a lower population projection than earlier years.

**Figure 8.2 Homelessness acceptances and temporary accommodation: rate per 1,000 Population**



Source: P1E returns and WCC homelessness data

<sup>58</sup> Data for 2007-8 has been imputed by averaging the years on either side, as there is no P1E return for that year.



## Household characteristics

In terms of the household characteristics of homeless acceptances extrapolating from the last two quarters data, some 43% of priority homeless acceptances fall into the category of either being couples, or lone parents with children, or being pregnant. 27% are one person households – mainly younger households (only 6% of all acceptances were aged over 60); and a substantial 29% are categorised as ‘other’ households. This could be households with multiple adults and children (e.g. multi-generational families) or multiple adults (e.g. brothers and sisters, parents and grown children with vulnerable members). This ‘other’ category of household formation appears to be an expanding phenomenon in demographic change – possibly prompted by the recession and issues around unaffordability and the difficulty in therefore forming independent households. This needs further investigation to understand it fully.

## 8.3 Reasons for Homelessness

Table 8.1 notes the main reasons that those accepted for rehousing in between 2008 and 2014 had become homeless. The most significant change over the last two years has been the growth in the category of benefit shortfall, making up over a quarter of acceptances in 2012-2013, and 20% in 2013-2014. Linked to this has been the steady increase in numbers losing a PRS tenancy in parallel with changes to the LHA system (discussed earlier). Below we consider this, welfare reform, and familial evictions further.

**Table 8.1 Reasons for priority homelessness acceptances**

Reason for acceptance	2008-2009		2009-10		2010-2011		2011-2012*		2012-2013		2013-2014	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Parents, relatives, friends eviction	184	41%	147	39%	166	38%	180	33%	159	20%	168	25%
Loss of PRS tenancy	76	17%	49	13%	81	19%	106	20%	183	23%	142	21%
HB shortfall / overall benefit cap	0	0%	0	0%	0	0%	?	?	222	27%	136	20%
Unreasonable to remain	32	7%	39	10%	34	8%	?	?	24	3%	66	10%
Relationship breakdown	50	11%	50	13%	56	13%	57	11%	55	7%	62	9%
Left institution	60	14%	39	10%	31	7%	9	2%	9	1%	29	4%
Long-term no fixed abode	18	4%	20	5%	26	6%	?	?	23	3%	19	3%
Other	24	5%	34	9%	41	9%	187	35%	138	17%	57	8%
<b>Total</b>	<b>444</b>	<b>100%</b>	<b>378</b>	<b>100%</b>	<b>435</b>	<b>100%</b>	<b>539</b>	<b>100%</b>	<b>813</b>	<b>100%</b>	<b>679</b>	<b>100%</b>

Source: Westminster City Council; only partial data for 2011-2012 is available

### Evictions by parents, relatives and friends

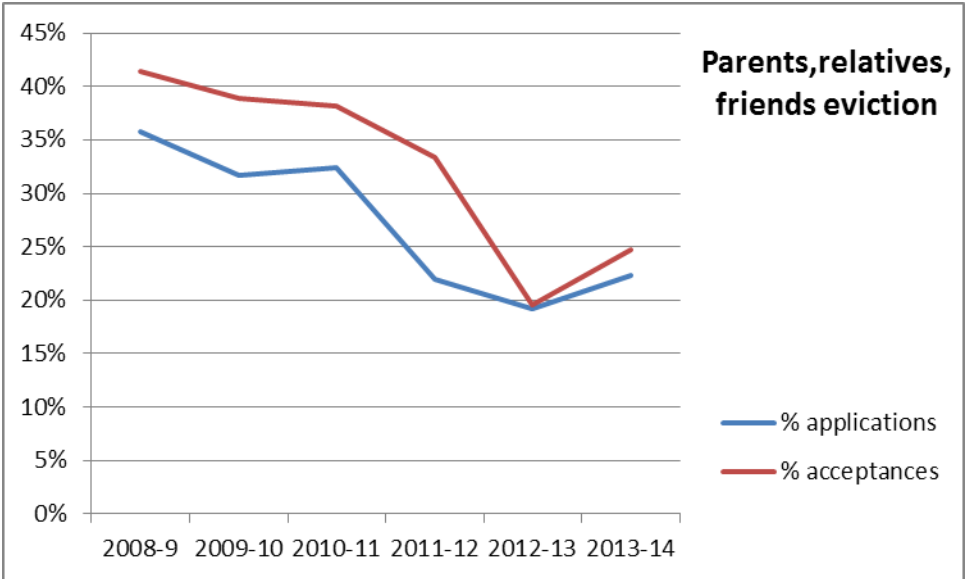
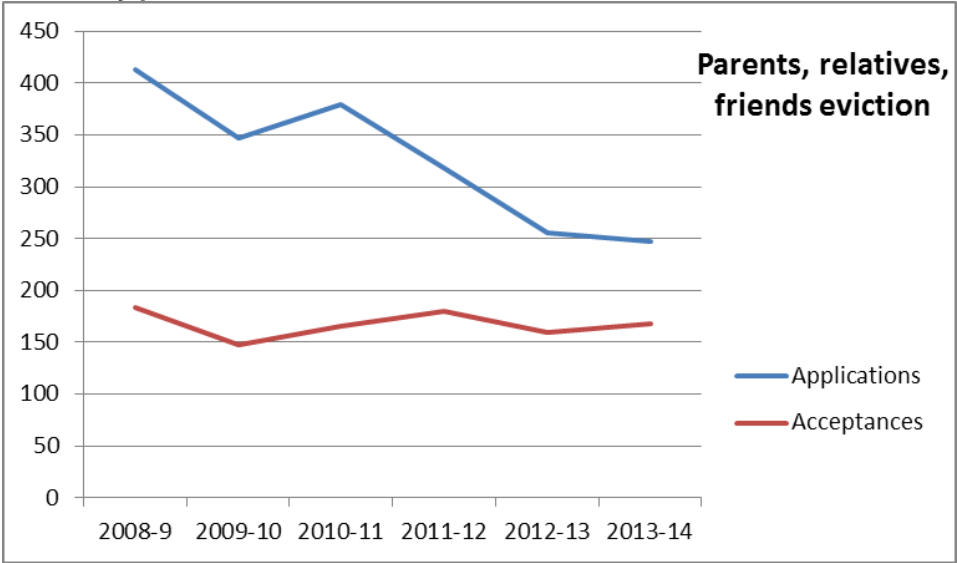
One of the principal reasons for priority homelessness is eviction by parents, relatives or friends. Historically, it has been the largest single reason for priority housing acceptances. For example, in 2008 41% of priority acceptances were for that reason. However, as can be seen in figure 8.3 (a and b) the number of applications fell substantially with the advent of the recession – perhaps as a side effect of the economically-constrained larger household tendency we have noted elsewhere – but are now starting to flatten out. The numbers of acceptances have remained relatively steady.

However, it is important to note that family and friends evictions rose again in 2013/14, both as a proportion of applications and acceptances (figure 8.3b) although they were not as high as in 2008/9. This reason currently represents the largest single cause for priority homelessness. At this stage it is not yet clear if this is the start of a trend. We do not have full data on the tenure type of these acceptances. However, some will certainly come from the PRS (a snapshot survey of acceptances carried out by

Housing Options staff in February 2014 indicated that five out of 13 acceptances originated in the PRS) and these could decline as the PRS restructures so that in houses fewer low income households.

We do not have detailed household types from homelessness acceptance data against reason for homelessness, but the February snapshot survey showed that six of the seven households accepted following family eviction in February had children. Another surrogate for understanding the family composition of those experiencing familial evictions is the CORE data, relating to the lettings that those accepted as homeless are allocated. This shows that while 74% of those statutory homeless rehoused for this reason are single people, it is worth noting that 26% had one or more children. This reflects the stock make up as nearly 50% is studios or one bedrooms. And given the relative scarcity of family homes, it is more than likely that significant number of family evictees with children will be in temporary accommodation.

**Figure 8.3 (a and b) Statutory homelessness applications and acceptances: eviction by parents, relatives or friends**



Source: Westminster City Council

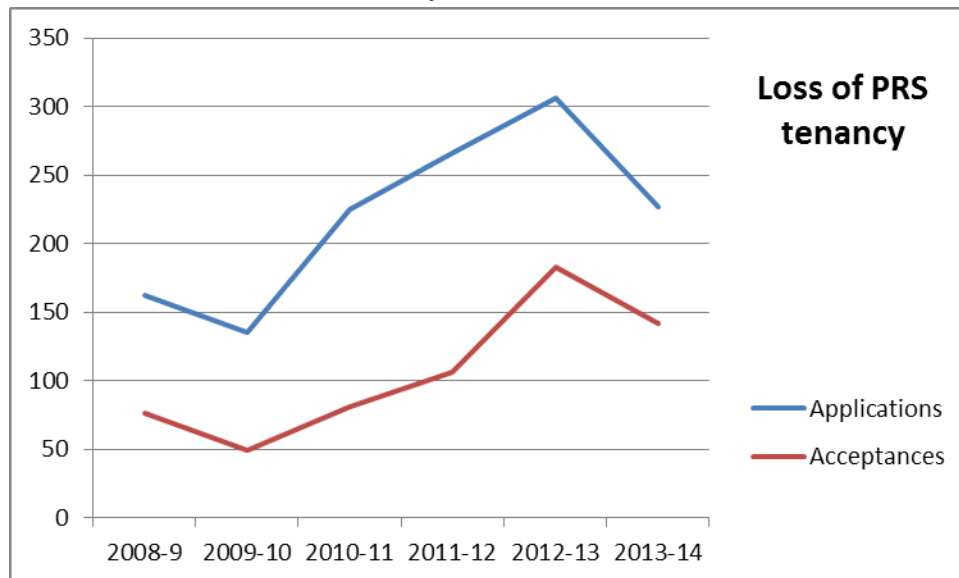
### Loss of private rented sector tenancy

As figure 8.4 (a and b) shows, between 2009-2010 and 2012-2013 there was a significant increase in both the number and proportion of applications and acceptances related to loss of private rented sector accommodation, including through terminations of ASTs, rent arrears, mortgage repossessions and illegal evictions. This can be correlated with an increase in landlord possession orders (discussed in Chapter 7). Tenancy loss will also be associated with the benefit cap and benefit shortfalls. This is discussed further below.

Since 2013 the numbers of applications and acceptances appear to be reducing. The implication of this could be that we are now seeing a remaining core of remaining priority need applicants coming through the system, with the overall numbers of households facing homelessness and eligible for statutory rehousing reducing, either through knowledge that they are unlikely to be successful, or more simply, because they are no longer resident in Westminster. It is also significant that the proportion of applications and acceptances because of loss of a PRS tenancy has also reduced since 2011 to 2012. In other words, although this group still makes up significant numbers of priority need homelessness demand, other factors for loss of homes are becoming more important as drivers of the overall increase in total applications and acceptances.

Having said this, this reason for homelessness remains the second most significant after parental eviction.

**Figure 8.4 (a and b) Statutory homelessness applications and acceptances: loss of assured shorthold tenancy**





Source: Westminster City Council

Another relevant factor is the household composition of those being evicted from the private rented sector. The snapshot monitor of statutory homelessness acceptances carried out for the month of February 2014 by Housing Options staff indicated that 18 of the 30 acceptances had one or more children.

CORE data shows the number of former PRS residents rehoused in general needs accommodation has doubled for each of the last two years, with five times as many rehoused in 2012/13 as were rehoused in 2011-12. Projections for 2013-14 indicate a 32% increase on the previous year. 56% more ex-PRS residents were also rehoused into supported housing for older people over last year compared to the previous year.

However, given the reducing proportion of acceptances from this group, we would expect to see a reduction in the proportions of relets going to ex-PRS residents, as the reducing proportions work through the acceptance and temporary accommodation process. To conclude, we can speculate that ultimately private rented sector evictions are likely to reduce in significance as a cause for statutory homelessness. However, given the increase in numbers made homeless because of housing benefit shortfalls (discussed below), it would be premature to suggest that this reduction has started to happen. This conclusion also needs to be contextualised by the reshaping of the PRS that is occurring, evidenced by changes to the 'supply' side within the private rented sector – that is, landlord activity - which we discuss in section 7.5.

#### ***Impact of changes to housing benefit and welfare benefit reform***

Some 20% (136) of priority acceptances during 2013-14 were because of accommodation becoming unaffordable because of reductions in the amount of housing benefit entitlement. We do not have a breakdown of these figures by previous tenure, but a small section (7) were affected by the overall benefit cap, while 129 had a housing benefit shortfall. The likelihood is that the substantial majority of these would have been from the private rented sector. Westminster City Council analysis of households affected by benefit capping shows that 28% were in PRS accommodation claiming LHA, and 44% were in forms of temporary accommodation, which would include PRS placements (though some of these would be supported through Discretionary Housing Payments).

Given the difficulty low income households now have in accessing the PRS, we can postulate that the potential numbers of those affected by benefit capping applying as priority homeless will ultimately be limited.

#### 8.4 Bringing the Findings Together and Key Points

- There have been high and increasing levels of acceptances of priority need homeless applicants over the last two years, though there is some evidence that numbers are stabilising, albeit still at high levels. Rates of rehousing have not kept up with acceptance, resulting in corresponding increases in the use of temporary accommodation.
- There are an increasing proportion of multiple adult households being accepted – possibly as a result of a demographic response to economic recession and housing unaffordability.
- Five years ago the biggest single reason for statutory homelessness was eviction by parents, relatives or friends. This reduced significantly after 2010, again possibly because of factors relating to the recession, but rose in 2013/14, although numbers were still lower than in 2008/9.
- Some 21% of acceptances are the result of the loss of a private rented sector tenancy; these numbers have doubled for each of the last two years. The number of Possession Orders going through the courts increased substantially in 2011 and 2012. A significant number of these are households with children.
- While there are indications that applications and acceptances from those made homeless from the PRS are starting to plateau, (albeit still at high levels), it may be that over time the number of acceptances will taper off, as the sector reshapes itself.
- However, at the same time as these figures are plateauing, the numbers becoming homeless from the PRS because of housing benefit shortfalls are increasing substantially. Given that the majority of these will also be PRS residents, it would be premature to consider that the significance of the PRS as a source of homelessness has peaked.
- In total 51% of acceptances in 2013/14 and 53% on 2012/13 came from the PRS<sup>59</sup>. Having successfully used the PRS to help discharge homelessness legislation responsibilities for a number of years, the Housing Options Service is finding that numbers are significantly reduced. There is a certain amount of landlord interest in expanding their interests in the student and sharers markets, but minimal interest in the low income and homelessness markets.
- The forecast for the future shape of the PRS in Westminster is that by 2017 under 20% of landlords will be letting to lower income households, and virtually none will be engaged in the homelessness and vulnerable groups market.

In conclusion, in terms of the overall impact of these changes on the future need for social rented housing, while we consider that there will be an eventual reduction of homeless demand from PRS evictees and those affected by the benefit caps, it is difficult to forecast the rate and speed at which this will occur. The indications from landlords are that there is little interest in servicing homeless households;

<sup>59</sup> This is the total of acceptances due a private tenancy ending and those relating to LHA and household benefit caps plus those where the property is Unreasonable to Remain as the majority are from the PRS

but conversely, there is still a substantial 'rump' of LHA-claiming tenants in the sector (as discussed in Chapter 7), and it continues to be a resource for these households. Any such reduction in demand could be counterbalanced at least in part by increases in applications from other groups, including an upward trajectory of familial evictions should this occur. The authority should therefore be cautious in assuming that the contraction of the HB market PRS sector will lead to increased opportunities for using the PRS to once again take pressure off the social sector, and that homeless demand for social rented housing will decline.

# 9.0 Conclusions

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## 9.1 Introduction

This chapter brings together the key conclusions of the study and draws out the policy implications.

## 9.2 Meeting Current and Future Housing Requirements

A key feature of the current housing market in Westminster is the relatively high ratio of house prices to incomes – the ‘affordability ratio’ is second only to Kensington and Chelsea in London and is unlikely to improve given the current trends in house prices in Central London. The high ratio means that the vast majority of both households who currently need to move to new homes and the new households which are projected to emerge over the next five years would be unable to afford to buy or rent in Westminster in the open market.

Given the high level of up front costs required for market housing, entry prices for private renting (without Local Housing Allowance) are considered to be more affordable for all property sizes when compared to home ownership, so entry prices for lower quartile renting are considered to represent the true entry costs for unsupported market housing. A household currently needs a gross annual income of £63,200 to rent a one-bedroom flat without assistance, while a family seeking to rent a three-bedroom property would need a gross income of £119,200.

Based on secondary data analysis of all of the key components of backlog need it is estimated that 5,180 households are currently in housing need and unable to afford in the market, i.e. they would be unable to access suitable housing without assistance. It should be stressed that this is a conservative estimate, in particular only households facing ‘severe’ overcrowding have been included – if the bedroom standard is applied and all overcrowded households are included, the numbers would be considerably higher. The backlog figure represents around 4% of all households in the City. Based on previous trends it is estimated that an additional 438 households are likely to fall into need each year.

To meet all current housing need over the next five years, the council and its partners would need to be able to provide suitable housing for 20% of existing households in need (1,036 households) each year, plus the estimated number of new households (498) falling into need each year.

The current housing need figure of 5,180 is higher than the number of households on the Council’s housing register which is currently 4,317. The estimated need for 1 bed properties based on the affordability calculations is also considerably higher than the number of households identified as requiring 1 bed properties on the Council’s waiting list. In part this difference is driven by the housing register eligibility criteria and legislation which tends to prioritise households with children.

Estimates of affordability over the next five years indicate that approximately 10% of additional households in Westminster would be able to afford to either rent or buy. Based on the latest GLA household projections it is estimated that over the next five years (2014-18), 509 additional homes will be demanded in the open market and there will be an additional need for 4,449 affordable homes. In the following 15 years (2019-33) it is estimated that there will be an additional demand of 1,940 homes in the open market and an additional need for 8,239 affordable homes.

After comparing current intermediate costs to market rents and taking into account current and future need, it is estimated that there will be a need for 1,300 intermediate units in Westminster over the next five years. 108 intermediate units are currently under construction which suggests an unmet need of approximately 1,200 units. Additional intermediate units can be expected from the planning pipeline and the City Council's regeneration plans which would help to meet some of this unmet need although significant need would remain.

The tables below shows Westminster's current unmet needs broken down by private, intermediate, affordable (social rent) by bedroom size.

The tables below bring together the various supply and demand elements to arrive at the final housing need and demand figures for Westminster over the next five years. Following the approach of the London SHMA we present two scenarios. The first table shows net demand and need if it is assumed that backlog need would need to be cleared over a five year period. The second table shows net demand and need if backlog need is cleared over a ten year period (i.e. the backlog need figures have been divided by 2). The 5 year and 10 year backlog numbers are added to newly arising need (including falling into need and newly arising need and demand based on the GLA projections) in order to arrive at total need over a five year period.

**Table 9.1 Five Year Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	709	14	20	-38	706
	Supply	289	253	230	53	825
	Net need	420	-239	-210	-91	-119
Social	Gross need	4,953	3,095	2,085	467	10,601
	Supply	1,287	596	343	48	2,274
	Net need	3,666	2,499	1,742	420	8,327
Intermediate	Gross need	348	674	235	21	1,279
	Supply	59	43	6	0	108
	Net need	289	631	229	21	1,171

*Note: gross need is based on calculations presented in tables 5.5 – 5.7; supply figures are from tables 5.8 and 5.9*

**Table 9.2 Five Year Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure		1 bed	2 bed	3 bed	4+ bed	Total
Market	Gross need	655	-15	9	-41	607
	Supply	289	253	230	53	825
	Net need	366	-268	-221	-94	-218
Social	Gross need	4,148	2,164	1,539	311	8,163
	Supply	1,287	596	343	48	2,274
	Net need	2,861	1,568	1,196	263	5,889
Intermediate	Gross need	348	539	222	18	1,127
	Supply	59	43	6	0	108
	Net need	289	496	216	18	1,019

*Note: gross need is based on calculations presented in tables 5.5 – 5.7 with backlog totals from these tables divided by 2 to reflect the longer backlog reduction period; supply figures are from tables 5.8 and 5.9*



Table 9.2 suggests a considerable unmet need for social rented properties over the next five years (5,900) even if backlog need is cleared over a 10 year period. The table also shows that there is only a demand for one bed properties in the market sector.

The next tables show the annual unmet need based on the two scenarios (i.e. the net need figures in the tables above divided by 5). The annual supply of market, intermediate and affordable housing is subtracted to arrive at figures for annual unmet need and demand.

**Table 9.3 Annual Unmet Need (Meeting Backlog Need Over 5 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	84	-48	-42	-18
Social	733	500	348	84
Intermediate	58	126	46	4

Source: Ecorys analysis

**Table 9.4 Annual Unmet Need (Meeting Backlog Need Over 10 Years)**

Tenure	1 bed	2 bed	3 bed	4+ bed
Market	73	-54	-44	-19
Social	572	314	239	53
Intermediate	58	99	43	4

The figures on bed size requirements suggest a relatively high need for 1 bed market properties and a negative demand for 2 bed+ market properties. These figures are mainly driven by the future need for affordable housing which is derived from the GLA household projections. The projections indicate that single person households and couples (without children) are likely to provide a major component of the need for additional homes and particularly affordable homes. However the GLA household projections indicate that there will be a decrease in the number of households which require larger dwellings such as families with children (see table 4.2). As the contextual analysis on population trends shows in section 2, Westminster has a higher proportion of 25 to 39 year olds than London as a whole. The relatively younger population in Westminster is a significant factor driving the high demand for one bed size properties.

Paragraph 47 of the National Planning Policy Framework (NPPF) emphasises the importance of a robust approach to the assessment of housing need and requires local authorities to objectively assess need for market and affordable housing in the housing market area. The National Planning Policy Guidance (NPPG) provides further guidance on how housing market assessments should be carried out and explains that the housing needs for an area should be assessed in the context of demand for housing influenced by market signals such as land and house prices, rent levels and affordability, and rates of development.

The housing market assessment makes various assumptions about housing size and income which are applied to growth projections for income and population. In reality in Westminster, this is only relevant for affordable housing which more closely mimics need rather than desire or aspiration. In terms of market housing the reality is that Westminster’s market is within other markets including London-wide, the south-east and international markets, all of which create demand for housing, particularly new housing. This is not and cannot be properly captured in the methodology used for a housing market study of the kind required by the NPPF/NPPG.

In planning terms, need is therefore not just about providing accommodation to solve a housing problem e.g. overcrowding or a growing population, but also what level and type of housing that the market demands. Within Westminster’s housing market, which attracts investors from all over the world, incoming residents are very likely to have, on average, higher incomes than the existing borough average. The

existing high price of housing in Westminster means that this is essential if new residents are to afford current market values – which they clearly can, as evident from rising house prices in the city. Similarly there will be a degree of under-occupation in market properties as people buy homes with more bedrooms than they need – creating a market demand for larger sized properties than ‘needs’ figures would indicate. This is something which is not reflected in the recommended NPPG methodology and is a recognised shortcoming of the study.

According to figures from the Council’s Annual Monitoring Report, 890 social rented dwellings and 360 intermediate affordable dwellings were built in Westminster in the six year period 2007/08-2012/13. These figures suggest that it will be extremely difficult for the Council to address the Borough’s current and future affordable housing needs. Historically, high land costs in an already densely developed area and competition from other land uses such as commercial and retail have made it very difficult to develop affordable housing to meet the needs of the Westminster population. This suggests that the majority of current and future housing needs of Westminster residents would need to be met outside the Borough through partnership working with neighbouring local authorities and elsewhere in London and even the wider South East.

### **9.3 Intermediate Housing**

The number of households on Westminster’s intermediate register has increased from 1,567 in 2010/11 to 3,442 in 2013/14. The register indicates a higher need for one bed intermediate properties and a lower need for two and three bed intermediate properties than suggested by the general assessment of backlog need and affordability. On the basis of income data, a majority of households would be able to afford affordable rent accommodation at the rents recommended by the City Council in 2011 without any housing benefit support. However, a much smaller proportion would be able to afford intermediate products.

The City Council’s Fair Share scheme which is currently being piloted would aim to provide accommodation at intermediate rents for single people interested in flat shares. Single people under 35 are considered most likely to be interested in flat share opportunities. An analysis of the register shows that 1,055 households fall into this category and of these, 872 single people would be able to afford the fair share property. However it is likely that people have applied to the register because they have aspirations to have a stake in home ownership, or to live independently, and therefore actual demand could be much lower than this analysis suggests. A separate field for those with a particular preference for Fair Share properties would help to identify the true level of demand for this type of accommodation.

Based on analysis of affordability there is little difference in the level of demand for intermediate rent and low cost ownership products. The criteria for inclusion on the intermediate housing register are designed to encourage households with a desire or aspiration to have a stake in homeownership in Westminster. However in the vast majority of cases households have expressed interest in both rent and low cost ownership products. Reflecting the conclusions regarding the Fair Share Scheme above, a further field would be needed to distinguish between households who have a particular preference for intermediate rent opportunities and those which are looking for a stake in home ownership. Apart from income data there is limited evidence on the differences in need and demand characteristics for these two main types of intermediate products.

## 9.4 Housing Requirements for Specialist Housing

### *Student accommodation*

While over a third of higher education students in London attend Westminster-based institutions only 18% of those attending Westminster institutions actually live in the borough.

Only 9% of London's purpose-build student accommodation is located in Westminster, and there is a low proportion of approvals for new accommodation in the pipeline; there are issues around the affordability of purpose built accommodation, especially that provided by the private sector in London.

There is competition between students and others for access to the private rented sector, with an increasing tendency for landlords to let to students, especially international students.

In order to take some pressure off the PRS and help keep it accessible (as far as possible) to lower-income Westminster residents, there is at least some current of thought that Westminster needs to make greater provision for developing affordable housing for its students in situ. We recognise that in situ provision comes with viability issues, and student housing should not divert resources away from affordable housing provision. If in situ provision is not possible, consideration should be given to co-operating with other authorities to produce additional affordable purpose-built accommodation within reasonable travel distance of Westminster's Higher Education institutions.

### *Wheelchair accessible accommodation*

It is estimated that there are 638 wheelchair-using households in Westminster with unmet housing needs, forecast to gradually rise to 723 by 2031. Some of these needs can be met by conversions and adaptations.

Given the pressure for future requirements and unmet need, where feasible it is suggested that remodelling or integrating some wheelchair accessible sheltered stock for younger wheelchair users could be considered.

There is a substantial ageing population in the private sector and especially the private -rented sector, an increasing number of whom will require mobility-accessible accommodation at some stage. Welfare reform in the private rented sector may well exacerbate need.

### *Armed services and those who wish to build their own homes*

There is no requirement for additional measures to meet the needs of these groups beyond that which is already in place.

## 9.5 Homelessness, Private Rented Sector and Future Demand for Social Housing

There have been high and increasing levels of acceptances of priority need homeless applicants over the last two years, though there is some evidence that numbers are stabilising, albeit still at high levels. Rates of rehousing have not kept up with acceptances, resulting in corresponding increases in the use of temporary accommodation. The numbers accepted because of family, friends or relatives eviction increased in 2013/14, after several years of reduction.

Overall just over 50% of all homeless acceptances come from the private rented sector although this figure could be higher as the tenure of all those accepted is not recorded. Within this are acceptances resulting from the loss of a private rented tenancy and due to the LHA/household benefit caps. The private rented sector is now more of a cause of homelessness than a solution to it.

The second main single cause of priority need homelessness is the loss of private rented sector accommodation. Here it appears that numbers, though high, are stabilising. Having successfully used the PRS to help discharge homelessness legislation responsibilities for a number of years, the Housing Options Service is no longer finding this possible. Linked to these changes in the private rented sector, the third main source of priority homeless acceptances is of those affected by changes to the housing benefit regime and welfare reform agenda. Numbers increased substantially in 2012-13, and are still high in 2013-14 though reducing.

For all private rented sector property sizes across Westminster, Lower Quartile rents are higher than LHA limits, by between £15 and £51 per week for shared accommodation, with the gap widening as property sizes increase. For median level rents (where the majority of properties are likely to be) the difference ranges between £39 and £75 per week for shared accommodation. While there is and will be increasing demand for accommodation from single people, only 5.5% of shared properties in London are within the Shared Accommodation rate.

Over the last three years landlords have shifted their sub-markets towards professionals and students, and away from lower income, HB households and homeless vulnerable households. There is a certain amount of interest in expanding their interests in the student and sharers markets, but minimal interest in the low income and homelessness markets.

The conclusion from all the above indicates that the private rented sector is moving away from a role in meeting the needs of low-income, households, particularly households needing two or more bedrooms (as shown in table 7.1). When this is linked to the high (though perhaps plateauing) numbers of acceptances of priority need homeless households losing assured shorthold tenancies, landlord possession orders, and the acute issues around the affordability of even the lower end of the PRS in Westminster, it is clear that the PRS is unlikely to resume playing a major role in meeting the needs of lower income households in Westminster in the future, including for the use of temporary accommodation for homeless households. It is impossible to forecast the rate of decline, but if the trends observed between the 2011 and 2014 landlord surveys continue – and there are no indications that this should not be the case – by 2017 we can assume that under 20% of landlords will let to lower income households, and very few will be operating in the homelessness and vulnerable market. The authority will want to monitor the changing market carefully, especially in how it impacts on older and disabled PRS residents (as discussed in Chapter 6).

In terms of the client groups that were previously served by the more affordable end of the PRS, the authority is likely to see a reduction of the presence of this group, for similar factors as noted above: landlord withdrawal from the market and affordability.

However, there are indications that a rump of HB / LHA lettings will remain, particularly among smaller units. Whether this results in increased options to re-enter the PRS to help prevent homelessness or as a rehousing option for statutory homeless households must be treated with great caution. There certainly does not seem any private sector appetite for this at the moment, and unless market conditions alter so that the professionals and student markets become less attractive, this is unlikely to change.

As regards the longer-term impact on demand for social sector homes, as noted in section 7.2, while demand from former PRS residents is perhaps dropping off, the numbers of family evictions of priority need households rose in 2013/14. While too early to tell if this will become an enduring trend, in the past this has been the single largest reason for loss of homes and pressure on social sector stock from priority groups. Given the lack of other affordable housing options for lower-income Westminster households, and the 'constrained' nature of household structure as a response to the recession, homelessness demand from this group could increase. It would be useful for the local authority to collect the tenure of this, and other groups accepted as homeless, to help understand how homeless demand is affected by the reshaping of the PRS.

## **Annex One: Acknowledgements**

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Tommy Quaye	City West Residential
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