



STRATEGIC HOUSING MARKET ASSESSMENT FOR LONDON BOROUGH OF WALTHAM FOREST

Final version December 2017

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Executive summary

1. Cobweb Consulting was commissioned in 2016 by the London Borough of Waltham Forest to prepare a Strategic Housing Market Assessment (SHMA) to define the borough's Objectively Assessed Need for housing.
2. The SHMA sets out the estimates for LBWF current and future housing need, to inform the development of a New Local Plan and New Housing Strategy. A SHMA should identify the scale and mix of housing, the range of tenures needed to meet household and population projections. This includes affordable housing and needs of different groups (e.g. older people, families with children, people with disabilities, people wishing to build their own homes) and caters for housing demand and sale of housing supply necessary to meet this demand.
3. The Objectively Assessed Need (OAN) for Waltham Forest is 1,810 dwellings per annum over the period 2014-2039, including provision for vacant and second homes in the additional stock. The SHMA also considers the net annual requirement for affordable housing. The requirement for affordable housing is 1,258 units which representing 69% of the overall OAN for the borough.

The Housing Market Area (HMA) and planning context

4. National planning policy requires local authorities to base their planning policies on the full objectively assessed need (OAN) for all types of housing (market and affordable housing). SHMAs should focus on HMAs, defined in relation to evidence on house prices, migration, travel to work patterns and other factors.
5. The National Planning Practice Guidance (PPG) sets out an approach to identifying objectively assessed need for housing which should be followed unless there are strong local circumstances which suggest an alternative approach. Constraints on provision such as land availability or infrastructure should not be taken into account in the OAN, although they are of course relevant in developing policies.
6. In the London environment, the London Plan and the 2013 Greater London Authority SHMA can be relied upon as the prime planning and evidence context for housing market analysis. Local housing assessments such as this one can complement the wider strategy.
7. The 2013 SHMA prepared for London by the GLA has established the 'top-down' indicative OAN for Waltham Forest and this needs to be taken into account in this SHMA to ensure conformity with the London Plan where required.

Dwelling stock profile

8. Since 2009, the volume of dwellings in Waltham Forest has grown by 3%; it has the lowest proportion of empty homes amongst its neighbours. The private rented sector (PRS) increased from 15% in 2001 to 26% in 2011 and is now likely to make up 29% of the stock. It is larger than the social rented sector, which is the same size as it was in 2001. There are 3,700 fewer owner-occupiers.
9. The most predominant building type is the terraced house. 13% of dwellings are converted flats or bedsits, the category where most HMOs are likely to be found. 30% of the PRS comprises converted flats or 'other', the most likely source of HMOs. There is a low proportion of larger homes overall. 65% owner-occupied stock has 3+ bedrooms, compared to 31% social rented and 32% in the private rented sector. Nearly half (49%) of the stock was built before 1919. Waltham Forest has lagged behind all its neighbours in terms of new-build homes.

Economic profile

10. In spite of the recession, there has been a 30% increase in jobs (the fastest in London) and a 40% increase in the number of businesses. But there are not enough jobs in the borough for all working-age residents, so there is, therefore, considerable out-commuting (as well as in-commuting). The borough's Economic Strategy envisages by 2020 there will be an additional 26,000 jobs and 5,400 businesses, bringing in additional earnings of £220M.
11. The economic activity rate of 77.4% is lower than the London average. The economic inactivity rate is similar to the London average.
12. Waltham Forest workers tend to have jobs in lower industrial and occupational categories than the London average: that is fewer jobs in senior positions and in well-paid occupations. This means that average earnings of £29, 532 are below all contiguous authorities except Newham, and are below the London median (£33,203). Relevant to this below average profile is a work-force with a mid-level educational attainment, with fewer residents with degree level or higher qualifications (30%) than the London average of 38%, and more with no qualifications (21% v. 18%).

Recent demographic trends

13. After declining from 1981 to 1986, the population of Waltham Forest has grown with the rate of increase accelerating after 2001 and exceeding 2% per annum between 2006 and 2011. Subsequent growth has been somewhat slower but still significant. Natural population change has formed an important element of growth in the borough (over 3,000 per annum in recent years). Internal migration has consistently produced a net loss, averaging slightly under 4,000 per annum since 2011, but international migration

has produced a consistent net gain, fluctuating but in most years more than compensating for internal outmigration.

14. Compared to the national average, the borough has a high proportion of children aged 0-14, fewer young people aged 15-24, more people aged 25-34, and 35-44, and fewer people in groups of 45 and over. The borough, therefore, has a relatively young age profile. Over the 2001-14 period, the working age population has increased by 24%, an increase of almost 35,000.
15. The number of households (as distinct from the population) in Waltham Forest increased by 18,000 (21%) over the 1991-2015 period, on average about 750 households per annum. This, however, was a lower rate of growth than London or England as a whole, and a lower rate than any of the borough's neighbours, especially Hackney and Newham. DCLG household projections suggest that average household size increased from 2003 to 2011, reversing previous trends, but subsequently declined again from 2011 to 2015.
16. In terms of household type, households with dependent children are over-represented in comparison to London and England. Only 13% of households were made up exclusively of one or more people aged 65 or more, compared with 14% for London and 20% for England. One person households were also under-represented in comparison with London. 10% of households were without children but were not couples or students. They were mainly groups of unrelated adults living together. The growth in this type of household has occurred in many parts of London, where affordability pressures amongst other factors have limited the formation of one person households and led to more multi-adult households made up of unrelated single people.
17. Particular population growth levels in any particular period might be constrained by land supply or the completion of large new schemes, but the data shows that Waltham Forest has, since 2001, matched or exceeded the London average, showing that it has participated fully in the economy-driven and migration-supported growth of London's population in the last two decades. If the wider London economy continues to prosper (and there are now some major uncertainties relating to future national economic growth) then this will continue to drive the demand for housing in Waltham Forest.
18. In terms of economic drivers of demand, Waltham Forest is a significant centre of employment with a (relatively) strong level of self-containment by London standards. The number of people in employment has increased rapidly in recent years from just over 94,000 in 2004 to 133,200 in 2015, an increase of 41%. The adverse economic circumstances nationally from 2007-2012 seem to have had only a limited overall impact and growth has accelerated in the last five years.

Objectively Assessed Need (OAN) for housing

19. The ONS 2014-based population projections indicate growth of 68,000 people (25%) over the period 2014-2039. This projection was used as the basis for official household projections prepared by DCLG, which show household growth of 42,000 households, a rise of 41%, or on average 1,665 households per annum. In terms of factors driving future growth, the projections assume consistent growth through a natural change of about 3,000 per annum up to 2039.
20. Throughout the period of the projections, there is net internal out-migration, averaging 3,500 per annum. International migration is projected to remain positive (average net gain of about 3,200 pa) throughout the period. In other words, more people are projected to leave Waltham Forest than are entering from the outside, but natural growth compensates for this.
21. GLA has also produced population and household projections for Waltham Forest. Its most recent 2015-based projections provide three scenarios which vary mainly in the assumptions made about migration trends. The interim Central trend scenario assumes future migration levels based on 2005-2015 trends.
22. The GLA's population projections shows growth of 66,000 over the 2014-2039 period, slightly below that for ONS, although the GLA projection shows a higher level of churn, with larger levels of net internal migration loss and net international migration gains. GLA household projections prepared from their population projections show greater differences from DCLG projections than for population, especially towards the end of the period up to 2039. Compared to the growth of 1,665 households per annum projected by DCLG, the GLA projection shows growth of 37,404 (37%), or on average 1,496 per annum.
23. We consider that the GLA population and household projections provide the best basis for calculating OAN in Waltham Forest, as the projections and the assumptions underlying them are not constrained to national totals and so can take particular account of London's circumstances, and they are the most up to date.
24. The Inspector's report on FALP supported the use of GLA projections for the London Plan.
25. GLA's most recent employment projections covering the 2014-39 period show employment growth in the borough from 80,000 jobs in 2014 to 102,000 in 2039, with the most rapid growth projected for the first and last five year periods covered by the projection. The borough is not a major centre of employment in London terms and most employment relates to the provision of services for the local population rather than being within any of London's specialist areas of activity. We do not therefore consider it necessary to make an addition to OAN to support economic growth.

26. On this basis, the OAN for Waltham Forest before taking account of market signals is 1,810 dwellings per annum over the period 2014-2039, including provision for vacant and second homes in the additional stock. The backlog of need through homelessness and concealed households is 5,680, or 284 per annum if spread over 20 years, as in the London Plan.
27. The dwelling size breakdown of the OAN is dependent on assumptions about future occupancy rates. Assuming that private sector occupancy rates (which include significant levels of under-occupancy) remain as at present, the required size breakdown of the housing stock in the borough in 2039 will be 18% one bedroom dwellings, 30% two bedroom dwellings, 35% three bedroom dwellings, and 17% four bedroom dwellings. To reach this target, new housing provision will need to focus on two and four or more bedroom units.
28. Future trends such as worsening affordability, changes to housing benefit, or planning policies could impact on demand in different ways. On the one hand they may produce a greater demand for smaller dwellings, but more sharing by multi-adult households would create a demand for larger dwellings.
29. Terraced houses and purpose-built flats are the most common dwelling types in the borough. Future pressure on land is likely to lead to an increase in the proportion of purpose-built flats and apartments.

Market signals

30. Local Plans should take account of market signals, such as land prices and housing affordability, in addition to household projections. The indicators referred to in Planning Practice Guidance are land prices; house prices; rents; affordability; rates of development and overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation.
31. The particular trends we noted were: increasing demand for sites in Outer London; steep increases in house prices in the borough in recent years compared to the London average; sharply reducing affordability, as house prices have risen much faster than the relatively low wage levels in Waltham Forest; a low supply of private rented accommodation, and indications that rents may be rising in this sector; below London Plan target dwellings completion (though forecasts indicate that the backlog and target will be met); higher levels of overcrowding and lower levels of underoccupation than national averages, and higher than London average of concealed households; significant increases in the number of homeless households placed in temporary accommodation, particularly outside the borough boundaries.
32. From our detailed review of trends in these indicators, we conclude that there is no need for a specific addition to OAN to reflect local pressures. The London Plan has taken

a pan-London approach to assessing overall need and seeks to provide housing to meet that need in the locations where capacity is available.

33. More importantly, market signals strongly suggest that there is a significant need for affordable housing, evidenced in particular by the large numbers of concealed households who are unable to find affordable housing in the borough.

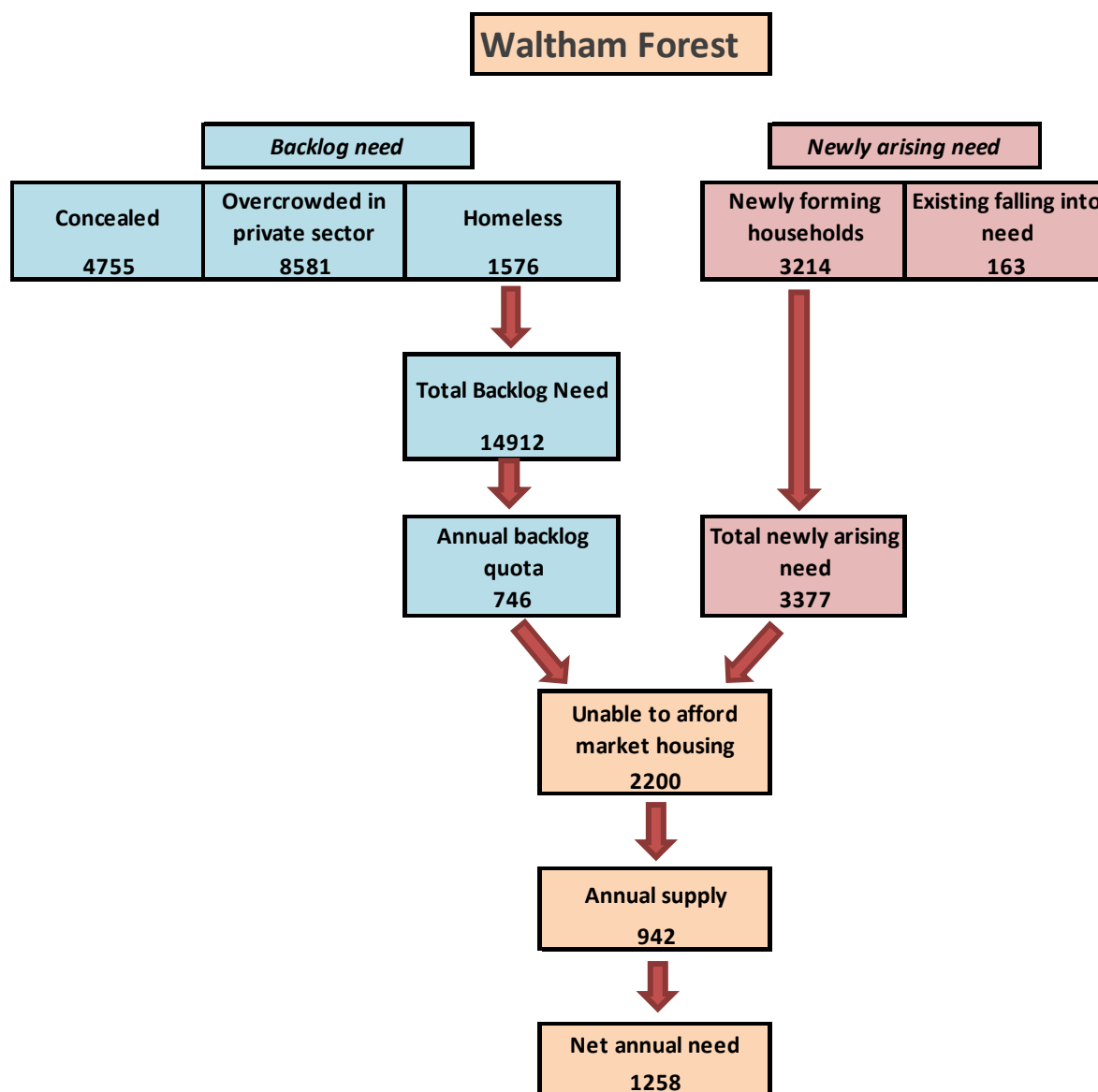
Affordable housing requirements

34. The need for affordable housing differs from the overall OAN. The OAN is an assessment of the amount of additional housing stock required to cater for future household growth. The affordable housing requirement estimates the total amount of affordable housing required, which could be met in a variety of ways in addition to building more homes (for example, by acquiring private stock for use as affordable housing).
35. To assess gross need, and following PPG, estimates were made of the made of the number of households in need at 2016, representing the made of the level of backlog need. To this were added the numbers of newly forming households and the number of existing households falling into need. Each of these was expressed as an annual average figure.
36. To be in conformity with the London Plan, it was assumed that backlog housing need would be met over a twenty-year period. This indicated a potential annual need for housing of 4,122 before taking account of the ability of these households to afford market housing.
37. To assess the number of these households unable to afford market housing, estimates were obtained of the distribution of household incomes in the borough, and of the incomes of the specific groups defined in Guidance as potentially in need. Household incomes were compared with the threshold entry cost for market housing to give an estimate of the number of households in need of affordable housing, broken down by bedroom requirements. The total number of households per annum who could not afford to pay the market entry threshold cost, who therefore need affordable housing, was 2,200. This assumes that households with an annual income of up to £16,465 per annum should not have to spend more than 25% of their income on housing and that those with incomes in the £16,466 to £33,080 range should not have to spend more than 30%. Those with incomes in the £33,081 to £59,201 range should not have to spend more than 35%. Those with incomes above this level should not have to spend more than 40% of their income on housing costs.
38. Three other thresholds within the overall category of affordable housing were also identified, again broken down by bedroom requirement.

- ***The lowest cost threshold*** was based on current average rent levels in the social rented sector in Waltham Forest. 875 households could not afford even this threshold and would require assistance through housing benefit to access even the lowest rent social housing. In terms of demand, this is the largest sub-sector within the affordable housing, emphasising the continuing importance of housing benefit to the lowest income households.
- ***The second, higher, threshold though still below market rent***, was based on the London Affordable Rent. 375 households could afford social rents but not a rent at this threshold level. 1,200 households will, therefore, require social housing, mostly with assistance from housing benefit.
- ***The third and highest threshold within the affordable sector*** represents the estimated cost of intermediate tenure housing and covers the costs of a mortgage, rent payments and service charges associated with the purchase of an average amount of equity. 134 households per annum could afford London Affordable Rents but not the cost of intermediate housing. This leaves an additional 816 households could afford intermediate housing but not the lower quartile rent, suggesting a significant demand for this form of affordable housing.

39. The demand for affordable housing is thus somewhat polarised between traditional social rent levels assisted by housing benefit and intermediate housing, rather than housing at higher but still sub-market rents.
40. Based on past trends, the likely supply of affordable homes, mainly from relets, was calculated (942 per annum). 82% of relet supply is in the form of social rented housing.
41. If the estimated annual supply of affordable housing is deducted from the gross need, there is a shortfall of, or net need for, affordable housing of 1,258 dwellings per annum. The stages in the process of calculating the affordable housing requirement are illustrated below:

Figure 0.1 Stages of affordable housing calculation



Source; Cobweb Consulting modelling, Chapter 8, Waltham Forest SHMA

42. The net annual requirement for affordable housing (1,258 units) represents 69% of the overall OAN for the borough set out in Chapter 6. The tenure-based calculations for affordable housing were then broken down into size-based requirements, as in Table 0.1 below:

Table 0.1 Breakdown of affordable need and supply by tenure and bedsize

		Annual need	Annual supply	Surplus (+) or shortfall (-)
Requiring social rented housing	1 Bed	365	315	-20
	2 Beds	572	83	487
	3 Beds	151	130	-52
	4+ Beds	75	55	58
	Total	1163	583	472
Affordable Rent relets	1 Bed	0	26	-26
	2 Beds	0	79	-53
	3 Beds	0	17	13
	4+ Beds	150	3	75
	Total	150	125	10
Intermediate sector re-sales	1 Bed	0	16	-1
	2 Beds	127	19	203
	3 Beds	413	4	390
	4+ Beds	172	1	183
	Total	712	40	776
All affordable sectors	1 Bed	365	357	-48
	2 Beds	699	182	637
	3 Beds	564	151	351
	4+ Beds	398	59	317
	Total	2026	748	1258

Source; Cobweb Consulting modelling, Chapter 8, Waltham Forest SHMA

43. Official guidance makes it clear that private rented housing is not affordable housing, but the private rented sector can play a part in meeting an affordable need, supported by Local Housing Allowance, mainly perhaps on a short-term basis for any individual household.

44. It is estimated that over 600 new LHA claimants per year enter the private rented sector in Waltham Forest at present and some of these are likely to be included in the estimate of those in affordable housing need. The authority has been operating a private sector licensing scheme for some time to support and regulate this sector.

Specific groups

45. Older people

- By 2039 the number of those aged over 65 is projected to be 51,000. The proportion of those aged 65 or over in Waltham Forest is expected to have increased by 84% since 2014

- There is projected to be a 4,000 increase in those over 85 in the borough by 2039, at a rate mid-range among neighbouring boroughs.
- 50% of single older people and 73% of older couples own their own homes outright, implying there is considerable equity available to meet housing needs. However, 44% single older people and 21% of older couples are in the social or private rented sectors and will not have these assets.
- Older people tend to under-occupy housing, implying that if they downsize this would free up more family-sized accommodation in all sectors.
- Across Waltham Forest, there is a need for additional Extra Care accommodation, especially private sector provision. There is also a shortage of private sector rented sheltered accommodation to the amount of 90 units per annum, between 2015 and 2025.

46. Households with disabilities and wheelchair requirements

- A steady increase in the number of households with physical disabilities is forecast between now and 2030, particularly those aged 65 plus.
- 450 households have unmet wheelchair accessible accommodation requirements.
- There is a mismatch between the numbers needing social/affordable wheelchair accessible stock, and the allocations to that stock.
- There are a number of reasons for this including the need to minimise void periods and mismatches between locational preferences and the available stock

47. Students

- There are over 22,000 students resident in Waltham Forest during term time, including older school students.
- At the moment there is no purpose built student accommodation in the borough, though this will change next year when 527 units will come into use
- At least 38% live in private rented accommodation; 55% live with their parents though this number includes older school pupils and college students.
- There is a rough balance between numbers studying in the Waltham Forest and students living in the borough; given the relatively low rents and the good connections into central London, it would not be surprising if Waltham Forest became more of a student hub in the future. There is strong developer interest in this market.

48. Families

- The proportion of younger people in Waltham Forest is forecast to decline over the next twenty years, and hence the proportion of families with younger children will decline proportionately. However, there will still be an absolute growth in the number of working-age households, by over 20%

- 30% of lone parent families and 'other' households with children are in the private rented sector; 39% of all households with children live in the PRS. This must be of concern, in terms of pressure on rehousing and homelessness service if landlords move their market towards young professionals and away from lower-paid, benefit dependent households.
- 43% of families comprise couples with dependent children, and 22% comprise lone parents; nearly 25% of family households have only non-dependent children (i.e. grown up offspring) living at home.
- Lone parent families are more reliant on social housing than other groups (46% live in the sector)
- Other households with children are concentrated in the owner-occupied sector, especially the households with only non-dependent adult offspring remaining in the parental home (67% are owner-occupiers)
- 67% of owner-occupier families under-occupy by at least one bedroom. In the social rented sector, similar proportions have surplus bedrooms and are overcrowded (27% v 20%) implying at least a theoretical possibility of rationalisation.
- There is no obvious correlation between the presence of popular schools and higher house price areas.

49. Private rented sector (PRS)

- The PRS has doubled in size in Waltham Forest between the last two Censuses and is now likely to be providing homes for 29% of households
- Residents are primarily young, and a relatively high proportion – 39% - have dependent children (higher than most neighbouring authorities and the London average)
- 42% PRS residents come from ethnicities other than White British
- Residents tend to be mainly employed, but in the lower strata of occupation type and industry (and therefore likely to be on low wages)
- The number of PRS tenancies let to those claiming Housing Benefit is reducing; if it is becoming less of an option for those on lower incomes, this must be of concern to the authority, particularly given the high proportion of households with dependent children that rely upon it
- Interviews with landlords and lettings agents show that the environment for their continuing to rent to lower income, benefit-claiming tenants is worsening and that they are more likely to focus on higher-income professionals. 'Build to Rent' is likely to exacerbate this.
- If the PRS is to continue to play a role in addressing homelessness and housing need, the authority will need to maintain strong relationships with the landlords it currently works with, and be prepared to reinforce the incentives scheme

50. People wishing to build their own homes

- Of the 231 entries on the register of those who have expressed an interest in acquiring land to bring forward self-and custom-build projects, only 25 individuals live in Waltham Forest
- In view of this, the authority may well want to consider taking up the option of running a two-part register and setting local connection criteria that allow resources to be focussed on those that do have a local connection
- Beyond this, the authority should examine the demographics and incomes of those on the local connection register to assess what degree of housing need is evidenced.

51. Black and Minority Ethnic (BAME) people

- Fundamentally, all households regardless of ethnic origin require decent housing. However, there are some socio-economic factors relating to particular groups that affect their ability to access this housing and their needs.
- As of 2016, half of Waltham Forest's population is from BAME groups and half from White groups (including non-UK White groups). The proportion of the BAME population is forecast to reach 52% by 2026.
- Although currently, BAME households tend to be younger than their UK White counterparts, there the rate of growth of BAME Other White elderly households is much faster than UK White households leading to increasing demand for care and specialist housing services.
- Approaching 60% or more BAME households are owner-occupiers, a higher proportion than UK White households. Future housing options involving the use of equity are therefore a possibility for these. Black households are the group with the greatest proportion in the PRS, whereas 30% Asian households are in the social rented sector; overcrowding is more common among Asian and Black households.

52. Gypsies, Travellers and Travelling Showpeople

- Waltham Forest has three sites in the borough, Peacock Close, Folly Lane and Chingford. The SHMA did not look at this group as Waltham Forest intends to carry out a separate study into Gypsies, Travellers and Travelling Showpeople.

Chapter 1

Introduction

1.1 This Strategic Housing Market Assessment (SHMA) sets out the estimates for the London Borough of Waltham Forest's (LBWF) current and future housing need, to inform the development of a New Local Plan and New Housing Strategy. A SHMA should identify the scale and mix of housing, the range of tenures needed to meet household and population projections. This includes affordable housing and needs of different groups (e.g. older people, families with children, people with disabilities, people wishing to build their own homes) and caters for housing demand and sale of housing supply necessary to meet this demand.

Housing Market Area

1.2 The first stage of a SHMA is to determine the geographical span of the housing market area (HMA) within which the commissioning authority is situated.

1.3 In the London context, the Examination in Public on the Further Alterations to the London Plan confirmed that London is a single housing market area. However, national policy and guidance as well as London Plan Policy 3.8 "Housing Choice", still requires boroughs to undertake an assessment of needs at the local or sub-regional level in order to supplement the strategic findings of The 2013 London SHMA. This requirement has been reinforced by Housing Supplementary Planning Guidance (SPG) issued by the Greater London Authority (GLA).¹

1.4 We undertook a thorough review of existing research and new evidence to determine whether it was appropriate to conduct an HMA for Waltham Forest alone, or whether there would be a requirement to extend the area covered beyond the borough's boundaries.

1.5 As part of this review we took into account the Duty to Cooperate which the Localism Act 2011 and the National Planning Policy Framework (NPPF) places on local councils, to consult with neighbouring local authorities, the Greater London Authority, and other relevant organisations, over the definition of HMAs and subsequently over the evidence assembled and the study findings.

Objectively Assessment of Need

1.6 The second stage was to prepare a SHMA including an OAN for housing which is fully compliant with the requirements of the NPPF², Planning Practice Guidance (PPG)³ and

¹ <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/housing-supplementary>, May 2016

² NPPF <http://planningguidance.planningportal.gov.uk/blog/policy/>

taking account of associated advice such as that prepared by the Planning Advisory Service (PAS).⁴ The SHMA includes an assessment of the need for affordable housing, as also required by the guidance.

1.7 This report sets out the SHMA findings and will form part of the evidence base for LBWF Local Plan and Housing Strategy.

1.8 The remainder of this report is structured as follows:

- **Chapter 2** considers the key national, regional and local policies and requirements relating to the preparation of a SHMA.
- **Chapter 3** reviews the evidence relating to HMAs in the Greater London context, and in the context of Waltham Forest's geography. We note house price data, migration and travel to work patterns, and how an HMA would relate to the 2013 London SHMA and the London Plan.
- **Chapter 4** provides brief profiles of the population, the housing stock and the local economy in Waltham Forest, along with neighbouring authorities for comparison, identifying trends over time, and highlighting key differences. This includes economic characteristics, tenure composition, dwelling size/type breakdown, condition, under and over-occupation, house prices, housing supply trajectories, and key features of the local labour market.
- **Chapter 5** reviews trends in population and household change and the various demographic, economic and aspirational factors driving the amount and nature of household formation and housing market change in the study area over the last two decades. The two key long-term drivers of housing market demand considered in detail are demography (including population composition and migration and household characteristics) and the strength of the economy (including both the level and type of employment available and economic opportunities in adjacent areas) which determine households' ability to exercise demand in the market or otherwise.
- **Chapter 6** provides an assessment of the future number of households in Waltham Forest, drawing on official Government household projections and those prepared by the GLA. It considers the factors which might lead to alternative demographic scenarios, especially those affecting migration and household formation. It examines alternative economic and employment forecasts and assumptions relating to labour force participation and employment rates to develop employment-led household forecasts for comparison with demographic forecasts, in order to identify issues relating to the future under or over-supply of labour and the implications for migration, household formation and/or travel to work.
- **Chapter 7** draws together evidence on market signals, which the PPG emphasises must form a key component of an HMA. The main signals considered are house prices and sales turnover, private sector rents, housing supply, overcrowding and homelessness. Drawing on the evidence from **Chapters 6 and 7**, the OAN for housing

³ PPG, particularly on Housing and Economic Development Needs Assessments

<http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

⁴ PAS latest edition <http://www.pas.gov.uk> 2nd edition, July 2015

in Waltham Forest is derived and presented in the context of the future supply and deliverability of development.

- **Chapter 8** assesses affordable and intermediate housing needs, following the framework set by the PPG, and specifically the guidance on Housing and Economic Development Needs Assessments. It uses a spreadsheet-based model using secondary data sources which has enabled a range of alternative assumptions to be examined before arriving at preferred estimates. It notes the requirement for market housing. It takes account of the new products proposed by the Mayor of London, including London Affordable Rent and London Living Rent.
- **Chapter 9** highlights the housing needs of a range of specific groups which may not be fully identified elsewhere.
- **Chapter 10** draws together some overall conclusions and thoughts towards future policy development.

Acknowledgements and authorship

1.9 We would like to thank the following for their assistance with the preparation of this study. In particular, we would like to thank our original client project manager Dominique Barnett, Local Plans Officer, and her colleague Joe Addo-Yobbo, Head of Planning Policy and Strategy. We would also like to thank Charlotte Morphet and Kelvin Bathie, who succeeded Dominique as Local Plans Officers, and Michael Jellow, Modester Anucha, David Beach, Shanaz Hussain and Jennie Anderson for their input; and other staff from the Housing and Planning departments who provided comments, data, and information. We would also like to thank the stakeholders who we interviewed, who provided context and ‘on the ground’ views on the Waltham Forest housing markets.

1.10 This report was researched and written by Cobweb Consulting. Principal authors are Danny Friedman and Philip Leather.

Chapter 2

The policy context

Key messages

- National planning policy requires local authorities to base their planning policies on the full OAN for all types of housing (market and affordable housing)
- SHMAs should focus on HMAs, defined in relation to evidence on house prices, migration, travel to work patterns and other factors.
- In the London environment, the London Plan and the 2013 GLA SHMA can be relied upon as the prime planning and evidence context for housing market analysis. Local housing assessments such as this one can complement the wider strategy.
- The National Planning Practice Guidance (PPG) sets out an approach to identifying objectively assessed need for housing which should be followed unless there are strong local circumstances which suggest an alternative approach. Constraints on provision such as land availability or infrastructure should not be taken into account in the OAN, although they are of course relevant in developing policies.
- The starting point is official demographic projections, but these may be adjusted to take account of alternative migration levels and household formation rates, and any identified need to support economic growth or to respond to market signals.
- Total housing need should be broken down by age group, type of household, size of household, tenure, and any special requirements (such as those of disabled people).
- A separate and detailed approach to assessing the need for affordable housing is also set out in PPG.
- The 2013 SHMA prepared for London by the GLA has established the ‘top-down’ indicative OAN for Waltham Forest and this needs to be taken into account in this SHMA to ensure conformity with the London Plan where required.
- The proposals in the Housing White Paper and issues around leaving the European Union will be important contextual factors in the medium and longer-term future. The June 2017 election has brought no significant policy or resourcing changes to bear.

Introduction

2.1 This chapter highlights the most important features of national, regional and local planning policy and guidance which this Strategic Housing Market Assessment (SHMA) for LWBF has taken into account.

2.2 The NPPF, originally published in 2012, sets out the government's principles and policies relating to planning.

The National Planning Policy Framework

2.3 The NPPF sets out a clear presumption in favour of sustainable development (para 14), and establishes the government's intention to significantly boost the supply of housing. To determine how much additional housing is required, local planning authorities are required to make objective assessments of the needs for market and affordable housing, working across HMAs (para 159). Local Plans should seek to meet identified needs in full unless this would have adverse impacts which outweigh the benefits, or conflict with other policies within the NPPF including policies relating to the Green Belt and to the conservation and enhancement of the natural and historic environments. Where this is not practicable, local authorities must work in partnership with neighbouring authorities to ensure that need is met (para 179).

2.4 More specifically, paragraph 159 of the NPPF requires that *'Local planning authorities should have a clear understanding of housing needs in their area. They should...prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries'*.

2.5 Paragraph 159 goes on to state that:

'The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- meets household and population projections, taking account of migration and demographic change;*
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- caters for housing demand and the scale of housing supply necessary to meet this demand.'*

Regional and cross-boundary planning

2.6 The government has abolished Regional Spatial Strategies, apart from in Greater London and responsibility for cross-boundary planning issues lies with local authorities. The

2011 Localism Act imposed a 'duty to cooperate' on local authorities, requiring them to engage constructively, actively and on an on-going basis with neighbouring local authorities and a range of other relevant bodies, including the GLA. Compliance with the 'duty to co-operate' has become prominent amongst the factors against which the soundness and legal basis of development plans are assessed, and housing supply has emerged as an area where co-operation is of importance, especially where HMAs cross local authority boundaries.

2.7 In Greater London, the Mayor of London has responsibility for developing the spatial development strategy for planning across the capital, through the London Plan, within which housing supply is a prominent issue. Each borough's statutory Development Plan includes both the London Plan and its own Local Plan, and the Local Plan must be in general conformity with the London Plan.

National Planning Practice Guidance

2.8 Official National Planning Practice Guidance was issued by Department of Communities and Local Government (DCLG) in 2014, with updates made online at intervals. The section on 'Housing and economic development needs assessments'⁵ provides greater detail on the government's expectations in relation to SHMAs, building on NPPF para 159. Three key points stress that:

1. A SHMA should provide an objective assessment of need based on facts and unbiased evidence. A SHMA should not apply constraints to the overall assessment of need. If relevant, these should be taken into account when developing policies at a subsequent stage.
2. Local planning authorities are strongly recommended to use the standard method set out in the Guidance and any departures from this method should be justified by local circumstances.
3. SHMAs should be thorough but proportionate, building where possible on existing secondary information sources rather than primary surveys. The range of future scenarios considered should be limited to what could reasonably be expected to occur.

2.9 The basis for a SHMA should be the relevant HMA , 'a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work'⁶. HMAs do not necessarily coincide with local authority administrative boundaries. HMA boundaries are not prescribed by the PPG and their identification forms an important part of a SHMA. The PAS guidance⁷ considers (although official guidance does not explicitly state this) that an assessment carried out by a single local authority for part of a HMA is acceptable where Local Plan

⁵ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

⁶ Para 010

⁷ http://www.pas.gov.uk/local-planning/-/journal_content/56/332612/6363116/ARTICLE

timetables for authorities within the area do not coincide, provided that each authority draws on the evidence bases of other authorities covered by the HMA and that future reviews are coordinated.

2.10 The PPG also sets out the approach to identifying HMAs; and the methodology for need assessment. The key features of the specified methodology which have guided this SHMA are:

- The most up to date official demographic and household forecasts should be the starting point for assessing future housing need, but other relevant data sources should also be considered. In the case of London, these would be the forecasts prepared by the GLA. The SHMA should particularly consider whether there are factors affecting local demography and household formation rates which are not captured in past trends.
- Adjustments to forecasts must be justified on the basis of robust evidence.
- Demographic factors may not be the only influences on housing demand. Likely future changes in job numbers based on economic forecasts must be assessed against likely changes in the working age population in the housing market area to identify any potential need for additional housing to support economic growth (or a shortfall in employment), or potential changes in commuting patterns and their impact on sustainability.
- Market signals should be taken into account as they may indicate undersupply relative to demand and the need to modify projections based on past trends. The main signals referred to in guidance are land prices, house prices, rents, affordability, rates of development and overcrowding.
- Total housing need should be broken down by age group, type of household, size of household, tenure, and any special requirements (such as those of disabled people).
- Affordable housing need should be calculated by estimating the backlog of need from people who currently occupy unsuitable housing (or who cannot form separate households) and are unable to afford market housing, together with an estimate of the future numbers in affordable need, both new households and existing households falling into need. From this should be deducted the current and future supply of affordable housing. Affordable housing need may be disaggregated into categories based on the ability to afford different types of housing such as social rented housing or intermediate housing.

The London context

2.11 In 2013 the GLA prepared a SHMA for a HMA which covered Greater London. This excluded areas outside London, although the SHMA acknowledged that many areas outside London but adjacent to it had strong linkages with London which needed to be taken into account at a more local level. The SHMA identified an overall OAN for London, and the

subsequent London Plan established a minimum target for additional housing provision in Waltham Forest and all other London authorities over the London Plan period. Subsequently Supplementary Planning Guidance (SPG) has emphasised the need for local assessments to complement the strategic assessment made by GLA. SPG refers to sub-regional and local assessments, without specifying a framework of appropriate geographical areas. This degree of flexibility is sensible, given the complexity of markets within London, the pattern of existing assessments, the different working relationships between boroughs and groups of boroughs (in some cases including authorities outside the GLA area), and the different stages of plan preparation within authorities. The SPG also has indicative OAN calculations, to which we will have regard.

2.12 The Mayor has also issued Affordable Housing and Viability SPG⁸ and the Homes for Londoners Affordable Homes Programme 2016-21 Funding Guidance⁹ in November 2016. In outline, the latter aims to deliver at least 90,000 new affordable homes by 2021, at a cost of £3.5B. These outputs would be in the form of three products: 31,500 homes at 'London Affordable Rent' levels, which are higher than social rent levels (at least in Waltham Forest) but below Local Housing Allowance (LHA) levels in the main, and based on the formula rent cap for social renting. The remaining 58,500 will be a combination of 'London Living Rents', which will be based on a third of gross median earnings at a ward level with an earnings cap of £60,000; and 'London Shared Ownership', which involves a 10% deposit, shares of between 25% and 75%, and rent no more than 2.75% of unsold equity. There is an earnings cap of £90,000. This is discussed further in **Chapter 8**.

2.13 The examination of data to determine HMA boundaries in **Chapter 3** and in **Chapter 4** concluded that it is appropriate to consider LBWF as a HMA in its own right. In the wider London context, the authority can rely on the role of the London Plan and the 2013 GLA SHMA in contextualising the analysis of this SHMA, which should be considered as a 'local assessment' in the spirit of the SPG.

Housing White Paper – 'Fixing our broken housing market'

2.14 The government Housing White Paper issued in February 2017¹⁰ launched a consultation on a number of proposals that will be relevant to future housing development and strategy plans in Waltham Forest. The most significant policy directions signalled are:

- Downplaying the role of Starter Homes, and withdrawing the requirement of a 20% threshold for Starter Homes in terms of affordable housing development, in favour of a much broader range of products (including rental products); restricting the income thresholds for eligibility to £90,000 in London
- Encouragement of 'build to rent' a new forms of private renting, backed by large-

⁸ <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/affordable-housing-and>

⁹ <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners/homes-londoners-affordable-homes-programme-2016-21>

¹⁰ *Fixing our broken housing market*, Secretary of State for Communities, February 2017

scale institutional investment, with longer and more secure tenancies, including an affordable component

- Redefining of the term 'affordable housing', to include discounted market sales and private renting schemes 20% below market value, as well as existing social rented, 'affordable' rented, intermediate market, and Starter Homes
- An expectation that local authorities will produce more realistic housing plans for their areas, and consultation on the introduction of a standardised approach to assessing overall housing requirements
- Penalties (in the form of relaxed access to planning permission for developers) for authorities that miss their delivery targets
- Streamlining of the planning system, and reduction in the amount of time before sites with planning permission have to be built out (including measures to compulsorily purchase undeveloped land)
- Encouragement to smaller scale developers to get into the market to increase competition
- Introduction of a new register, or more detail, on land ownership
- Options for local authorities to 'land-pool' for new developments.

2.15 There are no additional cash resources for housing development announced, and there was a re-emphasis on brownfield development, with enhanced protection for Green Belt areas and boundaries. There was no announcement of further extension of the housing association Voluntary Right to Buy Scheme beyond the current pilot, and no mention at all of the planned forced sale of council homes. There will be review of housing association rents after 2020, with a new 'rent standard' to be set from then, which may involve giving associations greater flexibility in how they set their rents.

2.16 In conclusion, the most significant impact is likely to be the broadening of the range of sub-market housing products that will be available under the 'affordable' banner, but no actual additional resources available to increase the number or proportion of truly affordable (social rented homes) beyond those already announced in the Autumn statement. Consultation on the proposals ran from 7 February to 2 May 2017.

Leaving the European Union

2.17 We cannot end this discussion of policy context without some mention of leaving the European Union and its impact on housing markets. The House of Commons Library briefing paper¹¹ suggests caution when looking at market changes immediately since the vote to leave the European Union, citing global political uncertainty and the broader UK economy as

¹¹ *Brexit: implications for the housing market and construction*, Briefing Paper 07666, House of Commons Library October 2016

other significant factors. Nonetheless, it notes that though initial fears of a major drop in consumer confidence and house prices were not realised, there are concerns about the longer term, as the day for leaving the European Union approaches, and beyond.

2.18 The value of shares in major construction companies fell in the run up to and sharply on the day of the referendum (between 21% and 28%)¹², and although some ground has been recovered, none have returned to pre-referendum levels. There is no firm indication that house prices have fallen sharply, though the rate of increase seems to have slowed considerably, particularly in London. Nationwide and Halifax reported increases of under 0.4% in the months following the referendum.¹³

2.19 Data on the labour market traditionally lags behind share and price indicators, but ahead of the referendum commentators had noted concerns about the number of skilled construction workers falling, as they moved back to their home countries. Some 12% of construction workers in the UK are of non-British origin. It was felt that the rate of this departure would be exacerbated by falls in the value of the pound, making wages paid in the UK less attractive.

2.20 There are also concerns about the social care labour force: some 80,000 of the 1.3M staff employed in the sector come from the EU, and a reduction in their freedom of movement would have a knock-on effect on enabling older people in particular to maintain an independent lifestyle in their own homes, as well as issues about hospital admissions and 'bed-blocking'¹⁴

2.21 The immediate impact on social housing providers was for some 42 housing associations to have their credit ratings or outlooks reduced by Standard and Poors, or Moody's.¹⁵ The National Housing Federation had pre-referendum identified risks around programmes built solely around home ownership, and advised associations to stress test their business plans. Nonetheless they saw an expanding role for associations during a period of uncertainty and also identified that this represented an opportunity to expand the sub-market rent development programme, citing need for flexibility, especially when the future expansion of the owner-occupier sector is in doubt¹⁶. As noted above, in the section on the Housing White Paper, opportunities for sub-market renting development are being enhanced.

2.22 At a local level, developers operating in Waltham Forest that we interviewed noted that the decision to leave the European Union had not caused the instability that was expected, and they do not think it will affect their operations much. After a short period when funders 'put the brakes on' immediately following the vote, things are now back to

12 <https://www.theguardian.com/business/2016/jul/04/uk-construction-industry-slumps-dramatically-ahead-of-eu-vote-pmi>

13 www.bbc.co.uk/news/business-36912126

¹⁴ *Five big issues for health and social care after the referendum*, Kings Fund, 2016

<https://www.kingsfund.org.uk/publications/articles/brexit-and-nhs>

15 www.publiclawtoday.co.uk/housing/property/380.../30759-social-housing-and-brexit

¹⁶ *The vote to leave the EU – considerations for housing associations*, NHF 2016

normal, and they consider that there is plenty of potential in Waltham Forest.

2.23 More broadly, looking ahead, the housing market impact of leaving the European Union will be intrinsically tied into the economic impact. The variables here are substantial: the relationship between the pound and the Euro; the ability of London to retain its international financial role; the results of single or bilateral market trade negotiations; and the wider impact of migration policy among other factors are as yet unknowns.

2.24 All commentators therefore agree that it is still far too early to be definitive about the impact of Brexit on housing markets, pointing out that the leave timetable has yet to be triggered, and that all details are up for negotiation.

The June 2017 General Election

2.25 The June 2017 General Election took place after the vast majority of this SHMA had been drafted. However, examining the expressed housing policies of the new government, there is little in them that would appear to impact on the findings. The only pledge of note is the commitment to halve rough sleeping (which if delivered would result in 24 additional re-housings in Waltham Forest)¹⁷. The overall national target to build 250,000 new homes per annum by 2022 has been retained, but to date no additional resources have been earmarked for the affordable housing element. An initial pledge in the Government's manifesto to re-launch a social housing programme has been withdrawn, leaving only a continuing reliance on the affordable housing model.

¹⁷ CHAIN Rough Sleepers count Autumn 2016 <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2016>

Chapter 3

The content and scope of the Strategic Housing Market Assessment

Key messages

- While GLA SPG indicates that London should be viewed as a single housing market for planning purposes, it recognises that there are ‘housing sub-markets’ within the capital.
- The SPG does not seek to specify the geographical scope of these sub-markets and emerging practice has produced SHMAs both for groups of boroughs (sometimes including areas outside London) and for single boroughs.
- We have examined previous work and noted that there is no clear consensus on the pattern of HMAs in and around Waltham Forest or across North and East London. Our own review of the most up to date evidence shows clearly that no unique pattern exists, but that there are undoubtedly strong linkages between boroughs within this area, for migration where they are adjacent, and for travel to work sometimes over a longer distance.
- In the simplest situation, a HMA would consist of a free standing urban settlement, surrounded by a rural catchment area, with net commuting in from the catchment area and net migration out to it. In London, a large number of such urban settlements and employment foci are located adjacent to one another, often with little or no rural areas between them. This results in a complex pattern of linkages with relatively low levels of self-containment.
- We conclude that this supports the treatment of Waltham Forest as a single HMA, but as strongly recommended in PPG, the SHMA must fully take into account the linkages of the Borough and its neighbours in order to provide a full picture of objective housing need and affordable housing need.

Introduction

3.1 This chapter produces a detailed picture of HMAs covering and around Waltham Forest and examines the implications for this SHMA. It demonstrates how the housing market operates in practice over the borough and the surrounding authorities and takes this into account in its analysis and findings. It closely follows the guidance on identification of HMAs set out in the National Planning Policy Framework (NPPF) and in more detail in Planning Practice Guidance (PPG). It considers the extent to which the guidance is fit for purpose in the case of Waltham Forest and more generally in the London context, and considers what the guidance implies for SHMAs in London. It is important to establish a clear view on these issues at this stage, as this guides the subsequent scope of later chapters.

Strategic Housing Market Assessment in the London context

3.2 The planning framework for London is unique as it consists of two tiers, with each borough being covered by (a) a spatial development strategy, the London Plan, and (b) by a Local Plan and other development plan documents, which must be in *general conformity* with the London Plan. These two parts together form the Development Plan at the borough level. Duplication between the two elements (a) and (b) would be unnecessary and wasteful, and it would be unreasonable if the two elements were not in conformity.

3.3 The London Plan has recently been revised and changes (known FALP) were incorporated in the London Plan in 2015. In relation to housing, the revised London Plan was based on evidence drawn from London-wide Strategic Housing Market and Strategic Housing Land Availability Assessments prepared in 2013. Together these have provided an OAN for London as a whole and informed the strategic housing policies to address this need, including housing targets for each London borough.

SHMA preparation by boroughs

3.4 The London Plan assessment of overall housing need and its strategic policies to address this were tested at an examination in public (EIP) and considered appropriate for the strategic planning of Greater London by an Inspector¹⁸, subject to some amendments and a commitment to a full review of the Plan. The Inspector felt that an amendment to the London Plan was necessary to make it clear that London boroughs did not need to identify the *quantum* of new housing required in their areas to meet objectively assessed need. He was of the view that ‘there should be no need for a local plan in London to reiterate policies set out in the FALP’ (para 19) and that ‘there is no need...for each London Borough to duplicate the work done by the GLA and produce their own individual assessment of *overall* need’ (para 23) (our italics).

3.5 However the London-wide OAN set out in the London Plan, the Plan’s policies and the setting of borough level targets to meet this need are not in themselves sufficient to provide a sound and comprehensive housing policy framework at borough level, and further assessment work is required to complete this. The GLA Housing SPG¹⁹ indicates that the London Plan is clear that boroughs remain responsible for assessing their own requirements, within the policy and strategic context set by the NPPF and the London Plan (para 3.1.3).

¹⁸ <http://www.london.gov.uk/priorities/planning/london-plan/draft-further-alterations-to-the-london-plan>

¹⁹ <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/housing-supplementary>

3.6 Whatever spatial scale SHMA addresses, it is important to assess and take account of any linkages with wider areas. This allows boroughs to take *‘a pragmatic approach to identifying the spatial scale at which the SHMA should be carried out, and recognises that boroughs are at different stages in their local plan process, while also ensuring that the complex linkages between areas within and outside of London are taken into account’*²⁰. The London Plan provides the strategic framework in terms of overall housing need, and sub-regional and local housing market assessments are required to identify the mix of tenure, type and size of homes needed within this target. This ‘tiered’ approach to understanding housing requirements, with a strategic London-wide study supplemented by more detailed sub-regional and/or local studies is an accepted approach in the context of London’s two tier planning system. Borough housing policies must aim to meet local or sub-regional as well as strategic needs.

3.7 In boroughs adjacent to areas outside London which were not included in the London SHMA and its OAN, NPPF requirements and the Duty to Cooperate suggest that the OAN of adjoining or nearby areas outside London should be taken into account, together with the capacity of those areas to assist in meeting London’s OAN, if plans are to be found sound.

3.8 For this reason, it is appropriate that A SHMA prepared by Waltham Forest should be primarily concerned with assembling evidence on the requirement for affordable housing and the mix of tenure, type and size of homes needed to meet, or exceed, the London Plan housing target for the Borough. In the same way that the development plan for the borough consists of both the London Plan and the borough’s own Local Plan, it is reasonable that the evidence base should include both work by the GLA and work carried out at a more local level on the detailed nature of housing needed in the borough, so long as the two sources of evidence do not overlap and are in conformity.

Geographical coverage

3.9 The arguments above, whilst supporting work by boroughs to assess housing needs within the framework of the London Plan, do not specify the appropriate geographical basis for such assessments. PPG²¹ appears largely to be aimed at assessments within a single tier planning system, although it makes reference to ‘smaller sub-markets with specific features’ where ‘it may be appropriate to...create a detailed picture of local need’. This can be interpreted as a reference to sub-areas within London as well as to specific neighbourhoods within other local authorities.

²⁰ GLA Housing Supplementary Planning Guidance, para 3.1.3.

²¹ See CLG Planning Practice Guidance *Housing and economic development needs assessments*, para 009 accessed 30-07-15.

3.10 The GLA Housing SPG argues that for planning purposes, ‘London is a single housing market, rather than a collection of thirty-three self-contained borough ones. Indeed it can be seen as part of a market area that extends out into the wider south east’ (para 4.3.11). But while the London housing market is accepted to extend beyond Greater London, the London SHMA²² focuses on the regional administrative area, as this is the area subject to the London Plan. This is justified both on the grounds that there is no unique and definitive definition of a wider housing market area and on the basis of practical considerations such as data availability. This view was endorsed by the Inspector who conducted the FALP Examination in Public (EIP).

3.11 However, the SPG goes on to indicate that there are ‘housing sub-market areas’ in London, which can extend across local borough boundaries. Para 3.1.19 sets out key principles for carrying out ‘a more local level’ SHMA, including the need to consider housing market area geographies that extend beyond single borough boundaries, to reflect the realities of London’s housing market. It suggests that ‘housing market areas can be conceived as tiered so that a sub-regional housing market area is often the appropriate scale for analysing borough-level housing needs. Housing market areas can also overlap regional boundaries, as boroughs in outer London often have strong market links with those in other regions.’ But the appropriate areas are not specified and GLA does not seek to be prescriptive about the spatial basis for assessments below the London-wide level. This seems sensible, as it avoids trying to impose a ‘one size fits all’ solution to the complex housing issues of London. The appropriate areas should be informed by analysis of the most up to date evidence.

Previous housing market research

Greater London

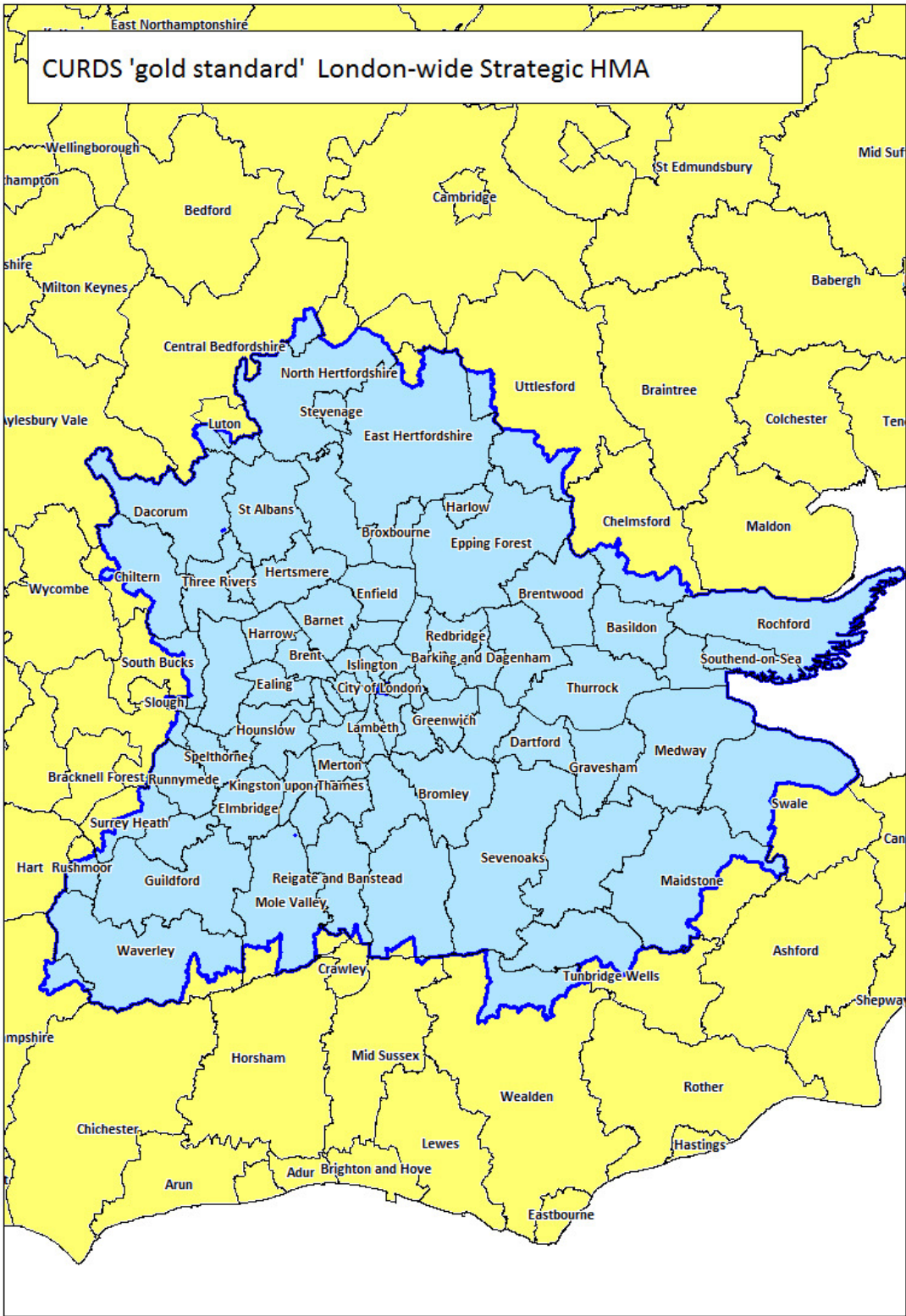
3.12 A considerable body of previous research evidence has addressed the question of housing market area boundaries in London. The most significant and widely cited national level study was commissioned by the former National Housing and Planning Advice Unit (NHPAU) from the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University and published by DCLG in 2010. This attempted to identify HMAs covering the whole of Great Britain including London.²³ The study identified the difficulties referred to above in defining unique and non-overlapping HMAs both in general and especially in and around London, with its complex pattern of internal linkages and population movement, and produced a correspondingly complex set of outputs. A ‘gold standard’ analysis was undertaken at 2001 Census ward level which produced:

²² See especially *The 2013 London Strategic Housing Market Assessment: Part of the evidence base for the Mayor’s London Plan*, Mayor of London 2013, Table 5, page 9

²³ C Jones, M Coombes and C Wong, *Geography of housing market areas*, Final report, November 2010, Department for Communities and Local Government. See <http://www.ncl.ac.uk/curds/research/defining/NHPAU.htm> for online access to the research outputs.

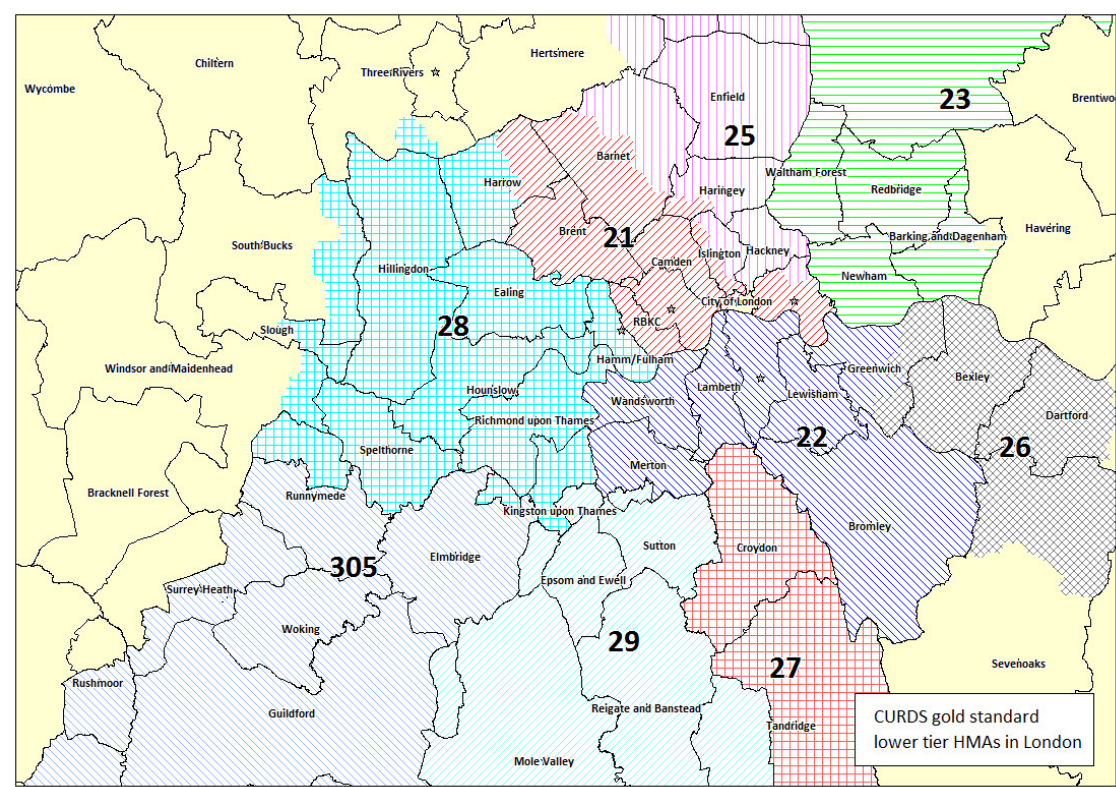
1. A network of strategic HMAs based on the aggregation of 2001 Census wards, which was not aligned to local authority boundaries. Waltham Forest was fully included within a strategic housing market area for London (**Map 3.1**).
2. In more urbanised areas including London, the strategic HMAs were split into a 'lower tier' of local HMAs. **Map 3.2** shows the lower tier HMAs covering Waltham Forest and surrounding areas. The borough fell within a housing market area (area number 23 in the study report) covering the whole of the Boroughs of Waltham Forest, Newham, Redbridge, and Barking and Dagenham. Outside London, the HMA also included most of the district of Epping Forest, except those parts adjacent to Harlow and Broxbourne.
3. An alternative 'single tier' of HMAs, also based on wards. Under this, Waltham Forest was wholly within a very large housing market area covering London and some wards in local authorities outside London.

Map 3.1 CURDS 'gold standard' London-wide strategic housing market area



Source: CURDS, University of Newcastle. Crown copyright, 2010

Map 3.2 CURDS ‘gold standard’ lower tier housing market areas in and around London



Source: CURDS, University of Newcastle. Crown copyright, 2010

3.13 From the 'single tier' network of HMAs (stage (3) as described in para 3.12 above), CURDS also produced a 'silver standard' set of HMAs by realigning the single tier housing market area boundaries to local authority boundaries on a 'best fit' basis. In London, this led to the identification of a very large housing market area including all of the London boroughs but extending beyond the Greater London area to include 24 surrounding local authorities.

3.14 The CURDS study concluded (pp 34-35) that the two-tier system of HMAs consisting of local areas nested within larger strategic areas formed the best approach. However, this recommendation was not accepted or endorsed in NPPF or national Planning Practice Guidance which includes no pre-determined HMAs. Subsequent Planning Advisory Service (PAS) guidance on HMAs²⁴ refers to the CURDS study, but in contrast to the authors, considers the 'silver standard' single tier system based on local authority rather than ward boundaries to be more useful and practical for the identification of housing need. PAS guidance argues that the main advantage of the 'silver standard' HMA boundaries is that they do not fragment planning authorities, facilitating the assembly and analysis of housing market data and especially the population and household projections, which play an important part in identifying OAN.

3.15 However, the large size of the 'silver standard' HMA makes its use difficult in and around London. It is also important to bear in mind that the CURDS study was based on 2001 data, and PPG is clear that any findings need to be based on the most recent data. In particular, the finer grained 'gold standard' HMAs were based on wards for which 2001 Census data was published, which in most areas are no longer in use, and for which up to date data is therefore not available. This strongly suggests that the CURDS findings, although of interest, do not provide an authoritative basis for housing market area boundaries. The Local Plans Expert Group (LPEG) has recently confirmed this and proposed that new research should be undertaken to update the CURDS work using the most up to date data.²⁵

Borough and sub-regional SHMAs

3.16 A number of earlier SHMAs or housing need studies have been carried out covering Waltham Forest and/or areas adjacent to the borough, but only some of these have given detailed attention, in line with current national Planning Practice Guidance, to housing market area boundaries. Some were prepared before Planning Practice Guidance was revised and re-issued in 2014.

²⁴ Planning Advisory Service, *Objectively Assessed Need and Housing Targets, Technical advice note*, Second edition July 2015, para 5.8.

²⁵ See *Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning*, Local Plans Expert Group 2016, available at <https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

3.17 A sub-regional SHMA for East London was published in 2010,²⁶ covering the boroughs of Barking and Dagenham, Hackney, Havering, Newham, Redbridge, Tower Hamlets and Waltham Forest, together with the City of London. Although this SHMA contains an analysis of house prices, migration patterns and travel to work movements in London, this data was not used to define the sub-region, which was administratively determined to match the then East London Housing Partnership area. Much of the data used is now not surprisingly out of date.

3.18 Separate borough-level SHMAs were also published at this time following on from the sub-regional SHMA. One of these was a Housing Market Assessment for Waltham Forest which was published September 2012.²⁷ Para 2.6 of the report states that 'While this document primarily concentrates upon the administrative boundaries of Waltham Forest it does consider the wider role Waltham Forest plays in the East London housing market'.

Chapter 2 of the report considered HMAs in East London and Waltham Forest. It examined 2008 house price data and concluded that prices were uniform across much of East London but highest in parts of Hackney and Tower Hamlets closer to London. It also examined migration patterns between 2003 and 2008 which showed strong migration linkages between Newham and Redbridge, but elsewhere (including in Waltham Forest) rather weaker flows which mainly followed the common 'cascade' pattern (net movement out from inner to outer areas), and which thus suggested that London could be subdivided into sectors, like slices of a cake. Similar patterns could be observed across London. The report concluded, however, that the City of London, Tower Hamlets, Hackney, Newham, Waltham Forest, Redbridge, Barking and Dagenham and Havering did form a coherent East London sub-region despite the size of this area and the likelihood that households would regard such an area as too large to form a coherent area of search when seeking to meet their housing needs. The sub-area concept was not taken forward in the subsequent analysis of housing requirements in the report which focused on Waltham Forest alone given the market changes which have taken place since 2008, the latest point for which data was presented, this study must also be considered out of date.

3.19 Similar single authority SHMAs were carried out covering Redbridge (2010)²⁸ and Newham (2010).²⁹ The data used in these studies are also now substantially out of date. Both reports indicate that they are borough-level SHMAs sitting alongside the SHMA for East London, and there is no discussion of HMA boundaries.

²⁶ *East London SHMA 2010*, August 2010, Opinion Research Services.

²⁷ *Waltham Forest Housing Needs Survey and Strategic Housing Market Assessment*, Opinion Research Services, 2012.

²⁸ *Redbridge SHMA 2010*, December 2010, Opinion Research Services.

²⁹ *Newham SHMA 2010*, August 2010, Opinion Research Services.

3.20 The London Borough of Enfield also published A SHMA in 2010³⁰ and the borough was also covered by the North London sub-regional SHMA published in the following year.³¹ The North London SHMA was similar to that for East London with its coverage defined administratively to match the North London Housing Partnership area. A new SHMA for Enfield is likely to be published in early 2017.

3.21 The London Borough of Haringey SHMA was published in 2014.³² The report included a detailed examination of data to determine housing market area boundaries based on more recent data than the 2010 studies referred to above. The report concluded (**Chapter 2**) that there were two tiers of housing market area, a 'wider Housing Market Area' comprising Haringey, Barnet, Camden, Enfield, Hackney and Islington. These boroughs had the strongest migration relationships with Haringey. Beneath this sat a lower tier of HMA comprising a series of sub-areas within Haringey itself. The report noted some market relationships with Waltham Forest but did not consider these strong enough to include the borough with the defined HMA.

3.22 SHMAs for the London Boroughs of Hackney and Tower Hamlets were published in 2015.³³ Although published with borough-level findings, each report includes analysis of house price, migration and other data to determine appropriate HMA boundaries. After reviewing this evidence the SHMAs conclude by proposing the use of Broad Rental Market Areas (BRMAs) developed by the Valuation Office Agency for the purpose of setting rent levels eligible for local housing allowances, as the main determinant of HMAs. This implies a single HMA covering Hackney and Tower Hamlets which make up the Inner East London BRMA, but elsewhere in London and outside the city produces less coherent boundaries. We comment further below on the use of BRMAs as a basis for SHMA definition.

3.23 Outside London, the borough of Epping Forest adjoining Waltham Forest to the north was included in the West Essex and East Hertfordshire SHMA published in 2015³⁴. After analysis of house price, migration and travel to work data this study concluded that 'East Hertfordshire, Epping Forest, Harlow and Uttlesford represent the most appropriate "best fit" for the West Essex and East Hertfordshire HMA' (para 2.73). Although prepared by the same consultants who favoured the use of BRMAs in Hackney and Tower Hamlets, this study does not recommend their use as the pattern of BRMAs is more complex in this area.

³⁰ *Enfield Housing Market Assessment, Final Report*, February 2010 ECOTEC.

³¹ *North London Strategic Housing Market Assessment 2010, Report of Study Findings March 2011*, Opinion Research Services.

³² *London Borough of Haringey Strategic Housing Market Assessment*, GVA Grimley 2014.

³³ *London Borough of Hackney Strategic Housing Market Assessment 2014*, Report of Findings, March 2015, Opinion Research Services and *London Borough of Tower Hamlets Strategic Housing Market Assessment 2014*, Report of Findings, May 2015, Opinion Research Services.

³⁴ *West Essex and East Hertfordshire Strategic Housing Market Assessment, Report of Findings*, September 2015, Opinion Research Services.

3.24 The most up to date SHMA covering the area surrounding the borough, and serving as a replacement for the earlier work carried out around 2010, is the North East London SHMA published in September 2016 which covered the boroughs of Barking and Dagenham, Havering, Newham and Redbridge to the east of Waltham Forest.³⁵ This is a different sub-region to the one identified in 2010. Waltham Forest was not involved in commissioning this study, but rather unusually, assessments of OAN and of affordable housing need covering the borough were included in the report. These will be considered in detail later in this report. Hackney and Tower Hamlets were also excluded from the study's coverage because they were covered by the 2014 studies referred to above.

3.25 The SHMA provides a detailed review of evidence on potential housing market area boundaries. Following official guidance this includes evidence on migration and travel to work (drawing on results from the 2011 Census) and house prices in 2014, with a focus on the four commissioning authorities and Waltham Forest. On migration, the study concludes that none of the four commissioning boroughs can be considered self-contained (although this would be true of most London Boroughs). The level of self-containment in employment terms is higher but there are still strong commuting flows (including flows to central London), again following a typical London pattern.

3.26 The analysis concludes that some combination of boroughs will meet the containment requirements for a housing market area. However, it does not acknowledge the crucial point about such groupings made by the Planning Advisory Service guidance³⁶, namely that this does not result in a unique pattern of sub-regions. In London, the combination of boroughs required to achieve a higher level of self-containment does not lead to unique groupings of boroughs but rather to a pattern of overlapping groupings, depending on the starting point. After reviewing this evidence the SHMA concludes by recommending the use of Broad Rental Market Areas (BRMAs) as the main determinant of HMAs, as in Hackney and Tower Hamlets, but not in West Essex and East Hertfordshire. Using BRMAs suggests two areas, one covering Redbridge, Barking and Dagenham and Havering; and the other linking Newham with Waltham Forest. This seems to be the only reason for linking Waltham Forest and Newham as a single HMA

3.27 All of the more recent SHMAs published with the benefit of more recent guidance on SHMA preparation note the possibility of different spatial scales of HMA and the scope of different conclusions over HMA boundaries. The 2016 North East London SHMA for example clearly acknowledges that the approach which it takes to HMA preparation may not be above criticism and concludes (para 2.46 final bullet): 'The HMA analysis should not be seen as prescriptive on other authorities who may wish to identify their HMAs by other means'.

³⁵ *North East London Strategic Housing Market Assessment*, Opinion Research Services 2016.

³⁶ Planning Advisory Service, *Objectively Assessed Need and Housing Targets*, Technical advice note, Second edition July 2015, para 5.5.

3.28 All of the reports stress the important point that studies must acknowledge the complexity and variety of interlinkages within and around London and take account of these in their analysis, as should any proposals based upon them, including full discussion with other areas under the Duty to Consult. Certainly previous work on HMA boundaries going back to 2010 shows no clear consensus on the right approach.

New evidence of housing market areas

3.29 Planning Practice Guidance is clear that housing market area definition should be based on the analysis of data on house prices, migration and related sources, such as travel to work patterns, and that such analysis must be based on the latest available evidence. The HMA studies described in the previous section were completed at various dates but in many cases, sometime has now elapsed so the evidence they use may be out of date. The 2011 Census provides the most up to date local information on migration patterns and travel to work patterns, and Land Registry data on house price changes is available up to the present. This section, therefore, examines the most recent evidence on house prices, migration and other contextual indicators to assist in the identification of housing market area boundaries, following PPG.

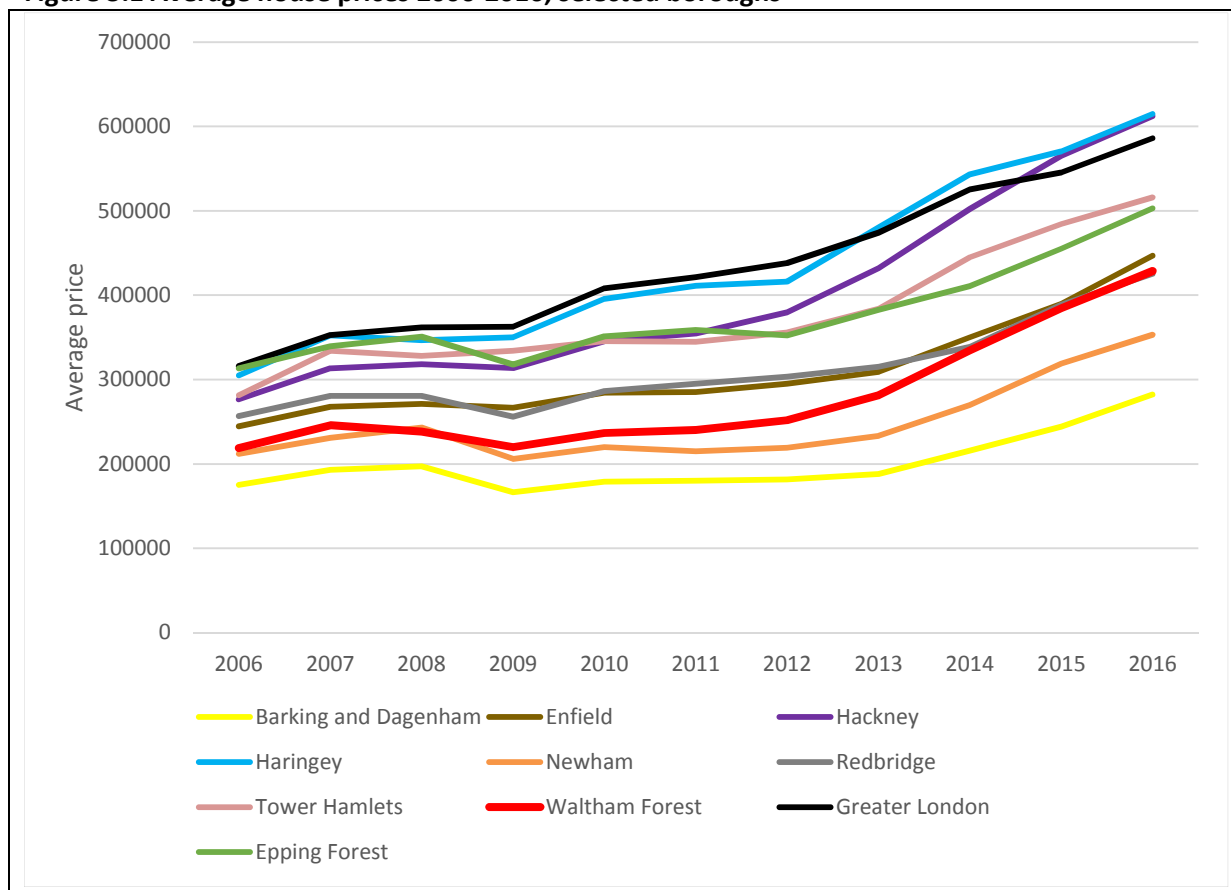
House prices

3.30 DCLG Guidance indicates that patterns of house prices and of changes in prices provide evidence of the relationship between housing demand and supply in different locations, the identification of areas which have different price levels, market 'hotspots', low demand areas and areas of price volatility.

3.31 **Figure 3.1** shows average house prices from 2006 to 2016 for Waltham Forest and for selected other authorities.³⁷ Waltham Forest had an average price of £429,000 in 2016 compared to the London-wide average of £586,000. The borough is amongst the lower-priced of the London Boroughs, ranked 26th out of 33 in 2016. However, as **Table 3.1** shows, average prices in the Borough have increased more rapidly than those for London as a whole in recent years, rising from 57% of the London-wide average in 2012 to 73% in 2016. This is the second largest relative rise in prices in London over that period after Hackney.

³⁷ Data for 2016 covers only sales included in HMLR price paid data up to the end of October 2016.

Figure 3.1 Average house prices 2006-2016, selected boroughs



Source: HM Land Registry, Price Paid Data, Crown Copyright 2016

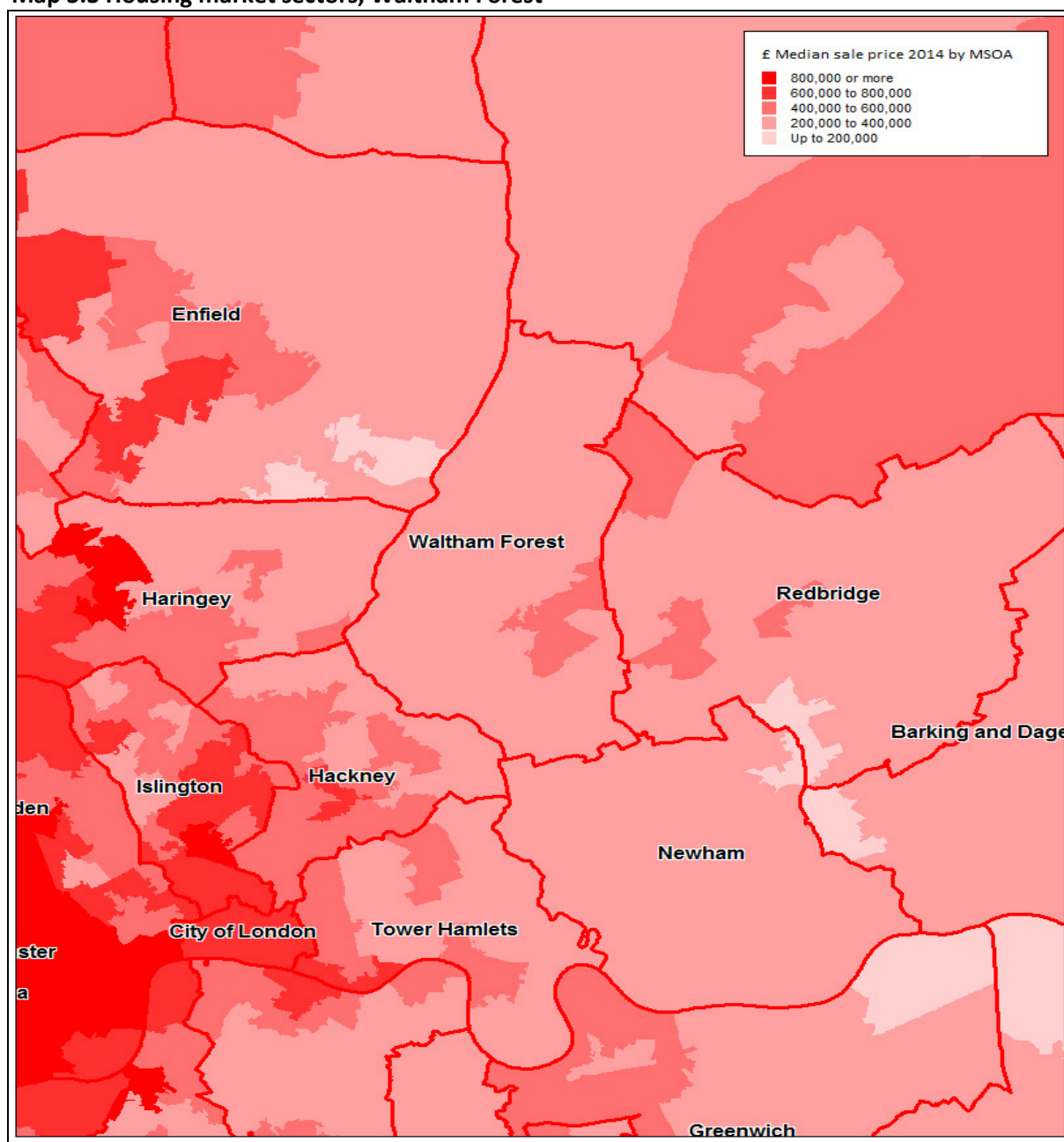
Table 3.1 Average house prices 2006-2016 as proportion of Greater London average

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Epping Forest	0.99	0.96	0.97	0.88	0.86	0.85	0.80	0.81	0.78	0.83	0.86
Barking and Dagenham	0.55	0.55	0.54	0.46	0.44	0.43	0.41	0.40	0.41	0.45	0.48
Enfield	0.77	0.76	0.75	0.74	0.70	0.68	0.67	0.65	0.67	0.71	0.76
Hackney	0.88	0.89	0.88	0.86	0.85	0.84	0.87	0.91	0.96	1.04	1.04
Haringey	0.96	1.00	0.96	0.97	0.97	0.98	0.95	1.01	1.03	1.05	1.05
Newham	0.67	0.65	0.67	0.57	0.54	0.51	0.50	0.49	0.51	0.59	0.60
Redbridge	0.81	0.80	0.78	0.71	0.70	0.70	0.69	0.67	0.64	0.71	0.73
Tower Hamlets	0.89	0.95	0.91	0.92	0.85	0.82	0.81	0.81	0.85	0.89	0.88
Waltham Forest	0.69	0.70	0.66	0.61	0.58	0.57	0.57	0.59	0.64	0.70	0.73
Greater London	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: HM Land Registry, Price Paid Data, Crown Copyright 2016

3.32 Looking at the pattern of dwelling prices within the Borough, the picture is very uniform with all Medium Layer Output Areas (MSOAs) in the Borough falling in the £200-400,000 median price band in 2014, apart from two areas in the south-east of the borough (**Map 3.3**). Looking more widely across North and East London as a whole, there is a large area of (relatively) lower prices north of the Thames which also extends up the Lea Valley to include most of Waltham Forest but also parts of Haringey and Enfield. In interviews with officers with those authorities, they commented that the eastern sides of their boroughs were similar in nature to Waltham Forest, but their western sides were more associated with the higher value areas of North West London. Epping Forest forms the main area of higher prices together with a few neighbourhoods in Redbridge

Map 3.3 Housing market sectors, Waltham Forest

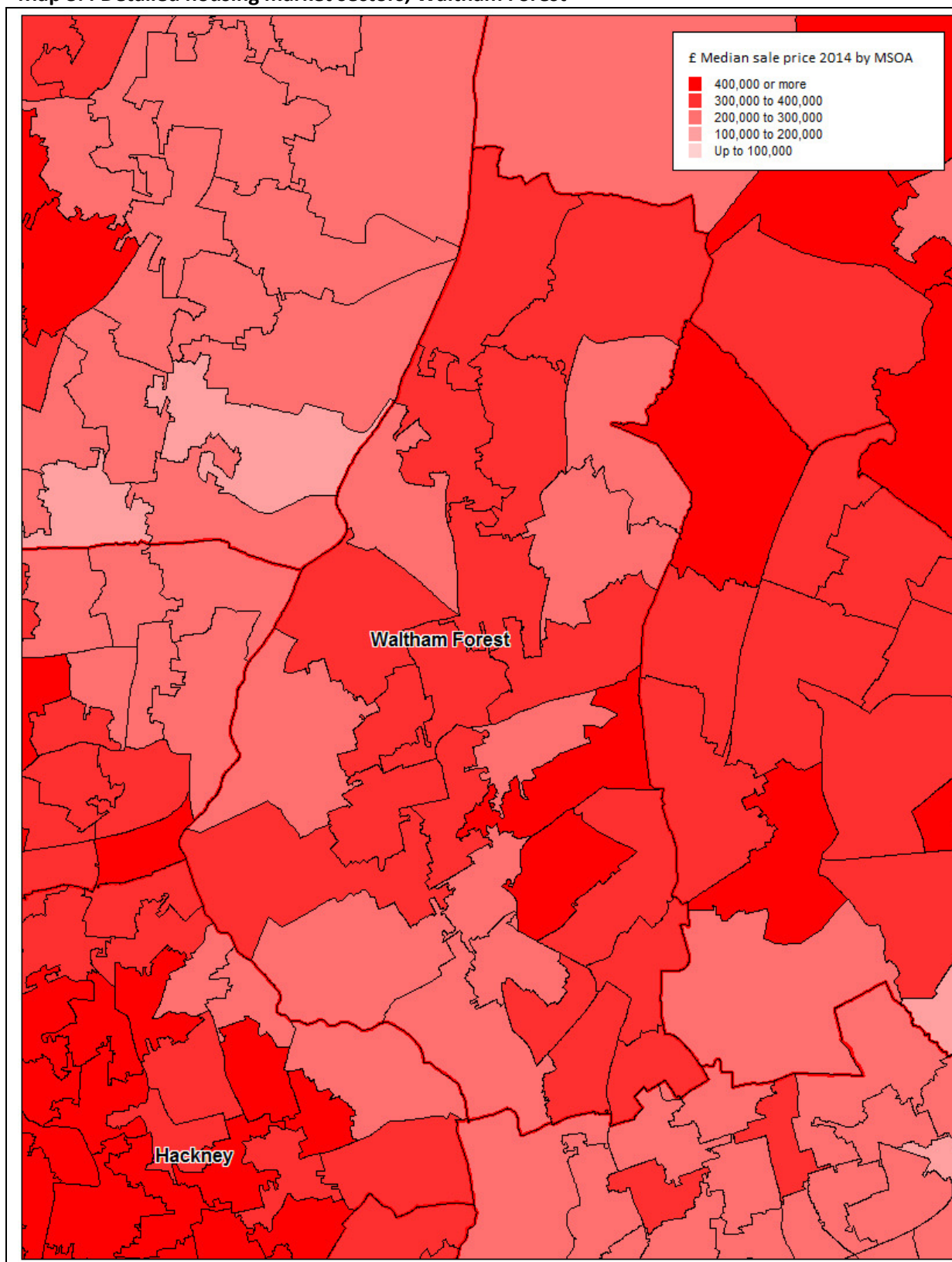


Source: HM Land Registry Price Paid Data, Crown copyright 2016.

3.33 **Map 3.4** shows Waltham Forest in more detail, with prices rebanded to reflect the lower values prevalent in the Borough. This does not show any clear pattern across the Borough.

3.34 The pattern of prices shown in the two maps does not provide any clear basis for breaking the wider North and East London area into sectoral, or indeed any other, sub-areas, apart from indicating that there is a large low-priced area covering the outer boroughs of North East London broken by only a few neighbourhoods of higher or lower values. An HMA covering this whole area would include very little variety and in that sense would not constitute a housing market. It would also be extremely large and would span several radial transport links, and so cannot realistically be considered to constitute a single search area for those looking for housing. The pattern of prices suggests that setting aside Hackney and Tower Hamlets where the effect of closer proximity to Central London has had an impact, prices increase in a broadly radial fashion from north to south in the area encompassing Newham, Waltham Forest, Redbridge, and Epping Forest. Barking and Dagenham and Havering are more isolated from higher priced areas. In terms of price there is no indication of a strong linkage between Waltham Forest and Newham. People seeking to trade up or migrate without moving too far would look northwards from both these areas to Epping Forest and Redbridge respectively, rather than in any other direction.

Map 3.4 Detailed housing market sectors, Waltham Forest



Source: HM Land Registry Price Paid Data, Crown copyright 2016.

Migration patterns

3.35 PPG suggests that migration patterns demonstrate the aggregate effect of household location choices and preferences as modified by housing opportunities. They can be used to highlight areas within which a relatively high proportion of household moves (typically 70% nationally) are contained. Experience now suggests that in the London context, with the strong draw of employment in central London, the presence of several other major employment centres, and generally better transport links to facilitate commuting, it may be necessary to accept a lower self-containment threshold.

3.36 The 2011 Census indicates that 29,224 people living within Waltham Forest had moved in the previous year, with 52% (15,232) moving within the Borough and 48% moving from elsewhere. The level of self-containment is therefore lower than the PPG threshold. However, the maximum level of self-containment for any London Borough was 56% (Newham) and Waltham Forest was the sixth most self-contained. The degree of self-containment increases, of course, with the size of the area considered, and for Greater London as a whole the level of self-containment was 82%. A level of self-containment closer to, or in excess of, the 70% threshold can be achieved by combining Boroughs, but there is no unique pattern of combinations in London. Rather, as the PAS guidance³⁸ points out, this creates a series of alternative and overlapping areas. For example, an area combining Waltham Forest with adjacent local authorities (Epping Forest, Enfield, Hackney, Haringey, Newham, and Redbridge) has a 64% self-containment level. A similar area centred on Haringey has a self-containment level of 58%.

3.37 It is more important to look at the strength of linkages between Waltham Forest and other Boroughs/districts. ONS publishes data on migration flows between local authorities annually (although this does not include internal moves within each local authority). **Table 3.1** shows average annual flows between Waltham Forest and adjoining boroughs over the three years 2013-2015. The largest migration flows were from Haringey to Enfield, from Newham to Redbridge, Hackney to Haringey, and from Redbridge to Epping Forest, all examples of 'cascade' movement from inner to outer areas (**Table 3.2**). Officers from the different authorities confirmed the continuing underlying trend of cascade movements from south to north, including through Waltham Forest, and then out of London. However, there were also strong counter flows from Enfield to Haringey, Haringey to Hackney, and Redbridge to Newham. The most significant flows from Waltham Forest were to Newham and Redbridge and into Waltham Forest from Hackney and Newham. Migration to Epping Forest was relatively limited, except from Redbridge and to a lesser extent Waltham Forest. Interviewees commented on the relative weakness of east/west flows compared to south/north, particularly because of house price differentials, but also because of physical barriers, such as reservoirs, and more limited east – west road and other transport provision.

³⁸ Planning Advisory Service, *Objectively Assessed Need and Housing Targets, Technical advice note*, Second edition July 2015, para 5.6.

Table 3.2 Average migration flows between Waltham Forest and adjacent areas, 2013-15

Destination	Origin						
	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	Waltham Forest
Enfield		100	760	4433	333	300	847
Epping Forest	393		123	150	193	1440	893
Hackney	400	57		1337	547	220	633
Haringey	2067	43	2010		387	180	693
Newham	240	60	717	457		1543	1920
Redbridge	317	663	413	363	3643		2447
Waltham Forest	637	290	1670	1073	1653	1173	

Source: ONS, Internal migration - Matrices of moves between Local Authorities and Regions (including the countries of Wales, Scotland and Northern Ireland) 2013-15

3.38 In **Table 3.3**, migration movement between Waltham Forest and each other neighbouring local authority has been summed to give the total level of movement, both to and the Borough (as distinct from the much smaller net flows). This gives a better measure of the *strength* of linkage. To discount the effect of population size, flows have been scaled against the combined population of Waltham Forest and each other authority. The strongest migrational linkages for Waltham Forest are with Newham and Redbridge, with weaker links to Hackney and Haringey, and the weakest links with Epping Forest and Enfield. The position changed only slightly between 2011 and 2013-15, with Redbridge moving slightly above Newham, although linkages with each borough are of similar strength. Apart from these, Waltham Forest has no other strong migration linkages with other London Boroughs or districts outside London. However, for Redbridge, Waltham Forest ranks only third after Newham and Barking and Dagenham in terms of migration linkages. For Newham, Waltham Forest is fourth after Tower Hamlets, Redbridge and Barking and Dagenham. For Havering the main links are with Barking and Redbridge, with only weak links to Waltham Forest, and for Barking and Dagenham the main links are with Redbridge, Newham and Havering. This complex set of linkages very much confirms the pattern of overlapping areas driven by propinquity rather than any set of clear sub-regions.

Table 3.3 Standardised migration flows between Waltham Forest and adjacent areas

Authority	Gross migration per 1,000 combined usually resident population	
	2011	Average 2013-2015
Redbridge	6.2	6.7
Newham	6.6	6.3
Hackney	3.8	4.6
Haringey	3.4	3.4
Epping Forest	2.6	3.1
Enfield	2.1	2.6

Sources: ONS, 2011 Census Table MM01CUK_ALL - Origin and destination of migrants, via NOMIS; and ONS, Internal migration - Matrices of moves between Local Authorities and Regions (including the countries of Wales, Scotland and Northern Ireland) 2013-15

3.39 The other factors more difficult to measure or account for were described by interviewees variously as ‘transience’ and ‘churn’. In areas that experience a lot of international in-migration, transience means people moving rapidly after arrival to areas where national or ethnic groups are present in larger numbers. Examples given were Poles moving to Hammersmith, and Indians moving to Harrow. These are social or cultural drivers, rather than housing market traits. This was particularly a factor in Haringey. ‘Churn’ is slightly different: it refers to high proportions of the population moving in and out every year. These are predominantly internal migrants (i.e. not related to international migration), and is not necessarily part of the cascade phenomenon, which sees primarily families moving from the centre to the outskirts of London and then beyond. Particularly in Newham, ‘churn’ related to younger, single people moving into and out of the borough. It was also strongly associated with the growth of the private rented sector, and within that the expansion of the proportion of Houses in Multiple Occupation. The Hackney interviewee noted that 56% of private rented sector residents are sharers.

3.40 The first principle of guidance in SHMA preparation set out in GLA’s Supplementary Planning Guidance³⁹ suggests that boroughs should consider housing market area geographies that extend beyond single borough boundaries. However, the evidence presented here on migration does not support sub-regional groupings and suggests that the East sub-region referred to in the London Plan⁴⁰, comprising Hackney, Tower Hamlets, Waltham Forest, Newham, Redbridge, Barking and Dagenham and Havering is not a cohesive area in migration terms. It is likely to be more suitable for the statutory monitoring and sub-regional coordination purposes which the London Plan suggests.

Commuting patterns

3.41 As the PPG indicates, commuting patterns also provide information about the spatial structure of the labour market, which will influence household location decisions. Commuting flows also provide information about the areas within which people are likely to move without changing employment.

3.42 The Office of National Statistics uses commuting data to produce travel to work areas (TTWAs) where a high proportion of the resident population also works within the same area. The most recent network of TTWAs was produced in 2015 using 2011 Census data. For data from the 2011 Census, the criteria for defining TTWAs were that (a) at least 75% of an area's resident workforce should work in the area, and (b) at least 75% of the people who work in the area should also live there. Areas were also required to have a working population of at least 3,500. For areas with a working population in excess of 25,000, lower self-containment rates of 66.7% were sometimes necessary.

3.43 TTWAs have tended to change significantly over time, and the areas to be identified from 2011 Census data differ substantially from those identified in 2001, especially in and around London.

³⁹ Mayor of London, *Housing Supplementary Planning Guidance*, May 2016

⁴⁰ Mayor of London, *The London Plan 2015*, Map 2.1 and paras 2.23-2.24.

3.44 Changes to TTWA boundaries result from the interplay of many different shifts in the complex patterns of commuter flows, rather than exclusively from changes in the number and location of jobs. The trend in successive Censuses has been for TTWAs to become larger as the volume of longer distance commuting increases. In 2011 there were 228 TTWAs across the UK, compared to 243 in 2001 (a reduction of 6%). There were 308 TTWAs in 1991 and 344 in 1981.

3.45 However between 2001 and 2011 the London TTWA *contracted* by over 20% in terms of land area⁴¹. This resulted mainly from the definition of a new and large Slough and Heathrow TTWA in the west, and from the absorption of small parts of the 2001 London TTWA into TTWAs in Essex and Hertfordshire, offset by extensions of the London TTWA into Hertfordshire. The new 2011 TTWA boundaries do not affect Waltham Forest, which remains well within the London TTWA, along with much of Epping Forest. London is bounded on the north and north east by the Stevenage and Welwyn Garden City TTWA, the Cambridge TTWA, the Chelmsford TTWA and the Southend TTWA. However, the overall volatility of these TTWA boundaries, and their large size, limits their value as a key source of evidence in determining housing market area boundaries.

3.46 Commuting patterns can be examined using a similar approach to that for migration above (**Table 3.4**). Some 57% of people working in Waltham Forest also lived in the borough, a relatively high proportion for London, making the borough the tenth most self-contained in employment terms. Of neighbours, only Enfield and Redbridge were more self-contained. The main commuting flows into Waltham Forest were from Redbridge and Newham, but the main destinations from Waltham Forest were Westminster, Tower Hamlets, Camden and Islington rather than its immediate neighbours, demonstrating the strength of long distance commuting in London. Waltham Forest is the third most important commuting destination for Epping Forest after Harlow and Redbridge, making the area a significant source of labour for Waltham Forest after Newham and Redbridge.

Table 3.4 Gross commuting flows between Waltham Forest and adjacent areas, 2011

Place of residence	Place of work						
	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	Waltham Forest
Enfield	37198	949	2973	10132	1006	693	2193
Epping Forest	1806	12530	739	535	1122	3260	2425
Hackney	1205	185	18889	2585	1680	489	1653
Haringey	4954	201	4511	15155	841	424	1404
Newham	1066	576	3051	999	24781	3365	3243
Redbridge	1426	2770	2606	1080	7676	22053	5236
Waltham Forest	3422	2016	4408	2868	4191	3801	21581

Source: ONS, 2011 Census WU02UK - Location of usual residence and place of work, via NOMIS

⁴¹ The significant changes to TTWAs in and around London are described in detail in a paper produced by ONS, *Changes in Travel to work areas from 2001 to 2011* (8th December 2015) available at <http://www.ons.gov.uk/ons/rel/lmac/commuting-to-work/changes-to-travel-to-work-areas-2001-to-2011/art-commuting-to-work.html?format=print>

3.47 **Table 3.5** combines commuting flows between pairs of boroughs and standardises these against their combined working age population to demonstrate the strongest flows affecting the borough. Not surprisingly, the level of activity in terms of travel to work is much higher than that for migration, as most people changing jobs do not change residence. In addition, people will travel long distances to work, so travel to work patterns are more diffuse than for migration where the strongest links tend to be with close neighbours. The strongest commuting relationship between Waltham Forest and another borough is with Central London (Westminster/City of London).⁴² This is followed by the links to Newham and Redbridge (both of similar strength), Tower Hamlets and Camden further afield (slightly weaker), then to Hackney, Epping Forest, Islington, Enfield and Haringey (also weaker). This again does not suggest any particularly strong relationship with any of the authorities adjacent to Waltham Forest.

Table 3.5 Waltham Forest: main travel to work linkages with other London Boroughs, 2011

Authority	Gross travel to work movements per 1,000 combined working age population
Within Waltham Forest	109.8
Westminster	38.6
Newham	21.5
Redbridge	21.2
Tower Hamlets	18.6
Camden	17.3
Hackney	15.8
Epping Forest	15.5
Islington	13.6
Enfield	12.5
Haringey	12.5

Source: ONS, 2011 Census Table WU02UK - Location of usual residence and place of work, via NOMIS. For the purpose of this table the working age population consists of usual residents aged 16-74.

Other evidence

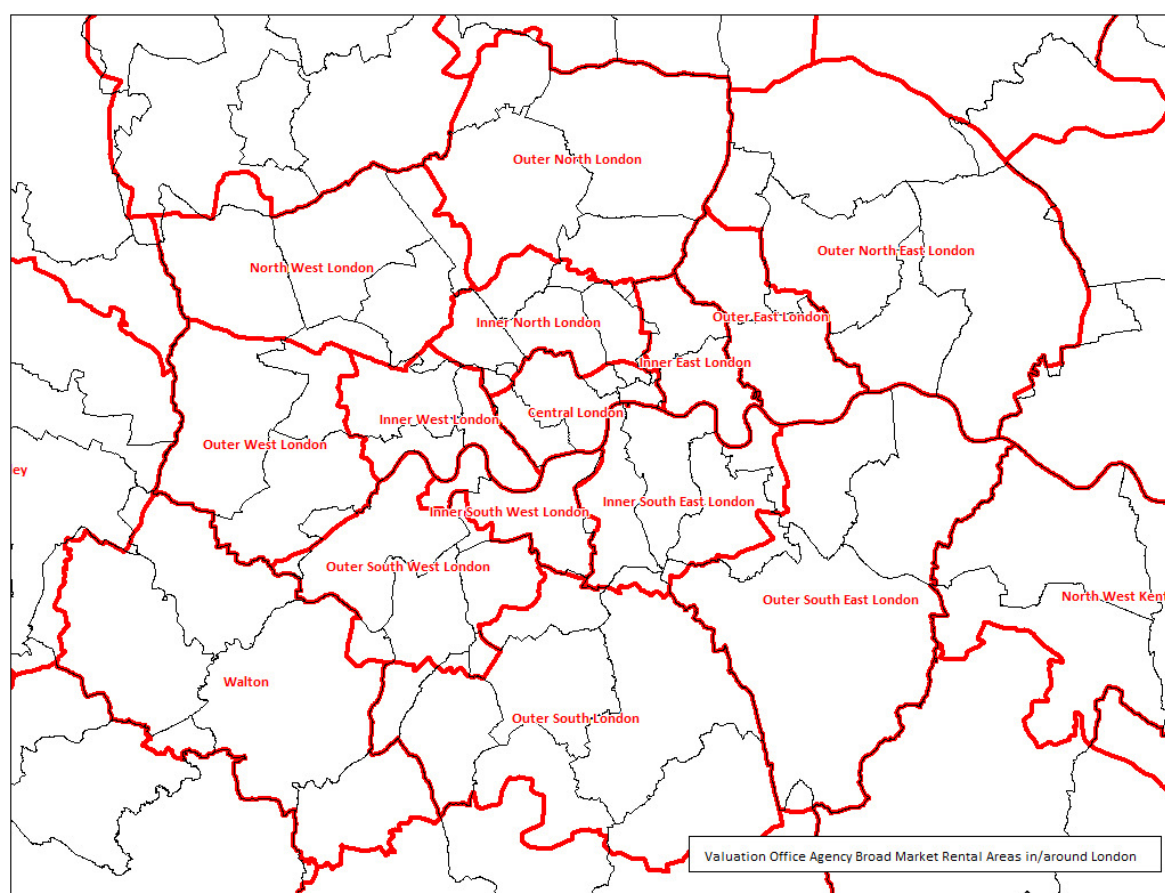
3.48 The Valuation Office Agency (VOA) identifies Broad Rental Market Areas (BRMAs) for the purpose of setting Local Housing Allowance rates, which play a part in determining the maximum amount of benefit which private tenants may receive. A BRMA is defined by the VOA as an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping.

⁴² As for migration, 2011 Census data on travel to work flows merges the City of London with Westminster.

3.49 BRMAs are reviewed periodically taking account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of BRMAs frequently fall across more than one local authority area and often do not follow local authority boundaries. In 2015, 14 BRMAs covered Greater London, in some cases including parts of surrounding areas (**Map 3.5**).

3.50 Parts of two BRMAs covered Waltham Forest. The south of the Borough including Leyton and Walthamstow fell within the Outer East London BRMA, which also encompassed Newham and part of Redbridge. The northern part of the Borough (mainly Chingford) fell into the very large Outer North East London BRMA, along with Redbridge, Havering and Barking and Dagenham, together with a large part of Epping Forest.

Map 3.5 Broad Rental Market Areas and borough boundaries



Source: Valuation Office Agency

3.51 BRMAs were developed to facilitate the administration of housing benefit on the basis of patterns of private rents, rather than being directly based on house prices. BRMAs are not intended to define housing markets in terms of patterns of house prices, the owner-occupied market, or actual patterns of migration across all tenures. For that reason, BRMAs do not meet PPG requirements and they are not recommended by DCLG as the basis for HMA definition in PPG. For practical reasons, it is often difficult to make use of BRMA boundaries for a SHMA because they often diverge substantially from a local authority and/or ward boundaries and many of the key data sources are not available for the sub-authority areas which are thus created. Nevertheless, the division of Waltham Forest within two BRMAs is an indicator of rental market differences within the Borough, supporting the evidence on house price differences presented above, which needs to be considered below. But we do not consider that BRMAs provide a sound basis for HMA definition.

Implications for housing market definition

3.52 From this consideration of PPG, the London Plan 2015 and related SPG, from previous work on housing market assessments carried out in Waltham Forest and in other boroughs, and from the most up-to-date primary data on migration patterns, travel to work and house prices, it can be concluded that there is widespread recognition of the potential existence of a housing market area covering London as a whole and extending beyond it into areas outside the Greater London area itself. However, the boundaries of such a HMA are difficult to define with precision. Such a large area would be impractical as the basis for planning policies, and may not constitute a realistic area of household search behaviour because it is so large and cannot be regarded as a coherent single housing market. For these reasons, the London Plan assumes that Greater London forms a housing market area, but stresses the need for awareness of external linkages and for more detailed housing market assessments at sub-regional or local authority level within London. This approach has been re-affirmed as reasonable in the examination of the FALP revisions.

3.53 Within the Greater London SHMA area there is again no unique and clear framework of sub-regions. The London Plan expects that boroughs will consider the appropriate areas for assessment when carrying out their own local assessments of need as required to achieve conformity with the Plan. It points to the possibility of sub-areas which cover more than one borough or which cross borough boundaries but does not seek to define these, or to be prescriptive about the approach that boroughs should take. Since the approval of FALP, a variety of approaches have been followed including some single borough SHMAs and some involving groupings of boroughs, or hybrid approaches such as that in Hackney/Tower Hamlets where single borough outputs were produced within the framework of a two-borough HMA.

3.54 Given the large size of London and the number of boroughs, and the wide variety of housing market circumstances across the capital, it is not surprising that a variety of approaches to the definition of sub-areas for assessment within and around Greater London have emerged. Recent SHMAs in areas adjacent to or near to Waltham Forest have in some cases been prepared on the basis of assessments covering combinations of boroughs, but there has been no consistency over time as to the appropriate groupings, even where the same consultants have carried out work. From the evidence reviewed here, it is clear that this is because no single, unique and obvious grouping can be identified from the available data. Many different approaches are possible.

3.55 This should not be surprising. In the simplest situation, a housing market area would consist of a free-standing urban settlement, the focus of most local employment, surrounded by a rural catchment area, with net commuting in from the catchment area and net migration out to it. In London, a large number of such urban settlements and employment foci are located adjacent to one another, often with little or no rural areas between them. It should not be surprising that in this situation, a complex picture of linkages emerges with relatively low levels of self-containment.

3.56 The important issue for effective planning is to identify and take account of these linkages, rather than to seek to impose what would inevitably be arbitrary HMA boundaries upon the complex reality of the situation. For this reason, this SHMA will focus on assessing the objective housing needs and the affordable housing needs of the Borough.

3.57 However, on the basis of our analysis of the most up to date house price, migration and travel to work data, we also conclude that it will be essential to take account of the strong market linkages with adjoining authorities, and also to note that there are some variations in the housing market within the borough. As guidance makes clear, HMAs are not required to be uniform in terms of market characteristics, and indeed should reflect a range of housing provision, in order to cater for a variety of households.

Chapter 4

Area profile

Key messages

Dwelling stock profile

- Since 2009, the volume of dwellings in Waltham Forest has grown by 3%; it has the lowest proportion of empty homes amongst its neighbours
- The private rented sector (PRS) increased from 15% in 2001 to 26% in 2011, and is now likely to make up 29% of the stock. It is larger than the social rented sector, which is the same size as it was in 2001. There are 3,700 fewer owner occupiers.
- The most predominant building type is the terraced house. 13% of dwellings are converted flats or bedsits, the category where most HMOs are likely to be found. 30% of the PRS comprises converted flats or 'other' the most likely source of HMOs
- There is a low proportion of larger homes overall. 65% owner-occupied stock has 3+ bedrooms, compared to 31% social rented and 32% in the private rented sector.
- Nearly half (49%) of the stock was built before 1919. Waltham Forest has lagged behind all its neighbours in terms of new-build homes.

Economic profile

- In spite of the recession, there has been a 30% increase in jobs (the fastest in London) and a 40% increase in the number of businesses
- But there are not enough jobs in the borough for all working age residents, so there is therefore considerable out-commuting (as well as in-commuting).
- The economic strategy envisages by 2020 there will be an additional 26,000 jobs and 5,400 businesses, bringing in additional earnings of £220M.
- The economic activity rate of 77.4% is lower than the London average. The economic inactivity rate is similar to the London average
- Waltham Forest workers tend to have jobs in lower industrial and occupational categories than the London average: that is fewer jobs in senior positions and in well-paid occupations
- This means that average earnings of £29, 532 are below all contiguous authorities except Newham, and are below the London median (£33,203).
- Relevant to this below average profile is a work-force with a mid-level educational attainment, with fewer residents with degree level or higher qualifications (30%) than the London average of 38%, and more with no qualifications (21% v. 18%).

Introduction

4.1 This chapter provides a profile of the composition of the existing dwelling stock in LBWF, including the supply, tenure profile, dwelling type and size breakdown, age, physical

condition and occupancy levels. It focusses on key characteristics which are of significance in assessing current housing requirements, and trends over time which will impact on supply and demand into the future. Where possible, it compares the characteristics with those of its six neighbouring authorities – three inner London authorities (Haringey, Hackney and Newham), two outer London authorities (Enfield and Redbridge), and one Essex authority (Epping Forest).⁴³ It also brings in London and England data where relevant.

4.2 It then goes on to examine the current economic profile of the borough including deprivation, economic activity rates, occupations, businesses, jobs, earnings, and educational qualifications. The age structure and profile of the population is discussed in **Chapter 6**. Other population characteristics (ethnicity, disability, mobility impairment, support needs, and the characteristics of specific groups) are considered in **Chapter 9**.

Profile of stock

Number of dwellings

4.3 DCLG Live Tables data indicate that there were 100,310 dwellings in Waltham Forest in 2015 (**Table 4.1a** and **Table 4.1b**). This figure represents a net increase of 3,060 homes since 2009, showing an overall increase rate of just over 3%. The figures show a lower development rate than that of London as a whole, a slightly higher rate than that experienced in neighbouring Enfield and Epping Forest, and a significantly lower rate than Hackney and Newham. As can be seen from **Figure 4.1**, with the exception of Hackney and Newham where development spurts were experienced over the last two years, most other authorities have had annual growth of under 0.5%: Waltham Forest is now growing at a faster rate than these other authorities, recording a nearly 0.7% growth in 2014-15.

Table 4.1a Changes to dwelling stock: numbers

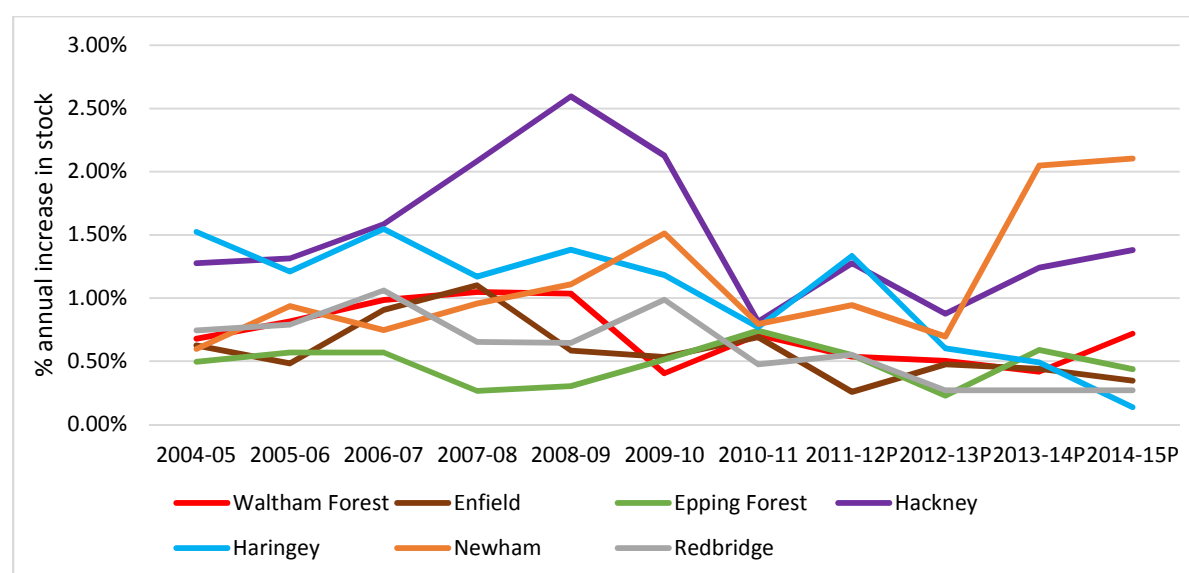
	Dwelling stock						
	2009	2010	2011	2012	2013	2014	2015
Waltham Forest	97,250	97,620	98,280	98,780	99,250	99,640	100,310
Enfield	120,620	121,240	122,040	122,340	122,890	123,400	123,800
Epping Forest	53,750	54,020	54,410	54,700	54,820	55,130	55,360
Hackney	99,690	101,660	102,410	103,560	104,620	105,490	106,750
Haringey	102,290	103,430	104,170	105,460	106,030	106,510	106,640
Newham	100,980	102,440	103,210	104,120	104,790	106,760	108,810
Redbridge	99,940	100,890	101,350	101,870	102,140	102,400	102,650
London	3,308,000	3,336,360	3,358,180	3,383,030	3,404,070	3,427,650	3,454,490
England	22,694,000	22,839,000	22,976,000	23,111,000	23,236,000	23,372,000	23,542,690

⁴³ We are using here the ONS / Eurostat statistical definition of inner and outer London authorities

Table 4.1b changes to dwelling stock: percentage

	% addition to dwelling stock per annum						2009-2015
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
Waltham Forest	0.38%	0.68%	0.51%	0.48%	0.39%	0.67%	3.15%
Enfield	0.51%	0.66%	0.25%	0.45%	0.42%	0.32%	2.64%
Epping Forest	0.50%	0.72%	0.53%	0.22%	0.57%	0.42%	3.00%
Hackney	1.98%	0.74%	1.12%	1.02%	0.83%	1.19%	7.08%
Haringey	1.11%	0.72%	1.24%	0.54%	0.45%	0.12%	4.25%
Newham	1.45%	0.75%	0.88%	0.64%	1.88%	1.92%	7.75%
Redbridge	0.95%	0.46%	0.51%	0.27%	0.25%	0.24%	2.71%
London	0.86%	0.65%	0.74%	0.62%	0.69%	0.78%	4.43%
England	0.64%	0.60%	0.59%	0.54%	0.59%	0.73%	3.74%

Source: DCLG Live Tables 100,112,125

Figure 4.1 Trends in development rates

Source: DCLG Live Tables 122 and 125

Vacant dwellings and second homes

4.4 Vacancy rates are generally low in London as a result of demand-led pressures. **Table 4.2** shows vacant dwellings as a proportion of stock, the clearest way to assess the position and **Figure 4.3** shows the actual number of vacants over the last ten years. The most recent data is ultimately based on the Council Tax base, and is the most accurate and up to date measure of empty homes. The data has been taken from DCLG Live Table 615 which summarises Council Tax data. This informs **Table 4.2** below, where it is clear that on a London-wide basis, proportions of all categories of vacant homes fell between 2009 and 2015.

4.5 Looking at Waltham Forest and its neighbours, the authority now has the lowest proportion of empty homes in total. It also has the second lowest proportion of long-term empty homes and the lowest proportion of private sector empty homes. **Figure 4.3** shows

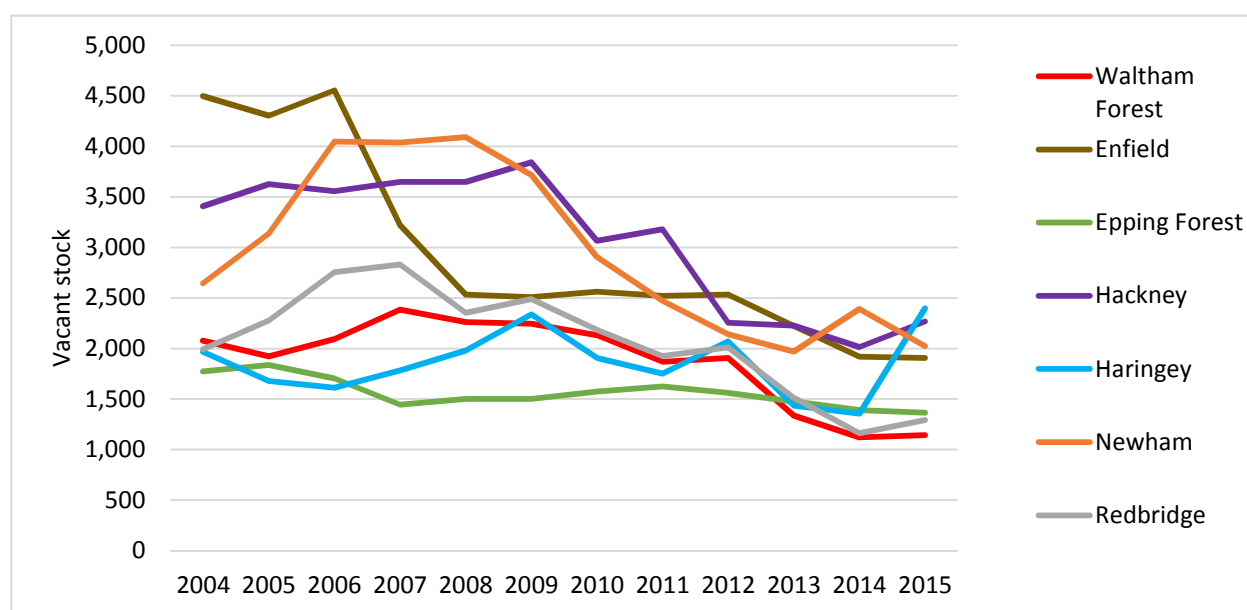
that this reduction has been particularly apparent since 2012, and **Figure 4.3a** shows graphically the significant reductions across both social sector and privately owned stock.

Table 4.2 Vacant dwellings rates

	All vacant		Long term vacant		Social sector		Private sector	
	2009	2015	2009	2015	2009	2015	2009	2015
Waltham Forest	2.31%	1.14%	0.86%	0.42%	1.49%	0.55%	2.54%	1.30%
Enfield	2.08%	1.54%	0.74%	0.66%	2.17%	2.72%	2.06%	1.33%
Epping Forest	2.79%	2.47%	1.13%	0.68%	1.15%	0.91%	3.09%	2.74%
Hackney	3.85%	2.12%	2.76%	0.97%	2.58%	1.54%	4.89%	2.57%
Haringey	2.28%	2.25%	0.75%	0.80%	2.27%	0.71%	2.29%	2.77%
Newham	3.68%	1.86%	1.93%	1.21%	2.98%	0.72%	3.98%	2.31%
Redbridge	2.49%	1.26%	0.99%	0.26%	0.90%	0.39%	2.66%	1.35%
London	2.57%	1.75%	1.11%	0.61%	1.89%	1.44%	2.13%	1.82%
England	3.40%	2.57%	1.39%	0.87%	1.66%	1.32%	3.78%	2.81%

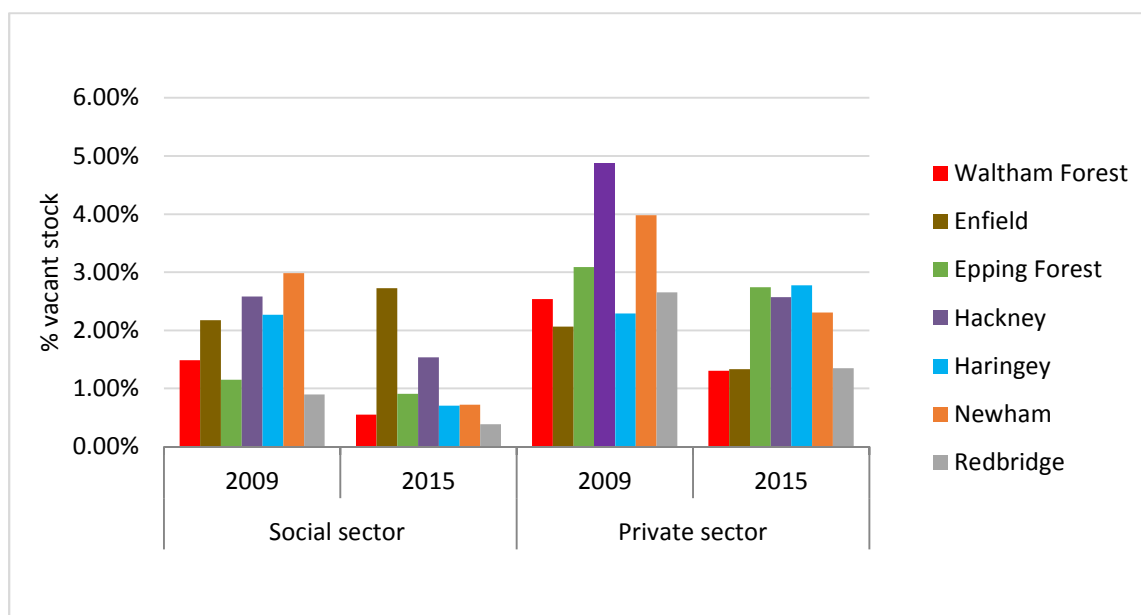
Source: DCLG Live Tables 100, 125, 615. Excludes supported housing vacants from social sector. Private sector is total minus social and other public sector stock. Social and private sector vacants are % of the stock of their respective sectors

Figure 4.3 All vacant dwellings, 2004-2015



Source: DCLG Live Table 615

Figure 4.3a Vacancy rates by sector



Source: DCLG Live Tables 100,125, 615

Second homes

4.6 The 2015 Council Tax Base assesses the number (and proportion) of homes classified as 'second homes' by the local authority. In Waltham Forest and surrounding authorities the 2015 Base showed:

Table 4.3 Second homes

Authority	Number dwellings used as 2nd homes	2nd homes as % stock	Rank - number of 2nd home dwellings	Rank - % of 2nd home dwellings
Waltham Forest	532	0.52%	107	167
Enfield	1,207	0.98%	50	87
Epping Forest	363	0.66%	159	135
Hackney	1,012	0.92%	62	92
Haringey	0	0.00%	330	330
Newham	421	0.38%	139	228
Redbridge	915	0.89%	72	95

Source: Council Tax Base 2015

4.7 In **Table 4.3** we show the number of dwellings used as second homes, and the proportion of stock this makes up. We also show two 'ranks' – the position of the authority among all 326 England authorities of rankings based on overall numbers and proportions. The higher the rank the greater the number and proportion of second homes. We also show the neighbouring authority comparators. It can be seen that over 500 Waltham Forest

dwellings are second homes, under (or nearly under) half the numbers in Enfield, Hackney and Redbridge. Haringey's figures are undoubtedly the result of failure to provide data.

4.8 The prevalence of second homes has been used as an indicator of a 'buy to leave' market, whereby investors stockpile homes to benefit from capital appreciation without having the complications of having to let them out. This is more common in London than elsewhere, but the relatively low position of Waltham Forest in the rankings of the number and percentage of second homes shows that this is not a significant issue at the moment.

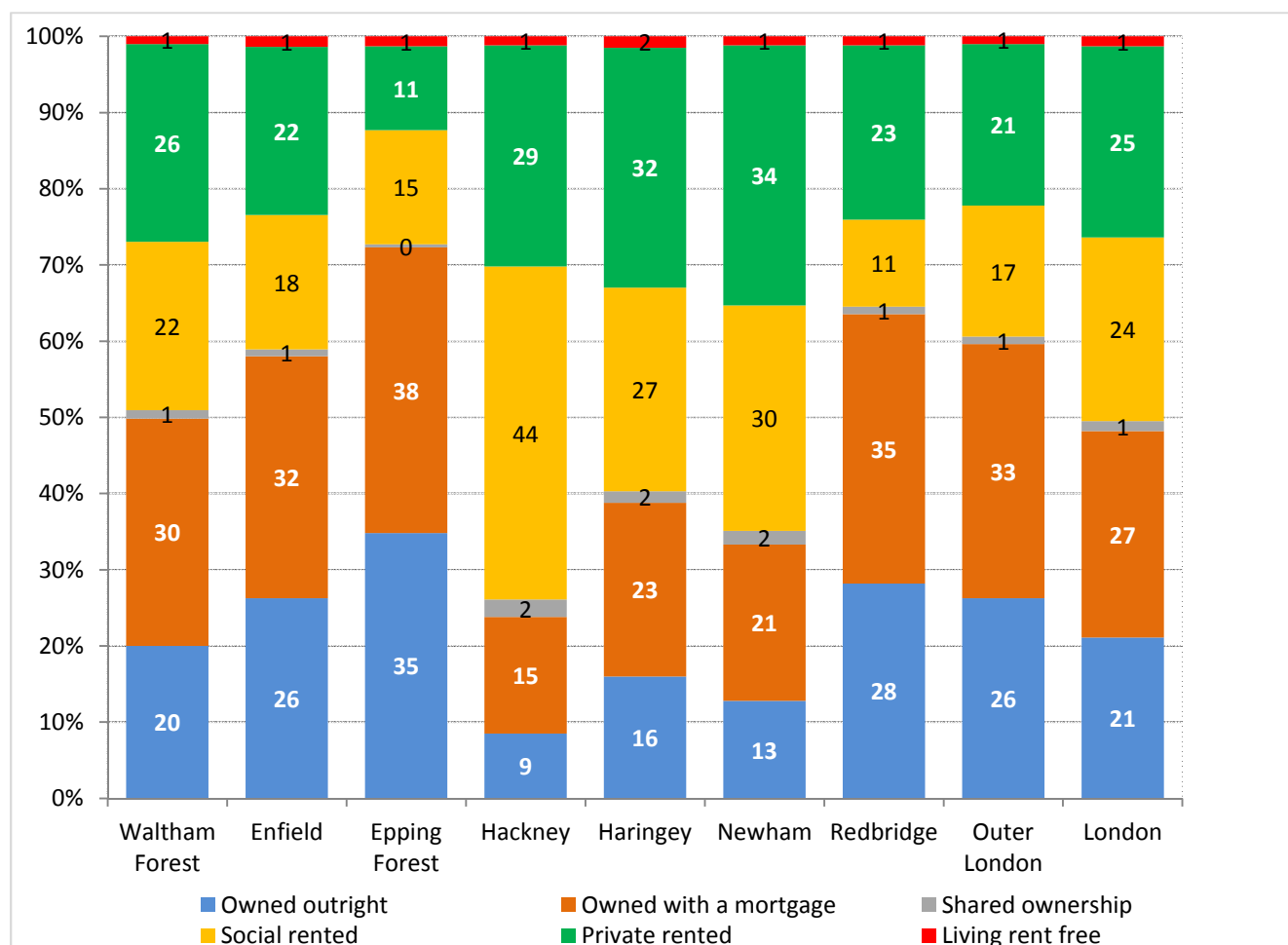
Tenure

4.9 There are no data sources providing an up-to-date breakdown of housing tenure since the 2011 Census. According to the Census, in 2011 nearly exactly 50% of Waltham Forest households were owner-occupiers, split between 30% mortgage holders and 20% outright owners. The private rented sector (PRS) outstripped the social rented sector by 26% to 22%. 1% of homes had Shared Ownership arrangements.

4.10 While the proportion in the PRS at the time of the Census (26%) was lower in Waltham Forest than the more inner London of its neighbours (Hackney, Haringey and Newham), it was marginally above the Outer London (21% and all-London averages (25%). PRS growth is a pattern across London, though it is more marked in Inner London.

4.11 As regards owner-occupation, Waltham Forest sits close to the London average (48%), with a lower proportion than its outer London and Essex neighbours, Outer London overall, and a higher proportion than inner London Hackney, Haringey and Newham. The reverse pattern is apparent as regards social renting, with Waltham Forest occupying the middle ground between the higher proportions in inner London neighbours, and lower proportions in outer London and Essex.

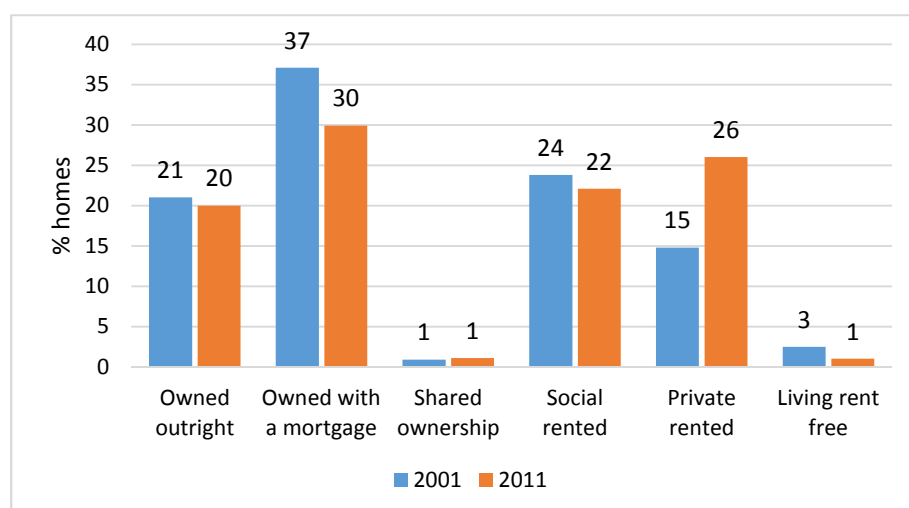
Figure 4.4 Tenure patterns



Source: Census 2011 Table KS402EW

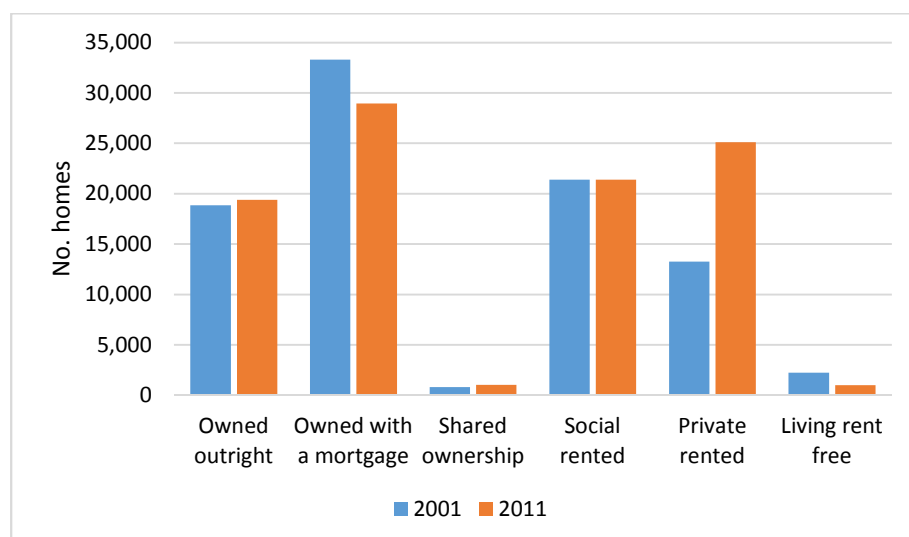
4.12 In terms of changes over time, Census data relates to households rather than dwelling stock as empty properties are not counted. While most commentators consider the 2011 Census to be the most accurate to date, there were concerns about undercounting in the 2001 Census. Although this was redressed in some measure by ONS Mid-Year projections, this does mean that assumptions about the rate of change between 2001 and 2011 should be treated with a degree of caution. **Figures 4.5a** and **4.5b** show a shift in the tenure that occurred between 2001 and 2011, the first in terms of a proportion of households, and the second in terms of numbers of households. While the social rented sector saw a proportionate reduction, in terms of numbers it held its place, with new development compensating for Right to Buy sales. But the main highlight is the growth of the PRS. In 2001 the PRS made up 15% of occupied dwellings in Waltham Forest; by 2011 it had increased to 26%, and in numerical terms, it had nearly doubled, from nearly 13,000 to 25,000. This was fuelled by a reduction in the numbers in owner-occupation by over 3,700, and a 1,000 reduction in those living rent-free.

Figure 4.5a Changes in tenure patterns over time, Waltham Forest: proportions



Source: Census 2001 Table KS018 and Census 2011 Table KS402EW

Figure 4.5b Changes in tenure patterns over time, Waltham Forest: numbers

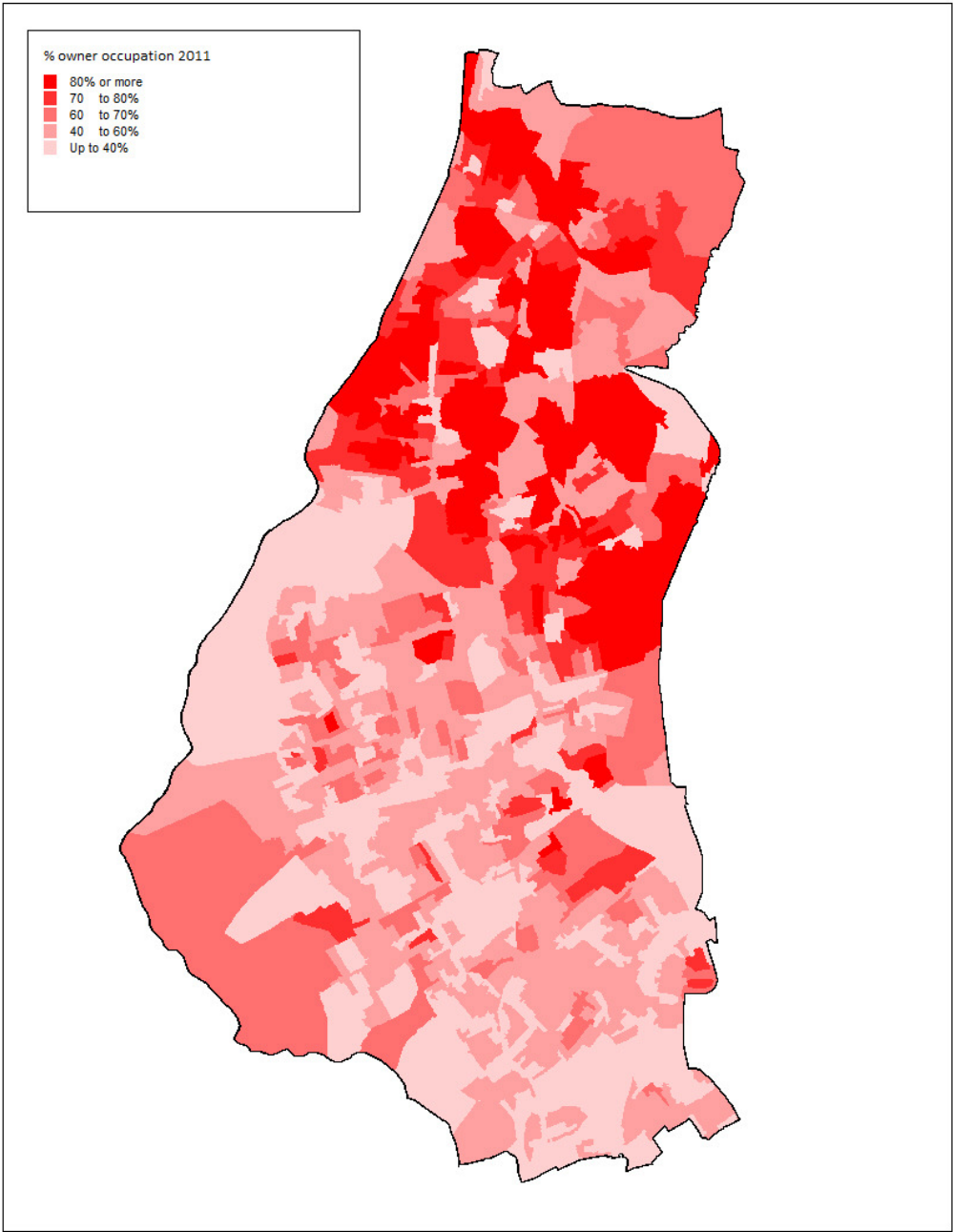


Source: Census 2001 Table KS018 and Census 2011 Table KS402EW

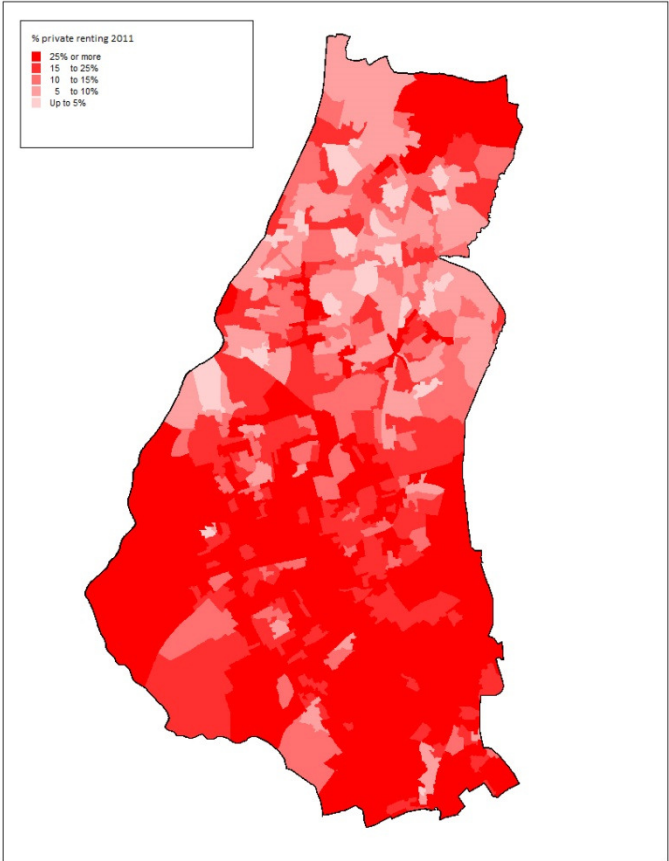
4.13 These changes reflect the medium term impact of the credit squeeze in the early part of the 2008 recession, the deteriorating affordability of owner-occupation, and the knock-on increase in private renting as an alternative. They are in line with trends in most parts of England. If they have continued at the same rate since the 2011 Census was taken, the PRS is now likely to provide homes for around 30,000 households, 29% of the households in Waltham Forest.

4.14 Within Waltham Forest, the distribution of tenures shows some areas of concentration and sparsity. As can be seen in the maps below, owner-occupation tends to be more prevalent in the north of the borough, and private renting in the south (though there is a concentration in the Chingford area). Social renting is patchier, with some concentration in the centre in Higham Hill and Hoe Street, and a sparser pattern elsewhere.

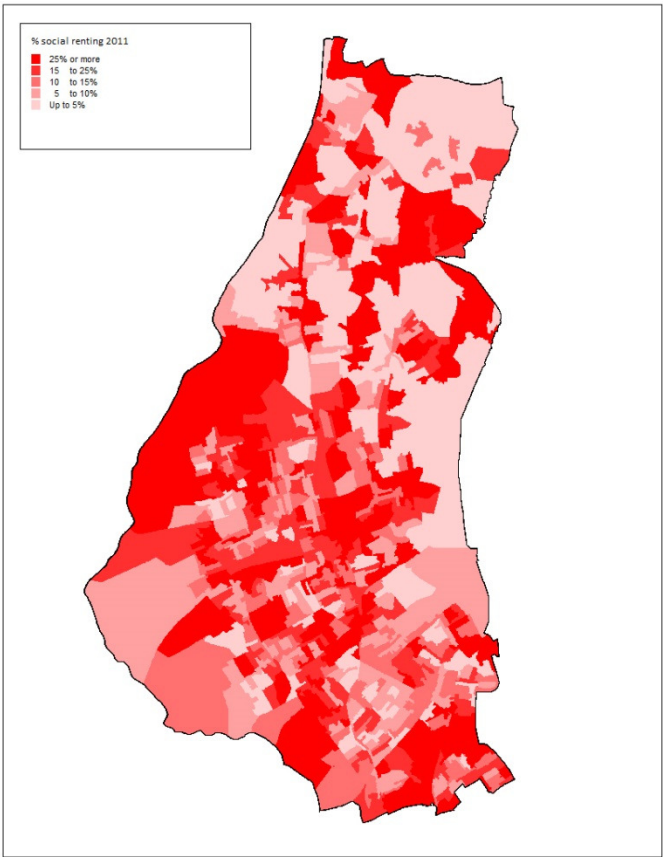
Map 4.1 Owner-occupation



Map 4.2 Private renting



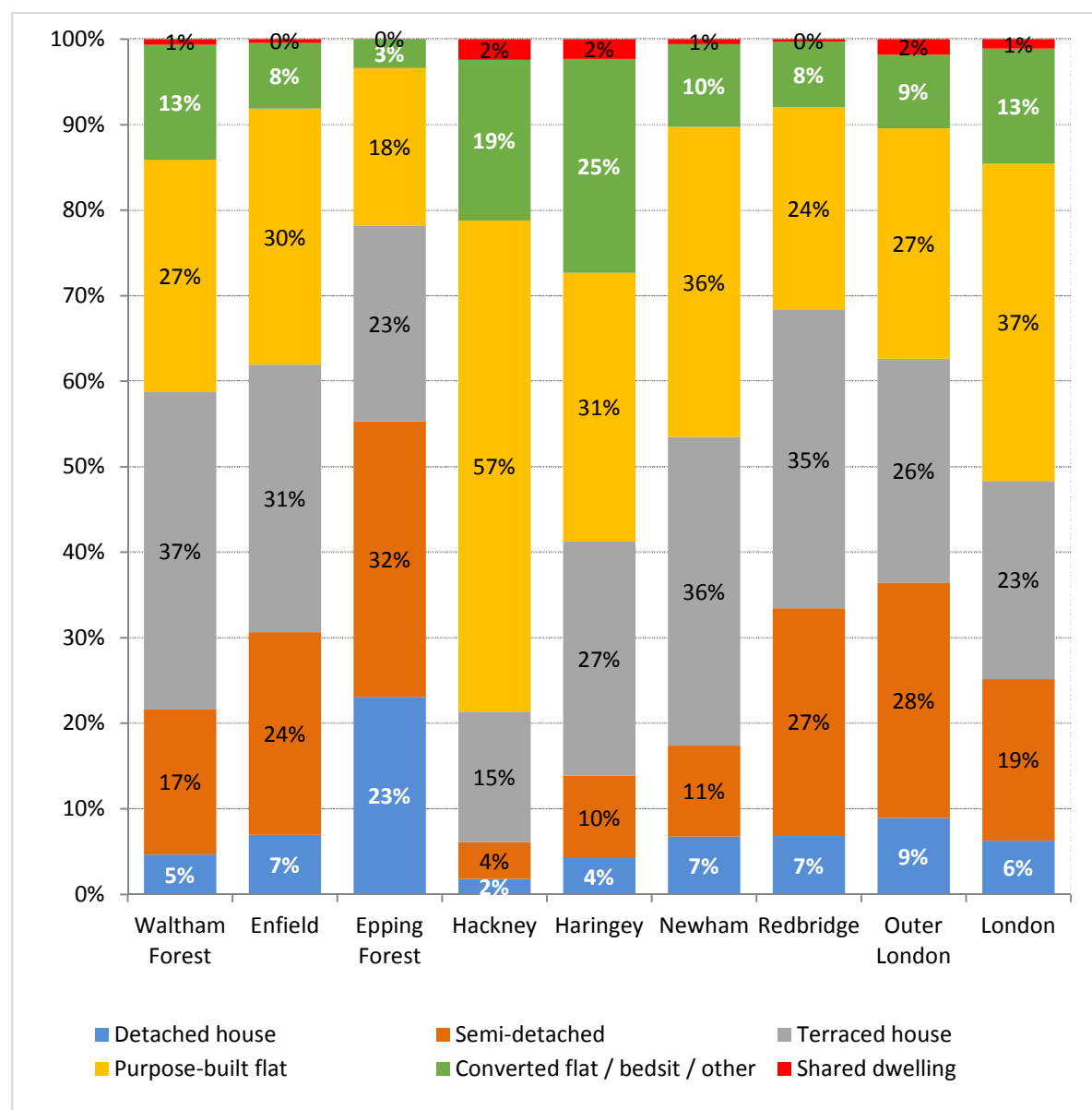
Map 4.3 Social renting



Type of dwelling

4.15 The predominant building type in Waltham Forest is the terraced house (27%), which makes up a greater proportion of stock, when compared to neighbouring authorities, and is above the Outer London average (26%). Purpose-built flats are also relatively abundant, but the borough has a lower proportion of detached and semi-detached houses than its outer London and Essex neighbours. 13% dwellings are converted flats or bedsits, the category where most Houses in Multiple Occupation (HMOs) will be found (**Figure 4.6**).

Figure 4.6 Property types

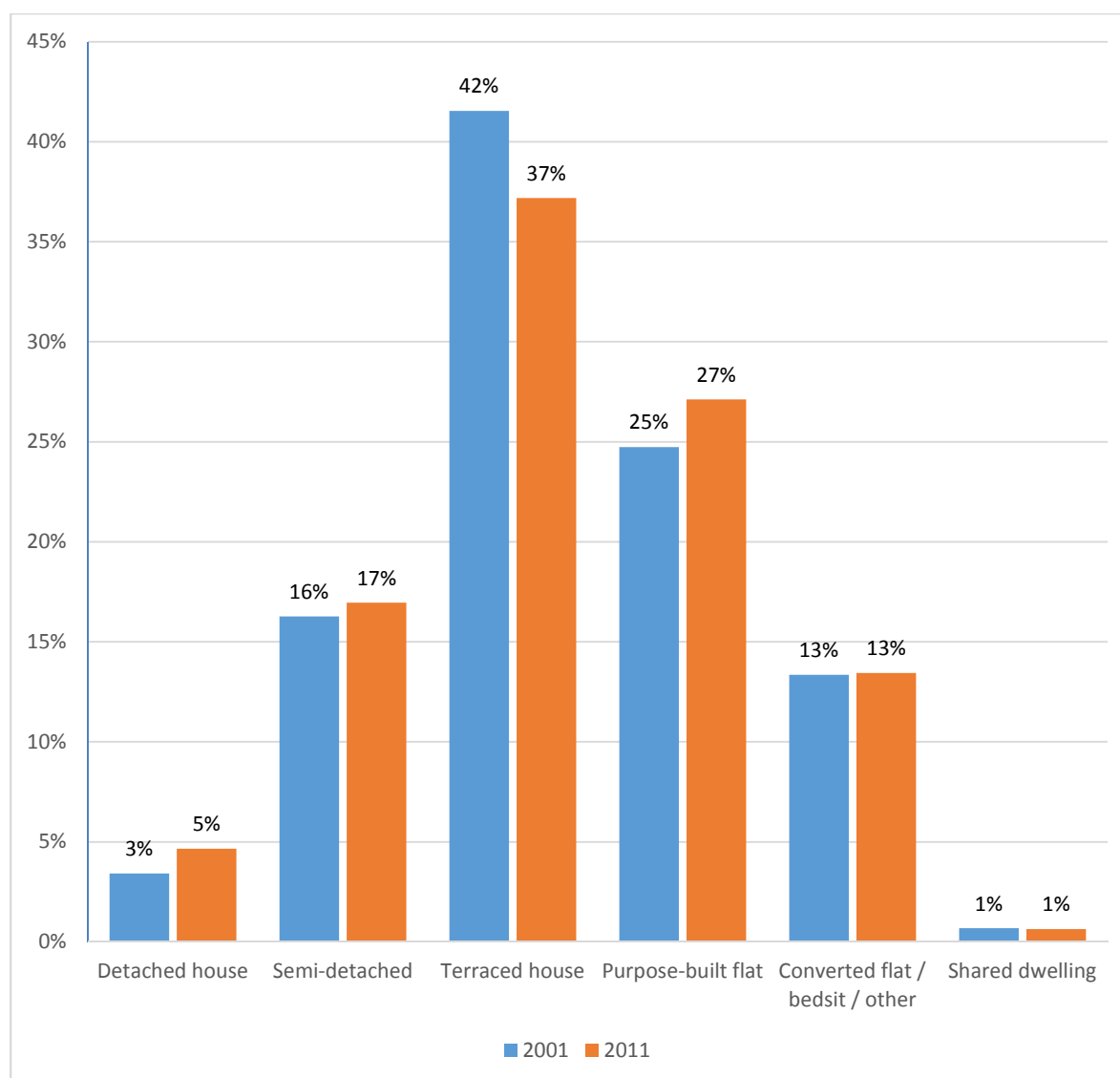


Source: Census 2011 Table QS402EW

4.16 Comparing the 2001 and 2011 Census data, **Figure 4.7** shows the proportion of dwellings of different build types in Waltham Forest over time. The major feature of change is the reduction in the proportion of terraced houses over the decade, accompanied by an increase in the proportion of other types of house and purpose-built flats. The proportion of

conversions remained the same, though we suspect that they will have increased substantially since the date of the 2011 Census (given the increase in private renting). However, the LBWF has had an adopted planning policy in place (since 2008) which prevents the conversion of dwellings into smaller self-contained homes (C3), Houses in Multiple Occupation (HMOs) and Buildings in Multiple Residential Occupation (sui generis) which has been effective in reducing the number of planning permission granted for such development.

Figure 4.7 Changes in property type over time, Waltham Forest

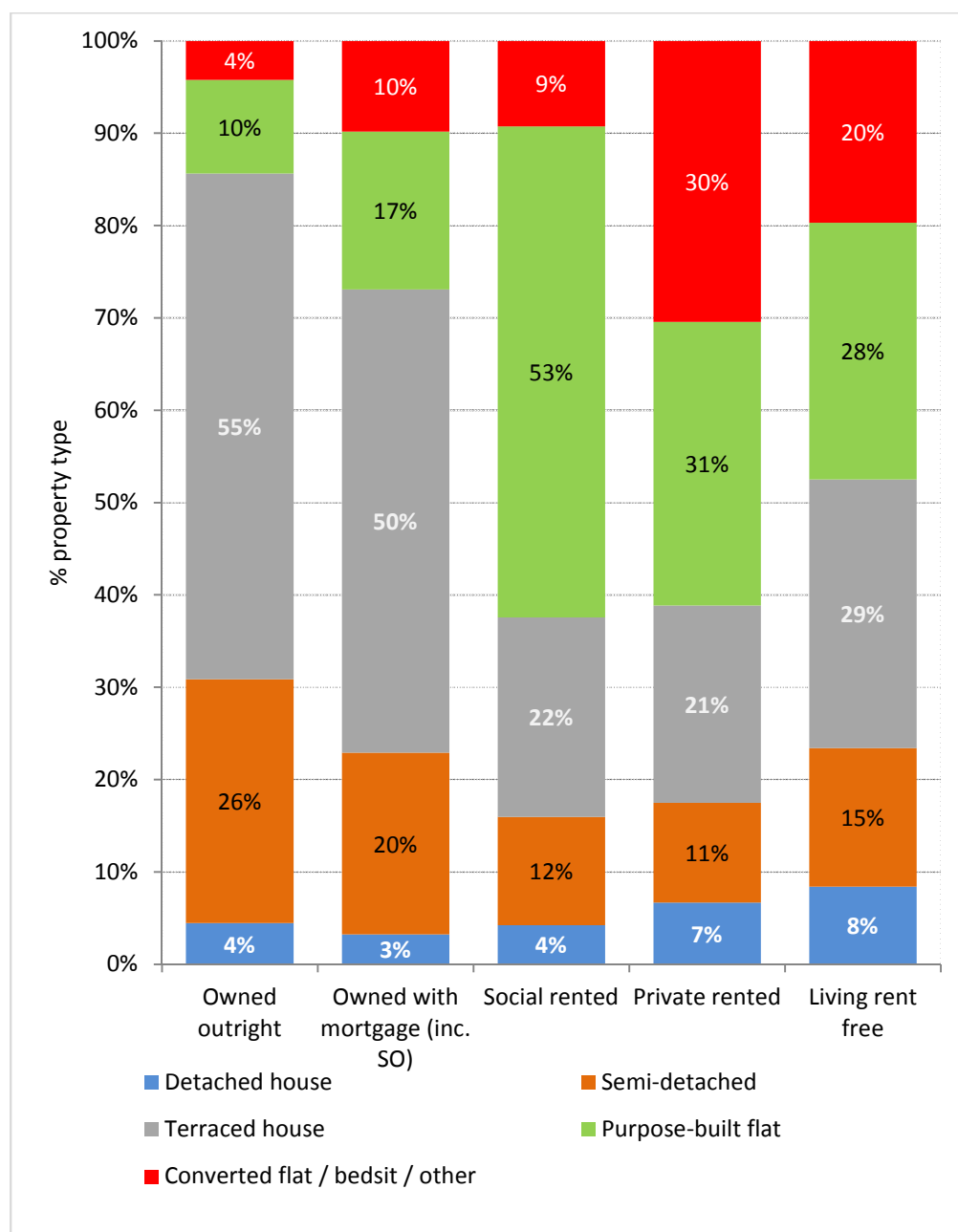


Source: Census 2001 Table SO49 and Census 2011 Table QS402EW

4.17 There are significant differences by proportion of dwelling type by tenure. In 2011 the limited stock of houses – detached, semi-detached, and terraced – were predominantly in the owner-occupied sector, though 38% of social housing tenants also lived in houses (compared to 85% of outright owners and 73% of mortgage holders). Unsurprisingly, the purpose-built flat type dominates the social rented sector (53%) as well as holding 31% of PRS households. 30% of the PRS is made up of converted flats, and this is the area where

HMOs are likely to be concentrated.

Figure 4.8 Property type by tenure, Waltham Forest

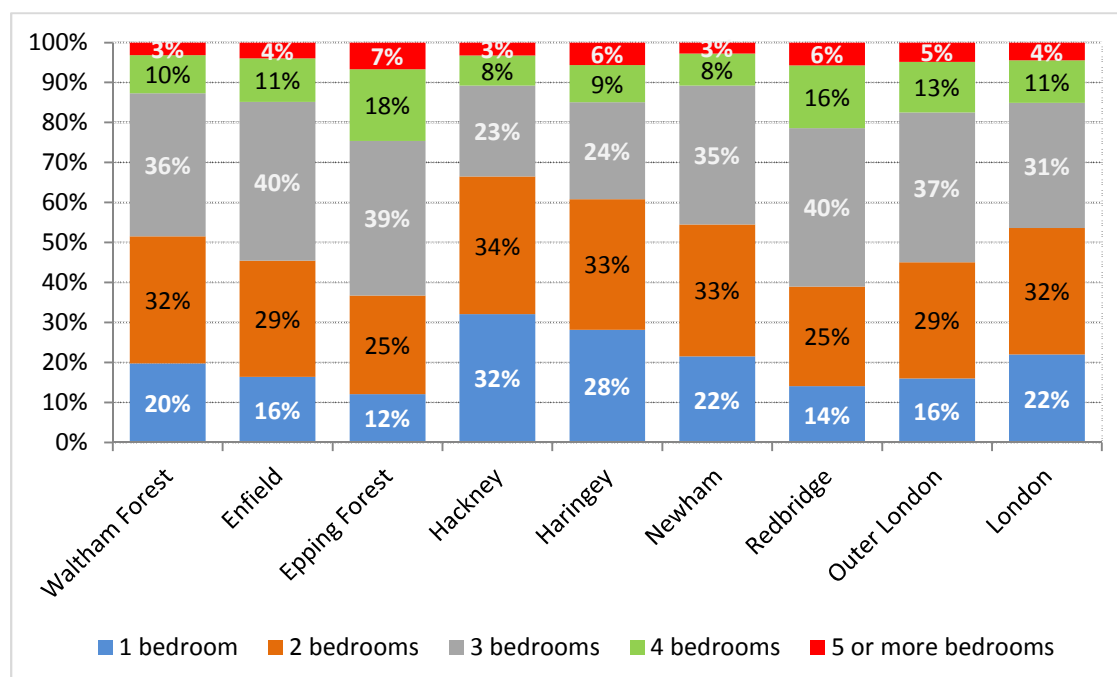


Source: Census 2011 DC4402EW

Dwelling size

4.18 As **Figure 4.9** shows, Waltham Forest has a relatively low proportion of larger homes (4 beds or more) compared to its neighbours, with only inner London, Hackney and Newham having fewer, though it has reasonably higher proportions of two- and three-bed homes. One in five dwellings are one-bedroom homes, higher than Epping Forest and the outer London boroughs, and lower than the three inner London boroughs.

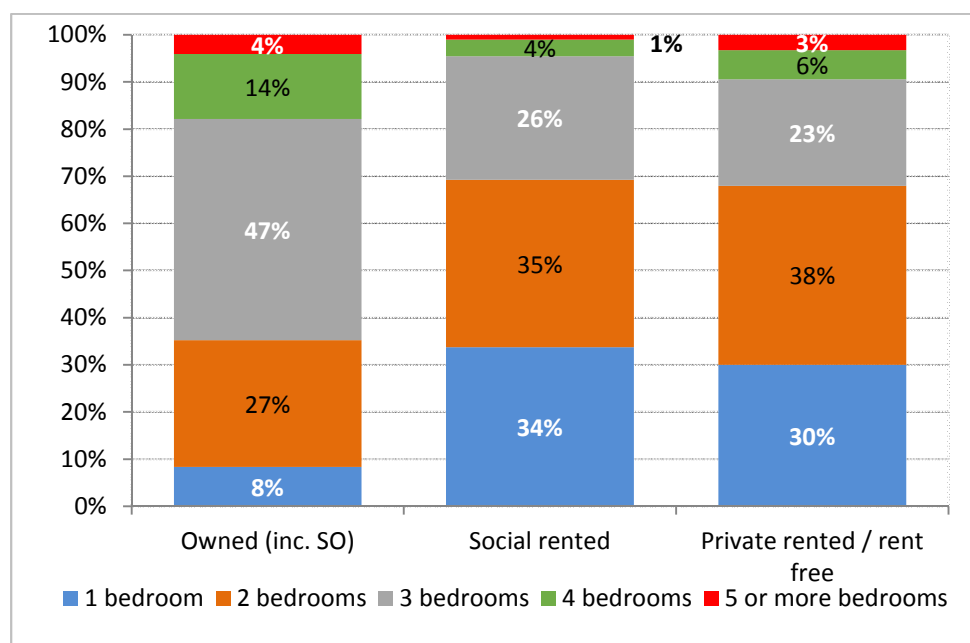
Figure 4.9 Dwelling size



Source: Census 2011 Table DC4405EW

4.19 There are differences in dwelling size by tenure (**Figure 4.10**). Across tenures, 48% of homes have three beds or more. While 65% of the owner-occupied stock is in this category, only 31% of the social rented and 32% of the private rented stock is that large. Over a third of the social rented (34%) and nearly a third (30%) of the private rented stock is one bed, whereas only 8% of owner-occupied homes are one-bed.

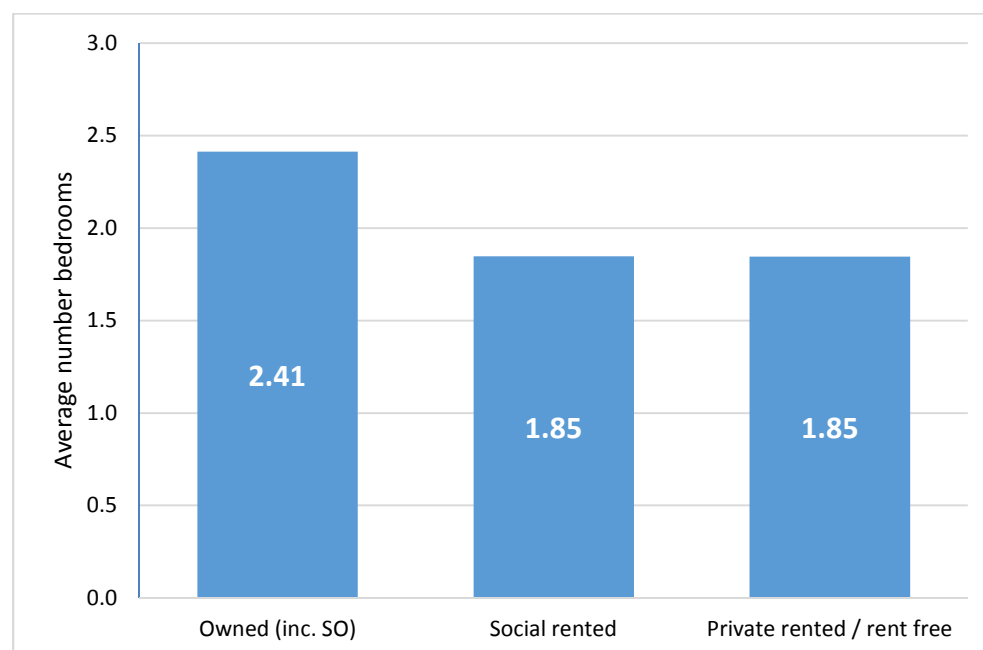
Figure 4.10 Dwelling size by tenure, Waltham Forest



Source: Census 2011 Table DC4405EW

4.20 This point is further illustrated in **Figure 4.11** which shows the average number of bedrooms for the main tenures. Owner-occupiers have a 2.4 bedroom average, whereas social and private renters have a bedroom average of 1.85.

Figure 4.11 Average bedroom numbers by tenure, Waltham Forest



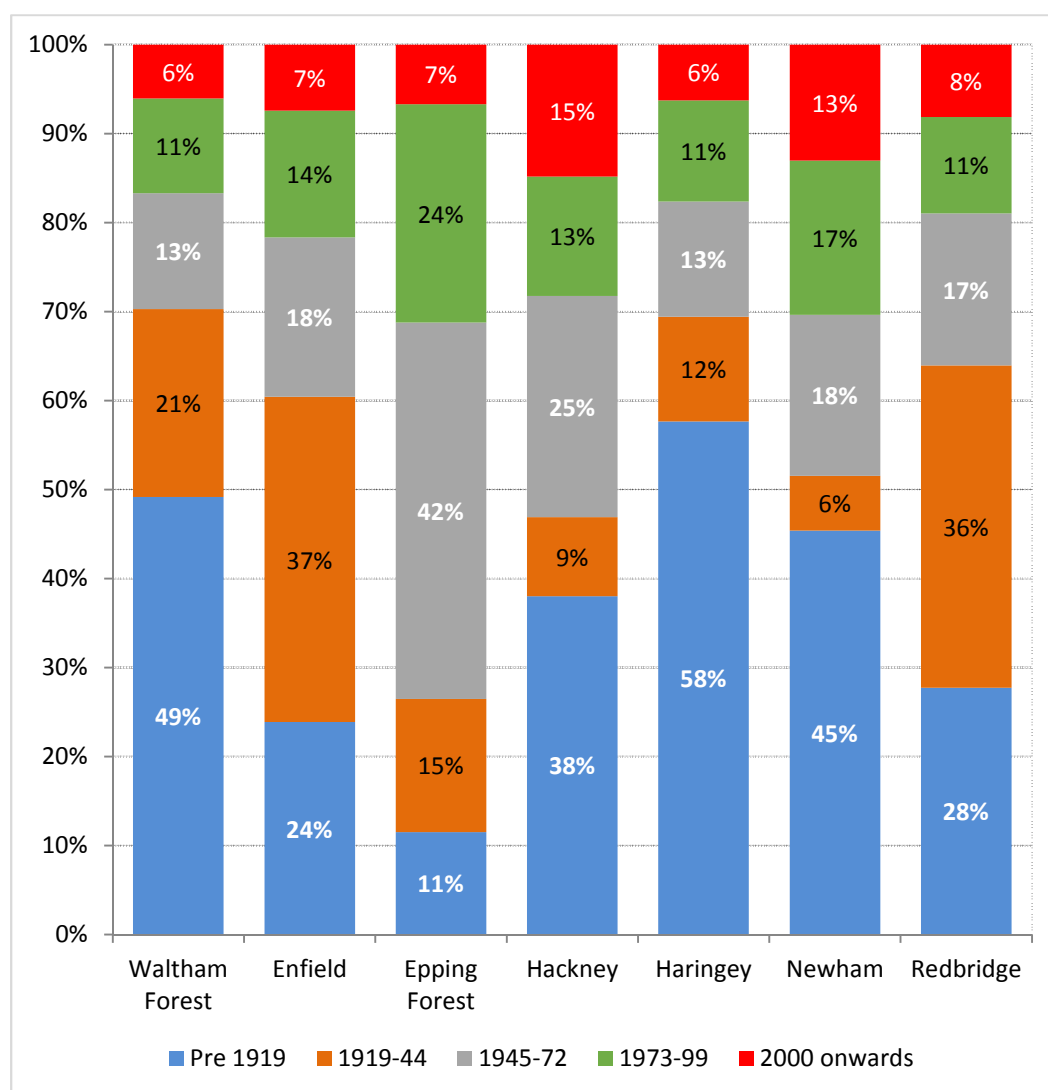
Source: Census 2011 DC 4405EW as modelled by Cobweb Consulting. It is assumed that all dwellings categorised as having five bedrooms or more have exactly five beds

Dwelling age

4.21 The age profile of the stock is a significant indicator of potential dwelling condition, and of the need for investment in repairs, maintenance, refurbishment and improvements. It is of particular importance in Waltham Forest, given the rapid increase in the volume of flatted accommodation and the fact that 30% of PRS accommodation comprises converted flats or 'other' property types (**Figure 4.8**).

4.22 Waltham Forest's stock age profile sits in between the inner and outer London profiles, with its pre-1919 stock component (nearly half) closer to Hackney, Haringey and Newham's than outer London / Epping than inner London and more than outer London / Epping. However, more was built inter-war than in the inner London boroughs. In terms of recent development, Waltham Forest's profile lags behind most other authorities, inner and outer London, and behind that of Epping Forest, where nearly a third of stock has been built since 1973.

Figure 4.12 Age profile of stock



Source: Valuation Office Agency, Council Tax bandings data Table 4.2

Stock condition and Houses in Multiple Occupation (HMOs)

4.23 The last full private sector stock condition survey was carried out in 2012⁴⁴, and is thus beginning to be out of date. It was estimated that some 18% of dwellings had ‘Category 1’ hazards (the most serious, primarily relating to cold, falling on stairs and fire hazards), and 34% were ‘non-decent’, with a range of repair and thermal comfort issues as well as Category 1 hazards.

4.24 More recently, the 2014-2015 Waltham Forest Local Authority Housing Statistics (LAHS) return identifies that there are some 12,000 private sector dwellings with Category 1 Housing Health and Safety Rating System hazards. The cost to remedy these hazards is estimated at being over £25M million, nearly £2,100 per property. The authority estimates that there are only nine Category 1 hazardous properties within the authority’s own stock, though there does not appear to be an up to date Stock Condition Survey to verify this

⁴⁴ Waltham Forest Private Sector House Condition Survey, 2012 (ORS)

assumption.

4.25 There is some information available on the number and proportion of Houses in Multiple Occupation (HMOs). According to the latest LAHS and the authority's own Register of Licensed HMOs, there are 3,900 HMOs, amounting to 16% of the private rented stock. This is close to the figures derived from the 2012 House Condition Survey (3,470). While significant this is a lower proportion than most neighbouring authorities, especially when compared to the 49% present in Enfield and the 42% in Hackney. If one looks at figures for registered HMOs (generally, though not exclusively, those with more floors and more households), the 440 identified represent around 1.8% of Waltham Forest's PRS stock, a higher proportion than all bar Haringey and Newham. Authorities' policies on which types of property are liable for registration vary, so the figures are not totally comparable.

4.26 It should also be noted that as well as licencing for those HMOs that fall within the mandatory criteria (larger ones primarily) Waltham Forest has also introduced a Selective Licencing scheme, that brings most other private rented properties into a programme to ensure decent standards are maintained. The authority has noted a number of 'scams' operated by landlords, including inappropriate terms (such as licences), fake 'lodgers', lettings to fake 'tenants' and multiple room sub-letting. It has identified cases of 'beds in sheds', and takes a robust line on using its Housing Act enforcement powers where appropriate. The authority collaborates with Cambridge House to provide support for residents and undertake preventative work.

Table 4.4 Houses in Multiple Occupation (HMO)

	PRS stock	Est. total HMOs		Est. total mandatory HMOs		Registered HMOs		Mandatory HMOs with Cat 1 hazards	
		No.	% PRS	No.	% PRS	No.	% PRS	No.	% PRS
Waltham Forest	25,102	3,910	15.6%	440	1.8%	184	0.7%	31	0.1%
Enfield	26,591	13,000	48.9%	50	0.2%	102	0.4%	0	0.0%
Epping Forest	5,742	200	3.5%	10	0.2%	10	0.2%	4	0.1%
Hackney	29,449	12,281	41.7%	451	1.5%	179	0.6%	40	0.1%
Haringey	32,095	8,000	24.9%	650*	2.0%	883*	2.8%	325	1.0%
Newham	34,570	6,000	17.4%	1,000	2.9%	433	1.3%	2	0.0%
Redbridge	22,657	7,300	32.2%	400	1.8%	108	0.5%	7	0.0%

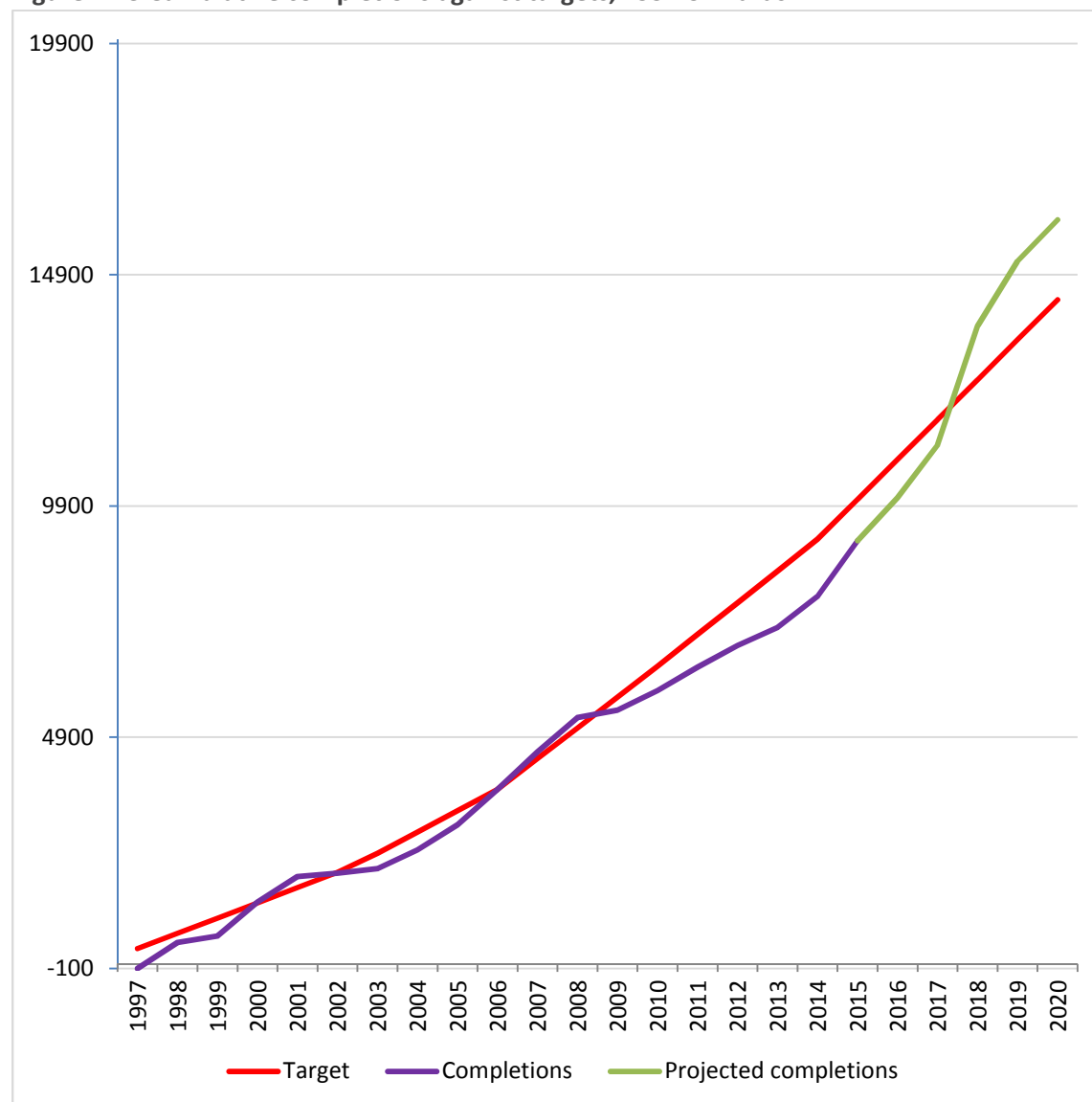
Source: Local Authority Housing Statistics, 2014-2015 and local authority HMO registers. * Haringey's returns appear to be inconsistent.

Housing development

4.27 Until 2009 Waltham Forest generally met or surpassed its planning targets for completions. Since then, the borough has tended to fall short. Its overall cumulative trajectory (**Figure 4.13**) is now forecast to exceed assumed London Plan targets from 2017

onwards, based on the proposals in the borough's 'Building for the Future' strategy.⁴⁵ This envisions building an additional 2,000 homes per year until 2020 (a total of 12,000). This target is well in excess of the current London Plan target of 862 homes per annum.

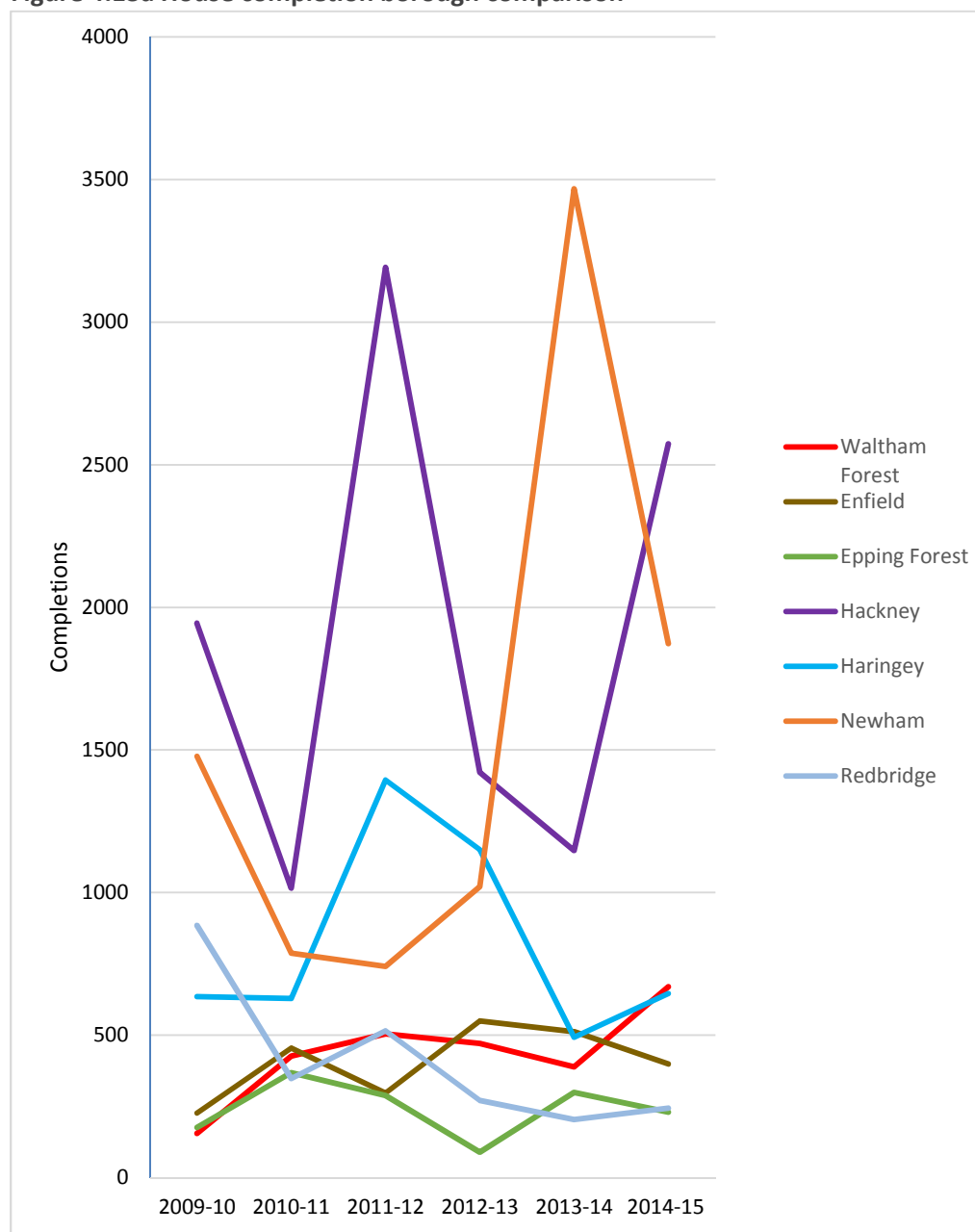
Figure 4.13 Cumulative completions against targets, 1997 onwards



Source: LB Waltham Forest Authority Monitoring Reports

⁴⁵ *Building for the future: delivering housing for everyone*, LB Waltham Forest, 2015

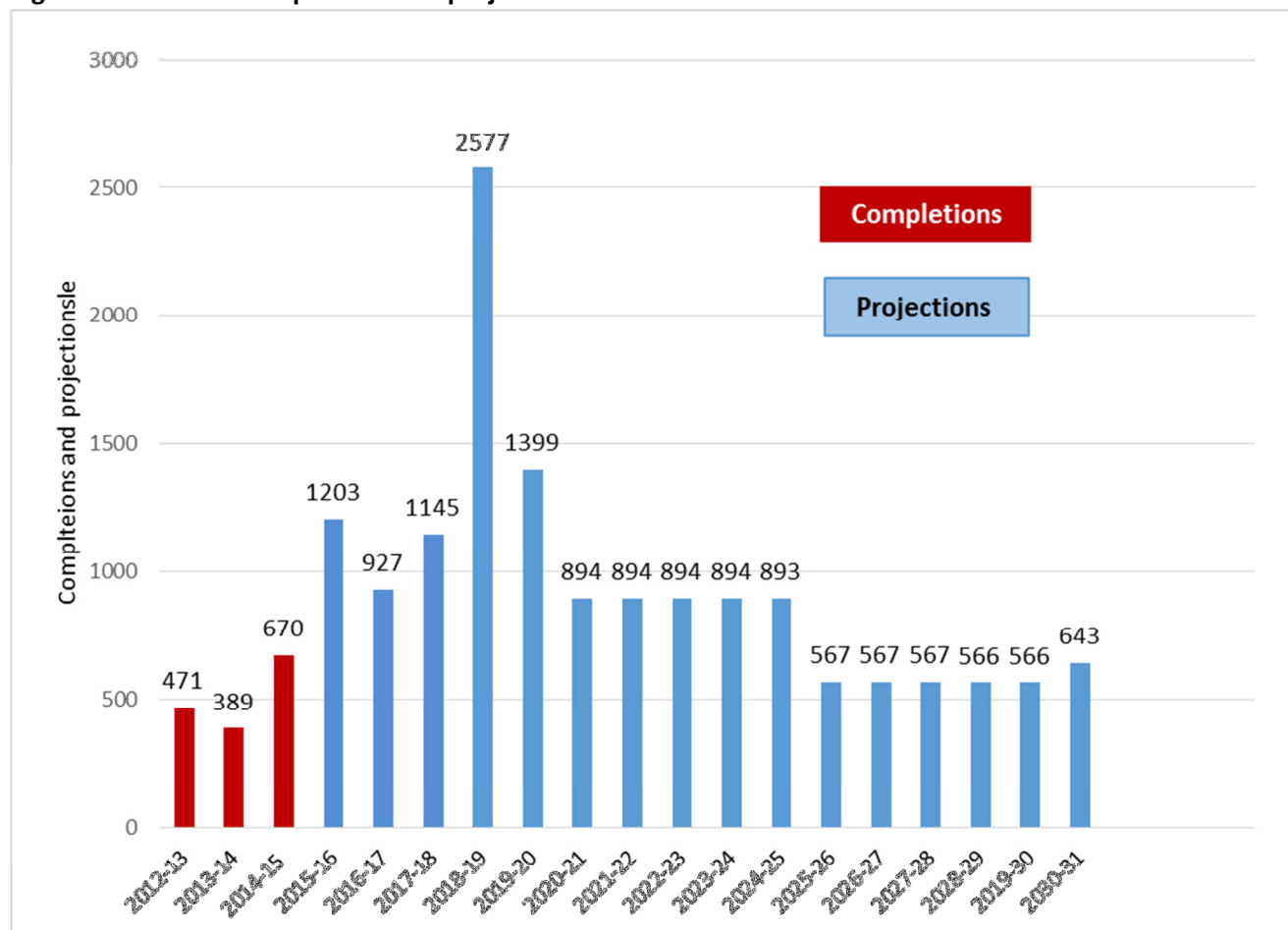
Figure 4.13a House completion borough comparison



Source: Authority Monitoring Reports; 2014-15 figures for all authorities except Spelthorne are estimates. Hillingdon's 201-14 figures is also an estimate

4.28 Looking at its neighbours, to date Waltham Forest's outputs have been modest compared Hackney and Newham, but in recent years performance has started to match that of Haringey and surpass the other authorities (**Figure 4.13**), when we consider actual and projected annual completions. The London Plan annual projections (not taking account of the Building for the Future Strategy) are illustrated in **Figure 4.14**.

Figure 4.14 Annual completions and projections



Source: Waltham Forest 2015 Authority Monitoring Report (with material up to June 2016)

Economic profile

4.29 In spite of the recession, Waltham Forest has benefited from London's economic growth, and over the last five years has seen a 30% increase in the number of jobs in the borough (the fastest growth in London), together with a 40% increase in the number of businesses. The borough's economic growth strategy⁴⁶ puts this down to a combination of the Olympic Legacy effect, and the eastwards shift of the capital's economic activity.

4.30 Additionally, the borough benefits from extensive transport links. These now include access to Stratford, Tottenham Hale and the national network beyond from the newly-reopened Lea Bridge Station, as well as Victoria line routes into central London, and access across London via the Overground and Central line. These both enable borough residents to commute into central London and elsewhere, and help to stimulate jobs within the borough. There have in particular been significant increases in jobs in the digital and creative sectors (40%), construction (35%), manufacturing (35%) and professional and urban services (30%).

4.31 Looking ahead, the strategy envisages that by 2020 there will be an additional

⁴⁶ *Economic Growth Strategy 2016-2020*, LB Waltham Forest 2016

26,000 jobs and 5,400 businesses, bringing into the borough additional earnings of £220M. The strategy considers that there will be up to 18,000 more working age people supporting a stronger labour market in the borough.

4.32 The strategy is based on ‘seeding’ and growing businesses in specific sectors, particularly the creative industries, construction and urban services; promoting and developing existing and new town centres (at Lea Bridge and Blackhorse Lane); developing employment, apprentice, training and skills pathways; and developing the transport and broadband infrastructure, among other activities.

4.33 Intrinsically linked to the economic development strategy, there are plans in place to build 12,000 new homes by 2020, 5,000 of which are planned for the Housing Zone extending from Blackhorse Lane to Leyton. This will involve over £1billion construction expenditure, supporting 3,500 jobs. This is accompanied by plans to develop the two new town centres, at Lea Bridge Station, and the Blackhorse Lane area.

Deprivation

4.34 While Waltham Forest is an expanding centre of employment and economic activity, nonetheless there are pockets and areas of relative deprivation, and contrasts in prosperity between different areas.

4.35 The English Indices of Deprivation were re-issued in August 2015 and provide a useful snapshot of relative deprivation across the country, in different spheres. As can be seen from **Maps 4.4 - 4.6**, in the domains of income deprivation and barriers to housing and service (which include such indicators as affordability, overcrowding and homelessness, as well as proximity to local services) there are concentrations of deprivation in parts of Valley, Higham Hill, Wood Street and Hoe Street wards. Employment deprivation is more evenly spread across Waltham Forest.

4.36 There are some locational concentrations of deprivation that mirror patterns of tenure to a certain extent: the highest concentrations of income deprivation are in the areas where social housing is concentrated (**Maps 4.3 and 4.4**).

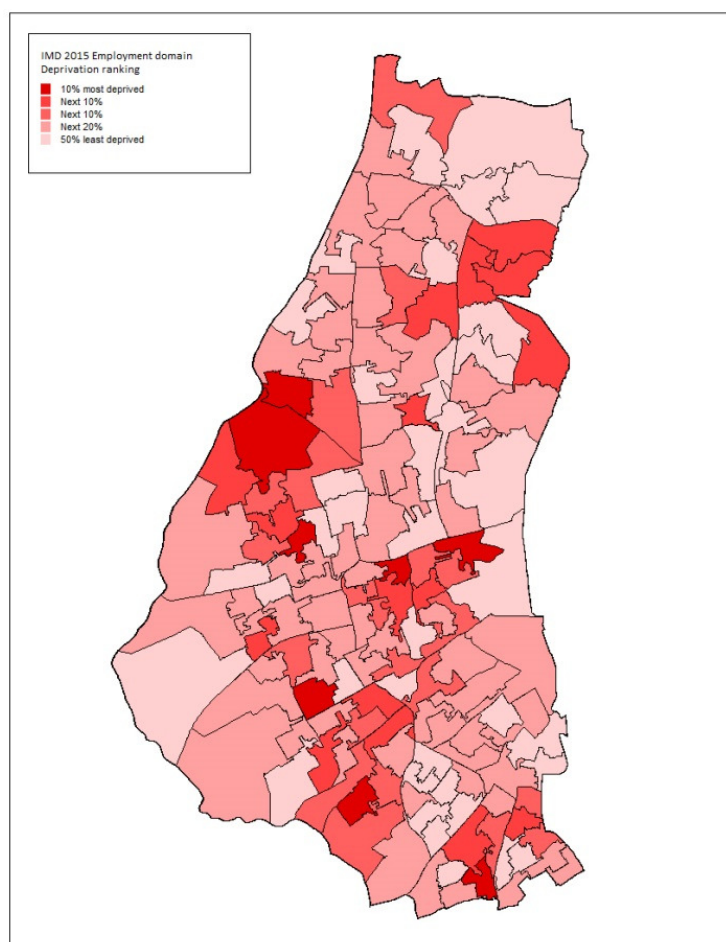
4.37 **Table 4.5** compares some of Waltham Forest’s deprivation ranks with the national picture. In all cases the ranks are of the 326 local authorities in England, the lower the rank, the greater the deprivation. In terms of overall deprivation, Waltham Forest is the 15th most deprived authority in the country, with only Hackney and Newham presenting as more deprived among the neighbours. Deprivation is also acute in the income domain (21st most deprived, and less so in the employment domain (71st). However, in terms of barriers to housing and services, the borough is the third most deprived in the country.

Table 4.5 Indices of deprivation

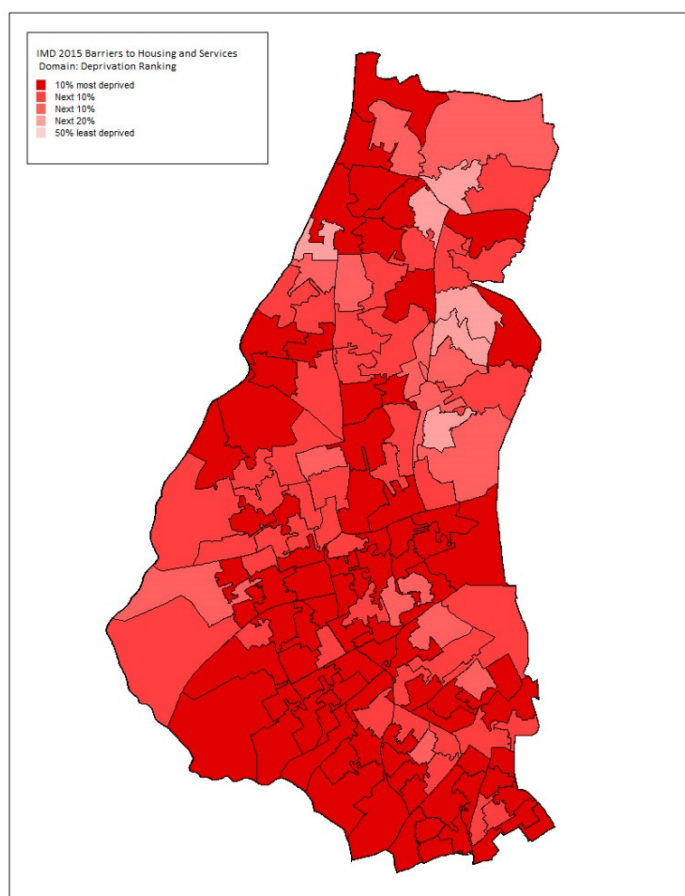
	IMD - Rank of average rank	IMD - Rank of proportion of LSOAs in most deprived 10% nationally	Employment Rank of average rank	Employment - Rank of proportion of LSOAs in most deprived 10% nationally	Income - Rank of average rank	Income - Rank of Proportion of LSOAs in most deprived 10% nationally	Barriers to Housing & Services - Rank of average rank	Barriers to Housing & Services - Rank of proportion of LSOAs in most deprived 10% nationally
Waltham Forest	15	89	71	128	21	90	2	3
Enfield	53	82	77	140	20	36	15	39
Epping Forest	199	200	220	200	191	211	136	128
Hackney	2	49	39	115	3	38	6	4
Haringey	21	44	67	97	23	41	10	9
Newham	8	103	61	165	6	89	1	1
Redbridge	119	196	158	195	84	171	27	103

Source: English indices of deprivation 2015

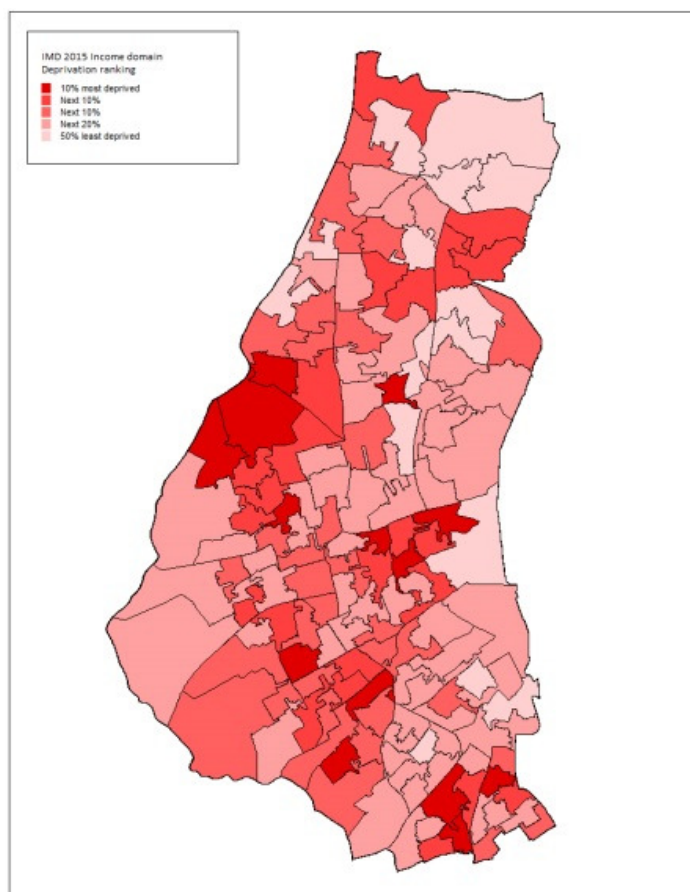
Map 4.4 Income deprivation



Map 4.5 Employment deprivation



Map 4.6 Barriers to services and housing



Economic activity

Table 4.6 Economic activity by borough

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	London
	% population 16-64							
Economically active	77.4	75.5	79.9	71	77.1	74.5	76.5	78
In employment	72.6	71.2	75.5	66.2	72.7	68.4	71.1	73.2
Unemployed	6.4	6.3	3.3	8	7.1	7.6	5.5	6.1
Economically inactive	22.6	24.5	20.1	29	22.9	25.5	23.5	22
Economically inactive: want a job	24.8	26.6	19.7	28.8	23.9	21.7	22.1	25.7
Economically inactive : do not want a job	75.2	73.4	80.3	71.2	76.1	78.3	77.9	74.3

Source: Annual Population Survey November 2016 via Nomis

4.38 The level of economic activity in Waltham Forest in 2016 (77.4%) is close to the London average, and higher than in all neighbouring authorities except Epping Forest. In terms of those actually in employment, the borough has a greater proportion than all authorities except again Epping Forest and, marginally, Haringey. The rate is slightly below the London average.

4.39 The proportion of inactive people reflects this pattern, with figures close to London average, and lower than elsewhere except Epping Forest. Of the economically inactive, Waltham Forest has slightly greater proportions of students and those at home than the London average and a slightly lower proportion of those who are long-term sick.

Table 4.7 Economic inactivity reasons

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	London
	% population 16-64 (proportion of economically inactive only)							
Student	34.3	31.4	#	36	32.1	32.6	29.5	31
At home / looking after family	32.1	26.4	36.1	22.2	29.7	33.6	35.5	29.6
Long term sick	13.6	13.6	13.6	24	13.7	13.8	13	17.2
Retired	#	10	#	#	#	6.3	14	7.6
Other reason	#	9.7	#	11.7	19	12	6.2	11.9

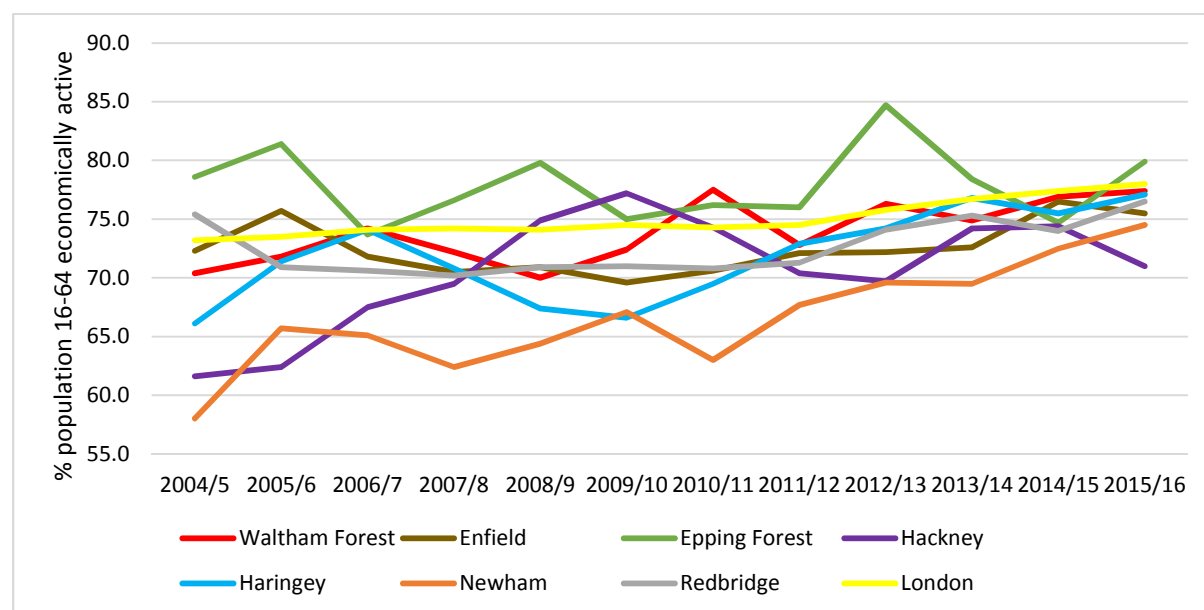
Source: Annual Population Survey November 2016 via Nomis

4.40 When we examine the economic activity rate over time, we see that across London and as a whole, there has been a steady increase in economic activity over the last ten years. Although the recession brought dips between 2008 and 2011, the economic recovery has seen London figures rise to well above those in 2007. At an individual borough level, the picture is more fragmented, with year-on-year variation, but it is clear from **Figure 4.13** that Waltham Forest's figures have generally kept pace with the overall London trend, with economic activity rates generally rising and falling on a two-year cycle. However, since 2011

the rise has generally been greater than the fall, showing an overall upwards trajectory.

4.41 Compared to its neighbours, Waltham Forest has generally performed better in most years than most neighbouring boroughs, other than Epping Forest. After a sharp increase followed by a sharp drop between 2009 and 2012, the trajectory has been fairly steadily upwards. Hackney had a boom period between 2008 and 2011 but has now slipped back to having the lowest rates among neighbours.

Figure 4.14 Economic activity rates – percent population

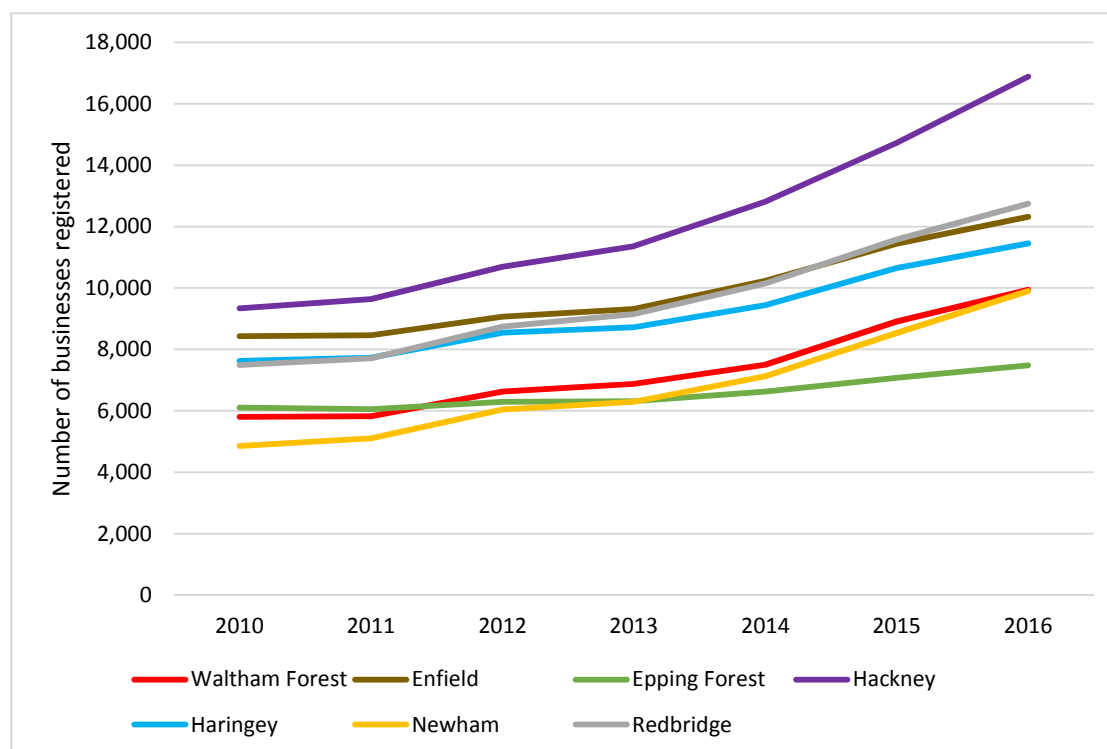


Source: Annual population Survey November 2016, via Nomis

Business and enterprise

4.42 Waltham Forest's profile in terms of the number of enterprises in operation over the last six years reflects the economic activity pattern, with a slight slowdown in 2010, followed by a gradual increase. As can be seen in **Figure 4.14**, business formation rates have picked up since 2014 in particular, and Waltham Forest has seen an increase of 71% in the number of registrations since 2010. This is a higher rate of growth than Enfield, Epping Forest and Haringey, a similar rate to that in Redbridge, and a lower rate than that in Newham (81%) or Hackney (104%). However, these figures must be treated with some caution, as underlying them is an expansion of small enterprises and self-employment rather than large scale enterprises. Thus, they do not reflect the growth in actual jobs (discussed below).

Figure 4.14 Changes in numbers of enterprises over time



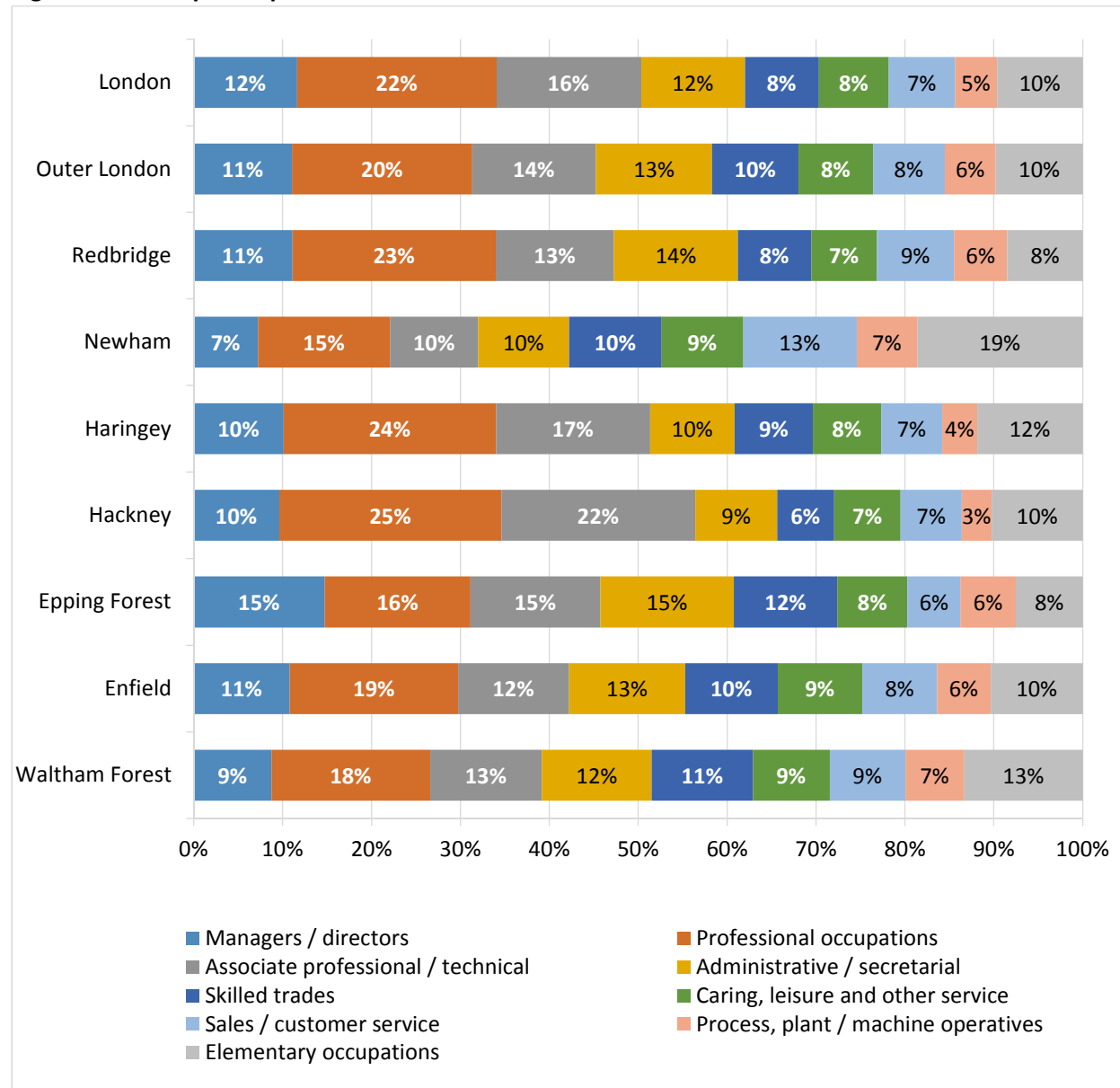
Source: Inter-Departmental Business Register (ONS) via Nomis

Industry and occupation

4.43 In terms of the make-up of economic activities, it should be noted that the profile of London as a whole is significantly different to that of England overall, with over third of the capital's jobs as managers, directors, or in the professional occupations. Among the neighbouring authorities, Hackney and Haringey in inner London and Redbridge in outer London meets this profile. Other authorities (including Epping Forest) have a lower proportion in these occupations (**Figure 4.15**). With the exception of Newham (22%) Waltham Forest has the lowest proportion these jobs (27%) among the neighbours. As can be clearly seen from **Figure 4.16**, Newham's profile is substantially more tilted towards non-managerial occupations including sales, process and elementary occupations than other authorities. Waltham Forest also has a proportionately more substantial number in these categories – 29 % compared to the London-wide average of 22 %.

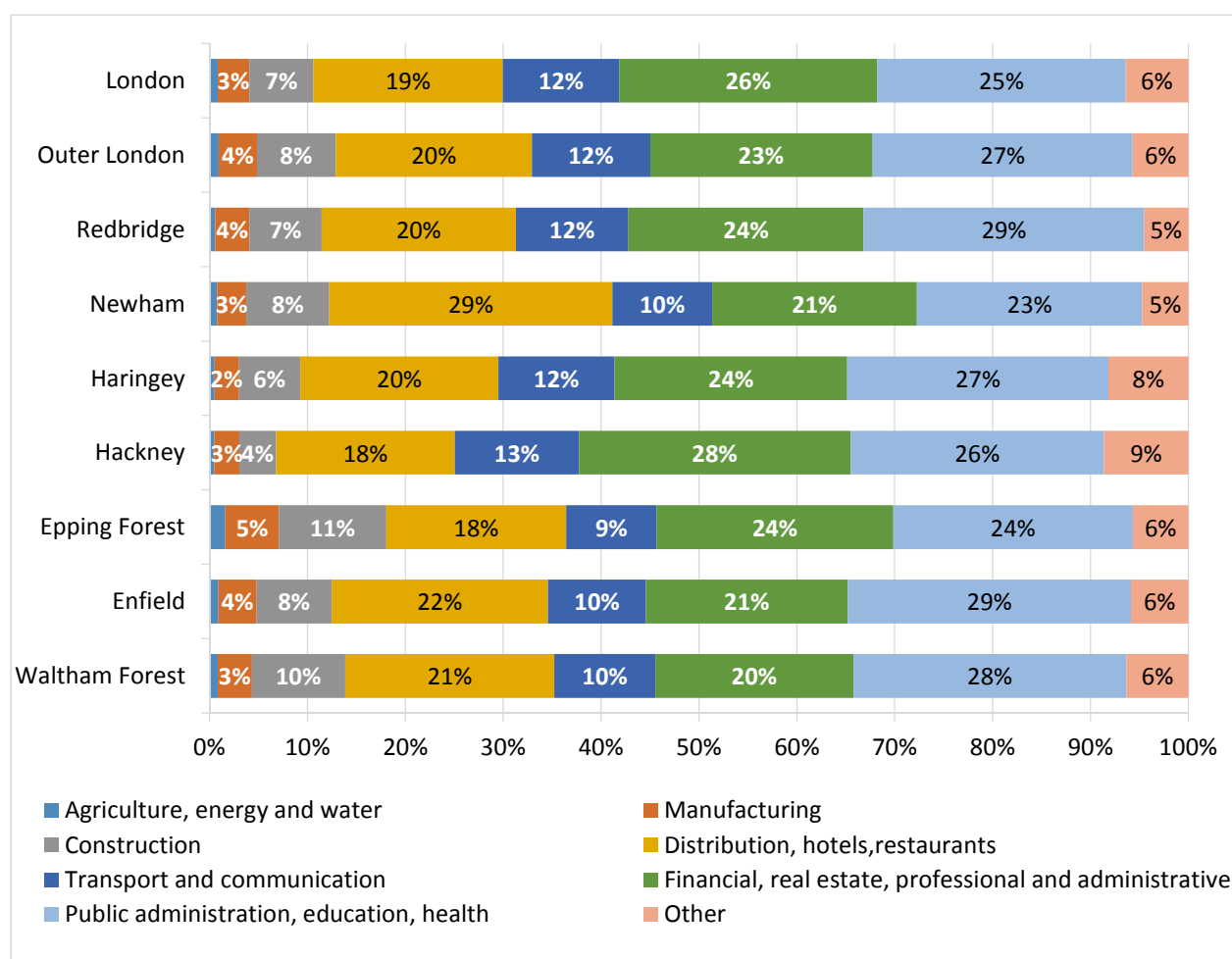
4.44 In terms of the industrial profile of Waltham Forest (**Figure 4.16**), this is more closely aligned to the London-wide norm, with above-average representation in public administration, health and education (28%) and slightly above-average representation in transport and distribution, and construction. Reflecting the occupational profile, the borough has a lower than average proportion in the finance, real estate, professional and administrative sectors (20%), a proportion lower than all authorities, including Newham.

Figure 4.15 Occupation profile



Source: Census 2011 Table DC6604EW

Figure 4.16 Industry profile



Source: Census 2011 Table DC6604EW

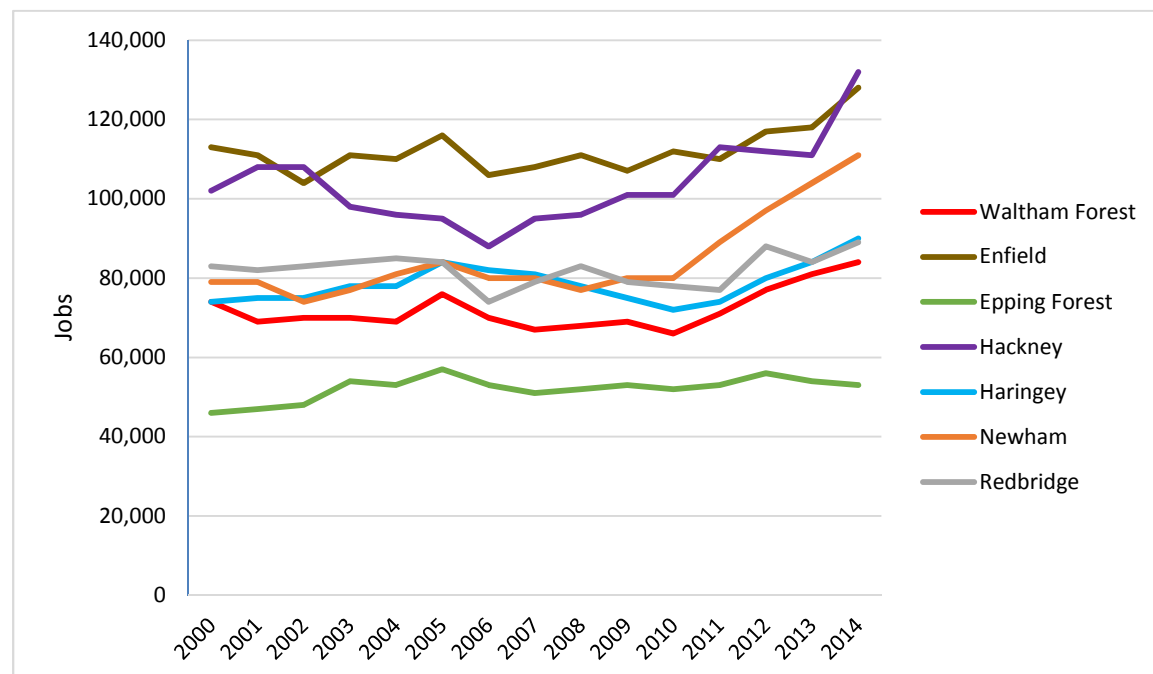
Jobs

4.45 The total number of jobs is a workplace-based measure and comprises employee jobs, self-employed, government-supported trainees and HM Forces. As can be seen from **Figures 4.17** and **4.18**, since 2010 the number of jobs located in Waltham Forest has steadily increased, and has increased at a faster rate (27%) than all neighbouring authorities except Hackney and Newham. Looking back to the beginning of the 2000's there has been a 13% increase on the 2000 figures, similar to the London average. In terms of the actual numbers of jobs, Waltham Forest (84,000 jobs) lags behind all its neighbours, except Epping Forest.

4.46 An alternative measure (perhaps more relevant than the actual number of jobs) is 'job density', which charts the number of jobs in the locality in relation to the number of working-age residents. The calculation is the number of jobs in an area divided by the resident population aged 16-64 in that area. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. As can be seen from **Figure 4.18**, job density is running at 0.50, implying that in spite of growth there are only half as many jobs located in Waltham Forest compared to the number of working-age residents living there. As noted in **chapters 2 and 5**, Waltham Forest experiences substantial out-commuting

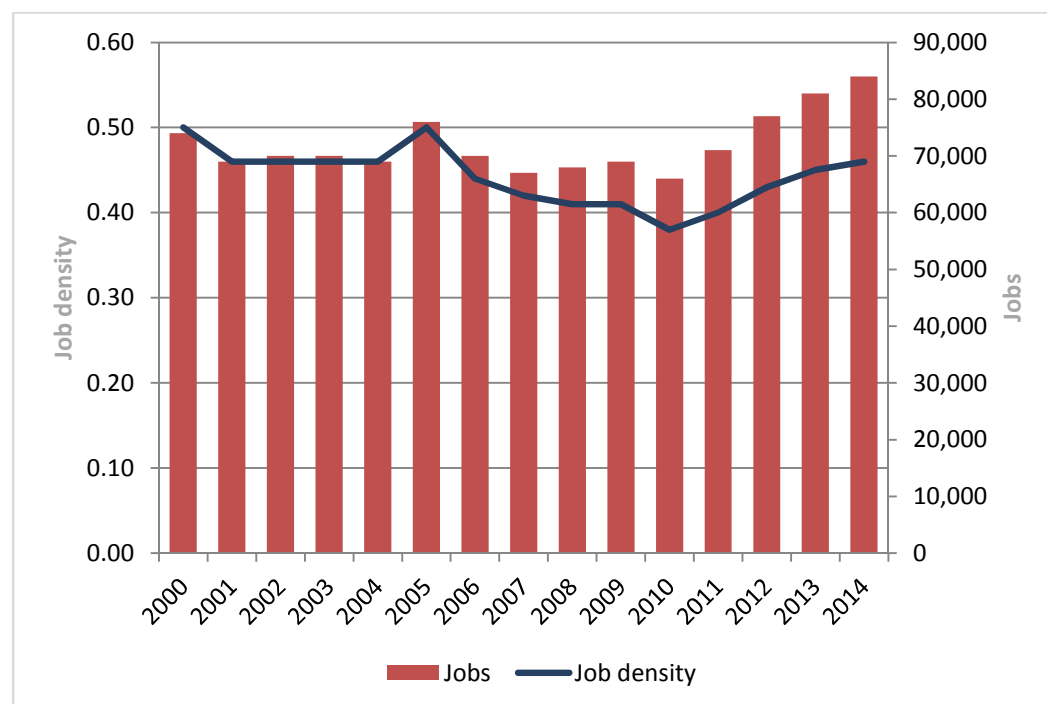
(particularly to Westminster / City of London, Redbridge and Newham) and undoubtedly the employment needs of residents are being met elsewhere in London.

Figure 4.17 Jobs



Source: Nomis ONS local authority profiles

Figure 4.18 Jobs and job density in Waltham Forest



Source: Nomis ONS Local Authority Profiles

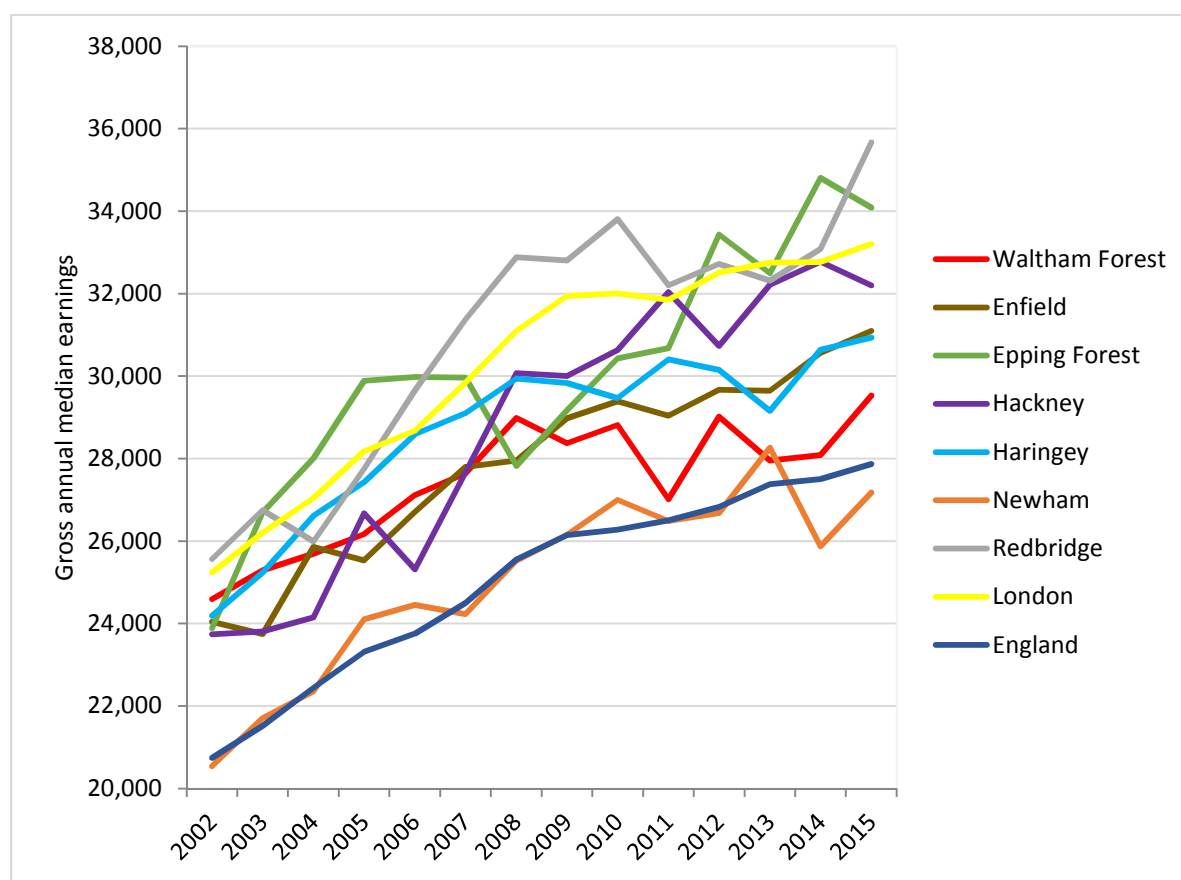
Earnings

4.47 The relative absence of jobs in the higher-paid director, senior manager and professional grades or in the more lucrative predominantly financial, real estate, professional and administrative industries is reflected in Waltham Forest's lower wage profile. With the exception of Newham, on average Waltham Forest residents earn lower wages (£29,532) than all their neighbouring authorities. This is also below the London median (£33,203), but above the England median (£27,869). Of the neighbouring authorities, the highest earners are in Redbridge – averaging £35,665 per annum.

4.48 If one examines the rate that earnings have increased over the last 15 years, although Waltham Forest has seen a 20% rise since 2000, this is substantially below the London average (34%), and below that enjoyed by all neighbouring authorities. If we look at more recent, post-recession figures however, the picture stabilises a little, with Waltham Forest experiencing a 4% increase in earnings between 2009 and 2015, actually marginally higher than the London-wide increase, and that seen in Haringey and Newham.

4.49 It should be noted that these historic figures are not the ones used when affordability is considered in **Chapter 8**. The figures here are based only on earnings and exclude other forms of incomes such as benefits and savings, which are considered later.

Figure 4.19 Annual gross earnings over time

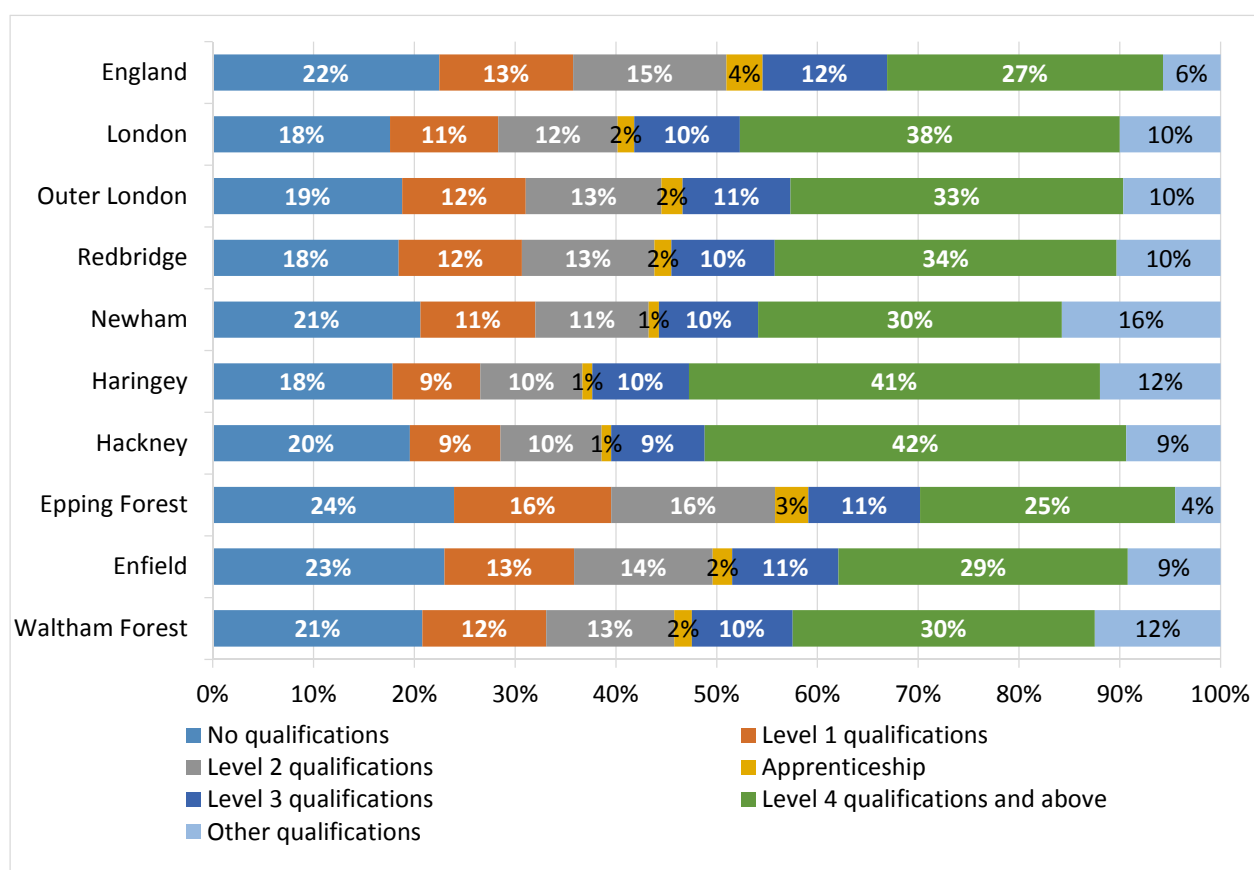


Source: Annual Survey of Hours and Earnings

Educational qualifications

4.50 Underpinning the more ‘blue collar’ earnings, occupational and industrial profile is a workforce with a mid-level degree of educational attainment (**Figure 4.21**). While educational attainment across London is generally higher than the England averages, Waltham Forest has more residents with no qualifications (21%) than average (18%), but also fewer with level 4 (degree level or above) qualifications (30% v. 38%). Among neighbours, Haringey and Hackney stand out with the highest qualified workforce (41% and 42% level 4), though Hackney also has 20% with no qualifications. Waltham Forest and Newham have very similar profiles, with Enfield having the least qualified workforce (23% with no qualification, 29% with level 4 or more). Epping Forest has the highest proportion.

Figure 4.20 Educational profile

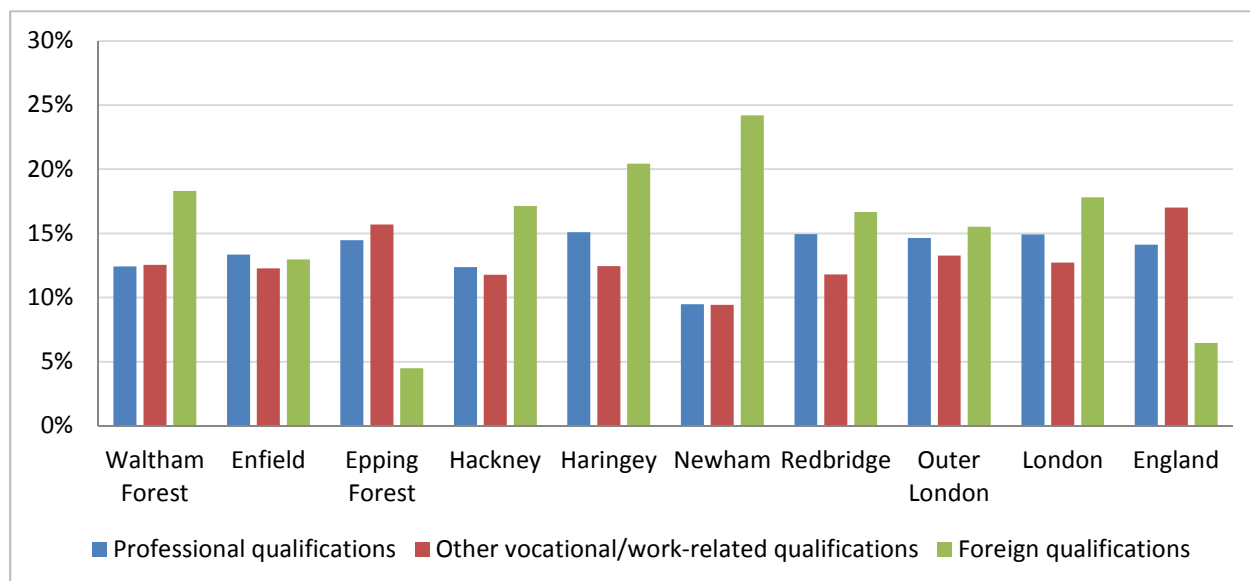


Source: Census 2011 QS501EW and QS502EW

4.51 Also noticeable is the proportion of Waltham Forest residents who have foreign qualifications – 18% - reflecting the multi-national and multi-cultural make-up of the borough, the third highest level after Newham and Haringey (**Figure 4.22**). There are slightly below average (compared to London) levels of residents with professional qualifications (teaching, nursing, accountancy), and average levels of vocational and work-based qualifications. Among neighbours, Redbridge has the highest proportion those with professional qualifications and Epping Forest with the highest proportion of vocational

qualifications.

Figure 4.21 Other educational qualifications



Source: Census 2011 QS501EW and QS502EW

Chapter 5

Drivers of demand

Key Messages

- After declining from 1981 to 1986, the population of Waltham Forest has grown with the rate of increase accelerating after 2001 and exceeding 2% per annum between 2006 and 2011. Subsequent growth has been somewhat slower but still significant.
- There is no consistent pattern of growth rates compared to the Borough's neighbours, but Newham and Redbridge have generally had higher growth rates. Epping Forest has consistently grown more slowly.
- Particular growth levels in any particular period might be constrained by land supply or the completion of large new schemes, but the data shows that Waltham Forest has, since 2001, matched or exceeded the London average, showing that it has participated fully in the economy-driven and migration-supported growth of London's population in the last two decades.
- If the wider London economy continues to prosper (and there are now some major uncertainties relating to future national economic growth) then this will continue to drive the demand for housing in Waltham Forest.
- Natural population change has formed an important element of growth in the Borough (over 3,000 per annum in recent years).
- Internal migration has consistently produced a net loss, averaging only slightly under 4,000 per annum since 2011, but international migration has produced a consistent net gain, fluctuating but in most years more than compensating for internal outmigration.
- Compared to the national average, the Borough has a high proportion of children aged 0-14, fewer young people aged 15-24, more people aged 25-34, and 35-44, and fewer people in groups of 45 and over. The Borough, therefore, has a relatively young age profile.
- Over the 2001-14 period, the working age population has increased by 24%, an increase of almost 35,000.
- The number of households (as distinct from the population) in Waltham Forest increased by 18,000 (21%) over the 1991-2015 period, on average about 750 households per annum. This, however, was a lower rate of growth than London or England as a whole, and a lower rate than any of the borough's neighbours, especially Hackney and Newham.
- DCLG household projections suggest that average household size increased from 2003 to 2011, reversing previous trends, but subsequently declined again from 2011 to 2015.

- In terms of household type, households with dependent children are over-represented in comparison to London and England. 34% of households had dependent children in 2011. Only 13% of households were made up exclusively of one or more people aged 65 or more, compared with 14% for London and 20% for England. One person households were also under-represented in comparison with London. 10% of households were without children but were not couples or students. They were mainly groups of unrelated adults living together.
- The growth in this type of household has occurred in many parts of London, where affordability pressures amongst other factors have limited the formation of one person households and led to more multi-adult households made up of unrelated single people.
- In terms of economic drivers of demand, Waltham Forest is a significant centre of employment with a (relatively) strong level of self-containment by London standards. The number of people in employment has increased rapidly in recent years from just over 94,000 in 2004 to 133,200 in 2015, an increase of 41%. The adverse economic circumstances nationally from 2007-2012 seem to have had only a limited overall impact and growth has accelerated in the last five years.

Introduction

5.1 This chapter reviews trends in past population and household change and the demographic, economic and aspirational factors driving the amount and nature of household formation and housing market change in Waltham Forest over the last two decades. The two key long-term drivers of housing market demand in most areas are demography (including population composition and migration and household characteristics) and the strength of the economy (including both the level and type of employment available, and economic opportunities in adjacent areas) which determine households' ability to exercise demand in the market or otherwise.

Population

5.2 In 2014 ONS estimated that the population of Waltham Forest was 271,200, placing it in the mid-range of London Boroughs. After declining from 1981 to 1991, the population of the Borough began to increase, reaching a peak of 13% growth on the previous five years between 2006 and 2011, or over 2% per annum (**Table 5.1**). Subsequent growth has been slower but this is based on estimated growth change rather than supported by Census data. For the early part of the post-1981 period, Waltham Forest had lower growth rates than its neighbours, but since 2001 it has drawn closer to them, although Hackney and Newham have consistently grown at higher rates. Waltham Forest has tended to grow more slowly than Greater London as a whole, except between 2006 and 2011.

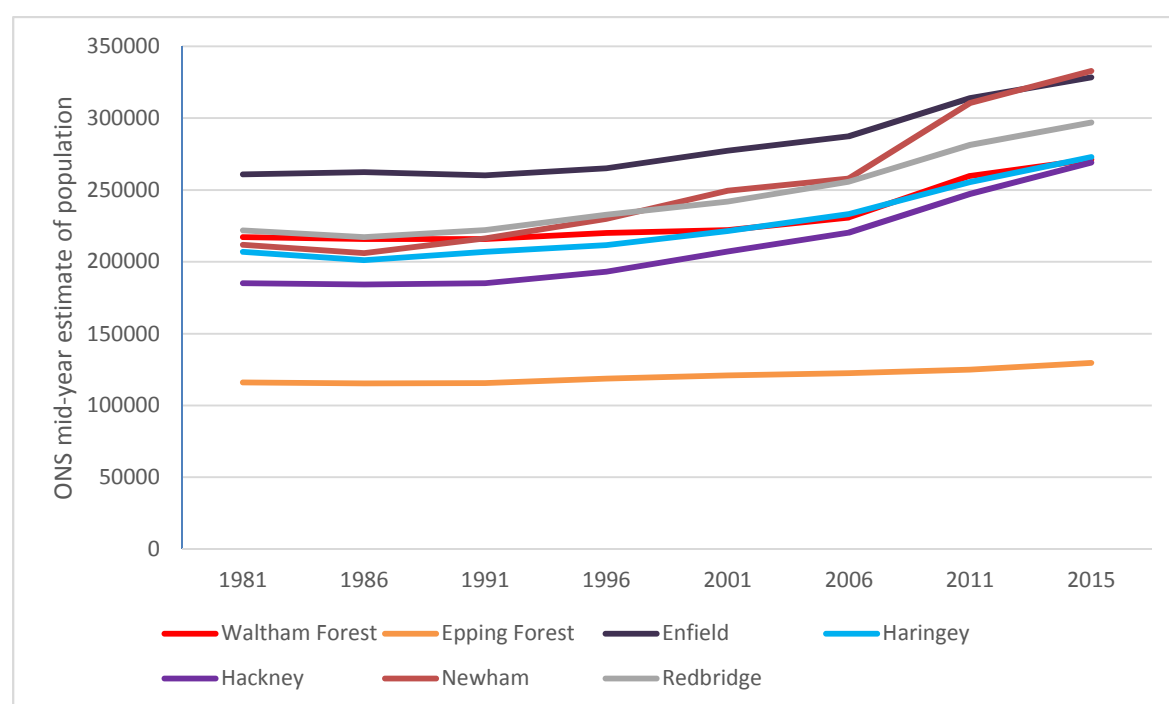
Table 5.1 Mid-year population 2014 and rates of change 1981-2014

		Rate of change (%)						
	Population 2015	81-86	86-91	91-96	96-01	01-06	06-11	11-15
Waltham Forest	271,200	-0.6%	0.0%	1.9%	0.9%	3.9%	12.6%	4.4%
Epping Forest	129,700	-0.7%	0.3%	2.6%	1.9%	1.2%	2.0%	3.8%
Enfield	328,400	0.6%	-0.9%	1.9%	4.6%	3.6%	9.2%	4.6%
Haringey	272,900	-2.8%	2.9%	2.2%	4.6%	5.4%	9.6%	6.8%
Hackney	269,000	-0.6%	0.5%	4.4%	7.3%	6.3%	12.3%	8.8%
Newham	332,800	-2.8%	5.0%	6.3%	8.5%	3.4%	20.3%	7.2%
Redbridge	296,800	-2.1%	2.3%	4.9%	3.9%	5.7%	10.1%	5.5%
Greater London	8,673,600	-0.5%	0.8%	2.1%	5.0%	3.8%	8.0%	5.7%

Source: ONS mid-year estimates via NOMIS

5.3 The Greater London Authority produces population projections, which are examined in detail in **Chapter 6**. These include estimates of population over the period from 2015, the latest projection base year, back to 2001. Between 2011 and 2015, there is very little difference between the two sets of estimates – in 2015, for example, they differ by 0.2%. GLA consider that the historic population of the borough rose most rapidly between 2001 and 2005, whereas ONS attribute the steepest rises to the 2006-2011 period.

Figure 5.1 Population change 1981-2014



Source: ONS mid-year estimates via NOMIS

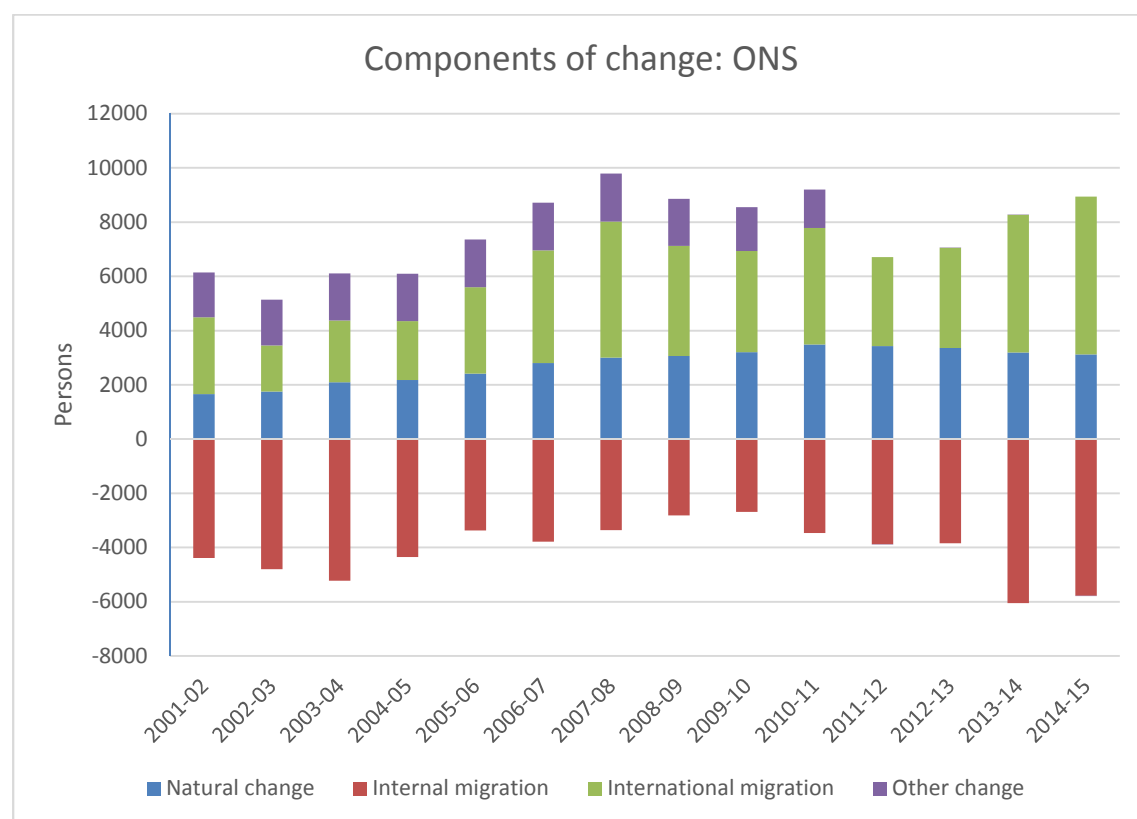
Components of population change

5.4 A detailed picture of the components of population change at local authority level from 2001-2014 is provided by ONS and the results are shown in **Figure 5.2**. ONS estimates of change distinguish four elements: natural change (births less deaths); internal migration; international migration; and other change. These estimates draw on a range of data sources with varying degrees of uncertainty. Data on migration generally, and international migration in particular, is subject to error, especially in the earlier part of the period before ONS implemented a series of measures to provide a more accurate and detailed picture of international migration. The degree of uncertainty is also much greater at local authority levels than at national or regional level. The periodic population Censuses provide points against which estimates can be calibrated, assuming that the Census results are themselves accurate. 'Other change' in the figures below represents population change which ONS are unable to attribute to either natural change or migration. It is probable, but cannot be established with certainty, that much of this is international migration.

5.5 According to ONS estimates, Waltham Forest has seen a broadly consistent pattern of demographic change over the 2001-2014 period, although the scale of change in each component has varied (**Figure 5.2**). Natural population growth has increased from 1,600 in the early 2000s to almost 3,500 per annum in recent years. Internal migration has produced a net loss every year, varying substantially from 2,000-6,000 but averaging just over 4,000 per annum over the 2001-14 period. International migration has produced a consistent net gain, averaging about 3,700 per annum between 2001 and 2014, peaking in the 2006-2008 period, but remaining at a high level and reaching a new peak in 2014-15. The level of unattributed 'other change' is small but mainly positive (indicating a gain of population). Some commentators consider that this component is unrecorded international in-migration but ONS do not. If it is assumed that 'other change' is mainly accounted for by international migration, the gains from this source are slightly greater.

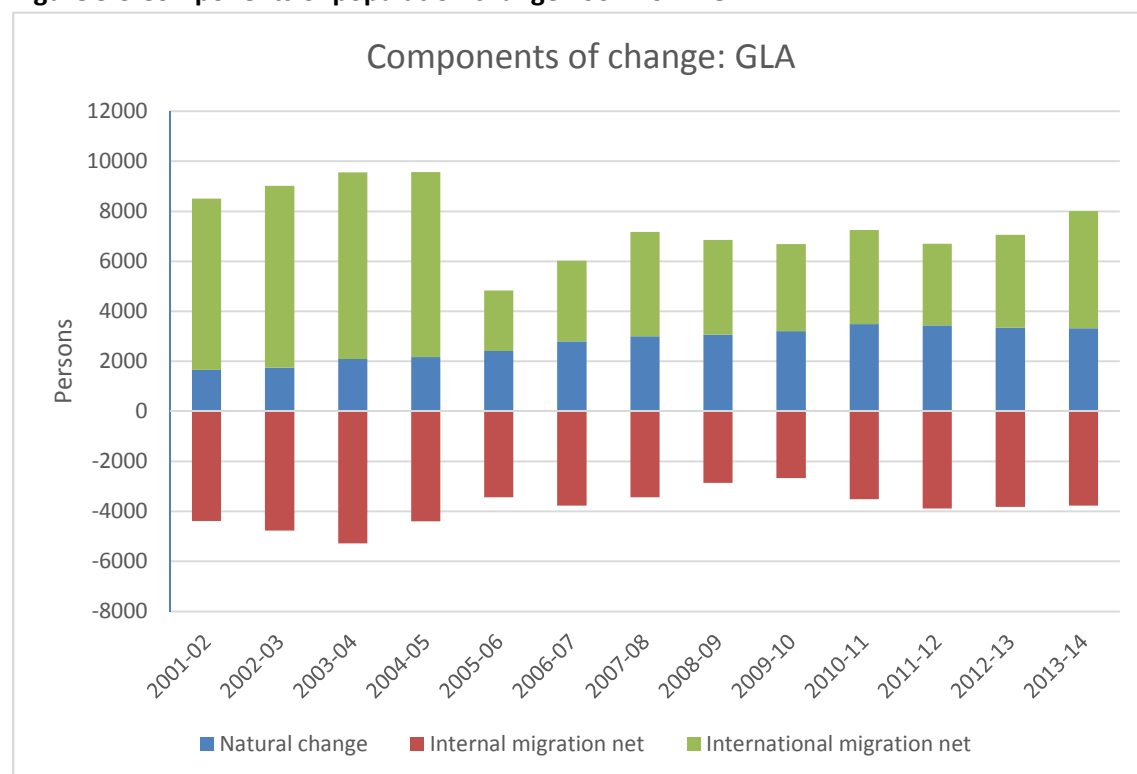
5.6 As well producing overall population projections, the Greater London Authority has developed an alternative picture of the *components of population change* from 2001-2014 as part of the process of producing its own population projections. These are shown in **Figure 5.3**. If the 'other change' highlighted by ONS is treated as international migration, the picture as presented by GLA is broadly similar, especially since 2009-10, although there are some differences in particular years. This suggests that the broad pattern of change accounted for by each component is accurate. Recent improvements in sources of on migration, especially on international migration, are likely to reduce such differences in future.

Figure 5.2 Components of population change 2001-2014: ONS mid-year estimates



Source: ONS mid-year estimates via NOMIS

Figure 5.3 Components of population change 2001-2014: GLA



Source: GLA: 2014 round Borough Long Term projection

Migration

5.7 **Table 2.1** in **Chapter 2** showed that the strongest migration linkages between Waltham Forest and other areas were with surrounding authorities. **Table 5.2** breaks this down to show the size of recent inward and outward flows separately. For Waltham Forest, the main flows out are to its adjacent or close neighbours, headed by Redbridge and Newham, followed but at a lower level by Epping Forest, Barking and Dagenham, Enfield, Haringey, Hackney, Havering and Tower Hamlets. The main inflows are from Hackney, Newham, Redbridge and Haringey. Migration, therefore, reflects the cascade pattern of outward movement from Central and Inner London to suburban areas and districts beyond the GLA area. However, this is the net pattern of movement, with substantial counter flows offsetting outward movement.

Table 5.2 Internal migration

From Waltham Forest	Ave 2013-15	To Waltham Forest	Ave 2013-15
Redbridge	2,447	Hackney	1670
Newham	1,920	Newham	1653
Epping Forest	893	Redbridge	1173
Barking and Dagenham	857	Haringey	1073
Enfield	847	Tower Hamlets	747
Haringey	693	Enfield	637
Hackney	633	Islington	610
Havering	627	Barking and Dagenham	303
Tower Hamlets	467	Lambeth	293
Barnet	307	Epping Forest	290
Greenwich	280	Brent	257
Islington	277	Camden	253
Lewisham	253	Southwark	253
Thurrock	233	Barnet	247
Harlow	230	Lewisham	200
Lambeth	223	Wandsworth	197
Birmingham	210	Ealing	190
Brent	210	Greenwich	140
Southwark	200	Westminster	140
Basildon	187	Hammersmith and Fulham	183

Source: ONS, Internal migration - Matrices of moves between Local Authorities and Regions (including the countries of Wales, Scotland and Northern Ireland) 2013-15. The figures shown are the average of moves over the three years 2013, 2014 and 2015.

5.8 Looking at migration in more detail (**Table 5.3**), over the 2013-2015 period there was a net loss of population from Waltham Forest through internal migration which averaged 4,900 persons per annum, made up of 14,800 inward moves offset by 19,700 moves out from the borough. There was a net loss of population to internal migration in all age groups except those aged 20-24. Younger people (under 45) make up the majority of migrants. Older people have a lower tendency to move. Expressing movement as a rate per 1,000 people in each gender group shows that the largest rates of net loss are amongst children and young people aged under 20. Rates of inward and outward movement are highest amongst 20-34 year-olds but the rate of net flow is lower than for the under 20s. Net rates are reasonably uniform up till age 55 when they rise slightly, perhaps reflecting retirement-related migration from the borough, after which they decline rapidly, reflecting the lower likelihood of migration in old age.

Table 5.3 Internal migration rates by age and gender

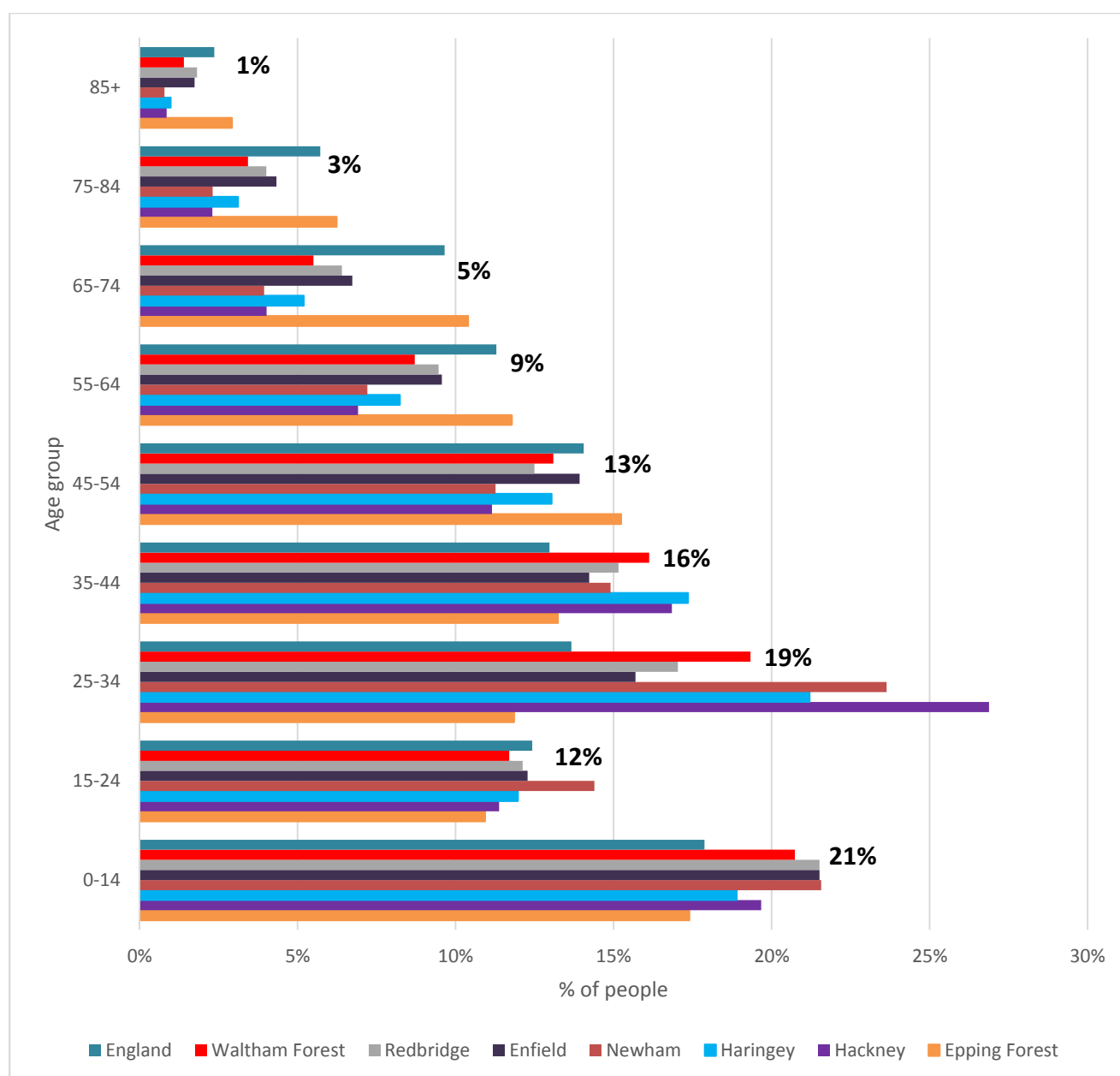
	Migration per 1,000 people 2015								
	All			Males			Females		
	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow	Outflow	Net
0-4	56	93	-36	55	93	-38	57	92	-35
5-9	30	61	-32	30	62	-32	30	61	-31
10-14	23	45	-22	22	44	-22	24	45	-21
15-19	32	74	-42	26	68	-42	38	80	-42
20-24	123	111	11	87	84	3	160	140	21
25-29	114	126	-11	84	91	-7	146	162	-16
30-34	103	116	-14	89	104	-15	116	129	-13
35-39	71	88	-17	72	91	-18	70	86	-16
40-44	46	65	-18	50	70	-20	41	58	-17
45-49	33	47	-15	39	54	-16	26	40	-14
50-54	25	39	-14	29	45	-16	22	33	-11
55-59	20	35	-16	23	38	-14	17	33	-16
60-64	15	32	-17	16	34	-17	14	31	-17
65-69	13	32	-20	13	34	-21	12	31	-19
70-74	12	25	-13	13	29	-15	12	24	-11
75-79	13	20	-8	14	21	-8	12	20	-8
80-84	13	22	-8	12	21	-7	14	24	-9
85+	18	40	-22	15	31	-17	20	44	-23
All ages	55	73	-18	50	69	-19	59	77	-17
Number of movers	14843	19725	-4885	6745	9318	-2570	8078	10403	-2320

Source: ONS, Internal migration - Moves by Local Authorities and Regions in England and Wales by 5 year age group and sex, 2013-15. The figures shown are the average of moves over the three years 2013, 2014 and 2015.

Age structure

5.9 In comparison to the national average, in 2014 the Borough had high proportions of children aged 0-14 and adults in the main child-rearing age groups (25-44), and fewer people in groups of 45 and over. The proportion in the middle-aged groups (55-74) was significantly lower than average, but for older people (75+) the difference was less. The Borough, therefore, has a relatively young age profile, but also an ageing population. Amongst neighbouring boroughs, the picture is very variable. Newham, Hackney and Haringey have notably high proportions of younger people and low proportions of older people. Epping Forest has an ageing population but does not differ substantially from the national average.

Figure 5.4 Population age structure 2014



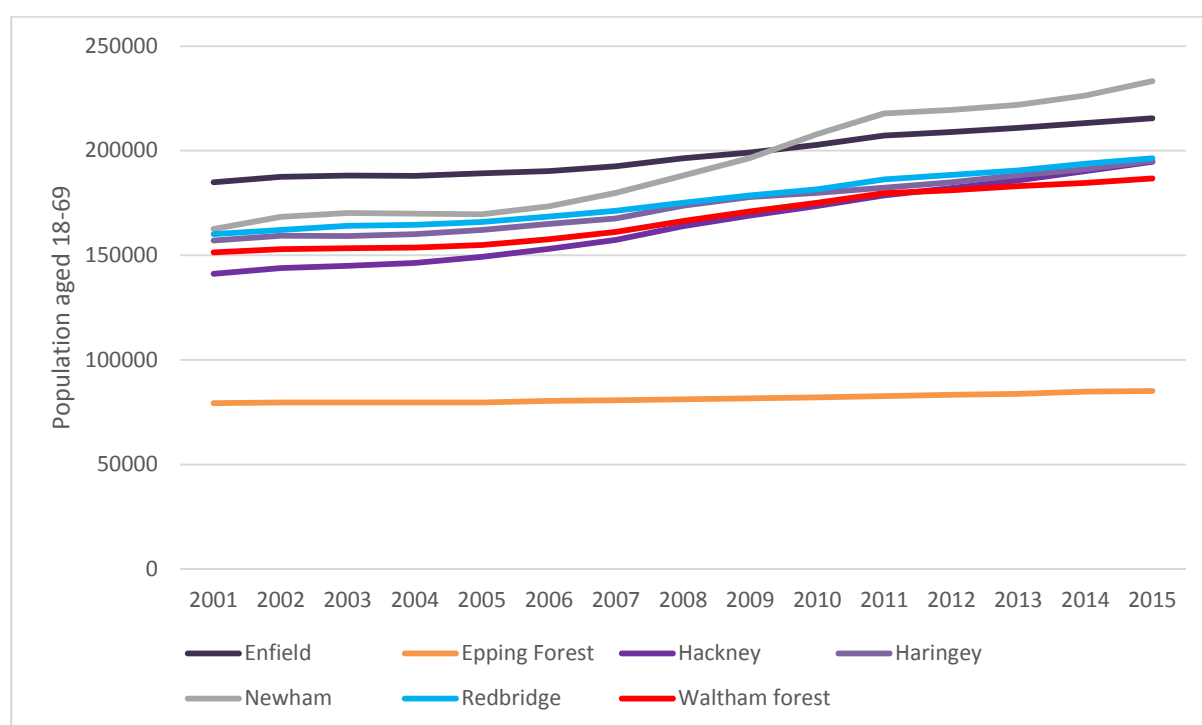
Source: ONS mid-year estimates via NOMIS. Note: individual Waltham Forest labels displayed

Working-age population

5.10 The size of the working-age population is significant as it has a strong influence on the local economy and on levels of commuting. A number of factors influence the size and composition of the working age population. In many areas of England, the ageing of the population has had the effect of reducing the number of workers. At the same time, increased rates of participation in further and higher education by young people are also reducing the supply of labour. On the other hand, the absence of a formal retirement age for older people and a tendency for some older people to seek to remain in employment longer are increasing labour supply. Benefits from private and occupational pension schemes are becoming less generous and the State Pension Age is in the process of changing, with the age at which people become eligible for the state retirement pension being equalised for men and women at 65 in 2018, increased for both sexes to 66 by 2020 and raised again to 67 by 2028. At present, a further increase to 68 is planned for 2044-2046, but this will be reconsidered in a review to be completed by 2017 with every likelihood that the date will be brought forward. These changes are likely to exert some pressure on older people to remain in work longer, but against this, increasing longevity is not always associated with good health, and some employers are still reluctant to employ or retain older people. The net result of these conflicting trends will differ from area to area.

5.11 **Figure 5.5** shows the changes in the number of people aged 18-69 in Waltham Forest and its neighbours over the 2001-14 period. In Waltham Forest, the working age population has increased by 23% over this period, an increase of over 35,000 people. However, the proportion of people in this age band has risen only slightly from 68% to 69% so the increase has been mainly brought about by general population growth. Hackney has experienced a 44% increase in the working-age population, and Newham a 38% increase. The picture in Haringey and Redbridge is similar to that for Waltham Forest. In Enfield, the working age population has grown more slowly (17%), and in Epping Forest, it has only increased by 7%.

Figure 5.5 Population aged 18-69 2001-2014



Source: ONS mid-year estimates via NOMIS

Economic drivers

5.12 **Chapter 4** presented a detailed economic profile of the Borough. The working age population of the borough represents almost the same proportion of the population (68%) as for Greater London as a whole. The economic activity rate is slightly below the London average but the rate for men is significantly lower (83.2% compared to 84.7), offset by a higher rate for women. However, the gap has narrowed over the last 5 years. Male unemployment (9.6%) is also much higher than the London average (5.6%). The proportion of inactive people is therefore higher than for London as a whole. Amongst inactive people, Waltham Forest had more students and fewer people who were long term sick, probably reflecting its age profile.

5.13 The number of people in employment has increased rapidly in recent years from just over 94,000 in 2004 to 133,200 in 2015, an increase of 41%. The adverse economic circumstances nationally from 2007-2012 seem to have had only a limited overall impact and growth has accelerated in the last five years. The proportion of people working full time in the Borough (69%) is lower than the London average (75%). In line with London the proportion has increased in recent years.

5.14 Although Waltham Forest has a significant number of jobs based in the borough, it is not a major centre of employment in London-wide terms. It has fewer jobs than any adjoining borough (except Epping Forest), and a lower job density (ratio of jobs to population aged 16-64). However, over the 2009-2015 period, the number of employee jobs in Waltham Forest increased by 24%, a higher rate than the London average (18%) and well above that for Great Britain as a whole (7%).

Commuting

5.15 Some degree of commuting is a feature of all modern societies and in Britain both the volume of longer distance travel to work and the distances travelled have been steadily increasing over time. The location of the Borough within London and its proximity to the major employment centre of central London, together with well-developed transport networks, make it inevitable that the area experiences high levels of commuting both inward and outward (**Table 5.4**). In 2011, 75% of people living in Waltham Forest who were working commuted to work outside the Borough. Most of the Borough's neighbours had a similar proportion of out-commuting, with only Enfield and Epping Forest being more self-contained. In Waltham Forest the proportion commuting out has increased substantially since 2001 (from 64%). Looking at people working within Waltham Forest, 41% travelled in from outside. In Waltham Forest, this had barely changed since 2001, whereas in all the neighbouring boroughs the proportion of inward commuters had increased. This supports the view that Waltham Forest can be considered to be relatively self-contained by London standards.

5.16 Commentators noted that development of the area, particularly around Walthamstow station, has raised the quality of the area so that it is 'now a destination rather than somewhere you didn't want to go' in the words of one. The (relatively) lower prices that had made the borough attractive to commuters working in central London had brought in those who could not afford Dalston, Hackney and Islington. This, in turn, had displaced families from the centre, who were moving into Chingford and further east and north, and the characteristics of the borough were changing from being 'family-friendly' to more suited to the younger professional 'bohemian' lifestyle.

Table 5.4 Commuting levels 2001 and 2011

	2011			2001	2011			2001
	Usual resident 16+ in employment	Of which working outside LA	% working outside	% working outside	All 16+ working in LA	Of which living outside LA	% workers living outside LA	% workers living outside LA
Waltham Forest	121,461	90,610	75%	64%	52,000	21,512	41%	43%
Enfield	138,390	88,661	64%	55%	78,599	44,297	56%	40%
Epping Forest	62,256	42,399	68%	62%	34,061	21,531	63%	43%
Hackney	119,051	88,102	74%	68%	79,498	55,739	70%	65%
Haringey	124,845	97,050	78%	70%	52,461	36,269	69%	54%
Newham	132,787	99,012	75%	64%	74,050	57,462	78%	53%
Redbridge	125,362	92,126	73%	64%	54,141	29,360	54%	45%

Source: ONS 2011 Census Table WU01UK and 2001 Census UK Travel Flows Data via NOMIS

Households

5.17 **Table 5.5** shows changes in the number of households in Waltham Forest and its neighbours between 1991 and 2015, drawing on historic data from DCLG household projections. Household numbers in Waltham Forest increased by 18,000 (21%) over the 1991-2015 period, an average of 750 per annum. This was a lower rate of growth than any of the neighbouring authorities, and below that of London as a whole. It was slightly above the England average.

Table 5.5 Number of households and household change 1991-2014

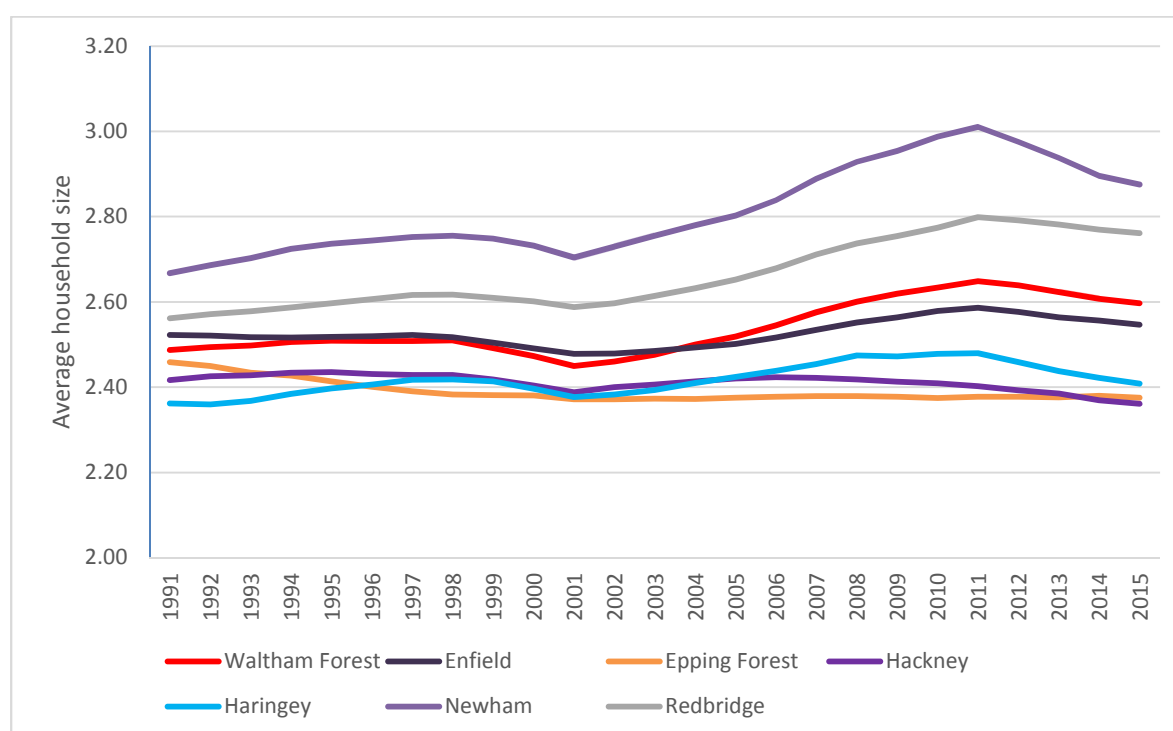
	Households (000s)							% change 1991-2015
	1991	1996	2001	2006	2011	2015	Change 1991-2015	
Waltham Forest	86	87	90	90	97	104	18	21%
Enfield	102	104	111	113	120	128	26	26%
Epping Forest	47	49	51	51	52	54	8	16
Hackney	76	79	86	90	102	113	37	49%
Haringey	87	87	92	95	102	112	26	30%
Newham	81	83	92	90	102	115	35	43%
Redbridge	86	88	93	95	100	107	22	26%
London	2,796	2,843	3,036	3,102	3,278	3,523	728	26%
England	19,166	19,756	20,523	21,221	22,104	22,984	3,819	20%

Source: DCLG 2014-based household projections

5.18 GLA household projections include historical household estimates. As with population, the estimates are very similar over the period 2011-2015.

5.19 DCLG household projections suggest that average household size in Waltham Forest increased from 1994 to 1997, and again from 2001 to 2011, reversing the trend of long-term decline that had been in place since at least 1961. The increase peaked in 2011 and average household size is subsequently thought to have declined again to 2015. Waltham Forest's neighbours have generally followed the same pattern, from slightly different starting points. Newham and Redbridge have a larger average household size whilst Enfield, Haringey, Hackney and Epping Forest have a smaller average household size. The tendency towards increasing household sizes in London is likely to be related to affordability pressures in the capital which have over-ridden the wider national trend towards smaller households.

Figure 5.6 Average household size 1991-2015



Source: DCLG 2014-based household projections

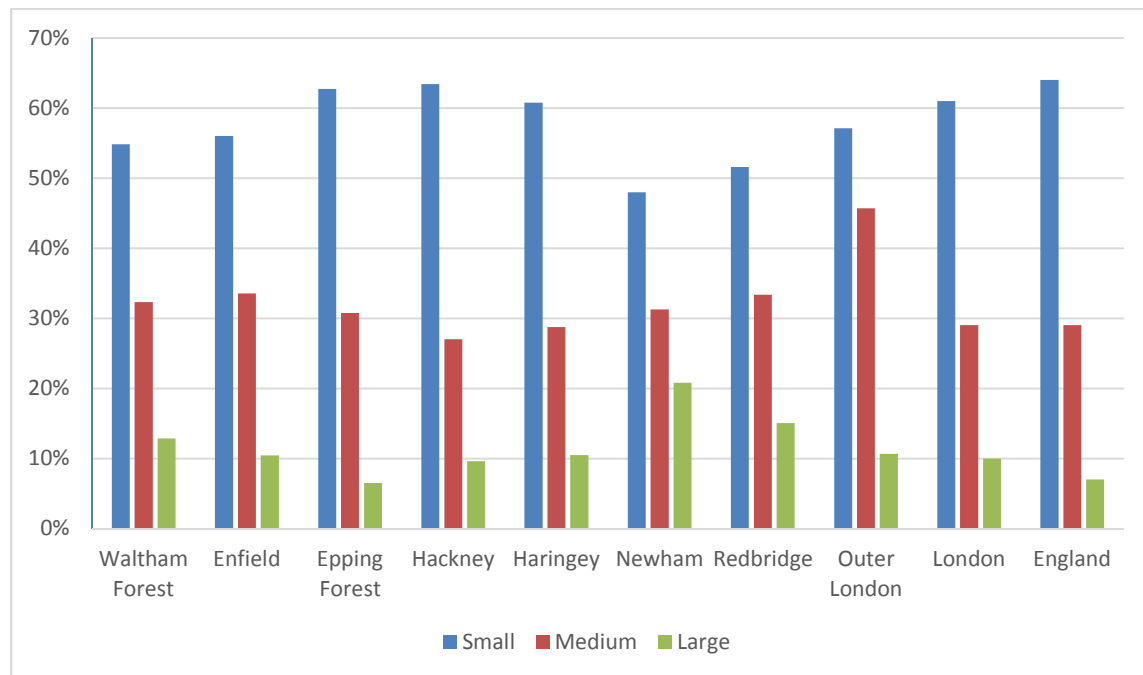
5.20 The profile of households by size in 2011 is shown in **Table 5.6** and **Figure 5.7**. Small households (1-2 persons) predominate, as throughout England. Some 30% of households in Waltham Forest were made up of one person living alone, a smaller proportion than the London average, and the same as for England as a whole. The borough also had fewer two-person households than the London average but higher proportions of households with three or more members. Amongst Waltham Forest's neighbours, Newham and Redbridge stand out with lower proportions of small (1-2 person) households and significantly higher proportions of large (5+ person) households. Epping Forest and Hackney have the highest proportions of small households.

Table 5.6 Household size profile

	No. of persons in household					
	1	2	3	4	5	6+
Waltham Forest	30%	25%	17%	15%	7%	5%
Enfield	28%	28%	17%	16%	7%	4%
Epping Forest	29%	33%	16%	15%	5%	2%
Hackney	35%	28%	16%	11%	5%	4%
Haringey	32%	29%	16%	13%	6%	4%
Newham	26%	22%	16%	15%	10%	11%
Redbridge	25%	26%	17%	16%	9%	6%
Outer London	28%	29%	17%	15%	7%	4%
London	32%	29%	16%	13%	6%	4%
England	30%	34%	16%	13%	5%	2%

Source: ONS, 2011 Census Table QS406EW Household size

Figure 5.7 Household size



Source: ONS, 2011 Census Table QS406EW Household size

Household composition

5.21 2011 Census data provides the most up to date profile of households by type (**Table 5.7**). Waltham Forest has a profile very similar to the London average, with slightly higher proportions of family households with children and more lone parent households with dependent children. 34% of households had dependent children, compared to 27% for London as a whole and 25% for England. Only 13% of households were made up exclusively of one or more people aged 65 or more, compared with 20% for England. As the previous section showed, one person households are under-represented, but this is more significant for people aged under 65 than those aged 65 and over. 10% of households were without children, but were not couples, students, or other aged 65 and over. They were mainly groups of unrelated adults living together and this reinforces the anecdotes around the changing characteristics of Waltham Forest from a family-focussed area towards a younger, single (or at least child-free), professional area.

Table 5.7 Household composition

	One pers. under 65	One pers. 65+	One family, couple no depch	One family, Couple with depch	One family, couple all child non-dep	Lone parent no depch	Lone parent with depch	Other type, all stud-ent	Other type with depch	One family or other, all 65+	Other complex
Waltham Forest	21%	9%	11%	19%	6%	4%	9%	1%	6%	4%	10%
Enfield	18%	10%	11%	20%	7%	5%	12%	0%	5%	6%	6%
Epping Forest	16%	13%	17%	21%	8%	4%	6%	0%	2%	9%	3%
Hackney	28%	7%	12%	14%	3%	4%	11%	1%	4%	2%	14%
Haringey	24%	8%	13%	16%	4%	5%	11%	1%	5%	3%	12%
Newham	19%	7%	9%	19%	5%	5%	10%	2%	10%	2%	13%
Redbridge	15%	10%	12%	23%	8%	4%	8%	0%	7%	6%	6%
Outer London	18%	11%	13%	21%	7%	4%	9%	0%	5%	6%	7%
London	22%	10%	14%	18%	5%	9%	4%	1%	5%	4%	9%
England	18%	12%	18%	19%	6%	7%	3%	1%	3%	8%	5%

Source: ONS, 2011 Census, Table KS105EW. Note: depch= dependent children

Conclusions

5.22 In terms of drivers of housing demand, Waltham Forest for many years showed the characteristics of some of the outer east London boroughs with subdued population and limited economic growth. But since 2000, these features have changed to one of accelerated population, household and labour force growth, reflecting its position close to boroughs such as Hackney which have experienced more rapid expansion. Its relatively lower price range attracted younger professionals unable to afford more expensive inner-London rents and prices, but this in itself stimulated rising housing costs.

5.23 The borough is not a major focus of economic growth as are boroughs closer, for example, to Heathrow, but it remains a significant employer and exporter of labour to central London and to employment areas closer to the centre, drawing on good transport linkages. As we have seen in earlier chapters this has been reflected in the household growth and subsequently in house price/rental growth, spreading outwards from Hackney and Newham. Provided that economic growth in London continues, this process is also likely to continue, given the borough's position and supported by local regeneration activity.

Chapter 6

Population and household projections

Key messages

- This chapter provides an Objective Assessment of (housing) Need (OAN) for the Waltham Forest HMA. The starting point for this is the 2014-based DCLG household projections and the 2014-based ONS population projections on which these are based.
- The ONS 2014-based population projections indicate growth of 68,000 people (25%) over the period 2014-2039. This projection was used as the basis for official household projections prepared by DCLG, which show household growth of 42,000 households, a rise of 41%, or on average 1,665 households per annum. In terms of factors driving future growth, the projections assume consistent growth through a natural change of about 3,000 per annum up to 2039.
- Throughout the period of the projections, there is net internal out-migration, averaging 3,500 per annum. International migration is projected to remain positive (average net gain of about 3,200 pa) throughout the period. In other words, more people are projected to leave Waltham Forest than are entering from the outside, but natural growth compensates for this.
- GLA has also produced population and household projections for Waltham Forest. Its most recent 2015-based projections provide three scenarios which vary mainly in the assumptions made about migration trends. The interim Central trend scenario assumes future migration levels based on 2005-2015 trends.
- The GLA's population projections shows growth of 66,000 over the 2014-2039 period, slightly below that for ONS, although the GLA projection shows a higher level of churn, with larger levels of net internal migration loss and net international migration gains. GLA household projections prepared from their population projections show greater differences from DCLG projections than for population, especially towards the end of the period up to 2039. Compared to the growth of 1,665 households per annum projected by DCLG, the GLA projection shows growth of 37,404 (37%), or on average 1,496 per annum.
- We consider that the GLA population and household projections provide the best basis for calculating OAN in Waltham Forest, as the projections and the assumptions underlying them are not constrained to national totals and so can take particular account of London's circumstances, and they are the most up to date.

- The Inspector's report on FALP supported the use of GLA projections for the London Plan.
- GLA's most recent employment projections covering the 2014-39 period show employment growth in the borough from 80,000 jobs in 2014 to 102,000 in 2039, with the most rapid growth projected for the first and last five year periods covered by the projection. The borough is not a major centre of employment in London terms and most employment relates to the provision of services for the local population rather than being within any of London's specialist areas of activity. We do not therefore consider it necessary to make an addition to OAN to support economic growth.
- **On this basis, the Objectively Assessed Need (OAN) for Waltham Forest before taking account of market signals is 1,810 dwellings per annum over the period 2014-2039**, including provision for vacant and second homes in the additional stock. The backlog of need through homelessness and concealed households is 5,680, or 284 per annum if spread over 20 years, as in the London Plan. The impact of market signals on OAN is discussed in **Chapter 7**.
- The dwelling size breakdown of the OAN is dependent on assumptions about future occupancy rates. Assuming that private sector occupancy rates (which include significant levels of under-occupancy) remain as at present, the required size breakdown of the housing stock in the borough in 2039 will be 18% one bedroom dwellings, 30% two bedroom dwellings, 35% three bedroom dwellings, and 17% four bedroom dwellings. To reach this target, new housing provision will need to focus on two and four or more bedroom units.
- Future trends such as worsening affordability, changes to housing benefit, or planning policies could impact on demand in different ways. On the one hand they may produce a greater demand for smaller dwellings, but more sharing by multi-adult households would create a demand for larger dwellings.
- Terraced houses and purpose-built flats are the most common dwelling types in the borough. Future pressure on land is likely to lead to an increase in the proportion of purpose-built flats and apartments.

Introduction

6.1 This section estimates the objectively assessed need (OAN) for housing in Waltham Forest. Producing an objective assessment of housing need requires the development of estimates of the future number of households. National Planning Practice Guidance (PPG) is clear that official population and household projections should be the starting point for this exercise.⁴⁷ In London, boroughs also have access to population and household projections produced by the GLA. These projections use a similar methodology to those prepared by

⁴⁷ CLG Planning Practice Guidance, Housing and economic development needs assessments, para 15.

ONS, but cover only Greater London. They have the benefit of being produced by a single organisation rather than, as with the official projections, having the population and household elements prepared separately. It may also be argued that as GLA's projections are able to take closer account of specific factors affecting the capital they are likely to produce a more informed picture of future trends as they are not constrained to national projection totals, as are the ONS figures.

6.2 The most recent official household projections produced by Department for Communities and Local Government are the 2014-based projections, which make use of the official ONS 2014-based sub-national population projections.⁴⁸ The methodologies for these two sets of projections are described more fully in the documentation which accompanies them. The 2014-based projections replaced the previous 2012-based projections. The official projections cover the period from 2014 to 2039. Results are examined for this whole period, but as with all projections, the degree of uncertainty increases moving forward over time.

6.3 These DCLG official projections are based on recent trends in births, deaths, migration and household formation rates, projected forward into the future. The projections use a transparent methodology which is subject to regular review and which uses the most recent data sources available. Data for up to six preceding years are used to determine trends, so for the 2014-based projections, this means data from 2009 to 2014 were used. As with all projections, their accuracy is determined by the accuracy of the data sources on which they rely. The most uncertain of these sources are migration and household formation rates. Fuller discussion of the uncertainties surrounding these inputs can be found in the official reports on each set of projections. In addition, the projections are based on past trends and are not forecasts. They do not attempt to predict the impact of future policies, changing economic circumstances, or other factors. They show the number of households which would result, if previous trends were to continue. Finally, the official projections ensure that at the local authority level projections are controlled so that they all add up in broad terms to the national projections. The pattern of recent local trends in demographic and household change is frequently obscured by this adjustment process. For these reasons, the projections need to be examined carefully to consider whether they provide the best basis for an objective assessment of future housing need.

Population projections

6.4 **Table 6.1** summarises the ONS 2014-based population projections for Waltham Forest (and also shows results for contiguous authorities for comparative purposes). Waltham Forest is projected to experience population growth of 25% (about 68,000 people) over the 25 year period of the projections. Whilst very substantial, this is a lower rate than the London average, although significantly higher than the average for England. All Waltham

⁴⁸ For the 2014-based household projections, see <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections> and onward links. For ONS 2014-based SNPP, see <http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2014-based-projections/stb-2014-based-snpp.html> and onward links.

Forest's neighbours except Epping Forest are projected to show higher rates of population growth over the 2014-2039 period.

Table 6.1 ONS, 2014-based sub-national population projections

Local authority	Population (000s)					
	2014	2019	2024	2029	2034	2039
Waltham Forest	268	285	299	312	324	336
Enfield	325	348	369	388	406	422
Epping Forest	76	78	81	83	85	87
Hackney	263	287	306	322	338	352
Haringey	268	286	300	313	325	336
Newham	324	359	381	400	418	434
Redbridge	293	318	341	362	380	398
London	8,539	9,197	9,708	10,157	10,578	10,976
England	54,317	56,466	58,396	60,188	61,800	63,282
Local authority	Percentage change					
	2014-19	2019-24	2024-29	2029-34	2034-39	2014-39
Waltham Forest	6%	5%	4%	4%	4%	25%
Enfield	7%	6%	5%	5%	4%	30%
Epping Forest	3%	3%	3%	3%	2%	14%
Hackney	9%	7%	5%	5%	4%	34%
Haringey	7%	5%	4%	4%	4%	26%
Newham	11%	6%	5%	4%	4%	34%
Redbridge	9%	7%	6%	5%	5%	36%
London	8%	6%	5%	4%	4%	29%
England	4%	3%	3%	3%	2%	17%

Source: ONS, 2014-based sub-national population projections

6.5 2015 mid-year estimate of population produced by ONS⁴⁹ indicates that the Waltham Forest population had increased at about the same rate as the projections suggest.

6.6 The Greater London Authority also produces population projections for London on an annual basis⁵⁰ with the Interim 2015-based projections being the latest available at March 2017. Four sets of projections are produced, but one is housing linked, that is related to housing supply, and thus not suitable for use in calculating the objective need for housing. The three 'trend-based' projections use a methodology comparable to that used by

49 See ONS (2015) Annual Mid-Year Population Estimates, 2015 available at <http://www.ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk--england-and-wales--scotland-and-northern-ireland/mid-2015/stb---mid-2015-uk-population-estimates.html>

50 See GLA (2017) London Datastore, Interim 2015-based population projections at <https://data.london.gov.uk/dataset/interim-2015-based-population-projections>

For further details of the methodology underlying these projections.

ONS, with assumptions relating to births, deaths and migrations based on past trends. Differing assumptions about past migration trends form the main difference between the projections. The central trend-based projection is examined here as the most suitable for long term forward planning purposes. The projections do not attempt to account for the impact on London's population of the United Kingdom's exit from the European Union.

6.7 **Tables 6.2a** and **Tables 6.2b** below shows the results of GLA's 2015-based central trend projection for comparison with the projections produced by ONS. The GLA projections do not include results for Epping Forest or for England as a whole. For Waltham Forest, the two sets of projections are very similar throughout the 2014-2039 period (**Figure 6.1**). There are substantial differences for London as a whole, where the GLA projections suggest the population will be 631,000 lower than ONS in 2039. The GLA projection also produces significantly smaller populations in 2039 for the other Boroughs adjoining Waltham Forest. The GLA short-term variant projections for Waltham Forest also produce very similar results for the borough, suggesting that the factors driving population change are consistent and well-established.

Table 6.2a GLA 2015-based Central Trend population projections – population change

Local authority	Population (000s)					
	2014	2019	2024	2029	2034	2039
Waltham Forest	269	285	300	313	325	335
Enfield	325	345	363	380	395	408
Epping Forest	NA	NA	NA	NA	NA	NA
Hackney	264	282	296	308	319	330
Haringey	268	285	298	309	319	328
Newham	326	351	369	385	399	411
Redbridge	293	315	335	353	369	383
London	8551	9,074	9,510	9,890	10,236	10,552
England	NA	NA	NA	NA	NA	NA

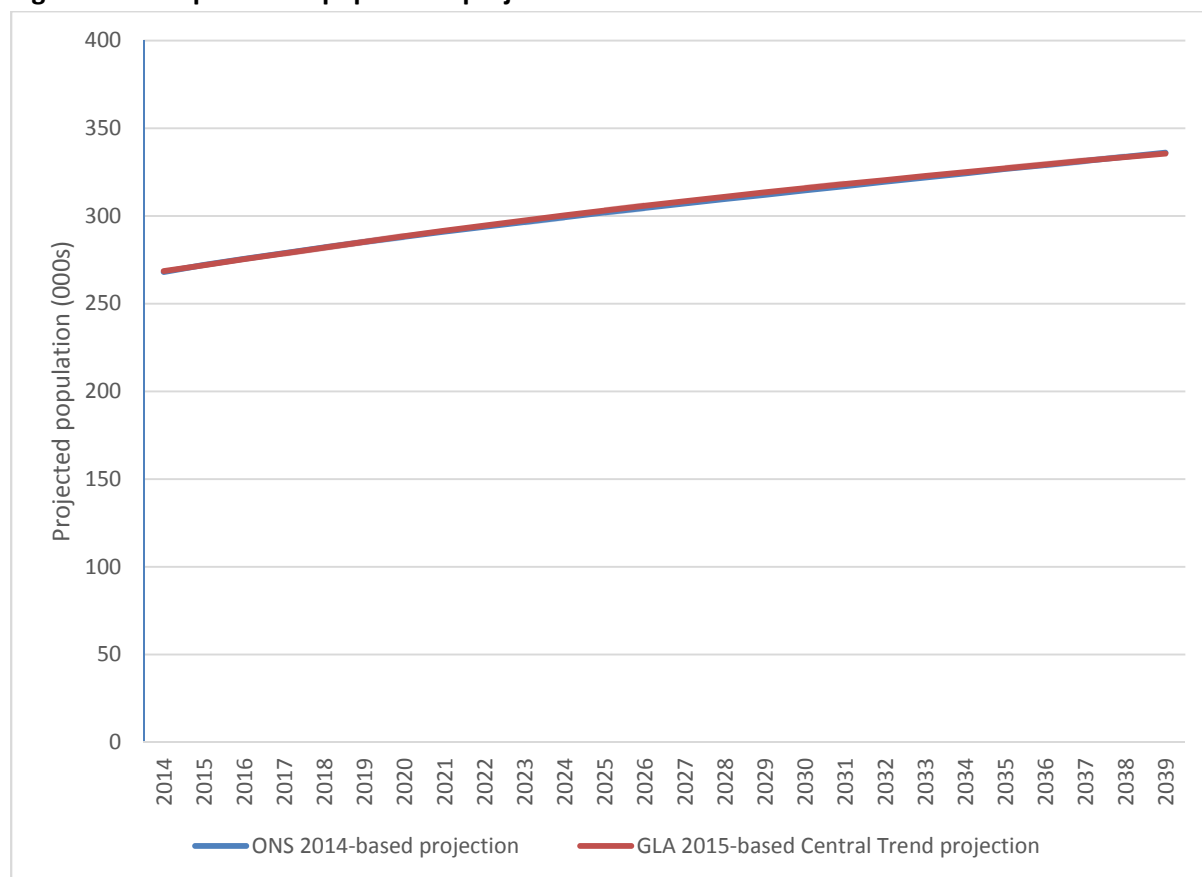
Source: GLA, 2015-based Central Trend population projection, London Datastore.

Table 6.2b GLA 2015 round long term variant population projections – percentage change

Local authority	Percentage change					
	2014-19	2019-24	2024-29	2029-34	2034-39	2014-39
Waltham Forest	6%	5%	4%	4%	3%	25%
Enfield	6%	5%	5%	4%	3%	26%
Epping Forest	NA	NA	NA	NA	NA	NA
Hackney	7%	5%	4%	4%	3%	25%
Haringey	6%	4%	4%	3%	3%	22%
Newham	8%	5%	4%	4%	3%	26%
Redbridge	7%	7%	5%	5%	4%	31%
London	6%	5%	4%	3%	3%	23%
England	NA	NA	NA	NA	NA	NA

Source: GLA, 2015-based Central Trend population projection, London Datastore.

Figure 6.1 Comparison of population projections for Waltham Forest

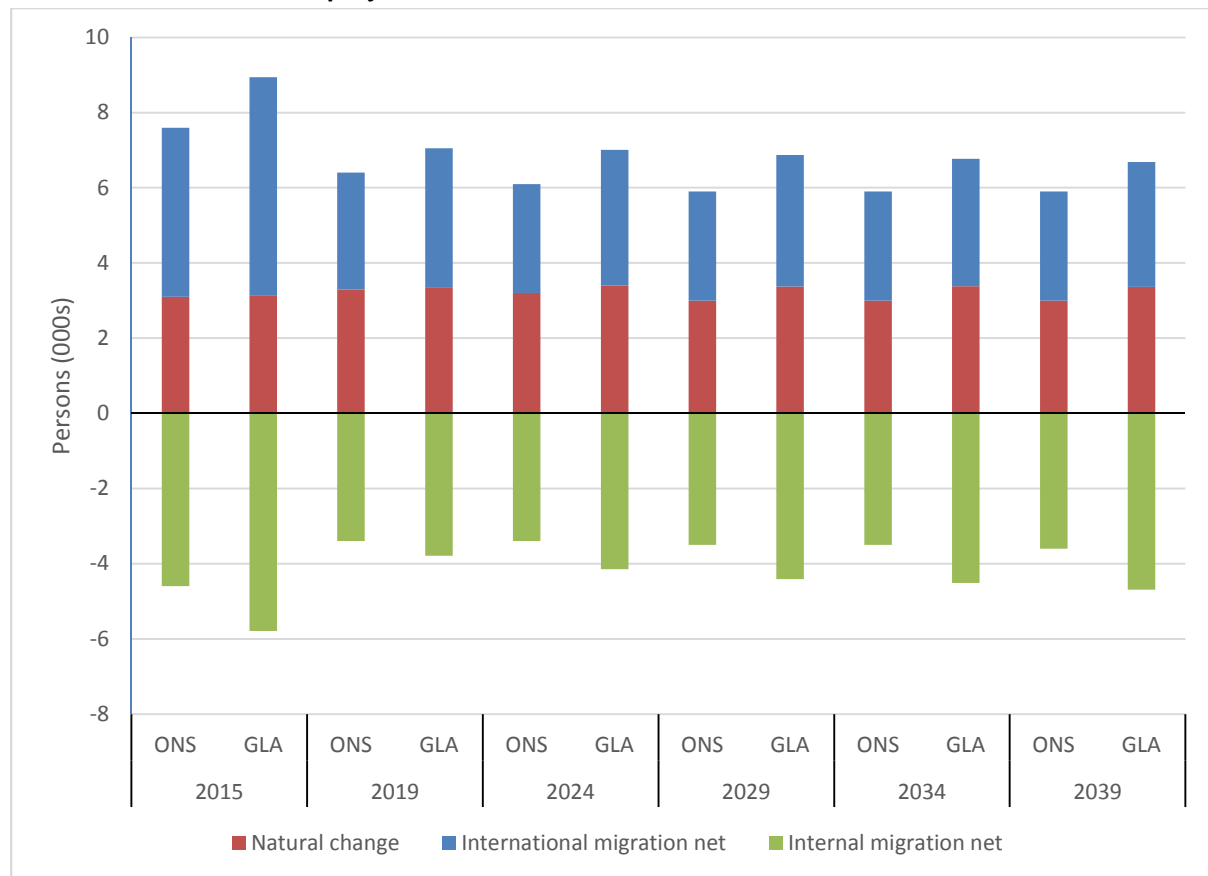


Sources: ONS, 2014 SNPP; GLA, 2015-based Central trend population projections, London Datastore.

Components of change

6.8 The components of projected population change in Waltham Forest are shown in **Figure 6.2** for both the ONS 2014-based Sub-National Population Projections (SNPP) and GLA's 2015-based Central trend population projection. Although, as we have seen, projected overall population change is similar for both ONS and GLA over the projection period, the GLA's assumptions relating to each individual element of change (natural change, internal migration and internal migration) result in higher volumes of change than ONS. However, the contribution of each element to overall population change is broadly similar, with net natural growth, net outward internal migration and net inward international migration.

Figure 6.2 Waltham Forest: components of population change, ONS 2014-based SNPP and GLA 2015-based Central trend projection



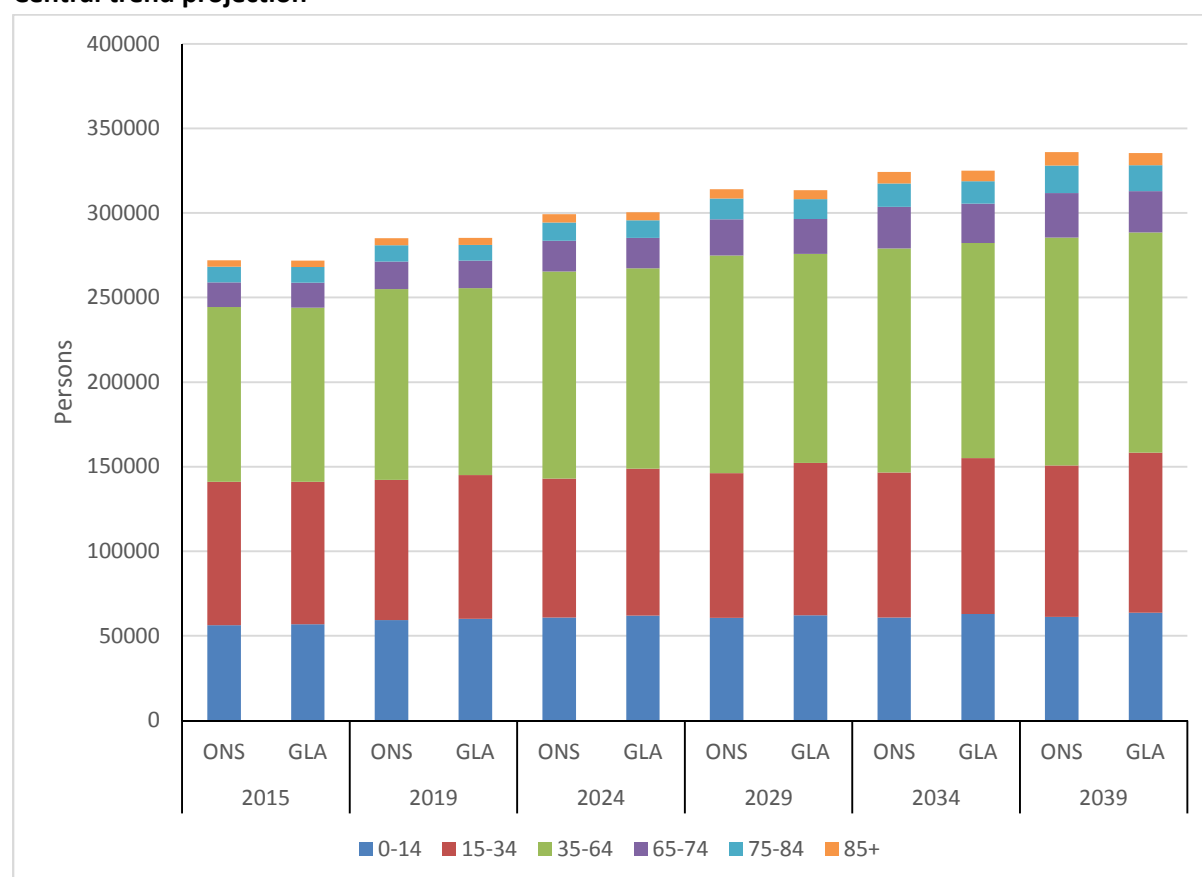
Sources: ONS, 2014 SNPP; GLA, 2015-based Central trend population projections, London Datastore.

Age structure

6.9 The age structure of the projected population under both ONS and GLA long-term variants is shown in **Figure 6.3**. The main changes in age structure projected for Waltham Forest by ONS are a three percentage point (pp) decline in the proportion of children and a four pp decline in the proportion of young adults (15-34), offset by increases in all older age groups. The GLA projection shows the same basic trends but the extent of change is less marked. The ageing process is, of course, common to many areas, but nevertheless, it is a significant change, leading to an increase in the number of people aged 75-84 of between 6,000 and 7,000 depending on the projection. For the 85+ age group who are most likely to make serious demands on care and related services, both projections are in agreement that there will be an increase of just over 4,000 people between 2015 and 2039.

6.10 People aged 18-69 will form the core of the working age population over much of the projection period, taking account of changes in participation in education and assumed later retirement. In Waltham Forest the number of people in this age band is projected to increase by 39,400-40,100 people up to 2039, an increase of 21%, a lower of growth than the population as a whole (23%).

Figure 6.3 Waltham Forest: changes in age structure, ONS 2014-based SNPP and GLA 2015-based Central trend projection



Sources: ONS, 2014 SNPP; GLA, 2015-based Central trend population projections, London Datastore.

Household projections

6.11 Turning to household projections, **Table 6.3** shows projected change in household numbers over the 2014-2039 period in Waltham Forest under DCLG's 2014-based household projections, with neighbouring authorities also shown for comparison. The 2014-based projections are derived from the ONS 2014-based population projections through the application of household representative rates, which estimate the propensity of a given population to form households. Waltham Forest is projected to experience a very substantial growth in household numbers over the 2014-2039 period of 41,617 households, an increase of 41%. This is considerably above the national average (23%) and slightly above the London average (40%). It is lower than any of the neighbouring boroughs except Epping Forest.

Table 6.3a DCLG 2014-based household projections

Local authority	Households (000s)							
	2014	2019	2024	2029	2034	2039	Increase 2014-2039	Ave increase pa
Waltham Forest	102,147	111,083	119,720	128,170	136,060	143,764	41,617	1,665
Enfield	126,022	138,140	149,972	161,552	172,648	183,308	57,286	2,291
Epping Forest	53,662	56,820	60,107	63,563	67,177	70,808	17,146	686
Hackney	110,294	122,891	134,382	144,845	154,127	162,737	52,443	2,098
Haringey	109,736	121,366	131,573	141,113	149,727	157,856	48,120	1,925
Newham	111,317	128,236	141,455	152,954	163,017	172,176	60,859	2,434
Redbridge	105,211	116,180	126,824	136,894	146,304	155,473	50,262	2,010
London	3,452,057	3,774,920	4,062,688	4,338,498	4,597,032	4,841,895	1,389,838	55,594
England	22,746,487	23,926,540	25,014,659	26,083,313	27,088,386	28,003,598	5,257,111	210,284

Source: DCLG 2014-based household projections

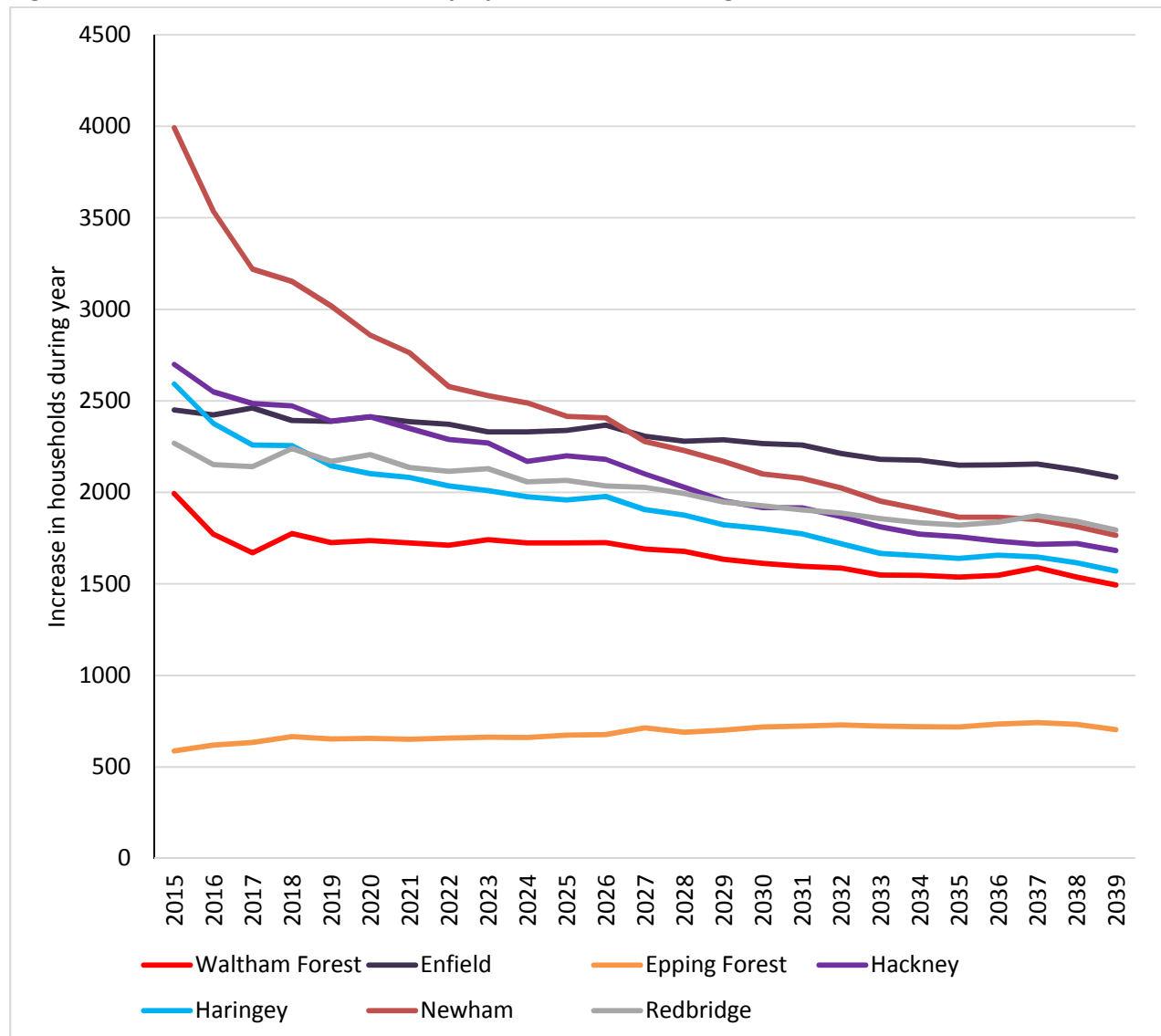
Table 6.3b DCLG 2014-based household projections

Local authority	Percentage change					
	2014-19	2019-24	2024-29	2029-34	2034-39	2014-39
Waltham Forest	9%	8%	7%	6%	6%	41%
Enfield	10%	9%	8%	7%	6%	45%
Epping Forest	6%	6%	6%	6%	5%	32%
Hackney	11%	9%	8%	6%	6%	48%
Haringey	11%	8%	7%	6%	5%	44%
Newham	15%	10%	8%	7%	6%	55%
Redbridge	10%	9%	8%	7%	6%	48%
London	9%	8%	7%	6%	5%	40%
England	5%	5%	4%	4%	3%	23%

Source: DCLG 2014-based household projections

6.12 The annual growth increment for Waltham Forest is 1,665 households across the whole period 2014-39. The rate of increase is higher in the first years of the projection period (**Figure 6.4**), falling slowly thereafter, although of course, more uncertainty attaches to the latter part of the period. The rate of change is projected to be far more even than in many neighbouring boroughs.

Figure 6.4 DCLG 2014-based household projections: annual change in number of households



Source: DCLG 2014-based household projections

6.13 GLA produce alternative household projections for London Boroughs based on their population projections, using a methodology very similar to that used to produce the official DCLG projections. As with population projections, GLA consider the household projections based on the Central trend population projections provide the best basis for forward planning. **Table 6.4a** and **Table 6.4b** show the results of the GLA Central trend household projection for Waltham Forest and neighbouring boroughs. Projections are not produced for Epping Forest or England. **Figure 6.5** compares the outputs of the two sets of projections.

6.14 The GLA 2015-based Central trend household projection produces a lower forecast of household growth over the period 2014-2039 than the DCLG 2014-based projections, but Waltham Forest is again projected to experience a very substantial growth in household numbers, 37,404 households, an increase of 37%. This is above the GLA's estimate of the

London average (35%). The difference between the two sets of projections is relatively small for Waltham Forest, especially in the early part of the projection period, although they are greater than the population projections set out above. It amounts to about 4,000 households by 2039. The differences are of a similar order in Redbridge, slightly greater in Enfield, but substantially different in Hackney, Haringey and Newham.

6.15 Household projections are determined by applying household representative rates (HRRs) to the projected population. For household projection purposes each household has a single 'representative' (formerly referred to as the 'head of household'). HRRs are the assumed proportion of people (broken down by age group, gender, marital status and other factors) who will be household representatives. Applying these rates to all sub-groups in the population and adding the resulting household numbers together produces an estimate of the number of households. For example, if the HRR for 25-29 year old married males who 'represent' married couple households is applied to an estimate of 25-29 year old married males, the number of households derived from this age/gender group may be estimated. HRRs are derived from past Census data and other sources, projected forward on the basis of assumptions about the aspiration and ability of each group in the population to form a separate household. For some groups such as middle aged and older people, household formation patterns are relatively stable, as they tend to have established their living arrangements, although even amongst these groups, higher separation and divorce rates and the formation of new relationships add a layer of complexity.

6.16 For younger people HRRs are harder to project because their living arrangements are less settled. For some decades, there was a tendency for HRRs to increase amongst younger people (as a result of adult children leaving the parental home and living independently – for example as students) but since the turn of the century, these trends have become less clear. The global financial crisis of 2007 and subsequent recessions and economic setbacks in the UK economy led to a reduction or even a reversal in these trends. Housing affordability problems (both in terms of house prices and rents relative to incomes) are thought to have suppressed HRRs for some groups even prior to 2007, leading to the formation of more households made up of groups of unrelated adults sharing, for example. A key question for household forecasts is whether the trends will resume and at what rate.

6.17 Changes to the projected number of households can also come about as a result of changes in the numbers of people in the individual age/gender groups of the population to which the HRRs are applied. Older people tend to have higher rates (that is they are more likely to be household representatives) so the fact that more people are living longer reduces the rate of dissolution and produces an increase in household numbers.

Table 6.4a GLA 2015-based Central trend household projections

Authority	Households (000s)							
	2014	2019	2024	2029	2034	2039	Increase 2014- 2039	Ave increas e pa
Waltham Forest	102,142	109,905	117,866	125,695	132,837	139,546	37,404	1,496
Enfield	126,016	135,886	146,125	156,312	166,073	175,199	49,183	1,967
Epping Forest	NA	NA	NA	NA	NA	NA	NA	NA
Hackney	110,296	121,062	130,462	139,016	146,533	153,225	42,929	1,717
Haringey	109,739	119,929	128,939	137,254	144,626	151,287	41,549	1,662
Newham	111,316	125,757	136,946	146,702	155,176	162,525	51,208	2,048
Redbridge	105,220	115,142	125,080	134,546	143,364	151,619	46,399	1,856
London	3,451,429	3,721,585	3,974,047	4,217,855	4,441,944	4,644,885	1,193,456	47,738
England	NA	NA	NA	NA	NA	NA	NA	NA

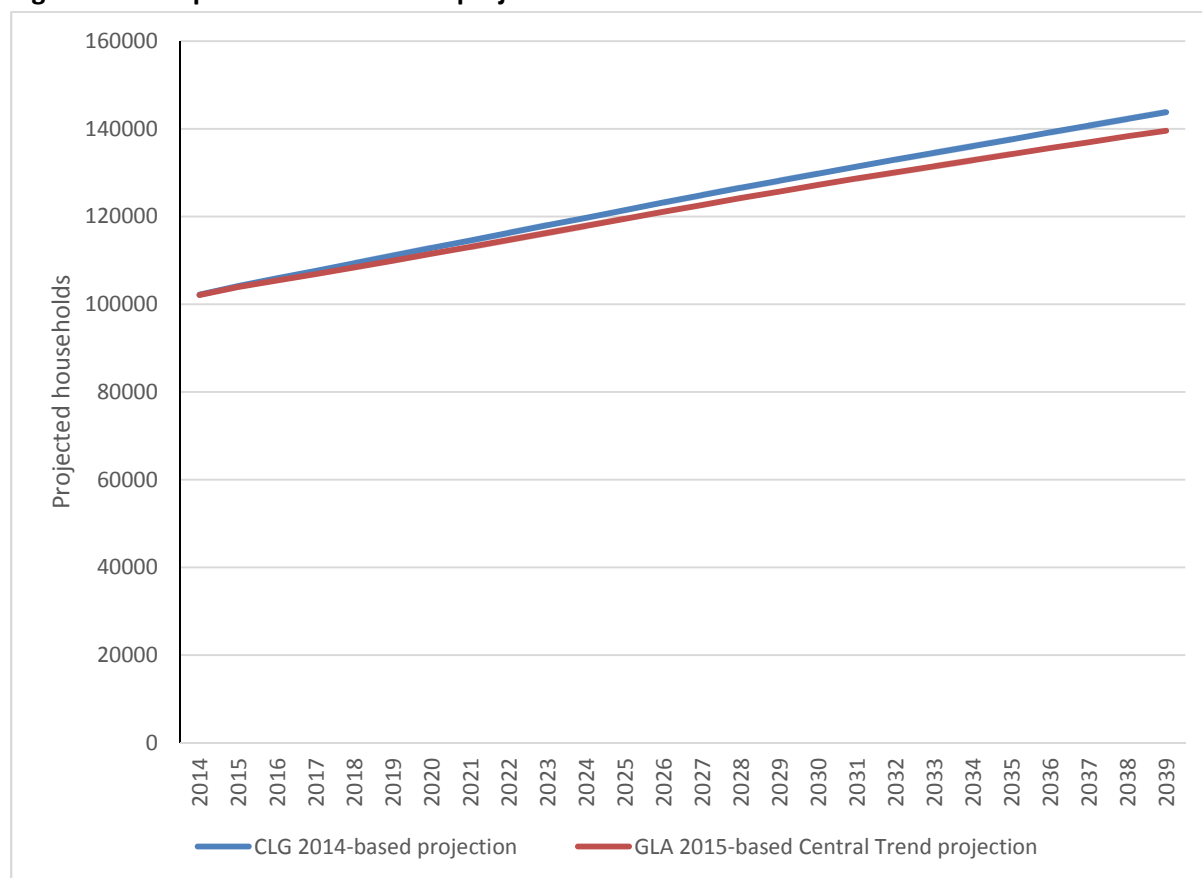
Source: GLA 2015-based Central trend household projections

Table 6.4b GLA 2015-based Central Trend household projections

Authority	Percentage change					
	2014-19	2019- 24	2024- 29	2029- 34	2034- 39	2014- 39
Waltham Forest	8%	7%	7%	6%	5%	37%
Enfield	8%	8%	7%	6%	5%	39%
Epping Forest	NA	NA	NA	NA	NA	NA
Hackney	10%	8%	7%	5%	5%	39%
Haringey	9%	8%	6%	5%	5%	38%
Newham	13%	9%	7%	6%	5%	46%
Redbridge	9%	9%	8%	7%	6%	44%
London	8%	7%	6%	5%	5%	35%
England	NA	NA	NA	NA	NA	NA

Source: GLA 2015-based Central trend household projections

Figure 6.5 Comparison of household projections for Waltham Forest



Sources: DCLG 2014-based household projections; GLA 2015-based Central Trend household projections, London Datastore.

6.18 As indicated above, GLA produces annually-updated trend-based population and household projections covering Greater London. The 2013 Greater London SHMA⁵¹, and the subsequent Further Alterations to the London Plan (FALP), compares the ONS/DCLG projections and GLA projections available at the time the FALP were prepared and make a case for preferring the use of GLA projections in London. The Inspector who conducted the Examination in Public for the FALP accepted this conclusion. Both ONS/DCLG and GLA projections use the cohort component approach to population projection, and a similar methodology for household projections, but make different assumptions. A further and important difference is that ONS population projections are constrained to match national projections in term of births, deaths, the different elements of migration, and the resulting population totals. GLA projections are not subject to this constraint. More recently, GLA has argued that its own population projections have, so far, proved more accurate than ONS projections when measured against ONS mid-year estimates⁵².

51 <https://www.london.gov.uk/file/15571/download?token=q4aeX4gP>

52 Mayor of London, Housing Supplementary Planning Guidance, March 2016, para 3.1.7

6.19 We cannot definitively conclude which set of household projections is ‘correct’. Rather they illustrate the outcomes of different sets of assumptions about the trends which will underlie future population change. For Waltham Forest the differences are small, especially in the period up to 2029. On balance, the GLA 2015-based Central trend projections are likely to be more realistic, as they are not constrained to national projection totals, take a longer term perspective on migration trends, have produced a closer match to mid-year population estimates, and are the most up to date, having been published in early 2017. They also have the advantage of being in conformity with the London Plan, in that they are derived from similar assumptions to the projections used in the Plan, subject to subsequent updating. The projection indicates annual average household growth of 1,496 households in Waltham Forest over the 2015-2039 period.

Employment-led scenarios

6.20 We now turn to assess whether employment projections suggest any modification is required to these levels of projected household growth. In addition to demographic trends, PPG⁵³ recommends the consideration of the implications of economic forecasts and especially projections of employment growth when considering the objective need for housing. It suggests that ‘plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population’ (para 018). The Greater London Authority has recently published a report⁵⁴ which seeks to provide consistent data and analysis on London’s economy for strategy development purposes. This stresses the importance of the London economy to the UK as a whole as well as to Londoners, and highlights a range of risks which need to be addressed, including the impact of housing affordability on labour supply.

6.21 We discussed some of the potential implications of leaving the European Union in **Chapter 2**, and touched on the economic impact, as well as the potential housing market impact. Our conclusion was that it is far too early to attempt to second guess what may or may not happen. Therefore for the purposes of this SHMA we are not going to speculate further in this area. What we will do is lay out some possible employment projections and how these could impact on household growth and an objective assessment of housing need. These could be taken as a base line, in order to model potential impacts of Brexit and economic change, when more certainty is apparent.

Demand for labour

6.22 A number of companies produce economic and employment forecasts nationally and for local areas on a commercial basis. GLA also produces forecasts of employment for London Boroughs which are published in the London Datastore. For the purposes of this SHMA, it was considered that the most recent GLA forecast, updated in June 2016, would

53 CLG Planning Practice Guidance Housing and economic development needs assessments

54 GLA Economics, Economic Evidence Base for London 2016, November 2016, available from London Datastore.

provide a sound basis for examining the potential implications of employment change in Waltham Forest. Previous GLA forecasts form an input to the London Plan and this gives the benefit of consistency with the Plan. As with population and household projections, economic and employment projections involve a range of assumptions and are subject to a range of uncertainty. The methodology used by GLA in preparing projections is described fully in a working paper⁵⁵. The projections do not take account of the implications of Brexit.

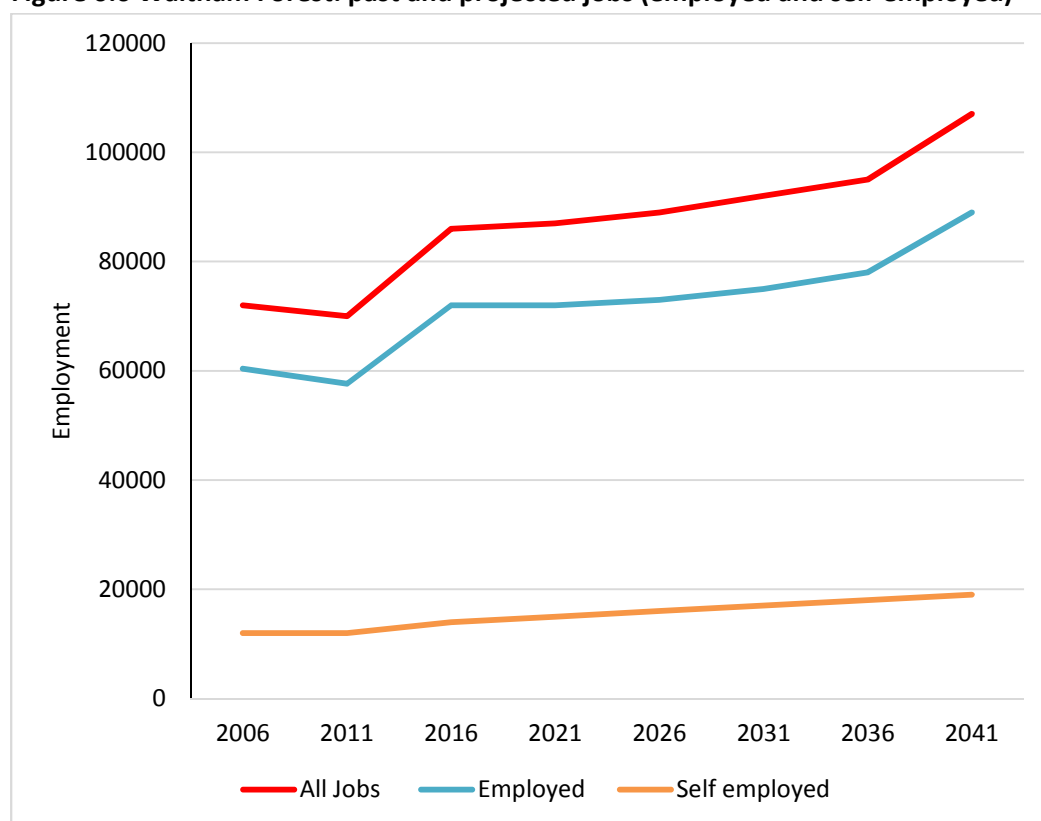
6.23 The projections show that jobs in London are projected to grow by more than 1.2 million between 2015 and 2041, an increase of 22%. This represents just over 45,000 jobs per year. The fastest growing sectors are in business services, education and health, with manufacturing sectors continuing to decline. Business services tend to locate in central London areas, and benefit from agglomeration but there will be continued pressure on employment space in these areas. Professional occupations, and managers, directors and senior officials are projected to account for three quarters of additional jobs, with less demand for administration and secretarial jobs. This translates into a demand for a more highly skilled workforce in terms of qualifications. The projected growth in London's population in employment (around 1,100,000) is similar to the projected growth in jobs in London. Allowing for potential trends in commuting, GLA concludes that across London as a whole the employment and population projections do not seem out of line with one another. Over the past decade the ratio of commuters to resident workers in London has remained reasonably stable.

6.24 **Figure 6.6** shows the number of projected jobs in Waltham Forest over the period 2015-2039⁵⁶. The number of jobs is projected to increase by around 21,000 (24.4%) over the period from 2015 to 2041, a slightly faster rate than that for London as a whole. The number of employee jobs is projected to grow more slowly (23.6%) than self-employment (35.7%).

55 GLA Economics, Working Paper 67 Updated employment projections for London by sector and trend-based projections by borough by Melissa Wickham, July 2015.

56 This period is used for consistency with other outputs. The projections and estimates prepared by GLA cover the period from 2004-2041. Years for which projected employment is not published have been estimated by interpolation.

Figure 6.6 Waltham Forest: past and projected jobs (employed and self-employed)



Source: GLA Economics, 2016-based employment projections from London Datastore.

Labour supply

6.25 Estimating the potential supply of labour to meet demand involves examination of the number of people of working age living within Waltham Forest seeking employment and the proportion who are working. Obviously, not all of those working have a place of work located within the borough, and of course, some of those working in Waltham Forest live outside it. The most recent comprehensive data on employment and commuting patterns are provided by the 2011 Census. **Table 6.5** shows the usually resident population, the population aged 16 and over, the number of people economically active, and the number in employment in 2011. Overall, 121,500 residents were in employment, representing 47% of the borough population in 2011. The proportion of economically active people in Waltham Forest who were employed was 90%. The most significant losses from the potential labour force were people aged 16+ who were retired, students, people looking after their home or family, and people who were sick and disabled (about 67,600). A key issue is the extent to which these proportions will remain constant in the future.

Table 6.5 Waltham Forest: usually resident population and economic activity, 2011

Usually resident	258,249
Aged 16+	203,131
% aged 16+	79%
Economically active	135,475
% economically active	52%
In employment/self-employed	121,461
% of usually resident population in employment/self-employed	47%
% of economically active population in employment/self employed	90%

Source 2011 Census Table DC6107EW

6.26 Commuting is a very important feature of the employment market in Waltham Forest, as **Chapter 5** showed. **Table 5.4 (Chapter 5)** indicated that 90,600 people commuted to work outside the borough, whilst 21,500 commuted to work in the borough from outside, resulting in net outward commuting from the borough of just over 69,000 people.

6.27 GLA's 2016 Economic Evidence Base for London suggests that Waltham Forest is a significant employment location, but not part of any of the major specialist employment centres upon which the London and UK economics depend. Its labour force performs a number of roles, including the supply of labour to specialist locations such as central London, but also the provision of services to its own population and to the population of other neighbouring boroughs. It is a net provider of housing for people working elsewhere, notably in central London.

6.28 The level of commuting into the borough has probably increased since 2011 as a result of a high rate of estimated job growth from 2011-15 – about 13,000 additional jobs (**Figure 6.6** above). Although the borough has seen a 13,000 growth in population over the same period, the application of 2011 employment rates and commuting rates indicates that this population growth falls well short of the level of employment growth, providing as few as 2,500 additional workers. The borough does not currently hold enough jobs to provide employment for all working age residents (see **Figure 4.18** in **Chapter 4**).

6.29 The high level of out-commuting may thus have an impact on the capacity of the Waltham Forest population to fill jobs in the borough in the future. Projected further future employment growth in the borough will put additional pressure on labour supply unless outward commuting reduces, inward commuting increases, or a higher proportion of the population enters employment. The pressure will ease slightly from 2021-2035 before increasing again as the projected rate of employment growth increases. This implies that more housebuilding will be needed to support projected jobs growth, or alternatively that

the borough will need to attract commuters from outside to fill the new jobs created.

6.30 To demonstrate the impact of these factors on labour supply, we have modelled a series of scenarios for the balance of labour supply and demand in Waltham Forest over the 2014-2039 period. **Table 6.6** compares projected labour demand with labour supply under these scenarios. All the scenarios use GLA's 2015 long-term population projection.

6.31 An initial (Base Scenario) assessment of the labour supply available in the future can be derived by applying the 2011 proportion of the population in employment, the 2011 commuting rate and the 2011 adjustment between jobs and workers to projected population. This suggests a shortage of labour supply over demand of about 6,000 in 2014, falling slightly but rising again late in the projection period to 11,000 as the rate of jobs growth in the borough speeds up. In the London context, this could be addressed by a reduction in outward commuting, an increase in onward commuting or by additional population growth.

6.32 The second scenario (Age Structure) takes account of projected changes in the composition of the population in Waltham Forest over the 2014-2039 period. Over this period, the proportion of people aged 16-69 in the population is expected to fall by about three percentage points from 72% to under 69%. Other things being equal, this will reduce the size of the labour force in the Borough. The assumptions relating to commuting and the adjustment to align jobs and workers are unchanged. As would be expected, this scenario increases the shortfall of labour supply to 9,000 by 2039, slowly at first but with an increased impact late in the projection period, as a result of population ageing.

6.33 However, the Age Structure scenario may give an over-pessimistic picture of the size of the labour force, as it does not take account of any tendency for more people aged 60 and over remaining in employment. The third scenario (Improving Participation) looks separately at economic activity rates for the 16-59 and 60+ age groups. Recent changes in the age at which people become eligible for the State Retirement Pension, including the alignment of genders and planned future increases in rates are expected to increase rates of economic activity amongst older people. Other factors such as reduced returns on annuities and reductions in benefits from pension schemes (arising in part from increased longevity) may also add to pressures to remain in employment in old age. The economic activity rate for those aged 60 and over in the borough in 2011 (21%) was similar to the England and Wales average, so there is considerable potential for improvement, especially given the high housing and living costs in London. To illustrate the impact of an improvement, this scenario assumes an improvement in the economic activity rate for this age group from 21% in 2011 to 28% in 2039, an annual increase of 1%. In contrast, the economic activity rate for those aged 16-59 in the Borough is low (76% compared to 80% nationally). The scenario assumes an improvement to bring the borough rate to 80% by 2039. The assumptions relating to commuting and the adjustment to align jobs and workers are unchanged. By assuming improving activity rates amongst both older people and younger groups this scenario reduces the projected shortfall in the labour supply to compensate for population ageing but does not eliminate it.

6.34 The fourth scenario (Increased Commuting) and the fifth (Reduced commuting) seek to reflect on the one hand the reality of steadily increasing rates of commuting into and within London, and in contrast the implications of a reduction in commuting, perhaps brought about by higher travel costs or congestion. These assumptions have been applied onto the third, Improving Participation, scenario described in the previous paragraph. The fourth Increased Commuting scenario assumes growth of 5% in the level of net outward commuting and leads to larger shortfall of labour, reaching about 21,000 in 2039.

6.35 In the fifth (Reduced Commuting) scenario, a 5% reduction in net outward commuting produces a corresponding reduction in the shortfall of labour, to 4,000 by 2039.

Table 6.6 Scenarios comparing labour demand and supply

Scenarios	2011	2014	2019	2024	2029	2034	2039
	(000s)						
Projected demand (jobs)	70	80	87	88	91	94	102
Projected supply (job capacity from projected population)							
Base	70	74	79	82	86	89	91
Shortfall in supply	0	-6	-8	-6	-5	-5	-11
Age structure	70	74	78	81	84	85	87
Shortfall in supply	0	-5	-8	-7	-7	-8	-15
Improving participation	70	74	79	83	87	90	93
Shortfall in supply	0	-5	-7	-5	-4	-3	-9
Increased commuting	62	66	70	73	76	78	81
Shortfall in supply	-8	-14	-17	-15	-15	-15	-21
Reduced commuting	76	80	85	89	93	96	99
Shortfall in supply	6	1	-1	1	2	2	-4

Sources: GLA employment forecast 2016 (labour demand) and Cobweb Consulting modelling (labour supply).

6.36 These scenarios seek to demonstrate the potential impact of changes in age structure, participation rates and commuting on the balance between projected employment and population in Waltham Forest. The process of improved participation levels has some impact on the supply of labour, but even relatively slight increases or reductions in commuting have a larger impact. Under all the scenarios, there is a projected shortfall of labour when set against job levels, which are brought about largely by the assumption that existing commuting patterns will continue.

6.37 Over the planning period, job growth is projected as being healthy, and above the rate projected for London as a whole. However, Waltham Forest is not envisaged in the London Plan to be one of the major job growth points in Greater London. Its main role is to meet sub-regional or local needs arising from population growth. There are several options for any emerging the shortfall in housing supply, and relatively small changes in commuting patterns would have a major impact on labour supply. We therefore conclude that there is no need to make an adjustment to OAN to support the growth of the local economy. This is

in line with the conclusions of the recent Outer North East London Strategic Housing Market Assessment which also stressed the difficulty of identifying self-contained employment markets for areas within Great London and the importance of the London Plan in aligning housing and economic growth at the at London-wide level ⁵⁷.

The Mayor's Housing Supplementary Planning Guidance (SPG)

6.38 In March 2016 the Mayor of London published Housing Supplementary Planning Guidance which included advice on local and sub-regional housing needs assessments. Annex 2 of the Guidance (entitled borough level indicative need benchmarks, affordability ratios, London Plan targets and completions) provided for 'indicative borough level housing need benchmarks and borough affordability ratios to demonstrate where extra supply may be needed to respond to market indicators' (para 3.1.4).

6.39 The guidance stressed that the Annex figures were intended to provide context and inform local/sub regional SHMAs, and to support the finer level detail required at borough level on the tenure, size and type of housing provision. They should be considered in the context of Policy 3.11 of the London Plan relating to affordable housing targets. The indicators were not borough level objectively assessed need figures, or need targets. However, the Annex provides additional useful data which can be taken into account in looking at the OAN for Waltham Forest.

6.40 **Table 6.7** below shows the relevant extract from **Annex 2** for Waltham Forest. The household projections were discussed above, although those in the SPG have subsequently been updated. In addition, GLA has broken down the 2013 SHMA estimate of local housing need to borough level. As some data sources were not available at this level, the result is an estimate which is as close as practicable to the SHMA estimate. The annual level of local need identified in using the 2013 SHMA methodology for Waltham Forest is 1,744 (out of a total for London of 46,885). This is made up of annual household growth of 1,465 per annum, backlog need of 252 households and an addition to allow for vacancies and second homes of 26 units). The annual household growth of 1,465 per annum (averaged over the 2011-35 period) is derived from GLA 2013 round household projections and is slightly below the GLA 2015-based Central trend household projection (1,496 households per annum). Backlog need was made up of 76 households who were homeless and living in temporary accommodation (and thus requiring the provision of an additional dwelling to meet their needs), together with 4,783 households who were sharing accommodation or who were concealed within other households, and 191 households in dwellings lacking basic amenities. The total backlog need was 5,050. The London Plan assumes that boroughs will meet this need over a twenty-year period at a rate of 252 households per annum.

57 See Opinion Research Services (2017) Outer North East London Strategic Housing Market Assessment, Report of Findings, September 2016 para 6.31-6.32

Table 6.7 Extract from Annex 2, GLA Housing Supplementary Planning Guidance March 2016

	GLA Household Projections 2014 round Long term variant	GLA Household Projections 2014 round Short term variant	DCLG 2012-based projected annualised household growth	Modelled local housing need using 2013 SHMA methodology	Ratio of lower quartile house prices to lower quartile earnings, 2013	2015 London Plan minimum target	Average annual net completions (2004-2013)
Waltham Forest	1,652	1,765	1,673	1,744	10.74	862	531

Source: GLA, March 2016, Housing Supplementary Planning Guidance, Annex 2

Calculation of Objectively Assessed Need (OAN)

6.41 This section draws on the evidence above to establish the objective need for housing in Waltham Forest based on the evidence from the population, household and employment projections considered above. **Chapter 7** reviews market signals and the case for revising the OAN to take account of those signals. This assessment covers the period 2014-2039.

Backlog of need at 2014

6.42 The first step in the determination of an OAN figure is to identify the backlog of unmet need at 2014. These are: (i) households unable to find housing at all and deemed to be in need (homeless households); and (ii) other potential households wishing to live independently but unable to do so (such as concealed households). Additional supply will be required to house these households. Some other groups of households in need such as overcrowded and under-occupying households and other households living in unsuitable accommodations are not counted, as they already occupy houses. If they require the provision of an additional dwelling to meet their needs, this will release their current dwelling and so not add to overall OAN.

6.43 In September 2014,⁵⁸ there were 1,631 homeless households in accommodation arranged by the borough, although not necessarily within it.⁵⁹ Of these, 696 were within private sector accommodation leased by the authority or leased or managed by a Registered Provider (RP), or in other accommodation. There were no households in bed and breakfast accommodation, 913 were in other nightly paid, privately managed self-contained accommodation, and 12 were within hostels. Overall, 851 households were housed in other

⁵⁸ We use September 2014 temporary accommodation data in order to be consistent with the 2014 ONS and CLG base figures that underpin this section. We will use more up to date figures when we consider temporary accommodation and homelessness in relation to affordable housing, in Chapter 8. This data is taken from the local authority P1E returns to the DCLG.

⁵⁹ See Section 6 of Detailed local authority homelessness figures, July-September 2014, available at <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness#detailed-local-authority-level-responses>

local authority areas. As a minimum, 925 households were in temporary accommodation. The remainder were in permanent accommodation, either within Waltham Forest or elsewhere. Those housed elsewhere might wish to live in Waltham Forest but no estimate is available of the number of people in this category. The backlog of 925 homeless households in temporary accommodation will be adopted as the backlog shortage of housing arising from homelessness in 2014.

6.44 The most recent data available on concealed households at local authority level is from the 2011 Census. Concealed families are identified in the 2011 Census as households where there is an additional family living with a primary family, such as a young couple living with a parent or parents of one member of the couple. There were 3,019 concealed families within households in Waltham Forest in 2011.⁶⁰ 71% of concealed households were couples, of which two-thirds did not have children. 29% were lone parents with children. The 2011 Census did not ask respondents whether they considered themselves to be within a concealed household or to have a concealed household living with them, or whether their living arrangements were satisfactory. Concealed households were identified from an analysis of the composition and structure of all households.

6.45 In addition, the Census did not include single people living with others who wished to live separately as concealed because information on living preferences was not collected. In order to discount voluntary concealment, and to include some allowance for single person concealed households, English Housing Survey data on concealed households was used to derive an estimate of concealed households in Waltham Forest in 2014. The derivation of this estimate is explained in more detail in **Chapter 8**, as it also forms part of affordable housing need. The total of concealed need derived from this estimate was 4,755. Adding this to the need derived from homelessness leads to a total Backlog Need of 5,680. It is not realistic to seek to provide new dwellings to meet the whole backlog in the short term, so in line with the London Plan, it is assumed that the backlog need for additional housing will be met over a twenty year period, giving rise to an annual backlog need for 284 units.

Newly arising need

6.46 The second element of OAN need arises through future net household growth. Net growth is appropriate because households which dissolve will release accommodation for some newly forming households. For reasons set out above, we consider the latest GLA household forecast to provide the most realistic estimate of future household growth in Waltham Forest. The 2015-based Central Trend forecast which is recommended by GLA for longer-term strategic planning purposes showed an increase of 37,404 households over the period 2014-2039. We propose that this should be adopted as the current best estimate of household growth which reflects a mid-point between longer-term trends in household formation and the shorter term trends of the post 2007 period. The annual average rate of

60 ONS, 2011 Census, Table DC1110EW1a Concealed family by family type by dependent children in family by age of Family Reference Person (FRP)

household growth derived from this projection is 1,496.

Vacant dwellings and second homes

6.47 As shown in **Chapter 4**, Waltham Forest has a relatively low proportion of vacant dwellings, with the proportion of vacant dwellings reducing since 2012. The number of such dwellings is determined through market processes, although local authorities have policies which seek to bring such dwellings into use. For this reason, it is necessary to make an addition to the number of dwellings required to meet household growth to allow for a proportion of these additional dwellings to remain vacant (to facilitate movement within the dwelling stock) or to become second homes. The overall vacancy rate in the dwelling stock in the borough in 2015 was 1.14% and this will be used as the vacancy rate to be applied in the calculation of OAN.

6.48 **Chapter 4** also showed that 0.52% of dwellings in Waltham Forest could be identified from Council Tax data as second homes. This proportion will also be included in the OAN calculation to allow for some new dwellings becoming second homes.

Objectively Assessed Need Calculation (OAN)

6.49 **Table 6.8** below summarises these estimates. It suggests an OAN of 1,810 dwellings per annum. This is slightly higher than the GLA local estimate of 1,774, mainly due to the use of more up to date household projections. It also includes a slightly higher level of annual backlog need. Please note that this figure is before any consideration of market signals (discussed in **Chapter 7**) that may impact on the OAN figure.

Table 6.8 Objective assessment of need derived from projected household growth

Need category		Per annum
Backlog need	Homeless	925
	Concealed	4,755
	Total backlog	5,680
	Annual backlog	284
New household formation	Net new households per annum	1,496
Backlog plus new household formation		1780
Allowances	Allowance for vacancies	21
	Allowance for second homes	9
Total	Households per annum	1,810

Source: GLA household projections and Cobweb Consulting modelling

Dwelling size and type and tenure requirements

6.50 The National Planning Policy Framework (NPPF), supported by official guidance,

indicates that a SHMA should also estimate the size, type and tenure requirements for new housing provision. **Chapter 8** considers the need for affordable housing and from this, the required tenure pattern in Waltham Forest in 2035, together with an indication of the size breakdown of affordable housing. This may differ from the size breakdown for all new housing (including market housing) if the requirements of people in affordable need are different from the needs arising from net new household growth.

6.51 If actual 2011 occupancy levels within the housing stock are compared to a measure such as the bedroom standard⁶¹, it is clear that the existing stock is significantly under-occupied. If a better fit with the bedroom standard were to be achieved, there would be an overwhelming requirement for smaller dwellings. However this approach is impractical, because the bedroom standard plays no part in determining actual occupancy rates in the private sector. These are in practice determined by the operation of the market. Households consume the amount of space which they are able to obtain and pay for. In the social rented sector, the match between actual occupancy and the bedroom standard is often closer, because at the point when households are allocated a dwelling, they are normally allocated one which matches their assessed requirement. Even in the social rented sector, however, differences develop over time as households change size, although changes to housing benefit and proposed changes to tenancies may keep occupancy rates more closely aligned to the bedroom standard in the future.

6.52 This suggests that existing patterns of occupancy in the private sector should be assumed going forward, as in the GLA SHMA. However cost concerns play an important part in influencing household space consumption decisions, especially in London, where affordability is so severely constrained. Some households do adjust their consumption, for example through the process of trading down. Over a longer time-scale, the market has also adjusted the housing stock in London to create smaller units in response to cost pressures, for example through the conversion of single family houses into flats. Further pressures on households to make adjustments to their consumption of housing, or adjustments to the existing housing stock, must be expected in the future, given the intensification of demand and resultant squeeze on affordability. However for the present, existing patterns of occupancy provide the best overall guide to future requirements.

6.53 To produce estimates of future dwelling size requirements, existing patterns of occupancy have been broken down by household type: this provides a more detailed picture than profiling the existing size composition of the stock. Changes in the projected composition of household types can then be taken into account in determining future size requirements. For example, an increase in the proportion of one person households would lead, other things being equal, to an increase in the demand for smaller homes. However, it is not assumed that all one person households require one bedroom. Instead, it is assumed that the current pattern of occupancy by households of this type will continue into the future. Any anticipated changes can then be taken into account at this stage.

61 The minimum standards set under Part 10, Housing Act 1985 to determine the numbers of bedrooms required by different types of households, below which they are categorised as overcrowded

6.54 Data on current patterns of occupancy is not available at the local level for the household type categories used in household projections, so London level occupancy data was obtained from the English Housing Survey, combining the four years 2010-14 to provide a robust sample. **Table 6.9** shows the estimated number of bedrooms occupied by each household type in 2014. There is a link between household type and bedrooms so that for example, households with three or more dependent children tend to occupy three or more bedrooms. However, 32% of female one person households and 22% of male one person households have three or more bedrooms, whilst 19% of households with three or more dependent children have only one or two bedrooms.

Table 6.9 Existing and projected dwelling size requirements

Bed-rooms	One person Male	One person Female	Couple only, no dep children	Couple and other adult/s no dep children	Households with one dep child	Households with two dep children	Households with three dep children	Other households	All households
Actual occupancy 2014 (percent by household type)									
1	53%	37%	21%	1%	12%	3%	1%	4%	20%
2	27%	30%	33%	16%	42%	32%	18%	34%	31%
3	17%	27%	31%	51%	32%	41%	50%	41%	34%
4	3%	5%	15%	32%	14%	24%	31%	21%	16%
Household type breakdown (percent)									
2014	14%	15%	14%	10%	16%	12%	7%	12%	100%
2039	16%	12%	12%	14%	14%	9%	6%	16%	100%
Change	2%	-2%	-3%	4%	-2%	-3%	-1%	4%	0%

Source: Cobweb Consulting estimates, derived from GLA 2015 round long term variant household projection (households); English Housing Survey 2010-11/2012-13 (occupancy rates).

6.55 The Table 6.9 also shows the breakdown of households in Waltham Forest by type in 2014 and the projected breakdown in 2039. This suggests a complex picture, with little overall change in the proportion of one person households, and a decline in the proportions of households with dependent children, offset by growth in the proportions of other (multi-adult) household categories. This reflects the impact of reducing affordability in the marketplace, which has already placed pressure on the formation of small households and will continue to do so in the future.

6.56 As a result, the projected requirement of dwellings by size changes relatively little over the 2014-2039 period. The demand for 1-2 bedrooms is projected to decline by 1% with a commensurate increase in the demand for 3-4 bedroom dwellings (**Table 6.10**). This suggests a requirement for fewer one-bedroom and three-bedroom units, and more two-bedroom and four or more bedroom units. This reflects the trends towards more multi-adult households already apparent in the market.

Table 6.10 OAN: Existing and projected bedroom size requirement

Bedrooms	Actual 2011	Estimated	Estimated	Difference between
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		requirement 2014	requirement 2039	2011 actual and 2039 requirement (percentage points)
1	20%	19%	18%	-2%
2	22%	30%	30%	8%
3	36%	34%	35%	-1%
4+	12%	16%	17%	5%

Source: GLA household projections and Cobweb Consulting modelling

6.57 It is important to bear in mind that this is a trend projection, which could be affected by a number of factors. Worsening affordability might increase the demand for smaller units, but equally might require larger units more suitable for sharing, if single adult households cannot afford smaller units. In the social rented sector, measures to reduce benefits where households have bedrooms deemed to be in excess of their requirements may lead to even closer matching of bedroom requirements and actual occupancy.

6.58 However, if the proportion of social rented housing should fall as a result of the extension of the Right to Buy and a continuing shortage of funding for new social housing, this would tend to weaken the link between household size and occupancy levels. An increase in private renting would increase the demand for smaller units as occupancy levels in the sector tend to match household size more closely than in the owner occupied sector. In the owner occupied sector, households generally might wish to occupy dwellings with more bedrooms, more bathrooms and other facilities, and spaces for home working or other leisure activities, if they can afford to. Conversely, more old people might seek to downsize to smaller units if purpose built housing for older people were to become more popular. Lastly, the need in London to make the best use of land to meet housing need could require the provision of more small units, but this would be a policy decision. These conflicting trends lead to a very complex picture, which is further constrained by the fact that the overall size profile of the dwelling stock can change only slowly over time as a result of new additions and conversions.

6.59 Both overcrowding and under occupation are present in the Waltham Forest market, as in most areas. The level of under occupancy is much greater than overcrowding, and so provides ample potential for the alleviation of the latter without any additional new housing provision and hence no need for any addition to OAN. However the continuation of overcrowding problems over time demonstrates market mechanisms alone will probably not bring this about. As a result, any measures to address overcrowding will need to be undertaken through the rehousing of those affected in the affordable housing sector. This in turn will release the units occupied by those who are overcrowded for re-use. **Chapter 8** considers the need for affordable housing generated by overcrowding further.

Dwelling type

6.60 The current mix of dwellings by size provides some guidance on the required mix in

the future, because there is an obvious link between household size/type and dwelling size, albeit one which is overlain and blurred by incomes, aspirations and allocation policies. There is no similar determinant of the demand for dwellings of different types. **Chapter 4** found that terraced houses and purpose-built flats were the most common dwelling types in the borough. Pressures on land were reflected in the recent increase in the proportion of purpose-built flats and apartments, and this pressure is likely to continue, but conversely, the proportions of detached and semi-detached houses have risen in response to consumer demand. The projected reduction in the proportion of households with dependent children up to 2039, and the growth in multi-adult households might also contribute to the demand for flats and apartments.

Chapter 7

Market signals

Key messages

- PPG suggests that Local Plans should take account of market signals, such as land prices and housing affordability, in addition to household projections. The indicators referred to are land prices; house prices; rents; affordability; rates of development and overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation.
- Land values vary site by site, depending on a range of factors including remediation costs, infrastructure provision, labour and material costs, Section 106 contributions, CIL, the extent of overage, site size, and planning policy. While Waltham Forest land values are relatively low in the London context, there are signs that there is increasing demand for sites in outer London, and therefore upward pressure on values.
- House prices in the borough are high in national terms and have risen more sharply even than the London average in recent years, suggesting a high degree of pressure in the market. As Waltham Forest is or has been, in London terms at least, a relatively low-value area, this reflects the London-wide pressure of demand for affordable housing.
- Affordability indicators already suggest that prices in the borough have risen much more sharply than earnings. Rent levels do not as yet reflect this picture – they are amongst the lowest in London and there is no evidence of rapid increases or sharper rises relative to other boroughs over the long term as there is with prices. But the supply of private renting in the borough is relatively low and its role within the market is less significant than in areas closer to central London. Affordability is likely to be an important issue in the borough, and this is considered in detail in **Chapter 8**.
- Between 2004-05 and 2013-14, the Council estimates that net additional dwellings completed averaged 666 per annum. In 2011, the London Plan set the borough a completions target of 760 dwellings per annum but FALP has recently increased the target to 862 dwellings per annum. Hence the number of units completed was below the relevant London Plan target. The forecast level of completions up to 2020-21 is however sufficient to meet both the backlog and the new higher target.
- There is a high level of overcrowding in Waltham Forest compared to the national average. Across the borough, the highest level of overcrowding is found in the private rented sector followed by the social rented sector. Although lower, the level of overcrowding in the owner-occupied sector is much higher than the national average. In contrast, the level of under occupation in Waltham Forest in 2011 was below the national average, although still very significant.

- Increasing house prices, rising private sector rents, reductions in benefit entitlement, and constrained wage levels have placed pressures on affordability leading to rising levels of homelessness acceptances. The use of temporary accommodation has risen sharply, to a current level of 2,181 households. The substantial majority of these placements are in private leased accommodation, with some outside the borough. This signals clearly that the social rented market and the affordable private rented sector are not capable of addressing the housing requirements of the backlog of homeless acceptances, in spite of acceptance rates slowing.
- In Waltham Forest, 4.6% of households were concealed in 2011, a much higher proportion than for London or England. 71% of concealed families were couples, of whom two thirds did not have children. 29% were lone parent- headed families.
- Overall, it is clear that housing in Waltham Forest is expensive, and that prices at present are rising more sharply than the London average, but they are still low relative to London as a whole. In a situation of severe affordability pressure, it is not surprising that prices in relatively lower value areas would rise more sharply as households seek to purchase housing in those areas.
- The London Plan has taken a pan-London approach to assessing overall need and seeks to provide housing to meet that need in the locations where capacity is available. This suggests that the London Plan is addressing market pressures and that there is no requirement for an uplift to OAN to reflect these pressures.
- However, market signals suggest that there is a significant need for affordable housing evidenced in particular by the large numbers of concealed households who are unable to find affordable housing in the borough, an issue addressed in **Chapter 8**.

Introduction

7.1 Paragraphs 17 and 158 of the NPPF indicate that Local Plans should take account of market signals, such as land prices and housing affordability, as well as household projections. PPG indicates that housing needs can be 'adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand'⁶². The indicators referred to are land prices; house prices; rents; affordability; rates of development and overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. Indicators should relate to both the price and the quantity of housing.

7.2 The PPG indicates that appropriate comparisons are needed to set market signals in context. This includes the examination of longer-term trends (both in absolute levels and rates of change) in the housing market area, nearby areas and nationally. However, it is not expected that the precise increase in supply required to achieve a given improvement in an indicator should be calculated.

7.3 In examining market signals, we assess trends over as long a period as is practicable

⁶² CLG Planning Practice Guidance, *Housing and economic development needs assessments*, para 19.

given the available data sources and their frequency (some data, for example, is only available from the 2001 and 2011 Censuses).

Land values /prices

7.4 PPG asks that land value be taken account of as a market signal, in relation to differential pricing, dependent on designation for a different use. Commenting on land value across an authority is bound to be highly speculative, as values will vary site by site, depending on a range of factors – remediation, infrastructure provision, labour and material costs, Section 106 contributions, CIL, the extent of overage, site size, planning policy, to name but a few.

7.5 While the cost of land will be the underpinning determinant in the eventual prices for new-build homes (be they for market sale, Starter Homes or for social/ affordable rent), all the factors above will impact on this bottom line, site by site and development by development.

7.6 Recent work by the GLA⁶³ highlights that across London there is intensive competition for land, which results in some of the highest land and property prices in the UK. While there is considerable variation within London, land values have driven up house prices across the board. Residential land values are considered to be running at 3.2 times higher than industrial land values.

7.7 In terms of the actual land values in Waltham Forest and how they compare to elsewhere and neighbouring authorities, GLA estimates show that Waltham Forest's residential values (9.4M per hectare) are the eighth lowest in London.

7.8 They are not dissimilar to most of their London neighbours, with the exception of outlying Hackney and Enfield. Industrial land values (£2.5M per hectare) are in a group with eight other authorities as the lowest in London:

Table 7.1 Land prices in London

	Residential £m/hectare	Industrial £m/hectare	Ratio residential to industrial
Waltham Forest	9.4	2.5	3.7
Enfield	15.5	3.7	4.2
Epping Forest	na	na	na
Hackney	20.7	2.5	8.3
Haringey	10.4	3.7	2.8
Newham	10.2	2.5	4.1
Redbridge	8.9	2.5	3.6
London	15.7	4.9	3.2

Source: Table 4.1, Economic evidence base for London, GLA, 2016

⁶³ Economic evidence base for London, GLA, November 2016

7.9 The fact that residential land value is so much higher than industrial land value has led to concern at the GLA, where they consider that there is a risk that high demand for housing may drive out commercial use of land. As can be seen from **Table 7.1** residential land is nearly four times more valuable than industrial land in Waltham Forest. Linked to this, the introduction of Permitted Development Rights (PDR) in 2013 which enabled the fast-tracking the conversion of offices to homes led to the loss of some 9% of potential office space in Waltham Forest, nearly twice as high as the London average (5%).

7.10 Housing association interviewees commented on the rapid rise in land values they have experienced in Waltham Forest in recent years. This is associated with good connectivity, good schools, and the fact that several years ago values were substantially below those of neighbours, such as Hackney. Waltham Forest is now, however, becoming a victim of its own success. Although it has not yet caught up with Hackney in value and price terms, the differential is becoming closer. They did notice however that things had slowed down in recent months, perhaps because of economic factors, Britain voting to exit the European Union, and awaiting the new round of GLA funding. But Waltham Forest remains ‘an area of opportunity’.

7.11 More generally across London, Savills, in their most recent report on residential development land (May 2016) noted that while values and prices in central and Prime London had fallen off over the last year, “Demand and values for development land have increased in outer London as developers look for opportunities in markets where there is most unmet demand and stronger house price growth. This is reflected in the 40% increase in the number of sites sold by Savills in London outside of zone 2 in 2015 compared to the previous year”.⁶⁴

House prices as market signals

7.12 Here we examine house prices to see if they indicate that Waltham Forest’s housing market is different from others in the vicinity. **Chapter 2** set out data on trends in house prices in Waltham Forest. It showed that in 2016 the mean house price was £429,000. The mean price had risen by 96% over the 2006-2016 period compared to the London-wide average of 85% and the national average of 38%. This was a higher rate of increase than neighbouring authorities, excepting Hackney (121%) and Haringey (102%).

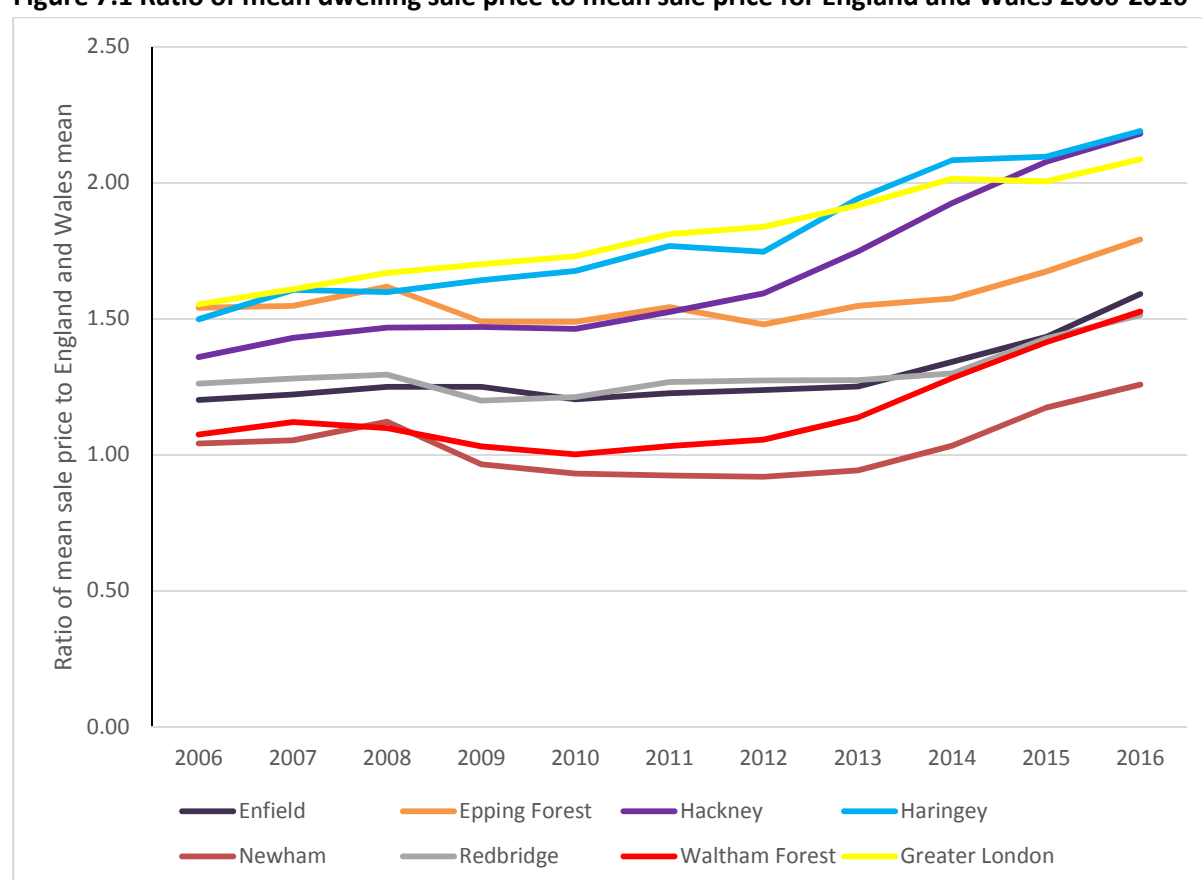
7.13 Differentiation in prices is an established feature of the housing market, and it would be unrealistic to expect to eliminate all differences as a result of changes to supply, especially in London. Features such as the prosperity of the local economy, transport linkages to employment centres, the attractiveness of the local environment, local facilities and amenities, and intangibles such as reputation, create differences in demand which impact on prices. The key issue is whether there is evidence that prices in Waltham Forest have changed *relative to other areas*.

7.14 **Figure 7.1** examines this, looking at prices over the period from 2006-2016. This

⁶⁴ UK Residential development land, Savills, May 2016 <http://pdf.euro.savills.co.uk/uk/commercial-development-activity-uk/market-in-minutes-uk-residential>

covers the market from the boom of the early 2000s and through the post-2007 recession and subsequent period. The figure shows the ratio of the mean sale price in Waltham Forest and neighbouring authorities to the national median. This provides a measure of the extent to which prices in each area have risen at a higher (or lower) rate than the national rate of change. After tracking the national average price fairly closely up to 2011, prices in Waltham Forest increased much more rapidly than the national average from 2012 until 2016, when they were over 1.5 times that average. This suggests that affordability problems in the borough have worsened significantly over the past five years. The most recent figures indeed show that Waltham Forest experienced the highest (15.7%) increase in house prices in England over the twelve months January 2016 to January 2017.⁶⁵

Figure 7.1 Ratio of mean dwelling sale price to mean sale price for England and Wales 2006-2016



Source: HM Land Registry Price Paid data 2006-2016

Sales volumes

7.15 **Figure 7.2** shows the indexed volume of sales over the 2006-2015 period for Waltham Forest and its neighbours, for Greater London and for England and Wales. The chart tracks the collapse in the market from 2007-2009 and the partial recovery since then⁶⁶. The pattern is very similar for all the authorities shown (with the exception of Hackney where sales volumes held up better) and for England and Wales as a whole and

⁶⁵ ONS House Price Index, March 2017

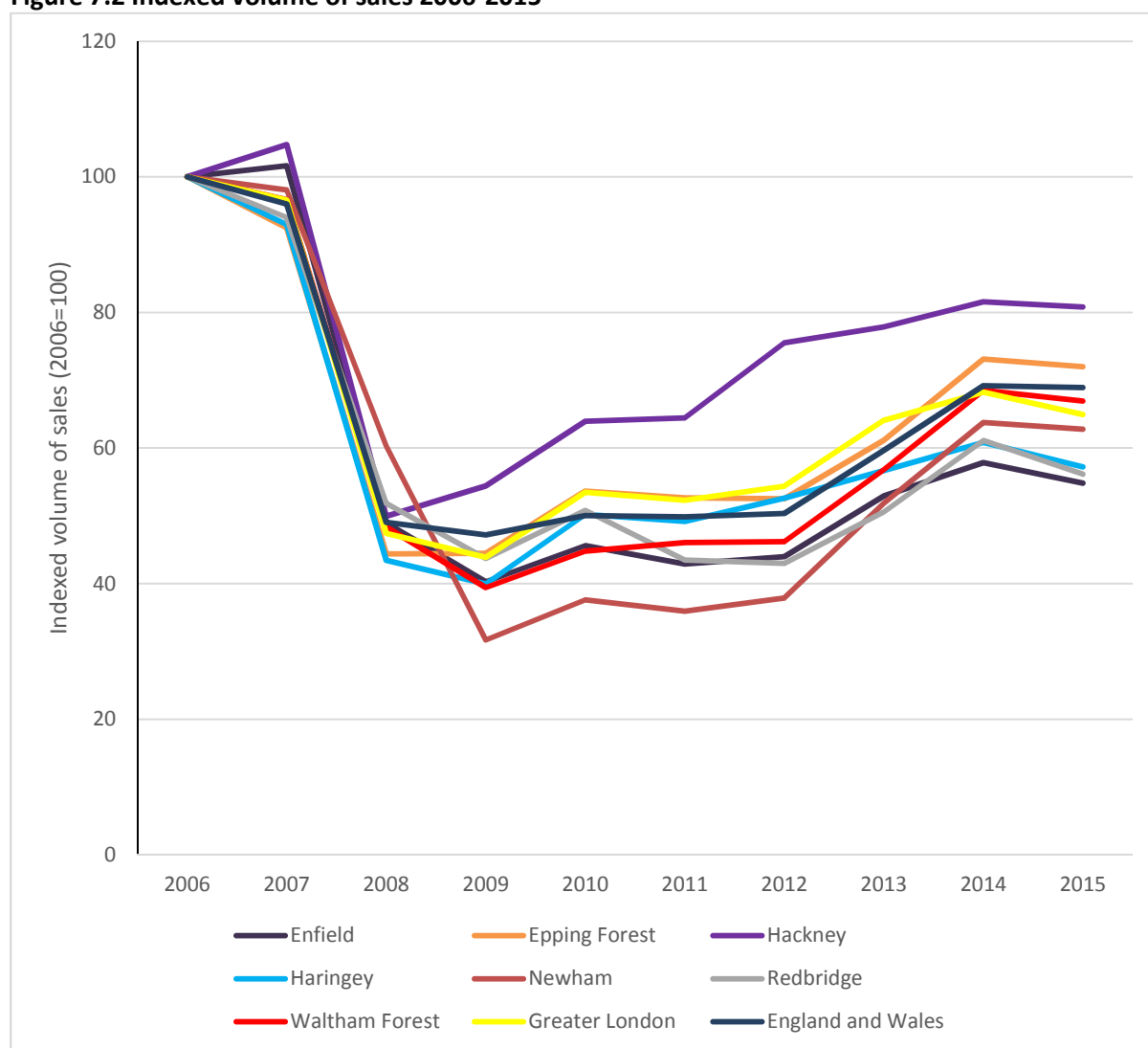
⁶⁶ 2016 data covers only January-October so has been excluded.

does not provide any indication that the market in Waltham Forest has experienced any atypical pattern.

7.16 Estate agents comment that there is demand across all property types, and a reasonable supply of all, though not as many bungalows as are wanted. They had experienced steep price rises in past years, but the market was more stable now. There was a view that the traditional family house market around Chingford was holding up better than the areas where young professionals were moving in. There are some first time buyers, but few groups buying (who find it hard to get mortgages and tend to save for their own individual places – indirect confirmation of the move towards higher-end private renting discussed elsewhere).

7.17 The biggest change had been in Buy to Let, which had seen a major reduction in its market share brought about by the changes to Stamp Duty and taxation. One mortgage broker commented that Buy to Let mortgages were down 85% on last year; another commented that they had more or less ceased.

Figure 7.2 Indexed volume of sales 2006-2015



Source: HM Land Registry Price Paid data 2006-2015

Rents

7.18 There is no equivalent to HM Land Registry as a source of data on rental levels for private housing, but a number of websites provide information on current rent levels for local areas and/or publish periodic reports on rent levels, including GLA. Many sites use electronic methods to gather data on rents sought, rather than on agreed rents as there are few sources for the latter. The difference may be substantial. Many also focus on London because of the large private rented market there. **Table 7.2** below shows rent data extracted from one of these sites for areas in Waltham Forest.⁶⁷

7.19 Average reported rents are high throughout London, averaging £2,714 per calendar month (pcm) in November 2016. The average rent in Waltham Forest was about 50% of this level, and there was only limited variation between the three areas within the borough for which data was available, Walthamstow, Chingford and Leyton. Average rents in Walthamstow were comparable with those in Enfield, Newham and Redbridge, but lower than rents in Hackney, Haringey and Epping Forest.

Table 7.2 Private rents in Waltham Forest, November 2016

	Walthamstow	Chingford	Leyton
Total properties for rent	583	432	2,145
Properties for rent in the last 14 days	91	93	427
Average property rent (£)	1,308	1,428	1,381
Median rent (£)	1,200	1,300	1,322
Average Time on Market ()	124	105	126
Median rent (£):			
One bedroom	1,101	1,050	1,150
Two bedrooms	1,350	1,300	1,500
Three bedrooms	1,799	1,600	1,895
Four bedrooms	2,085	2,199	2,150
Five bedrooms	3,100	2,698	2,704
Room	600	560	600
Flat	1,245	1,235	1,400
House	1,921	1,795	1,900

Source: home.co.uk accessed 28-11-16.

7.20 To set these rents in context, average rents have been obtained from a second source, Homelet, which published less detailed local data but provides a time series.⁶⁸ The Homelet Report a slightly lower average rent for August 2016 (£1,277 pcm for Waltham Forest and Redbridge combined). Rents in this area had remained static in the previous year whereas in London as a whole they had risen by 2.5%. Homelet data suggests that rents in Waltham Forest and Redbridge are amongst the lowest in London.

⁶⁷ The site used is home.co.uk This provides the facility to search for rent data in a range of settlements, although the boundaries of these are not defined in detail. The site does not provide data at local authority level.

⁶⁸ See homelet.co.uk including links to summary property reports.

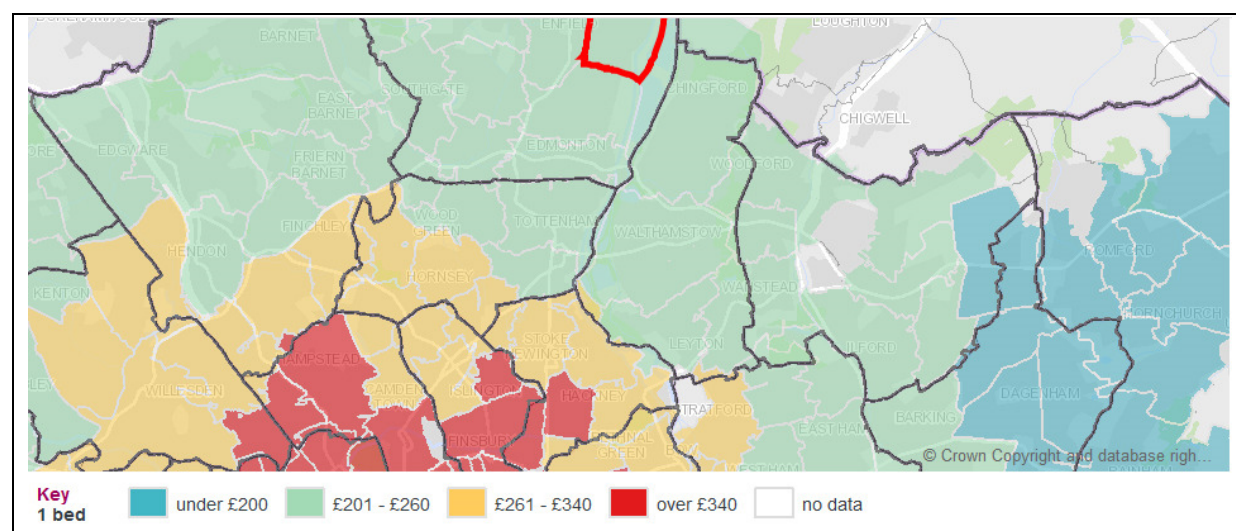
7.21 These rents can be compared with rent data published by the Valuation Office Agency (VOA) at local authority level (**Table 7.2**), and by the Greater London Authority (GLA). The VOA rent officers collect rents data from landlords and agents in the course of a range of administrative activities and six-monthly reports are assembled from this data. The most recent data is for May 2016. Comparisons are limited by the different geographical basis of each table, but the rents published by VOA are around 10% lower, with the gap widening for larger lettings. This gives confidence that these levels are accurate if the difference between asking rent and agreed rent is discounted. GLA publish the London Rents Map online based on VOA data. Focusing on one-bedroom lettings in November 2016, the map shows a strongly sectoral pattern for north-east London, with rents declining with distance from central London. Waltham Forest rents fall within one of the lower bands as **Table 7.2** above suggests and are relatively uniform across the whole borough and across most of Enfield and Redbridge. In Newham and Hackney, the impact of central London causes rents to rise.

Table 7.2 Median rents, May 2016 by local authority

Authority	Median monthly rent (£)						
	Room	Studio	1 bed	2 bed	3 bed	4+ bed	All
Enfield	550	800	950	1,250	1,500	1,950	1,250
Epping Forest	..	638	775	1,050	1,350	1,995	1,100
Hackney	650	1,121	1,430	1,798	2,383	3,033	1,668
Haringey	625	862	1,235	1,495	1,879	2,500	1,400
Newham	520	700	1,050	1,300	1,600	1,800	1,300
Redbridge	500	750	900	1,200	1,500	1,900	1,150
Waltham Forest	598	778	1,000	1,250	1,500	1,900	1,200
London	585	925	1,250	1,500	1,800	2,687	1,452
England	360	525	550	600	695	1,250	650

Source: Valuation Office Agency Private Rental Market Statistics May 2016

Map 7.1 London rents map, November 2016 – 1 bed lettings in Waltham Forest and surrounding areas



Source: GLA, online at <https://www.london.gov.uk/what-we-do/housing-and-land/renting/london-rents-map>

7.22 The VOA is also responsible for setting the local levels which determine the maximum amounts payable to low-income tenants in receipt of housing benefit (Local Housing Allowance - LHA). These are set across Broad Rental Market Areas (BRMAs) which frequently cover larger areas than local authorities and do not correspond closely with local authority boundaries. The BRMAs covering North- East London including Waltham Forest was shown in **Map 2.5** in **Chapter 2**. The borough is split between the Outer East London BRMA and the Outer North-East London BRMA. **Table 7.3** shows LHA rates for these BRMAs for two bedroom lettings over the 2011-2015 period, together with rates for the other BRMAs covering London.⁶⁹ Separate rates are set for other sizes and types of letting. These rates are not actual rents – they represent the VOA estimate of the 30th percentile rent in each BRMA, and are significantly below the rent levels shown in **Table 7.2**. Rates for some BRMAs are identical. The northern part of Waltham Forest falls into Outer North East London BRMA which has the lowest LHA rate in London, whilst the southern part has a slightly higher rate. This confirms that rents in the borough are low in London terms, but contrasts with the picture in **Table 7.1** which shows rents in Chingford being slightly higher than in Walthamstow or Leyton.

Table 7.3 Local housing allowance rates per calendar month, 2 bedroom letting

	2011	2012	2013	2014	2015	% change 2011-15
Central London	1257	1257	1284	1301	1314	5%
Inner East London	1213	1257	1284	1301	1314	8%
Inner North London	1257	1257	1284	1301	1314	5%
Inner South East London	995	1020	1063	1108	1153	16%
Inner South West London	1213	1250	1278	1301	1314	8%
Inner West London	1213	1257	1278	1301	1314	8%
North West London	900	950	971	1012	1053	17%
Outer East London	867	900	920	959	998	15%
Outer North East London	800	823	819	830	837	5%
Outer North London	970	1000	1023	1067	1110	14%
Outer South East London	800	800	843	852	861	8%
Outer South London	800	850	869	880	915	14%
Outer South West London	1000	1100	1124	1172	1219	22%
Outer West London	875	900	920	932	969	11%

Source: Valuation Office Agency. Weekly rates converted to calendar month equivalent Note@ shaded BRMAs cover Waltham Forest (and parts of other boroughs).

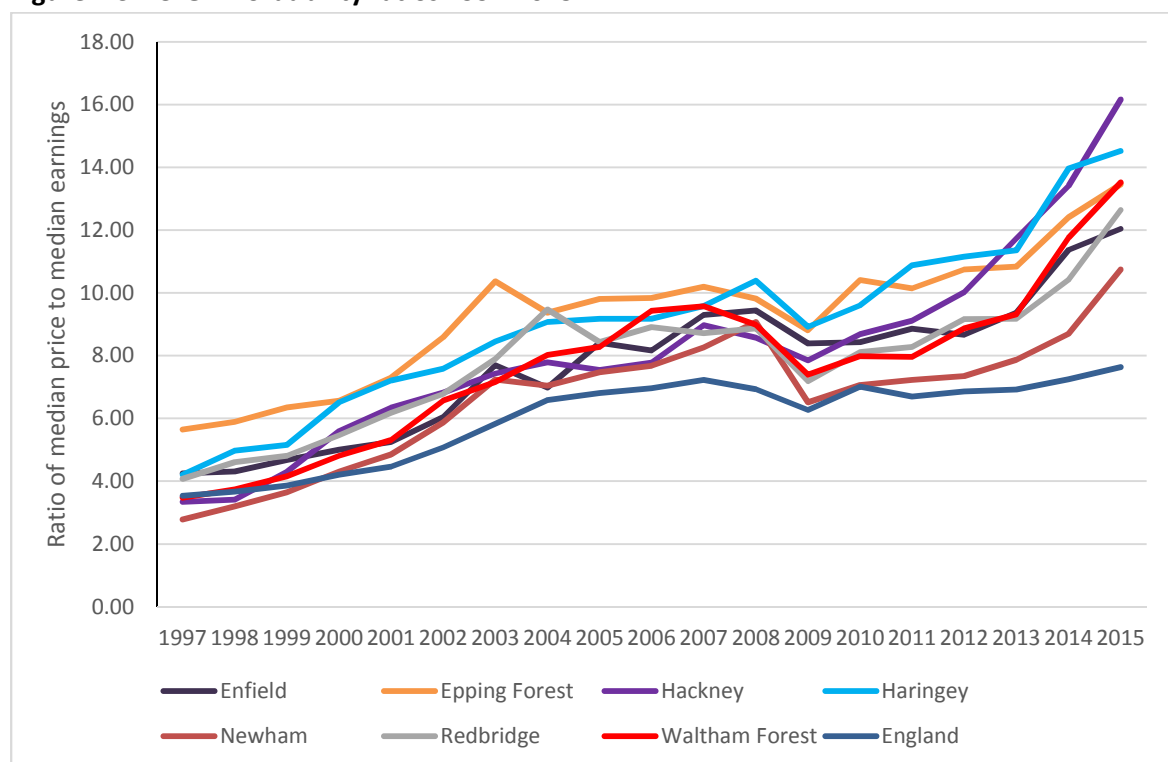
7.23 The view from the perspective of the lettings agents interviewed was that rents have been and will continue to rise, boosted by lack of supply, and excess demand from young professionals moving into the area. This impacts on the supply of houses as well as flats: a group of four people sharing would pay less than they would individually, and be able to access a better quality property. Letting agents distinguished these shared houses from HMOs, and said that HMOs and tenants reliant on benefits were not popular with them, nor with landlords in the main.

⁶⁹ Small areas of Greater London fall in the South West Herts and South West Essex BRMAs.

Affordability

7.24 DCLG has published a series of affordability ratios for local authorities in England covering the period 1997-2015. These compare median sale prices with median earnings.⁷⁰ The affordability ratio increased by 116% across England as a whole over the period 1997-2015 from 3.5 to 7.6 (that is, prices increased much faster than earnings) but in Waltham Forest and its neighbours the rate of increase was well above this level. In Waltham Forest, the ratio increase by 289% reaching 13.5, exceeded only by Hackney and Haringey. As the chart suggests, the ratio has increased more (and affordability has thus become relatively worse) in Waltham Forest than in most of its neighbours. **Figure 7.4** shows the changing relationship between borough level affordability and the national average level of affordability. In a context in which affordability has worsened generally, in Waltham Forest the ratio has risen to about 1.8 times the national average. All of the authorities have shown some worsening relative to the national average but in Waltham Forest, the rise has been extremely steep in recent years.

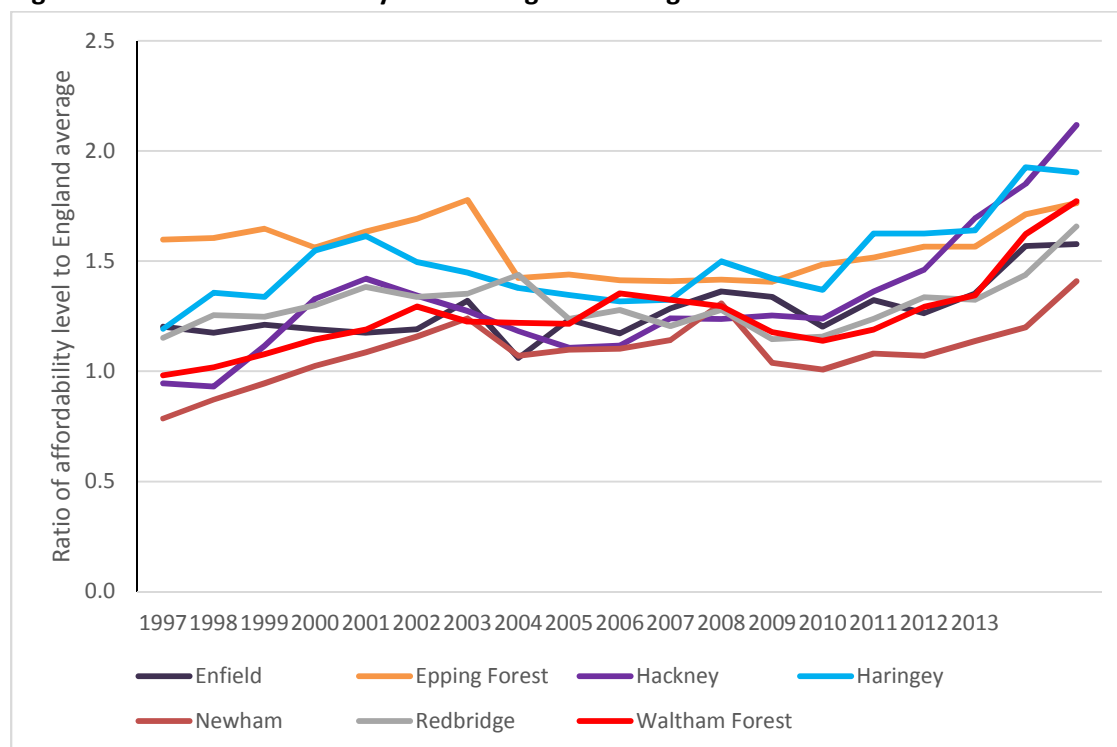
Figure 7.3 DCLG Affordability ratios 1997-2015



Source: DCLG Live Table 577. Data not published for London as a whole. From 2013 onwards, house price data in Table 577 is based on ONS House Price Statistics for Small Areas. Prior to 2013, the table uses a different versions of Land Registry house price data, which may lead to slight differences in affordability ratios.

⁷⁰ Earnings data is taken from the Annual Survey of Hours and Earnings published by ONS, and covers employee jobs excluding self-employed and employees not paid during the survey period. It does not provide estimates of the incomes of people not in employment, nor of household as distinct from individual earnings. The ratio derived from this data is therefore best viewed as a relative rather than an absolute indicator of affordability, enabling examination of changes over time and comparisons between areas.

Figure 7.4 Ratio of affordability level to England average



Source: DCLG Live Table 577. See notes to Figure 7.3.

Rates of development

7.25 **Chapter 4** examined net additions to the dwelling stock in Waltham Forest over the period 2004-05 to 2014-15. Over this period, the Council estimated that net additional dwellings completed averaged 666 per annum. However, the average was around 250 dwellings per annum higher in the first six years of this period than in the last five, although the rate rose significantly from 2013-14 to 2014-15.

7.26 In 2011, the London Plan set Waltham Forest a completions target of 7,600 dwellings over a ten-year period, or 760 per annum. FALP has recently increased the target to 8,620 dwellings between 2015 and 2025, or 862 per annum.

7.27 The Waltham Forest Authority Monitoring Report 2015⁷¹ indicates that 2,461 net additional dwellings were created in the past 5 years (2010/11 to 2014/15). This represents a shortfall of 956 units against the London Plan housing targets operational for that period. Based on the new target of 862 units per year set by the GLA, it is estimated that the 5-year housing supply (2016/17 to 2020/21) from deliverable sites, will be 6,942 units (net) with a surplus of 2,632 units against the 2015 London Plan housing target of 4,310 units over five years. After meeting the new annual target of 862 units and compensating for the accumulative shortfall since 2009, Waltham Forest will potentially have provided 1,734 units above targets by 2020/21. The number of units completed has been well below both the 2011 London Plan target and its replacement in the 2015 Plan. The forecast level of completions from 2013-14 to 2024-25 is in excess of the new higher London Plan target. The

⁷¹ See London Borough of Waltham Forest, Authority Monitoring Report 2015, June 2016.

supply of sites from 2014-19 (5,179) is well above the target (3, 946, based on the 2011 target to 2014-15 and the 2015 target from 2015-16, plus a 5% buffer). The anticipated annual average level of units coming forward to 2024-25 is also above the FALP target. After 2024-25 there is a need for further sites to be identified.

7.28 The increased target now enshrined in the London Plan has placed considerable new demands on the borough. However, sufficient provision has been identified both to provide five year supply at the increased target level and to provide sites for a further extended period.

7.29 From the point of view of developer stakeholders, the environment is becoming more challenging, with land values holding up, and big rises in construction costs. This means that outputs will be staged, and they will not be able to deliver as fast as previously. Nonetheless the outlook is optimistic and there are a number of large-scale schemes, especially around the Blackhorse Road regeneration area that being funded and developed. There is some concern that the infrastructure to support the rate of new development will be in place.

7.30 All housing associations noted they were working on market sales and Shared Ownership as well as affordable, and several were starting to look into private renting. Shared Ownership was singled out as very popular, with one association commenting that whenever they have them on a site they could sell them five times over

7.31 Housing associations consider the authority to be flexible and helpful in their approach, and willing to see a variety of tenures being developed. They had been proactive in developing affordable homes and had a more positive attitude to development than some of their neighbours. Planning was perhaps under resourced and could be a bit slow at times but probably no more so than others.

Whipps Cross and public sector real estate

7.32 The authority is examining its own and other public sector real estate holdings, with a view to rationalising them and releasing land for affordable housing provision. They are currently aiming for 8% on all sites developed out. They are also focussing on key worker accommodation. Central to this are plans for the Whipps Cross hospital site. The authority is working on this jointly with the site owners, Bart's Health Trust, as part of a One Public Estate programme.

7.33 This plans to undertake the complete remodelling of the hospital, over the next six to ten years, into a combined modern hospital, community and social care centre, and primary cares centres, all co-located. This would be a more efficient way of health working as, for example, older people with complex needs could receive all their treatment on one site, rather than being shunted around to different places.

7.34 There would be a commercial element to this, but also plenty of scope for housing. Numbers are not certain yet, but it would be in the hundreds. The Trust would want a

significant proportion of them to be accessible to hospital staff, as key worker housing which would be partly funded by the release of land for market housing. The intention would be to create a whole new neighbourhood, including affordable housing. Alongside this, they are considering some form of subsidised accommodation on the student hall of residence model, for younger recruits and those new to the area. There are staff retention problems, because of the cost of housing, and this might be part of a solution.

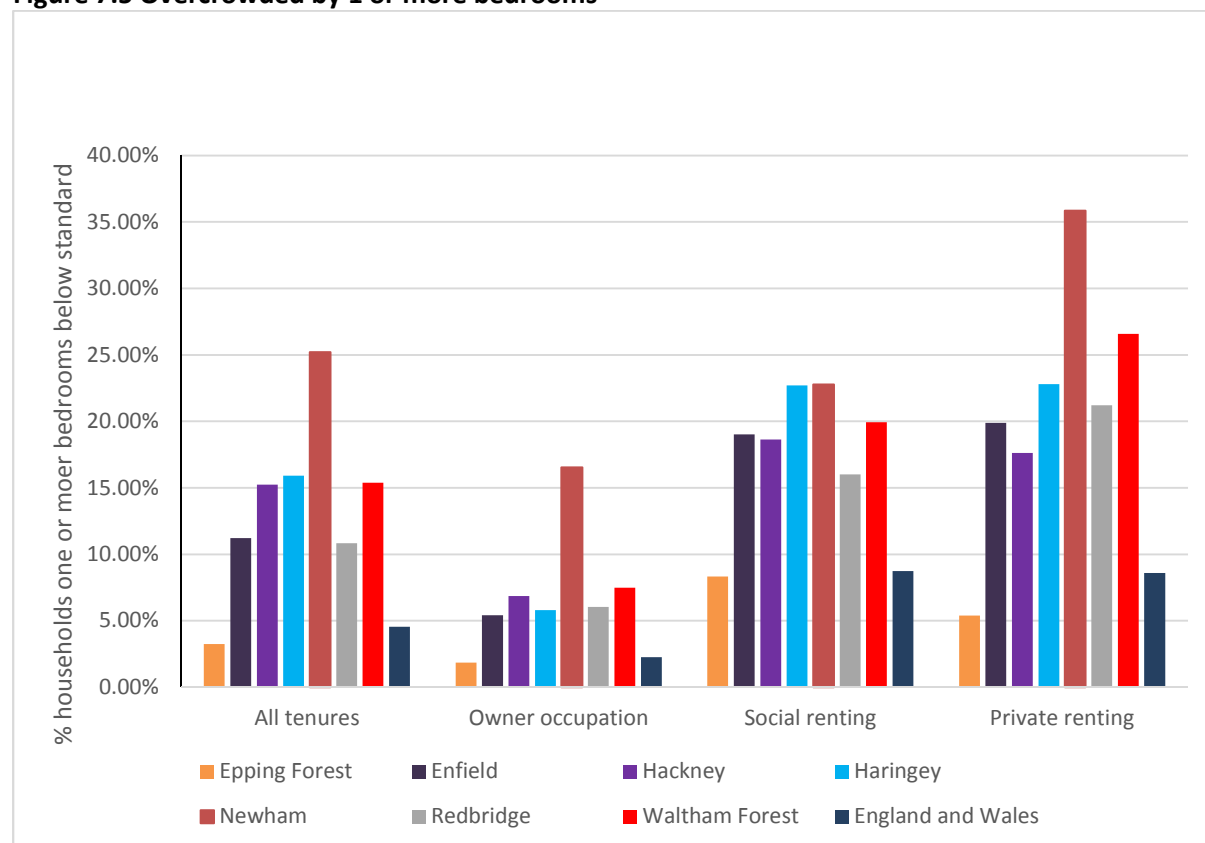
Overcrowding and under-occupation

7.35 Linked to the size of the stock available, there are issues around overcrowding and under-occupation, and (potentially) the capacity of the stock to balance the two phenomena. Across all tenures, there was a high level of overcrowding in 2011 (one bedroom deficit or greater) in Waltham Forest (15.4%) compared to the national average (4.6%), although Hackney and Haringey had similar proportions and in Newham over 25% of households were in overcrowded conditions. Within Waltham Forest, the highest level of overcrowding was found in the private rented sector (26.6%) as shown in **Figure 7.5**. There was also a high level of overcrowding in the social rented sector (20%). In the owner occupied sector, only 8% of households were overcrowded, although this is a much higher figure than the national average of only 2%.

7.36 In contrast, the level of under occupation in Waltham Forest in 2011 (19.3%) was well below the national average (34.6%), although Hackney, Haringey and Newham had even lower levels. Unlike overcrowding, under-occupation was found predominantly in the owner-occupied stock (**Figure 7.6**). This is consistent with the position in most areas, showing that one of the prime benefits and incentives for owner-occupation is accessing additional living space. Nearly a third (31%) of owner occupiers in Waltham Forest had two or more additional bedrooms beyond the requirement to be in line with the bedroom standard, compared with only 8% of social rented and 7% of private tenants.

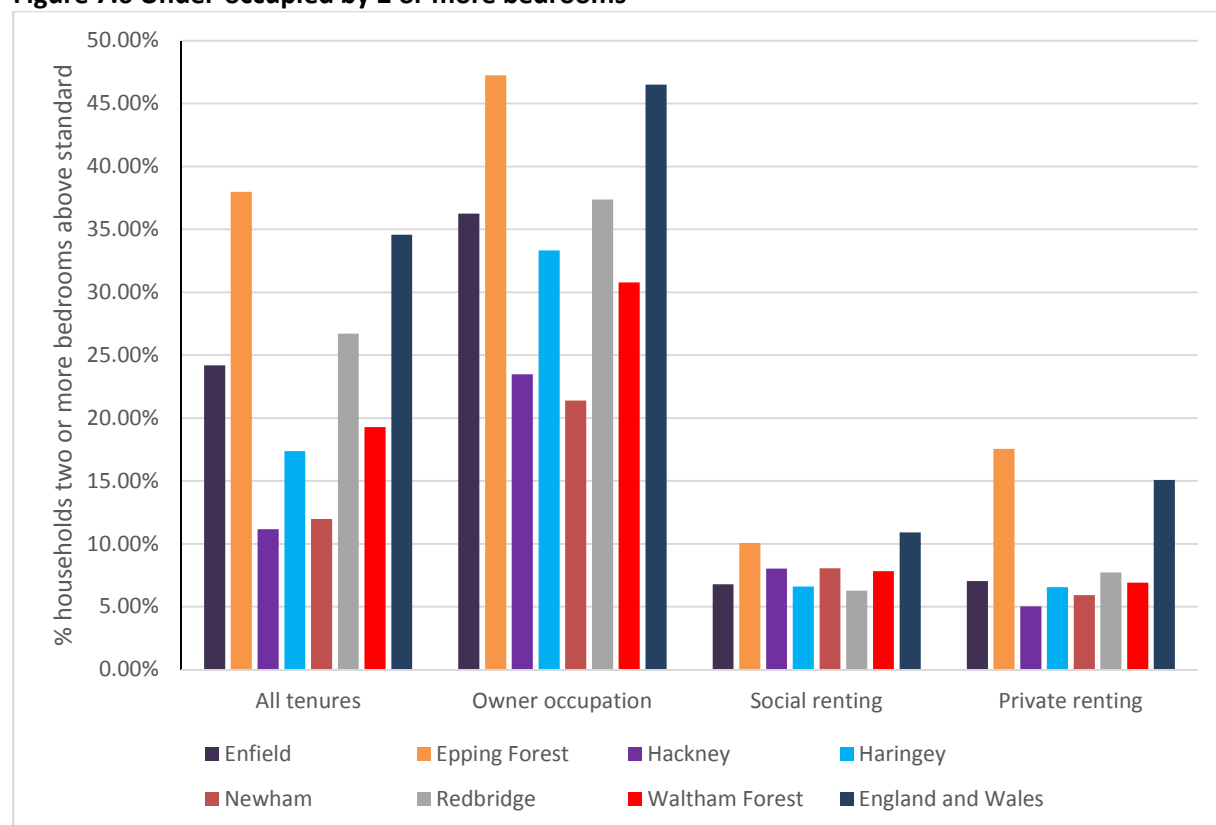
7.37 It is noticeable that compared with England and Wales as a whole, Waltham Forest and its neighbours generally had lower levels of under-occupation across all tenures – reflecting the pressure of demand on the London housing stock. The exception to this was Epping Forest outside London which more closely resembled the national average.

Figure 7.5 Overcrowded by 1 or more bedrooms



Source: ONS 2011 Census, Table LC4108EW

Figure 7.6 Under-occupied by 2 or more bedrooms



Source: ONS 2011 Census, Table LC 4108EW

7.38 Any degree of overcrowding is problematic for those affected, and an increasing body of evidence is available to demonstrate the adverse impact of over-crowding on health. In the social rented sector, the presence of overcrowding is an indicator of a mismatch between the demand for housing of particular sizes and supply, and perhaps of a general shortfall of affordable housing, as social landlords are unable to adjust occupancy to improve size match. In the private sector, the market determines occupancy levels, and overcrowding is an indicator that households are probably unable to afford housing of the size they require (either to buy or to rent).

7.39 Even in London, where overcrowding is generally much higher than elsewhere, the large volume of under-occupation, especially in the owner occupied stock, provides the *potential* for adjustments to eliminate overcrowding. Some under-occupation may result from a shortfall in suitable or affordable smaller housing units (as for example when an older household cannot find a suitable dwelling to trade down to), and this can be addressed by changes to the overall size mix of the owner occupied stock. In reality though, a high proportion of under-occupation can be seen as an outcome of consumer choice taken in combination with the ability to pay. In addition, a proportion of under-occupation (and overcrowding) is a temporary phenomenon, where households have not adjusted to a recent or temporary change in size/composition. This market signal is therefore suggesting that there is a need for more affordable housing in the social rented sector to facilitate movement within the stock, an increase in the proportion of large units in the private rented sector, and an increase in the number of smaller units in the owner occupied sector.

Homelessness and temporary accommodation

7.40 The impact of increasing house prices, private sector rents, reduction in benefit entitlement, and constrained wage levels in Waltham Forest has placed pressures on families' ability to afford to meet their housing needs. After a pre-recession reduction in the number of statutory homeless households accepted between 2004 and 2008, the 2009-16 period has seen numbers rise to above mid-2000s levels (**Figure 7.7**). The use of temporary accommodation shows the same pattern, but with a much steeper rate of increase post-2011, to a current level of 2,181 households. The substantial majority of these placements are in private sector accommodation (leased or more frequently placements on 'nightly' rates), with some outside the borough. This signals clearly that the social rented market and the affordable private rented sector are not capable of addressing the housing requirements of the backlog of homeless acceptances.

7.41 One additional indicator is the use of Bed and Breakfast (B&B) accommodation for priority need households, generally considered to be a last resort. In 2009-2010 there were no households placed in B&B accommodation by Waltham Forest as part of its statutory homelessness responsibilities. By 2015-16 the numbers had risen to almost 150. This indicates that arrangements with private sector landlords are not able to keep pace with the demand for temporary accommodation. This is discussed further in **Chapter 9**.

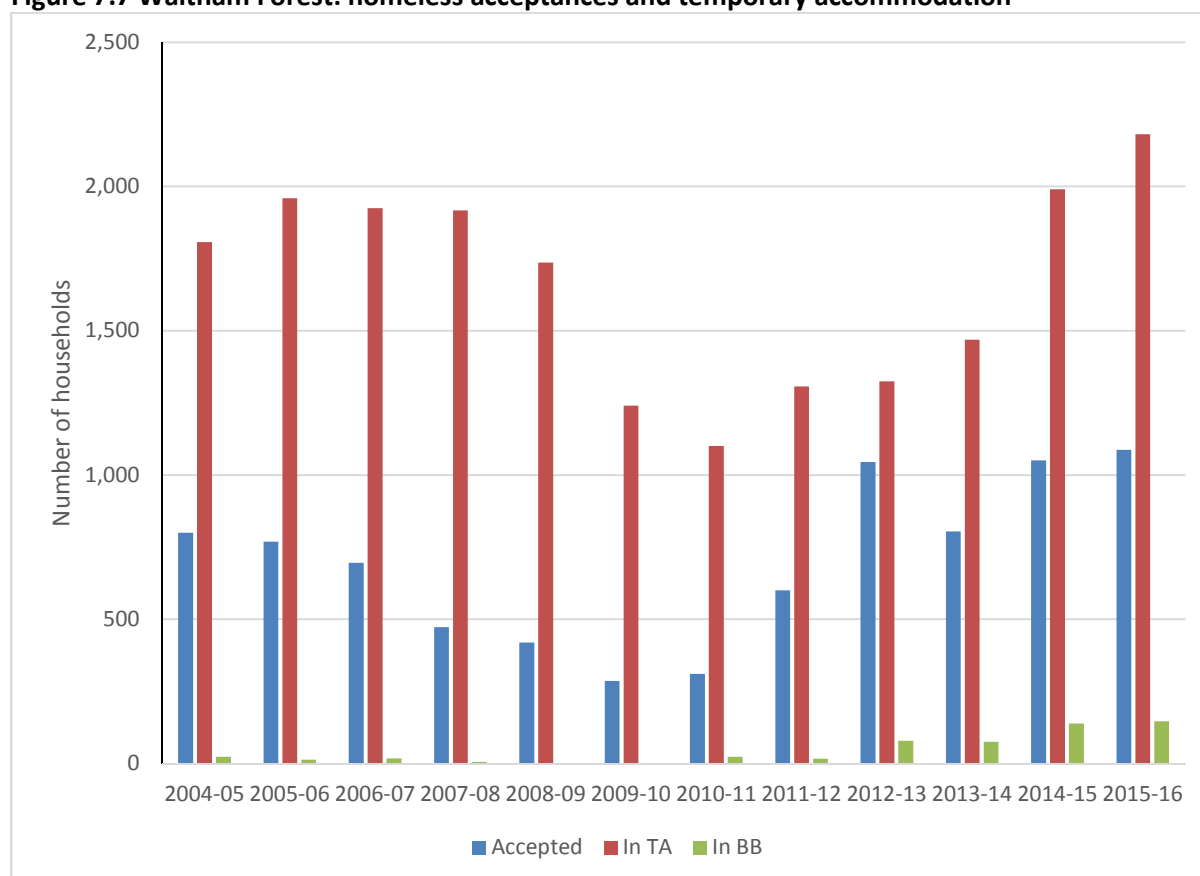
7.42 Stakeholders and commentators point to a cluster of negative drivers being implemented or on the horizon that will negatively affect the ability of the borough and

other authorities to deal with homelessness. These include:

- the roll-out of further welfare reform measures, especially capping of maximum benefit entitlement to £23,000 in London and those that reduce or remove housing benefit for younger people;
- the roll-out of Universal Credit, and concerns about its impact on rent arrears
- linked to this, the continued re-focussing of private rented landlords towards the young professionals market rather than those on lower incomes or the homelessness leasing market;
- the reduction of revenue and grant streams to housing associations and local authorities through the governments rent reduction formula, and the impact on new development;
- the potential forced sale of higher value Council properties
- the potential extension of right to buy to housing association properties
- linked to the above two bullet points, the lack of certainty that resources for adequate like – for – like and in situ replacement of social rented stock will be generated through these disposals.
- the consequent reduction in relet supply
- the longer-term drying up of the supply of new affordable and social rented homes through realignment of the planning system towards more expensive private rented models and Starter Home ownership, rather than social or affordable rental, or shared ownership models.

7.43 On the more positive side, the Mayor's Affordable Homes Programme 2016-2021 under the 'Homes for Londoners' banner offers some hope that the new London Affordable Rent and London Living Rent products will provide an alternative to the Starter Homes model, and will incentivise greater production of rented homes. It seems to be becoming clearer that the current government is less enamoured of the purely home-ownership focus of the previous one, and the enhanced level of resources available to the Mayor stemming from the Autumn Statement will be useable to develop homes across the tenure spectrum. The February 2017 Housing White Paper also signals the government's intention to open up more options for affordable rented homes, including some affordable private rented homes.

Figure 7.7 Waltham Forest: homeless acceptances and temporary accommodation



Source: DCLG Live Table 784

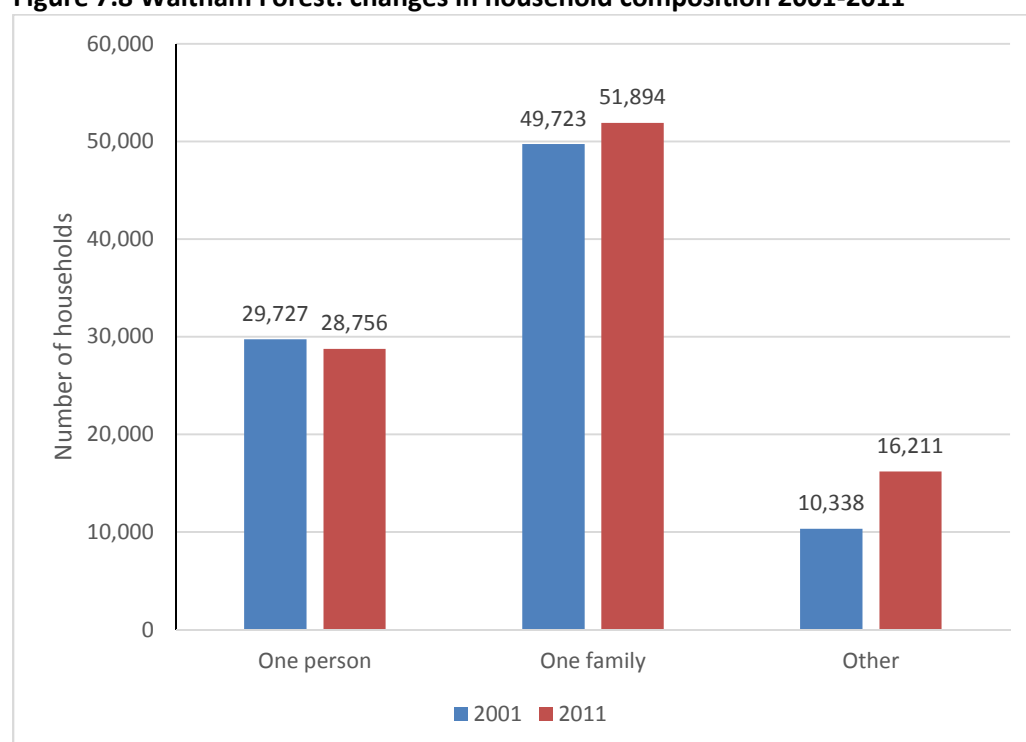
Concealed and sharing households

7.44 Concealed families are those which are living with another primary family, such as a young couple living with one set of parents. There are few sources of data on concealed households, but borough and neighbourhood estimates of the number of concealed families were provided by the 2011 Census as examined in **Chapter 6**. In Waltham Forest, 4.6% of households (just over 3,000) fell into this category in 2011. This is a higher proportion than for London (3.3%) or England (1.9%). 71% of concealed families were couples, of whom two-thirds did not have children. 29% were lone parent-headed families. The 2011 Census did not ask whether concealed family households considered themselves in housing need, and did not provide an estimate of single people living as part of other households who might wish to have separate accommodation. Unfortunately, the 2001 Census does not hold comparable data, so it is not practical to track trends.

7.45 A feature of demographic change noted in other SHMAs has been the increase in the proportion of multi-adult or multi-family households over the inter-Census decade 2001 to 2011, and this can be tracked. This data includes single people, as well as groups of single sharers and other combinations. This is in contrast with the Census definition of 'concealed families' which excludes single people who may want independent accommodation but be unable to access it. For example, adult offspring not in partnerships but still living with their parents would be excluded from the definition of a concealed household.

7.46 Some commentators consider that this is evidence of concealed or artificially constrained households, forced to remain together because of the absence of affordable options for independent accommodation. There is some support for this hypothesis from a comparison of the household composition profiles for Waltham Forest for 2001 and 2011 (**Figure 7.8**). Over this period the number of households in the borough increased by 8%, but one person households fell by 3%, family households increased by 4%, but other household types increased by 56%. Although still numerically in a minority, the numbers in this category are likely to continue to rise as a result of affordability pressures amongst other factors.

Figure 7.8 Waltham Forest: changes in household composition 2001-2011



Source: Census 2011 Table KS105EW and Census 2001 Table KS020

Taking market signals into account in assessing Objectively Assessed Need (OAN)

7.47 The following points emerge from this review of market signals as they impact on the objective assessment of housing need for Waltham Forest. Firstly, it is clear that house prices in Waltham Forest are high, and that relative to London as a whole they have risen more sharply than the average in recent years. The ratio of median earnings to median prices is extremely high. Nevertheless prices are still relatively low by London standards. Other indicators such as overcrowding and concealment also suggest high levels of demand and of pressure in the market, and in recent years the rate of development has also been below target, although this is expected to improve.

7.48 An extreme degree of market pressure is present across the whole of London, and the London Plan has addressed this issue through a London-wide approach which seeks to address London's need in aggregate in locations where there is the capacity to meet it, rather than in isolation. To some extent therefore high pressure of demand in some boroughs is

addressed by housing provision in others, not necessarily adjacent to the areas where this demand arises, as the location of development in London is constrained by the pattern of land availability and other opportunities for increasing supply. For that reason, we consider that there is no specific case for an uplift to OAN in response to market signals. But it is important that Waltham Forest continues to seek to maximise supply from all possible sources, following the approach set out in GLA's Supplementary Planning Guidance on housing.

7.49 A second conclusion from the review of market signals is that there is likely to be a significant need for *affordable* housing in the borough, evidenced in particular by the large numbers of concealed households who are unable to find affordable housing in the borough and by levels of overcrowding. This conclusion suggests that a significant proportion of new housing provision will be required to meet affordable housing needs. However, this issue will be examined in more detail and in accordance with the official guidance in **Chapter 8**.

Chapter 8

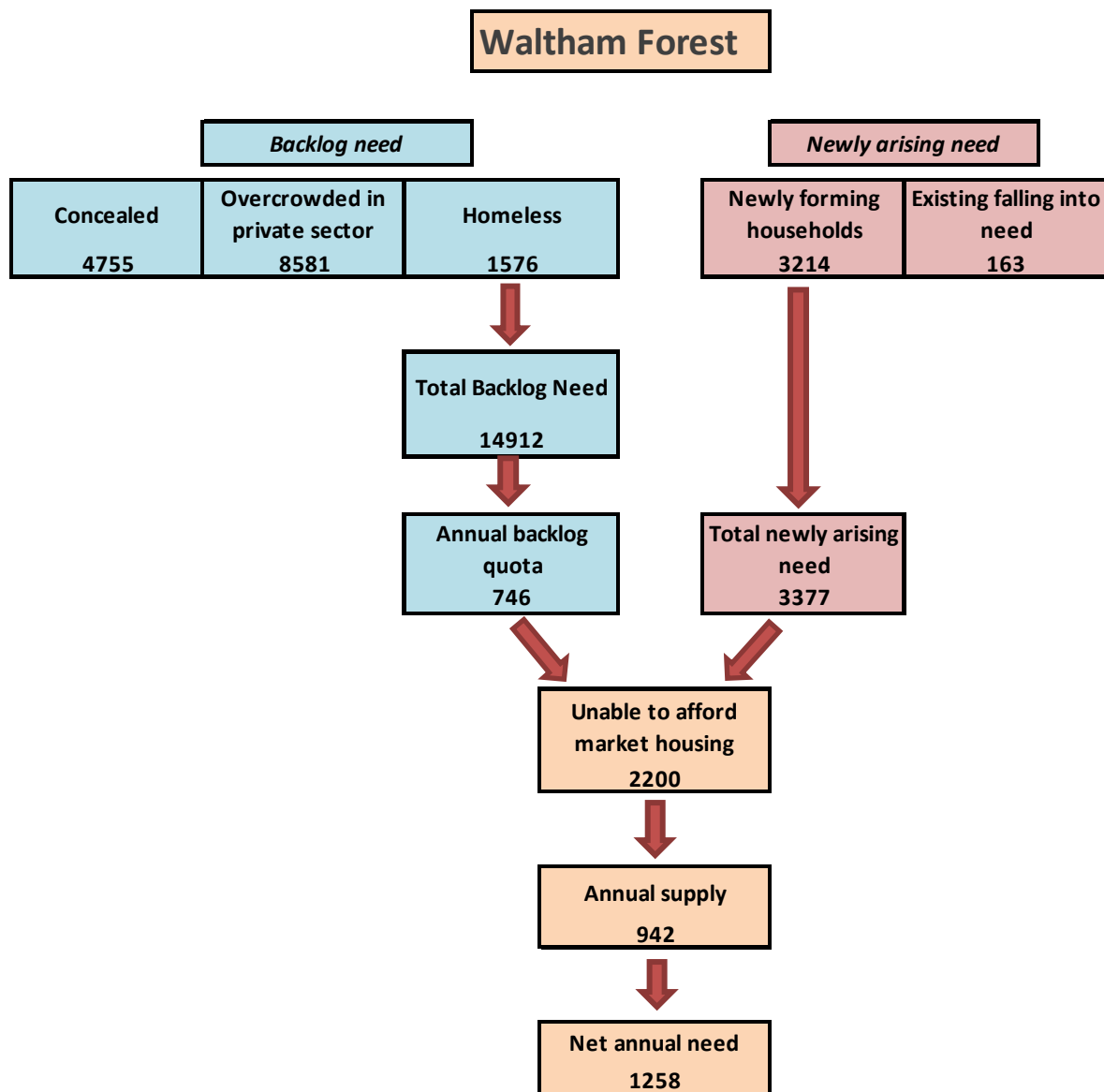
Affordable housing need

Key messages

- This chapter estimates the requirement for affordable dwellings in Waltham Forest, using a spreadsheet model based on official PPG.
- The need for affordable housing differs from the overall OAN. The OAN is an assessment of the amount of *additional* housing stock required to cater for future household growth. The affordable housing requirement estimates the total amount of *affordable* housing required, which could be met in a variety of ways in addition to building more homes (for example, by acquiring private stock for use as affordable housing).
- To assess gross need, and following Planning Practice Guidance, estimates were made of the number of households in need at 2016, representing the backlog of need. To this were added the numbers of newly forming households and the number of existing households falling into need. Each of these was expressed as an annual average figure.
- To be in conformity with the Greater London Plan, it was assumed that backlog housing need would be met over a twenty-year period. This indicated a potential annual need for housing of 4,122 before taking account of the ability of these households to afford market housing.
- To assess the number of these households unable to afford market housing, estimates were obtained on the distribution of household incomes in the borough, and on the incomes of the specific groups defined in Guidance as potentially in need. Household incomes were compared with the threshold entry cost for market housing to give an estimate of the number of households in need of affordable housing, broken down by bedroom requirements. The total number of households per annum who could not afford to pay the market entry threshold cost who therefore need affordable housing was 2,200. This estimate is based on a series of assumptions about the proportion of income which households should spend on housing costs set out later in this chapter. Other assumptions are also made about mortgage costs and deposits.
- Three other thresholds within the overall category of affordable housing were also identified, again broken down by bedroom requirement. The lowest cost threshold was based on current average rent levels in the social rented sector in Waltham Forest. 12,350 households could only afford social rented housing, including 875 who would require assistance through housing benefit to access social housing.
- In terms of demand, social rented housing is the largest sub-sector within affordable housing, emphasising the continuing importance of housing benefit to the lowest income households.

- The second, higher, threshold though still below market rent, was based on the London Affordable Rent. 134 households could afford social rent and the London Affordable Rent but not a higher rent level.
- The third and highest threshold within the affordable sector represents the estimated cost of intermediate tenure housing and covers the costs of a mortgage, rent payments and service charges associated with the purchase of an average amount of equity. 816 households could afford social rents, the London Affordable Rent and the cost of intermediate housing but not the lower quartile rent, suggesting a significant demand for this form of affordable housing. The demand for affordable housing is thus somewhat polarised between traditional social rent levels assisted by housing benefit and intermediate housing, rather than housing at higher but still sub-market rents.
- The annual supply of affordable housing units is estimated at 942 units, and deducting this from gross need provides **a net annual requirement for affordable housing of 1,258 units. This represents 69% of the overall OAN for the borough set out in Chapter 6.**
- The official guidance makes it clear that private rented housing is not affordable housing, but the private rented sector could play a part in meeting affordable need, supported by Local Housing Allowance, mainly perhaps on a short-term basis for any individual household.

Figure 8.0 Summary of affordable housing calculation process



8.1 This chapter concerns the requirement for affordable dwellings within the overall objective need for housing set out in **Chapter 6**. Official Planning Practice Guidance sets out a framework for calculating the need for affordable housing. This involves adding together the current backlog of unmet need for affordable housing and the projected future need for affordable housing, and subtracting the current supply of affordable housing stock. Cobweb Consulting has developed a spreadsheet-based model which follows the steps set out in official guidance to produce an assessment of affordable housing need. The spreadsheet is transparent and set up to facilitate changes in a range of basic input assumptions and the updating of input sources. Unless otherwise stated, this model is the source for all the figures and tables in this chapter.

8.2 The need for affordable housing differs from the overall Objective Need for Housing. The OAN is an assessment of the amount of additional housing stock required to cater for future household growth. It is a *net addition* to the dwelling stock of all tenures. The

affordable housing requirement estimates the total amount of affordable housing required to meet the needs of households which cannot afford to access market housing. It assesses the ability to afford housing across all newly-forming households, not simply the net addition to household numbers, adds in any current backlog, and offsets this against the supply of affordable housing in the current stock to produce an estimate of how much additional affordable housing is needed. The two estimates are not directly related, and the need for affordable housing could be met as effectively by the transfer of existing dwellings from the market (for example, through purchase by the local authority or an RP) to the affordable sector as by new build.

8.3 The model assumes that all households who cannot afford market housing require some form of affordable housing. The types of affordable housing provision available and the costs associated with these have evolved rapidly in recent years, so the model is set up to be independent of the exact type of provision. It requires as an input the monthly or annual cost of each type of affordable provision in order to estimate the number of households in need who can afford it, or who cannot afford higher costs.

8.4 The supply of private rented dwellings are not included within the model as there is no guarantee that this supply will be allocated to those in affordable need or indeed that it will continue within the supply, as this is subject to the decisions of individual private landlords. However, the potential contribution of this sector is important as a source of provision for those in affordable housing need, especially with the assistance of Local Housing Allowance and support through the benefits system, although this assistance is, of course, subject to reform at the present time. This is discussed further at a later stage in this chapter.

Household incomes and the ability to afford housing

8.5 The main requirement for estimates of affordable housing need is data on household incomes. Local data on household incomes is not readily available in the form required to produce estimates of the ability of households to afford different types of housing. London is fortunate to have local income data estimates prepared by the GLA⁷², although the latest data available at the time of writing was for 2012-13. Using national/regional survey data, the GLA approach identifies a range of household characteristics which correlate closely with household income level. Data on these variables at local level is then used to estimate mean and median incomes at a variety of spatial scales.

8.6 This data was converted in our model into an estimate of the distribution of incomes using data from the English Housing Survey (EHS). The English Housing Survey also includes banded data on household savings and data on housing equity. This data identified the relationship between mean and median incomes and income decile points by level of deprivation. The results were then applied to GLA data for Waltham Forest, weighted by the breakdown of deprivation in the borough at small area level before being re-aggregated to give borough totals in each income band. The same process using data from the EHS was

⁷² See <http://data.london.gov.uk/apps/gla-household-income-estimates/> for further details.

also used to estimate income distributions for each type of household in need (concealed households, overcrowded households, homeless households, newly forming households and existing households falling into need). Three years of EHS data on incomes aggregated together were used to examine income distributions. Estimated incomes from this process were compared to 2016-based income estimates for Waltham Forest obtained from the CACI Paycheck database. The two sets of estimates were generally similar, and so the estimates based on GLA data were used. Details of the preparation of the income estimates are in Annex 2.

8.7 Household incomes were translated in the model into an estimate of the housing costs which they could pay for – an income of £X per annum will enable a household to afford a mortgage of £Y, or monthly rental of £Z. Several assumptions, all changeable within the model to test alternatives, were required to produce these estimates, as follows:

- The *maximum* percentage of income to be spent on housing costs, whether mortgage payments, monthly rent, or a combination of these. In practice the model assumes this to be the *actual* percentage spent, in order to minimise the demand for affordable housing). The Council took the view that households on higher incomes could afford to spend more on housing costs than those on lower incomes, as the latter would have to spend a higher proportion of their income on other essential elements of expenditure such as the costs of food, so a graded set of assumptions were made, as follows. The maximum percentage of income to be spent on housing costs was set at 25% for households with an income of less than £16,465 (the lower quartile income); 30% for households with an income of £16,466-£33,080 (the median income); 35% for households with an income of £33,081-£59,201 (the upper quartile income); and 40% for households with an income above £59,201.
- The maximum percentage of house value represented by a mortgage loan. This was assumed to be 95%.
- The mortgage interest rate. This was assumed to be 5%.
- The mortgage repayment period. This was assumed to be 25 years.

8.8 The results of these assumptions for the ten decile points of the income distribution, the median, the lower and upper quartiles, and the top and bottom 5% of households are shown for reference below in **Table 8.1**, together with the maximum annual housing cost which they are deemed to be able to afford, the house purchasing power which this translates into and the monthly rent which each income level could sustain.

Table 8.1 Maximum price or monthly rent for a range of household incomes up to £150,000 pa

Point in distribution (percentile) ⁷³	Income level at that point	£ Maximum housing costs per annum	£ Maximum affordable house price	£ Maximum monthly rent including service charges
10	8261	2065	43477	172
20	13878	3469	73041	289
25 (lower quartile)	16465	4940	103990	412
30	19052	5716	120330	476
40	25840	7752	163202	646
50 (median)	33080	11578	243747	965
60	42965	15038	316586	1253
70	52952	18533	390175	1544
75 (upper quartile)	59201	20720	436216	1727
80	65449	22907	482257	1909
90	8261	2065	43477	172

Backlog need

8.9 The first stage in the calculation of affordable housing need estimates the currently unmet need for affordable housing, or backlog need, as distinct from need which will arise in the future. Official guidance (in the National Planning Practice Guidance) does not prescribe in detail which types of need should be included, but the following are generally included:

- concealed households – people living within other households who wish to form an independent household, or who are deemed to need independent accommodation, but who cannot afford to do so.
- households who occupy a dwelling, but where there is a size mismatch between the housing needed and the actual dwelling. Affordable need assessments focus on households who are deemed to be overcrowded if their need for space is assessed against a measure such as the Bedroom Standard.
- homeless households – these are generally considered to be in affordable need as by definition they cannot meet their need in the market.

8.10 Assessments may take into account other groups such as households containing people with social or physical impairment or other specific needs living in unsuitable dwellings which cannot be made suitable in-situ; households which lack basic facilities (e.g. a bathroom or kitchen) and those in dwellings subject to major disrepair; and households containing people with particular social needs (e.g. those escaping harassment) which cannot be resolved except through a move. Sources providing data at local authority level are not available for some of the above categories, and there may be overlap between them

⁷³ The 10th percentile is the income level below which 10% of households will be found, with 90% at or above this level; the 20th percentile is the income level below which 20% of households will be found, etc. The median is the point in the middle of the distribution with 50% of households above and 50% below this level.

- for example households that are both overcrowded and in housing that is too expensive for them. Housing waiting lists or registers are not recommended in guidance for use in assessing backlog need, because some households in need choose not to register, and because the criteria for registration vary.

8.11 In addition, some households in affordable need may already be occupying affordable housing which is not suitable for their needs. In this case, meeting their need in a different dwelling will at the same time release an affordable unit which will then be available to meet other needs, and it is important to take this into account by netting off these households from total backlog need. In order to provide an assessment of the size breakdown of affordable housing need, the assessment of backlog need must also be broken down by bedroom requirements.

Concealed households

8.12 Concealed households can include several different categories, including single people, couples, couples with children, and lone parents. The groups included can vary between data sources, as discussed in **Chapter 6**. The 2011 Census provides local-level data on concealed households, but does not break this group down by bedroom requirements, and in addition, will need updating, as suggested in official guidance. To do this, and to provide an estimate of bedroom requirements, concealed households were identified from regional data from the English Housing Survey⁷⁴ and used to update the 2011 Census estimates. To reflect the fact that some concealment by couples and by households with children is voluntary, a discount was applied to concealed household numbers. As 2011 Census data on concealed households excluded single people, an addition was made to include a small proportion of such households. Overall the backlog of concealed households was estimated to be 4,755 compared to a total from the 2011 Census of 3,019. Some concealed households are in social rented housing, but meeting their needs will not release social housing units, as they are part of other households which will continue to exist after the needs of the concealed households within them are met, so they are not in this case deducted from backlog need.

8.13 The bedroom requirement breakdown of concealed households was estimated from 2011 Census data on concealed households by type. 87% were assumed to require a one or two bedroomed unit and only 13% a larger unit. This breakdown is required for each type of backlog need because the model estimates ability to pay separately by bedroom requirements.

8.14 Data on the incomes of concealed households was derived from the English Housing Survey for London as a whole. Concealed households had lower incomes than average. The median income of a concealed household was about two-thirds of that for all households, and the lower quartile income was about 60% of that for all households.

⁷⁴ In this and in other cases where EHS data has been used, data from the survey for the years, 2011-12, 2012-13 and 2013-14 was aggregated to create a sufficiently robust sample. These were the three most recent years available at the time of writing.

Overcrowding

8.15 Evidence on overcrowding was presented in **Chapter 4**. In 2011 there were 14,903 overcrowded households in Waltham Forest. Of these, 4,262 were living in the social rented sector and have been deducted from gross backlog need, leaving 10,641 overcrowded households. Evidence from the English Housing Survey demonstrates an overlap between overcrowded and concealed households – if concealed households were to be provided with their own home then many of the remaining households would no longer be overcrowded. EHS suggests a reduction of 19% is appropriate across the whole of London and this proportion has been applied, leading to a revised number of overcrowded households of 8,581.

8.16 The bedroom requirement of these households was estimated from EHS regional data for London. 23% required a two-bedroomed unit, 38% a three bedroomed unit and 39% a unit with four or more bedrooms.

8.17 The income distribution of overcrowded households was estimated at the London level from EHS data, and as with concealed households, the ratio of their incomes to the incomes of all households was estimated for each decile point in the income distribution. Able to afford market housing and each type of affordable housing were determined on the basis of regional EHS estimates of the incomes of this group. For those requiring a two bedroomed unit, median income was only just over half the average for all households, but for those requiring four or more bedroomed the median was almost the same as the average. As these households are typically larger than average this would tend to erode any advantage in the market that this might give them.

Homeless households

8.18 Local authority administrative data on homelessness shows a backlog of 1,576 households in some form of temporary accommodation in September 2016.

8.19 The bedroom requirement of homeless households was estimated from the analysis of data on homeless people from local authority housing registers in a sample of five London Boroughs. 9% were assumed to require one bedroom and 52% two bedrooms. 29% required three bedrooms and 10% four bedrooms or more.

8.20 The incomes of homeless households were obtained from CORE data on households rehoused as a result of homelessness, averaged over the four years 2010-14. Not surprisingly the median income of homeless households was only 28% of the median for all households.

Other backlog needs

8.21 There are no secondary data sources providing a clear picture of other categories of potential backlog need at the local or sub-regional level. English Housing Survey data can be used to identify households in various categories including sharers, people accommodated in homes lacking basic facilities, non-homeless households in non-self-contained

accommodation, and households suffering from harassment. As there is no way of apportioning these households within regions, these households have been excluded from the estimate of the current unmet gross need for affordable housing. The figures shown in **Table 8.2** should, therefore, consider to be the minimum estimate of backlog need in the borough.

Total backlog need

8.22 Adding the backlog of concealed, overcrowded and homeless households together produces a gross backlog need for affordable housing of 14,912, after the deduction of all those in need currently living in social rented housing, and a reduction of 19% in the number of overcrowded households to allow for some overlap with concealed households.

8.23 Ideally, backlog need would be met as quickly as possible, but official guidance recognises that it must be dealt with over a period of several years. The appropriate period is not specified, but in a context of high demand such as that in Waltham Forest, an extended period is likely to be necessary. The London Plan assumed that backlog need would be met over a period of twenty years so a similar period has been assumed in the model. On this assumption, the backlog of affordable need is 746 dwellings each year from 2016-2035.

8.24 **Table 8.2** shows the breakdown of backlog need by bedroom requirement, assuming that the need in each size category is met at the same rate.

Table 8.2 Backlog need in households per annum by bedroom requirement

Backlog need per annum	No. of beds	Number	Percent
	1 bed	118	16%
	2 bed	237	32%
	3 bed	217	29%
	4+ bed	174	23%
	Total	746	100%

Newly arising need

8.25 The second component of affordable housing need is identified in the PPG as newly arising need. This will be generated in the future by newly forming households unable to afford access to market housing, and by some existing households whose needs change. The first element of need arising from newly forming households is estimated from the household projections examined in **Chapter 6**. However, unlike the estimate of OAN, which is based on *net* new household formation, the estimate of affordable housing need must be derived from the *gross* new household formation (that is all new household formation without the deduction of households which dissolve). Affordable housing released by households which dissolve is taken into account later in the calculation as part of the affordable housing supply. Household projections do not provide the required data directly, but the model uses an approach to estimating gross new household formation from published data on future household numbers set out in previous official guidance. The estimated number of newly forming households in Waltham Forest over the period 2014-

2039 is 80,357 or 3,214 per annum.

8.26 This projection is broken down by household type, which provides a basis for the estimation of the dwelling size requirement breakdown. **Table 8.3** shows newly arising need per annum broken down by bedroom requirement. As might be expected, the majority of need from newly arising households is for smaller units, 62% requiring one or two bedroomed units compared to 48% for those in backlog need.

8.27 The income distribution of newly forming households was estimated from English Housing Survey data for London averaged over the period 2011-14. The incomes of this group were generally close to or slightly above the average for households as a whole, with those requiring three bedrooms having the highest incomes.

Table 8.3 Newly arising need per annum in households by bedroom requirement

Newly arising need per annum	No. of beds	Number	Percent
	1 bed	987	31%
	2 bed	1008	31%
	3 bed	901	28%
	4+ bed	174	10%
	Total	3214	100%

Existing households falling into need

8.28 In the future, as well as newly forming households, some households currently in existence may fall into need as a result of a change in circumstances. This is the most difficult category of need to estimate and official guidance does not specify an approach to use. The approach adopted in the model is based on CORE data on lettings in the social rented sector. It identifies new lettings to existing households falling into need as a result of a change in circumstances such as eviction, inability to afford mortgage payments or rent. To smooth out annual fluctuations in need, the number of households affected has been derived from an average of three years CORE data. To allow for the possibility that local authorities and their partners cannot house all those experiencing such problems in any one year, numbers in need have been increased by 25%. The model estimates that 163 existing households will fall into need annually.

8.29 This excludes all households falling into need who were previously living in the social rented sector, as meeting their needs would release the dwelling which they were previously occupying. Existing households falling into need are more likely to resemble those in backlog need than newly forming households, so their bedroom requirement split has been assumed to be similar to that for all households in backlog need (**Table 8.4**).

Table 8.4 Existing households falling into need per annum by bedroom requirement

Existing households falling into need per annum	No. of beds	Number	Percent
	1 bed	26	16
	2 bed	52	32
	3 bed	47	29
	4+ bed	38	33
	Total	163	100

8.30 The model assumes that the income profile of existing households falling into need matches that of overcrowded households who make up the majority of backlog, except in the case of households requiring one bedroom, where incomes are assumed to be the same as those of concealed households.

8.31 The total annual level of need arising from backlog need, newly arising need and existing households falling into need, is 4,122. This is subdivided by bedroom requirement as follows:

- One bedroom required: 1,131
- Two bedrooms required: 1,296
- Three bedrooms required: 1,165
- Four or more bedrooms required: 530

Estimating the proportion of households unable to afford market housing

8.32 The next step is to estimate the proportion of these households who will be unable to afford to buy or rent a market dwelling. Following official guidance, market entry price/rent levels were determined from an analysis of sale prices and rents for housing of different sizes. The thresholds used for access to the market were the lower quartile cost of buying on the open market or of renting, whichever was the cheaper, with mortgage costs converted to monthly costs on the basis of the assumptions relating to deposit and interest rates set out above. The lower quartile thresholds derived from market prices and rents in Waltham Forest are shown in **Table 8.5**, broken down by bedroom requirement. At each bedroom size, the lower quartile rent threshold is cheaper than the cost of buying at the lower quartile price and it is this threshold which determines affordability. As a result, households at the margin of those deemed able to afford market housing will only be able to rent rather than to buy. **Table 8.5** also shows three cost levels for affordable housing. These are:

- Current average rents in the social rented sector, derived from published national data on both local authority and RP lettings;
- London Affordable Rents as recently published by the Greater London Authority as targets for rents in schemes funded under the GLA Affordable homes programme in 2016-17. These are broadly similar to the established concept of Affordable Rents.⁷⁵

⁷⁵ *Homes for Londoners: Affordable Homes Programme 2016-21: Funding guidance*, Greater London Authority, November 2016

- Current average costs for new and second-hand intermediate housing schemes, mainly shared ownership, derived from the CORE system for recording sales/lettings. These are broadly similar to the new concept of London Living Rents put forward by GLA.

Table 8.5 Waltham Forest: market and affordable threshold prices/rents

	Market solutions		Affordable housing solutions		
Bedrooms	Buying: lower quartile threshold price (£)	Renting in the market: lower quartile threshold rent (£ per month)	Buying/renting an intermediate tenure house (£ per month)	Renting at London Affordable Rent levels (£ per month)	Renting at current average social rents (£ per month)
1 bed	211,500	900	672	656	443
2 bed	235,000	1150	767	695	505
3 bed	370,000	1400	879	734	579
4+ bed	614,200	1775	1031	786	679

Source: HM Land Registry, VOA, and model estimates of price/rent differentials by dwelling size.

8.33 **Table 8.6** shows the number and percentage of households in need who are able/unable to afford market housing at the thresholds shown in **Table 8.5**. Fifty-three percent of households in need cannot afford to access market housing at the thresholds shown in **Table 8.6**. This means that 2,200 units of affordable housing are required annually to meet the need, before taking account of the annual supply through relets.

Table 8.6 Ability to afford market threshold housing cost

		1 bed	2 bed	3 bed	4+ bed	Total
	Threshold (£)	10,800	13,800	16,800	21,300	
Number	Total need	1,131	1,296	1,165	530	4,122
	Can afford	750	475	591	106	1,922
	Can't afford	380	821	574	424	2,200
Percentage	Can afford	66%	37%	51%	20%	47%
	Can't afford	34%	63%	49%	80%	53%

8.34 **Tables 8.7-8.9** show the results of applying the three affordable housing thresholds set out in **Table 8.5**. The lowest threshold is based on published average rents for social rented sector lettings in Waltham Forest in the year 2015-16. **Table 8.7** shows the annual cost of these rents and the number and percentage of households unable to afford a rent above these thresholds these costs for each bedroom category. 875 households can only afford housing costs at, or below, the social housing rent thresholds. This will include some households which can only afford social rented housing with the assistance of housing benefit.

Table 8.7 Ability to afford estimated actual social rented housing costs

		1 bed	2 bed	3 bed	4+ bed	Total
	Estimated rent pcm	443	505	579	679	
	Threshold (£)	5313	6062	6948	8152	
Number	Total need	1131	1296	1165	530	4122
	Can only afford rent at or below social housing threshold	287	387	126	75	875
	Can afford higher rent	844	909	1040	455	3247
Percentage	Can only afford rent at or below social housing threshold	25%	30%	11%	14%	21%
	Can afford higher rent	75%	70%	89%	86%	79%

8.35 In November 2016 London Affordable Rents were published by the Greater London Authority for guidance in setting rent levels for new affordable housing schemes supported by the Authority. **Table 8.8** shows that 1,250 households can only afford a rent at or below the London Affordable rent thresholds. 375 of these households (1,250 minus 850) can afford a rent above the social rent threshold and up to, but not above, the London Affordable Rent threshold. The breakdown by number of bedrooms is also shown in **Table 8.8**.

Table 8.8 Ability to afford London Affordable Rent housing costs

		1 bed	2 bed	3 bed	4+ bed	Total
	London Affordable Rent pcm	656	695	734	786	
	Threshold (£)	7877	8339	8803	9429	
Number	Total need	1131	1296	1165	530	4122
	Can only afford rent at or below London Affordable Rent threshold	365	572	151	162	1250
	Can afford higher rent	765	724	1015	368	2873
Percentage	Can only afford rent at or below London Affordable Rent threshold	32%	44%	13%	31%	30%
	Can afford higher rent	68%	56%	87%	69%	70%

8.36 The costs of intermediate housing solutions involving a combination of renting and owning are difficult to identify as they vary widely from scheme to scheme. The view of the housing association stakeholders interviewed was that Shared Ownership is a strong market with substantial waiting lists. But entry costs are rising, and there is therefore downward pressure on the initial share purchased. This downward pressure has been exacerbated by Help to Buy which (because of its loan arrangements) makes Shared Ownership at higher share levels uncompetitive. Parental contributions were thought to be essential for helping out first time shared ownership buyers, especially as entry costs into outright market ownership have been rising even faster. Shared Ownership entrants tend to be higher earning buyers than was the case in the past.

8.37 Assumed proportions of the market entry thresholds have been used to determine entry thresholds for intermediate housing, which have been determined by an examination of intermediate housing prices and affordable rents across the Borough drawing on CORE data. **Table 8.9** shows that 1,384 households, 34% of all households, are only able to afford a rent at or below this threshold. 134 of these (1,384 minus 1,250) can afford a rent above the London Affordable Rent threshold and up to, but not above, the intermediate housing cost threshold. This means that 816 households (2,200 minus 1,384) can afford a rent or housing costs above the intermediate housing cost threshold, but below the level required to access market housing. This is 37% of affordable need and suggests that there is a

significant demand for this type of affordable housing in the borough. **Table 8.10** summarises these results.

Table 8.9 Ability to afford estimated cost of intermediate housing

		1 bed	2 bed	3 bed	4+ bed	Total
	Estimated monthly cost (mortgage, rent and service charge combined)	672	767	879	1031	
	Annual cost (£)	8066	9202	10548	12375	
Number	Total need	1,131	1,296	1,165	530	4,122
	Can only afford rent/cost at or below intermediate housing threshold	365	599	181	240	1,384
	Can afford higher rent	765	698	985	290	2,738
Percentage	Can only afford rent/cost at or below intermediate housing threshold	32%	46%	15%	45%	34%
	Can afford higher rent	68%	54%	85%	55%	66%

Table 8.10 Summary of affordable housing need and ability to afford market and affordable housing cost thresholds

		1 bed	2 bed	3 bed	4+ bed	Total
Annual backlog		118	237	217	174	746
Newly arising		987	1,008	901	318	3,214
Existing falling into		26	52	47	38	163
Total		1,131	1,296	1,165	530	4,122
Can afford market housing		750	475	591	106	1,922
Cannot afford market housing		380	821	574	424	2,200
of which	Can afford intermediate housing	15	223	394	184	816
	Can afford London Affordable Rent Levels	0	26	30	78	134
	Can only afford social rent	78	185	25	87	375
	Cannot afford social rent without assistance	287	387	126	75	875

Note that the number of households in each category (for example the category 'Can afford London Affordable Rent Levels' includes some whose capacity to pay for housing falls close to the thresholds (as well as others whose capacity falls closer to the centre of the range for that band). There is likely to be some flexibility over the appropriate solution for households falling close to the thresholds.

Affordable supply

8.38 The next stage in the calculation of affordable housing need requires an estimate of the total affordable stock available. As with backlog need, there may be some backlog supply. This would include sources such as affordable dwellings available in 2016 as a result of the completion of programmes of improvement, and dwellings released as a result of improvements to current vacancy rates in affordable housing. As there is no evidence of

additional supply from these sources, backlog supply has been assumed to be zero.

8.39 Committed affordable housing stock (for example homes under construction) is not included in backlog supply, though it should be taken into account in looking forward at the ways in which affordable need will be met in the future.

8.40 The main component of supply is annual relets from the existing stock. This has been calculated in line with official guidance on the basis of past trends - an average of the past three years supply. In order to ensure that the estimate reflects the longer term supply of stock, first time lettings of new dwellings are excluded. The estimate is also limited to re-lets to new tenants and excludes transfer lettings.

8.41 For the most part, this supply consists of general needs lettings. However, the model assumes that 100% of longer-term supported housing lettings should also be included due to the fact that these units are generally let to households in affordable need. CORE is the data source used for these estimates. New affordable housing in the pipeline is also excluded from this element of supply, as it is a one-off element of supply rather than part of the continuing flow provided by relets. If a major quantum of new affordable supply is anticipated (such as that to be provided through a partnership agreement with an RP), the impact of this on future relets would need to be factored into the annual supply.

8.42 A further component of future housing supply is intermediate affordable housing. The model includes an estimate of the number of homes that come up for re-let or re-sale. It is based on an average of data from the last three years available (2012-15).

8.43 Any of these elements of affordable housing could experience an increase or reduction as a result of new additions to the stock or through demolition, disposal or sale of social rented homes, or the disposal of intermediate tenure homes currently occupied by households in need of affordable housing. If they were of a significant scale, such changes would impact on long-term relet rates and should be taken into account in future updates of the model. For example, a substantial increase in the sale of social rented housing through right to buy would have a longer term (though complex) downwards impact on relet supply. In addition, such changes need to be taken into account in looking at the future supply of affordable accommodation to meet the backlog and the newly arising need, by assessing their profile over time and any changes and adding them to or subtracting them from the outstanding need at the appropriate point when they impact on supply.

8.44 **Table 8.11** summarises the estimated future annual supply of affordable homes by type. Social rented sector relets form the largest source of supply.

Table 8.11 Future annual supply of affordable homes

	Annual supply	
Social sector re-lets	1 Bed	386
	2 Beds	85
	3 Beds	203
	4+ Beds	104
	Total	777
Affordable Rent relets	1 Bed	26
	2 Beds	79
	3 Beds	17
	4+ Beds	3
	Total	125
Intermediate sector re-sales	1 Bed	16
	2 Beds	19
	3 Beds	4
	4+ Beds	1
	Total	40
All affordable sectors	1 Bed	428
	2 Beds	184
	3 Beds	223
	4+ Beds	108
	Total	942

Sources: CORE average of annual figures for 2011-12, 2012-13 and 2013-14, Local administrative data.

Finalising the calculation

8.45 The final stage is to subtract affordable housing supply from affordable need. This results in an estimate of the net annual need for affordable housing in Waltham Forest of 1,258. **Table 8.12** shows this total and provides a breakdown of need by type. This assumes that intermediate sector resales are suitable supply to meet the needs of households assessed as being able to afford intermediate housing costs, and that Affordable Rent relets are suitable to meet the needs of those assessed as being able to afford London Affordable Rent levels. The remaining households unable to afford market housing are assumed to require social rented housing at current rent levels, with or without financial assistance. The estimate of demand by bedroom requirement should be treated with caution. The supply of supported housing lettings includes a large proportion of one bedroomed units. These will largely be let to those in affordable need but may not necessarily be, and if this were the case, would lead to an underestimate of the overall demand for one bedroomed units.

Table 8.12 Future annual need for affordable homes

		Annual need	Annual supply	Surplus (+) or shortfall (-)
Requiring social rented housing	1 Bed	365	315	-20
	2 Beds	572	83	487
	3 Beds	151	130	-52
	4+ Beds	75	55	58
	Total	1163	583	472
London Affordable Rent relets	1 Bed	0	26	-26
	2 Beds	0	79	-53
	3 Beds	0	17	13
	4+ Beds	150	3	75
	Total	150	125	10
Intermediate sector re-sales	1 Bed	0	16	-1
	2 Beds	127	19	203
	3 Beds	413	4	390
	4+ Beds	172	1	183
	Total	712	40	776
All affordable sectors	1 Bed	365	357	-48
	2 Beds	699	182	637
	3 Beds	564	151	351
	4+ Beds	398	59	317
	Total	2026	748	1258

Required type and size of affordable housing

8.46 Around 38% of the *net* future annual affordable housing need is for housing at social rented sector rent levels, with about 1% of demand for housing at London Affordable Rent levels, and 61% for intermediate tenures. These proportions provide a basis for the target mix of new affordable housing supply going forward. They should not be applied rigidly however, as some households have incomes close to the costs thresholds for each type of affordable provision, and others may wish to spend more or less of their income on housing costs than we have assumed.

8.47 In terms of the requirement for units of different sizes, the largest annual shortfall is for two-bedroomed dwellings, with the smallest net demand being for one-bedroomed units (though this does not apply to accessible and / or adapted housing, where one-beds are most lacking). These proportions vary and in the Affordable Rent segment, there is an apparent surplus of smaller units.

Assumptions

8.48 The outputs of the model are sensitive to a number of assumptions over inputs and parameters. For these factors, it is not a case of a right or wrong approach but rather of a choice following the weighing up of the pros and cons of alternatives. These include the

following factors:

- Percentage of gross household income devoted to housing costs: the proportions used vary by income as set out earlier in this chapter, but different factors may be appropriate. The higher the percentage, the lower the level of affordable need, although the reduction is not pro rata.
- Whether or not an adjustment should be made to annual supply, in anticipation of a change in the overall number and composition of lettings due to impending national policy changes.
- The period over which backlog need should be eliminated (currently set at twenty years)
- Whether or not to include all longer-term supported housing as well as general needs housing in the annual supply, and if so, what proportion to include (this is currently set at 100%).
- The price thresholds utilised, both the market entry price threshold, which determines the overall level of affordable need, and the thresholds for different types of affordable housing.

The role of the private rented sector in meeting affordable need

8.49 Official guidance stresses that the assessment of net affordable housing need should be derived by comparing affordable need with affordable housing supply. The private rented sector is not currently formally counted a part of the affordable housing supply for SHMA purposes. However, it can play a part in meeting affordable housing need in some circumstances, supported by the availability of benefits based on Local Housing Allowance assistance with rents.

8.50 **Table 8.13** assesses the potential impact of the private rented sector on housing need in Waltham Forest. In mid-2016 there were 7,619 benefit claimants in the private rented sector in the borough. This represents 25% of private rented tenants, assuming growth of 20% in the sector since 2011, the latest date for which data on the number of households living in the sector is available. To assess the possible scale of the contribution which PRS might be making to meet the affordable need, an estimate is required of the annual inflow of new claimants. EHS regional data indicates that 9% of PRS tenants in London (averaged over the three-year period from 2010-13) were new entrants to the sector in the previous twelve months. Applied to the estimated numbers within the sector in 2015, this suggests that 2,711 households per annum enter the private rented sector from other tenures or as newly-forming households. Assuming that these have the same profile as tenants in the sector as a whole, this suggests that 686 new claimants per year enter the private rented sector. This represents 54% of net annual affordable housing need.

Table 8.13 Estimated impact of the private rented sector on housing need

	PRS HB claimants May 2015	Private renting 2011 (excluding rent free)	Private renting 2015 (estimated)	Claimant rate (claimant s/units 2015)	Turnover (estimated % of PRS tenants entering sector in last year)	Number of new entrants	Estimated number of new HB claimants per annum
Waltham Forest	7,619	25,102	30,122	25%	9%	2,711	686

Sources: DWP statexplore, Census 2011, English Housing Survey 2010-13

8.51 At least at the date of writing this SHMA, official guidance makes it clear that private rented housing is not affordable housing, and it is important to note that the private rented sector provides less security of tenure than the affordable sector (and indeed bears responsibility for a measure of homelessness applications, when ASTs are not renewed). Local authority staff in Waltham Forest working on housing need also stressed strongly that the actual rather than potential role of the sector is very limited because lower priced private rented accommodation tends to be of poor quality. Standards of housing and of management are often lower than for affordable housing, Local Housing Allowance may not meet the full costs of rent, and many households with particular needs (for example for adaptations) may not find privately rented accommodation suitable. There are significant problems with illegal lettings, unlawfully subdivided properties, and the use of outbuildings and beds as accommodation. Furthermore, even at the bottom of the market, dwellings tend to be more expensive than social rented homes. Moreover, changes to the benefits regime, barring younger people from claiming Housing Benefit (or the housing element of Universal Credit), will further reduce the capacity of the PRS to meet affordable housing needs.

8.52 The February 2017 Housing White Paper, with its suggestions of re-defining affordable housing to include some element of Build to Rent Housing, may result in an element of the PRS moving more formally into the affordable housing supply side. But given that it appears only to refer to new-build Build to Rent, and not to the more established Buy to Let or 'cottage' PRS sectors, the effects of this would be medium term rather than immediate.

Conclusion

8.53 This chapter has presented the results of a model which assesses the requirement for affordable housing in the HMA and in its component local authorities, independently calculated using a methodology based on and consistent with official Planning Practice Guidance. The overall net annual need for affordable housing is estimated to be 1,258 units per annum. The estimate reflects the distribution of incomes and price/rents at the base year which is assumed to remain broadly unchanged in the future. The estimates could, therefore, be affected by changes in the relationship between incomes and prices/rents in the future. One example would be recent and planned changes to housing benefits for

lower income households. Income from housing benefit is included in the income estimates used in the model, but if benefits are reduced, this would affect the incomes of (mainly) lower income households and reduce their ability to afford housing costs. Similarly, if house prices rise or fall relative to incomes generally (for example as a result of the impact of Brexit) this would also affect affordability. It will be important to monitor the impact of such factors carefully as they unfold.

8.54 Waltham Forest will need to formulate a policy for affordable housing in response to this and other sources of evidence. PPG contains the following instruction.

8.55 'The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.'⁷⁶

⁷⁶ *Housing and economic development needs assessments*, CLG March 2014, Para 029 Reference ID: 2a-030-20140306

Chapter 9

The housing requirements of specific groups

Key points

Older people

- Older people in Waltham Forest have a wide variety of socio-economic characteristics, and form diverse groups with different needs and requirements. Understanding the detailed housing requirements of each group would require additional specialist work beyond the scope of this SHMA.
- By 2039 the number of those aged over 65 is projected to be 51,000. The proportion of those aged 65 or over in Waltham Forest is expected to increase by 84% since 2014
- There is projected to be a 4,000 increase in those over 85 in the borough by 2037, at a rate mid-range among neighbouring boroughs.
- 50% of single older people and 73% of older couples own their own homes outright, implying there is considerable equity available to meet housing needs. However, 44% single older people and 21% of older couples are in the social or private rented sectors and will not have these assets.
- Some older people tend to under-occupy housing, implying that if they downsize this would free up more family-sized accommodation in all sectors.
- Across Waltham Forest, there is a need for additional Extra Care accommodation, especially private sector provision. There is also a shortage of private sector rented sheltered accommodation to the amount of 90 units per annum, between 2015 and 2025.

Households with disabled members including wheelchair users

- A steady increase in the number of households with disabled members is forecast between now and 2030, particularly of those aged 65 plus.
- 450 households have unmet wheelchair accessible accommodation requirements and require it across all tenures. Others will have accessible housing needs that may not require full-wheelchair accessible standards.
- There is a mismatch between the numbers needing social/affordable wheelchair accessible stock, and the allocations to that stock.
- There are a number of reasons for this including the need to minimise void periods and mismatches between locational preferences and the available stock.

Students

- There are over 22,000 students resident in Waltham Forest during term time, including older school students.
- At the moment there is no purpose built student accommodation in the borough, though this will change next year when 527 units will come into use, with the possibility

of a further 400 units in 2020-2021. Some will be accessible to students with mobility impairments.

- At least 38% live in private rented accommodation 4% of students live in halls of residence or similar, and around a third are reliant on the private rented sector. 55% live with their parents though this number includes older school pupils and college students.
- There is a rough balance between numbers studying in the Waltham Forest and students living in the borough; given the relatively low rents and the good connections into central London, it would not be surprising if Waltham Forest became more of a student hub in the future. There is strong developer interest in this market.

Families

- The proportion of younger people in Waltham Forest is forecast to decline over the next twenty years, and hence the proportion of families with younger children will decline proportionately. However, there will still be an absolute growth in the number of working age households, by over 20%.
- 30% of lone parent families and 'other' households with children are in the private rented sector; 39% of all households with children live in the PRS. This must be of concern, in terms of pressure on rehousing and homelessness service if landlords move their market towards young professionals and away from lower-paid, benefit dependent households.
- 43% of families comprise couples with dependent children, and 22% comprise lone parents; nearly 25% of family households have only non-dependent children (i.e. grown up offspring) living at home.
- Lone parent families are more reliant on social housing than other groups (46% live in the sector).
- Other households with children are concentrated in the owner-occupied sector, especially the households with only non-dependent adult offspring remaining in the parental home (67% are owner-occupiers).
- 67% of owner-occupier families under-occupy by at least one bedroom. In the social rented sector, similar proportions have surplus bedrooms and are overcrowded (27% v 20%) implying at least a theoretical possibility of rationalisation.
- There is no obvious correlation between the presence of popular schools and higher house price areas.

Private rented sector (PRS)

- The PRS has doubled in size in Waltham Forest between the last two Censuses and is now likely to be providing homes for 29% of households.
- Residents are primarily young, and relatively high proportions – 39% - have dependent children (higher than most neighbouring authorities and the London average).
- 42% PRS residents come from ethnicities other than White British.
- Residents tend to be mainly employed but in the lower strata of occupation type and industry (and therefore likely to be on low wages).
- The number of PRS tenancies let to those claiming Housing Benefit is reducing; if it is

becoming less of an option for those on lower incomes, this must be of concern to the authority, particularly given the high proportion of households with dependent children that rely upon it.

- Interviews with landlords and lettings agents show that the environment for their continuing to rent to lower income, benefit-claiming tenants is worsening and that they are more likely to focus on higher-income professionals. 'Build to Rent' is likely to exacerbate this.
- If the PRS is to continue to play a role in addressing homelessness and housing need, the authority will need to maintain strong relationships with the landlords it currently works with, and be prepared to reinforce the incentives scheme.

People wishing to build their own homes

- Of the 231 entries on the register of those who have expressed an interest in acquiring land to bring forward self-and custom-build projects, only 25 individuals live in Waltham Forest.
- In view of this, the authority may well want to consider taking up the option of running a two-part register and setting local connection criteria that allow resources to be focussed on those that do have a local connection.
- Beyond this, the authority should examine the demographics of those on the local connection register to assess what degree of housing need is evidenced.

Black and Minority Ethnic (BAME) people

- Fundamentally, all households regardless of ethnic origin require decent housing. However, there are some socio-economic factors relating to particular groups that affect their ability to access this housing and their needs.
- As of 2016, half of Waltham Forest's population is from BAME groups and half from White groups (including non-UK White groups). The proportion of the BAME population is forecast to reach 52% by 2026.
- The Other White group (predominantly Europeans) is forecast to increase significantly, while the White British and Irish groups are forecast to reduce in number and proportion over the period, and beyond.
- Although currently, BAME households tend to be younger than their UK White counterparts, there the rate of growth of BAME Other White elderly households is much faster than UK White households leading to increasing demand for care and specialist housing services.
- Approaching 60% or more BAME households are owner-occupiers, a higher proportion than UK White households. Future housing options involving the use of equity are therefore a possibility for these. Black households are the group with the greatest proportion in the PRS, whereas 30% Asian households are in the social rented sector; overcrowding is more common among Asian and Black households.
- Asian and Other White households have substantial proportions living in household units with multiple adults and children.
- Other White households are the most economically active among all ethnic groups

(including a substantial self-employed grouping), and Asian and Other households are the least (with significant proportions of students and those at home looking after the family).

- There is a very diverse industrial profile across all groups; around 20% of Asian and Black workers are in professional occupations, implying significant potential spending power. Other White groups are over-represented in the elementary and skilled trade occupations, though they have the highest proportion of individuals with degree level qualifications.

Introduction

9.1 This chapter discusses the housing requirements of some specific groups: older households, households with disabled members (including wheelchair users), students, private renters, families, those wishing to build their own homes and Black and Minority Ethnic communities. National Planning Practice Guidance (para 021) specifically refers to a number of these groups.

Older households

Context

9.2 In common with most London authorities, Waltham Forest's older population is not a homogenous group but forms a complex pattern of sub-groups with different characteristics, needs and demands. The authority's document on commissioning themes⁷⁷ uses Mosaic data to identify five specific groups:

- Inner City Stalwarts (3,302 households) – aging social renters with high levels of need in centrally located developments of small units
- Ageing Access (2,249 households) – older residents owning small inner suburban properties with good access to amenities
- Community Elders (9,012 households) – established older households owning city homes in diverse neighbourhoods
- Legacy Elders (1,733 households) – elderly now mostly living alone in comfortable suburban homes on final salary pensions
- Aided Elderly (676 households) – Supported elders in specialised accommodation including retirement homes and complexes of small homes

9.3 There are particular issues related to ethnic diversity, access to shopping and service hubs, and increasing rates of dementia among over 65s among the different groups. These demand a response in terms of future housing development and regeneration, focussing on well-designed and accessible housing developments (of different tenures and price points) attractive to the widely diverse groups of older people.

⁷⁷ Older Persons Housing, Support and Care – Commissioning themes (undated – 2016?)

9.4 The authority holds data on the localities within the borough of concentrations of these groups. It is important that this is used to support future development plans, of not only different forms and tenures of housing, but also of care, health, support, retail, community and transport services

9.5 This SHMA is primarily concerned with demographic and population change over time, its impact on housing requirements, and in particular with requirements for affordable housing. It does not and cannot claim to be a definitive older person's strategic housing market assessment, nor an assessment of different needs at the neighbourhood level. It can be used as part of the evidence base to support development along the lines suggested in the existing Older Persons Housing Strategy and commissioning documentation.

Waltham Forest Older Person's Housing Strategy, 2015-2020

9.6 The authority's current approach to older person's housing requirements is contained in the strategy, which has four key objectives:

- The availability of a range of options to enable older people to live independently for longer
- Older people should be supported to live in their homes independently where possible
- Clear and up to date advice and information of housing options should be made available
- Housing policies for older people should support other policies such as improving health and well-being, promoting community cohesion, and reducing social isolation⁷⁸

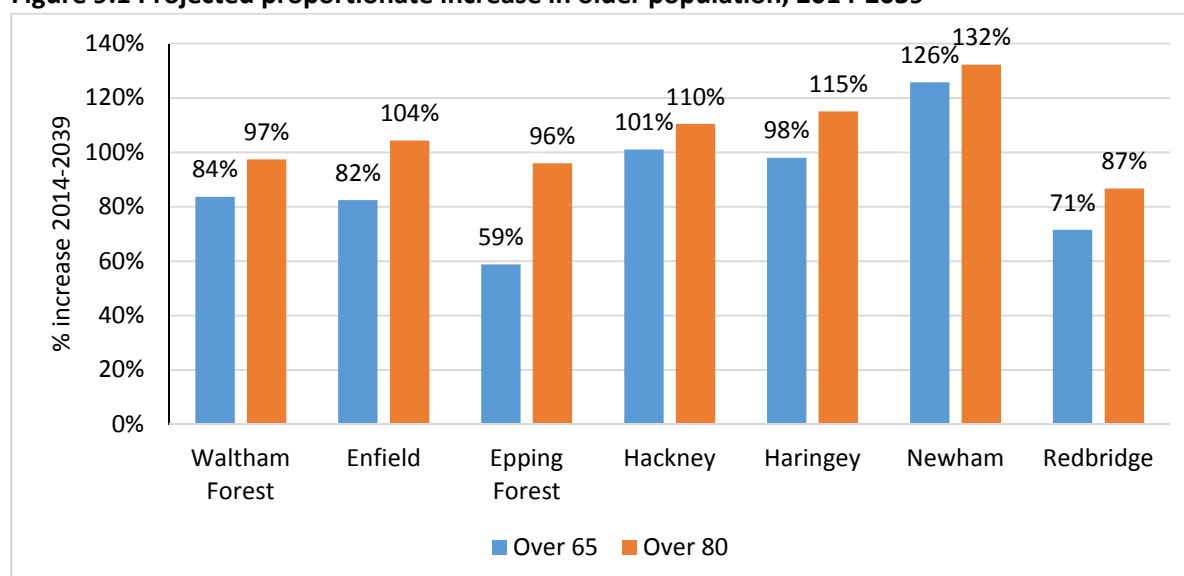
This SHMA is primarily concerned with the first objective, and in assessing the demand for and supply of different housing options

Population of older persons

9.7 As noted in Chapter 6, the number of people in Waltham Forest aged 74 to 85 is projected to increase by between 6,000 to 7,000 between 2015 and 2039, and those aged over 85 by over 4,000. This is accompanied by proportionate reductions among children aged 14 or under by three percentage points, and of young adults aged 15 to 34, by four percentage points. By 2039 the proportion of those aged over 65 is projected to increase by 84%, a rate in the mid-range among neighbouring authorities.

⁷⁸ Older Persons Housing Strategy 2015-2020, LB Waltham Forest

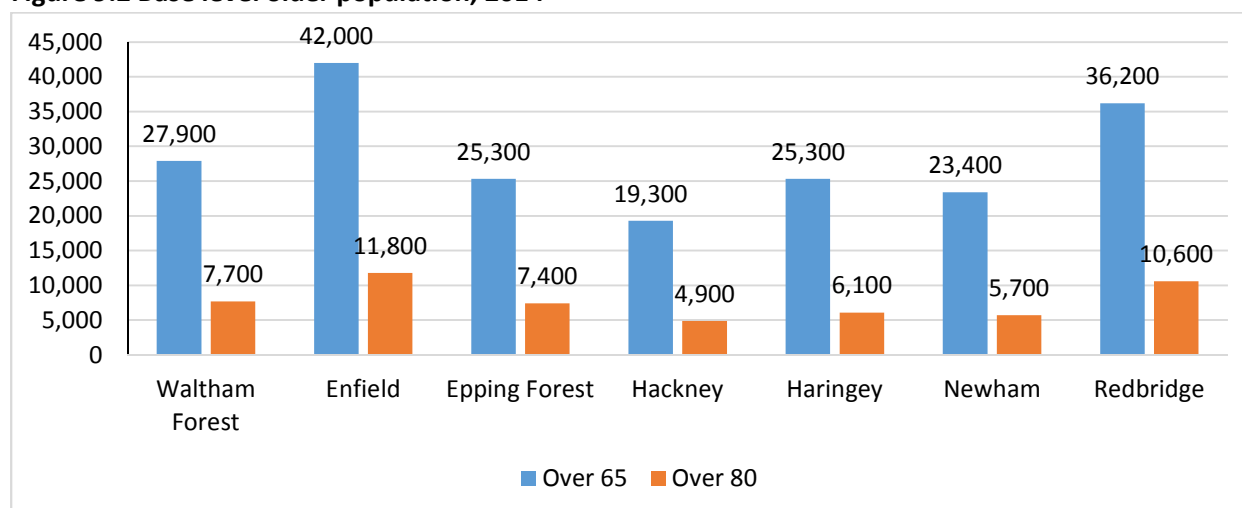
Figure 9.1 Projected proportionate increase in older population, 2014-2039



Source: ONS population projections, 2014 base

9.8 If we look at the rate of increase of the oldest segment of the population (over 80s) Waltham Forest is again mid-range, though this time seeing a slower increase than Enfield as well. It should also be noted that Waltham Forest also has a lower base level of older people than Enfield (and Redbridge), though greater numbers than the other authorities.

Figure 9.2 Base level older population, 2014



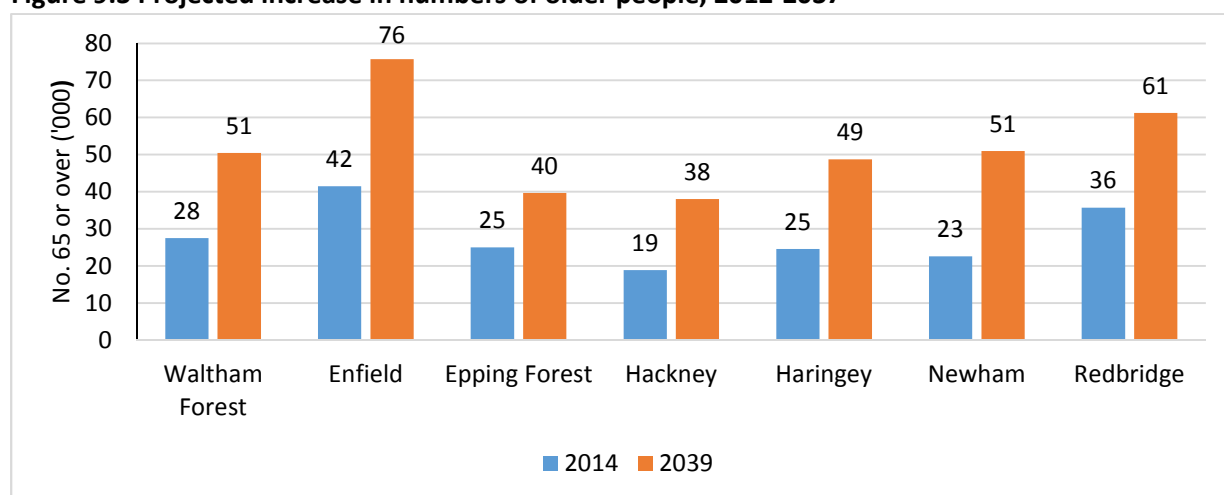
Source: ONS population projections, 2014 base

9.9 Also discussed in **Chapter 6** are the different age structures across the authorities, particularly in relation to the working age population. In Waltham Forest the number of working age people is projected to increase by over 40,000 people up to 2039, an increase of 21%, and a slightly smaller rate of growth than the population as a whole (23%). There are multiple implications that stem from the balance between working age and non-working age populations, in terms of primary service provision (health, housing and carer in particular) and labour supply. The prospect of an increasing proportion of older people

remaining or re-entering the workforce is also discussed in **Chapter 6**.

9.10 Numerically, ONS 2014 base projections forecast that by 2039 there will be 51,000 over 65s in Waltham Forest, compared to 28,000 in 2012. This is lower than projected numbers for Enfield and Redbridge again, similar to Newham, and higher than those for the other neighbouring authorities.

Figure 9.3 Projected increase in numbers of older people, 2012-2037



Source: ONS population projections, 2014 base

Households containing older persons

9.11 In terms of the increase in the number of households that will hold this population⁷⁹, the figures are as follows:

Table 9.1 Projections of households aged 65 or over

	2014 ('000)	2039 ('000)	Increase ('000)	% increase
Waltham Forest	18.9	38.2	19.3	102%
Enfield	29.7	60.8	31.1	105%
Epping Forest	16.6	26.7	10.0	60%
Hackney	15.8	33.0	17.2	109%
Haringey	18.4	40.9	22.5	122%
Newham	16.0	40.5	24.5	154%
Redbridge	25.0	50.9	26.0	104%
London	712.8	1,410.2	697.4	98%
England	6,481.2	10,352.7	3,871.5	60%

Source: DDCLG 2014-based Live Table 414

9.12 What is immediately apparent from **Table 9.1** is that among the neighbouring authorities Newham and, to a lesser extent, Haringey is projected to experience the

⁷⁹ 'Household' in this sense is one categorised where the household reference person is aged 65 or more, or 85 or more, as appropriate

sharpest increase in households headed by over 65s. Waltham Forest sees a doubling of numbers, one of the lower rates of increase among the neighbours. The rate of increase is slightly faster than the London average and substantially higher than the England average.

9.13 The number of households headed by over 85s is projected to increase by 1.25 times in Waltham Forest, the slowest trajectory among all the neighbours, and also slower than the London and England averages. Newham again is projected to see the sharpest increase.

Table 9.2 Projections of households aged 85 or over

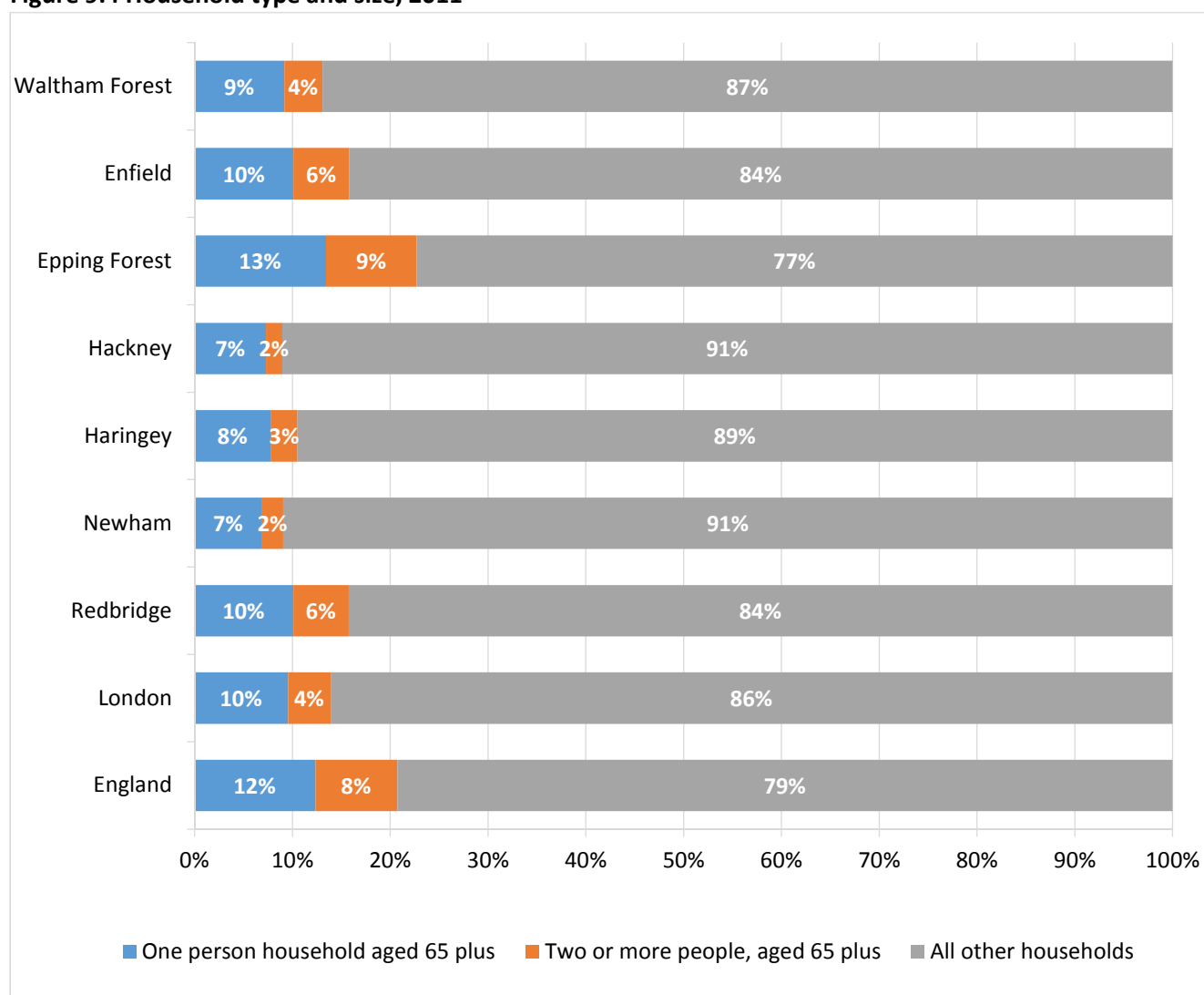
	2014 ('000)	2039 ('000)	Increase ('000)	% increase
Waltham Forest	2.7	6.3	3.5	129%
Enfield	4.3	10.5	6.2	145%
Epping Forest	2.6	6.3	3.7	143%
Hackney	2.0	4.6	2.6	132%
Haringey	2.1	5.2	3.1	149%
Newham	1.8	4.7	2.9	162%
Redbridge	4.0	9.6	5.6	142%
London	102.8	243.7	140.9	137%
England	928	2,262	1,334.1	144%

Source: DCLG 2014-based Live Table 414

Size of households with older people

9.14 The Census 2011 holds a certain amount of data on the number of household members in older person households. **Figure 9.4** shows that as of 2011, 9% of all households in Waltham Forest comprised single people aged 65+, and a further 4% were made up of more than one occupant aged 65 plus (the vast majority of these will be couples, though the Census does not differentiate exactly). Epping Forest has the highest proportion of both one-person and two plus over 65 households.

Figure 9.4 Household type and size, 2011

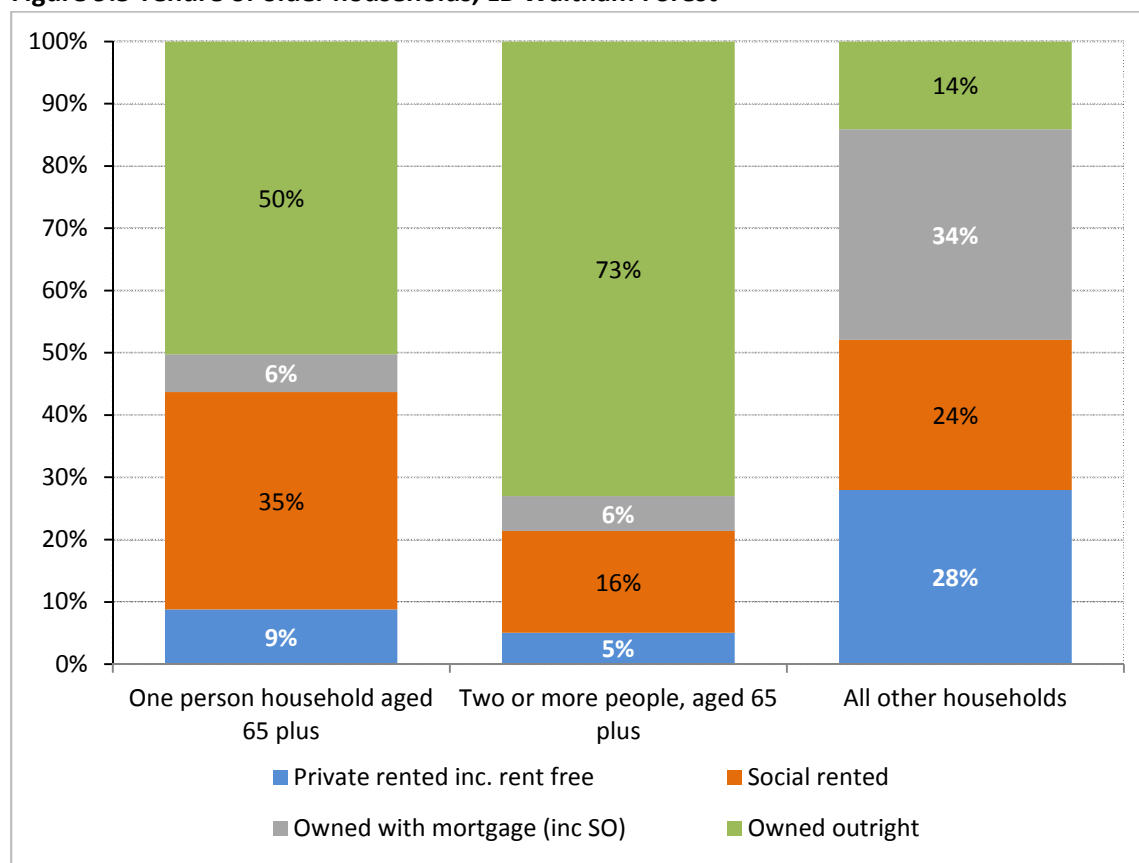


Source: Census 2011 Table DC 4105EWLa

Tenure of older households

9.15 We can look further at the current tenure of older households, as this will be an important indicator of likely ability to meet future housing needs. **Figure 9.5** shows that half of all single people over the age of 65 own their homes outright, with a further 6% holding mortgages. For older couples, the number owning outright increases to 73%, with another 6% holding mortgages. This compares to the very different tenure profile of younger households, shown for comparison. Clearly, for some of the owner occupiers there will be substantial equity available to help meet future needs, given house prices in the Waltham Forest; however there are still 44% single older households and 21% couple older households in the social or private rented sectors, less likely to be able to command additional resources, and therefore there will still be considerable call for appropriate housing for lower income groups.

Figure 9.5 Tenure of older households, LB Waltham Forest

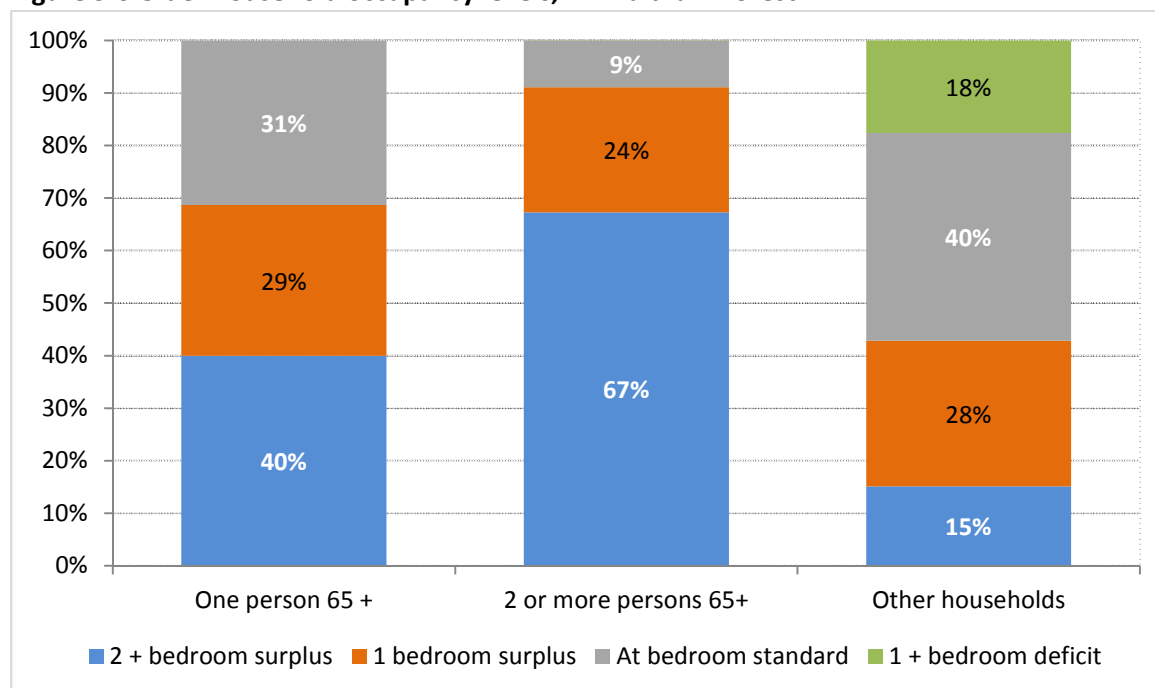


Source: Census 2011 Table DC 4105EWLa

Overcrowding and under-occupation

9.16 Another aspect of older people's ability to resolve their housing requirements is the degree of overcrowding or under-occupation that exists. Across all tenures (**Figure 9.6**), older households are proportionately much more likely than younger households to have at least one extra bedroom beyond their basic requirements, with 69% of single older households under-occupying, and 91% of two or more person households with surplus bedrooms, including nearly 70% with two or more extra bedrooms. While there are many reasons why households may want or need spare bedrooms, nonetheless, these figures have to be considered in the context of owner-occupiers being able to meet their needs by downsizing; and for social renters, to understand if there is scope for making better use of stock.

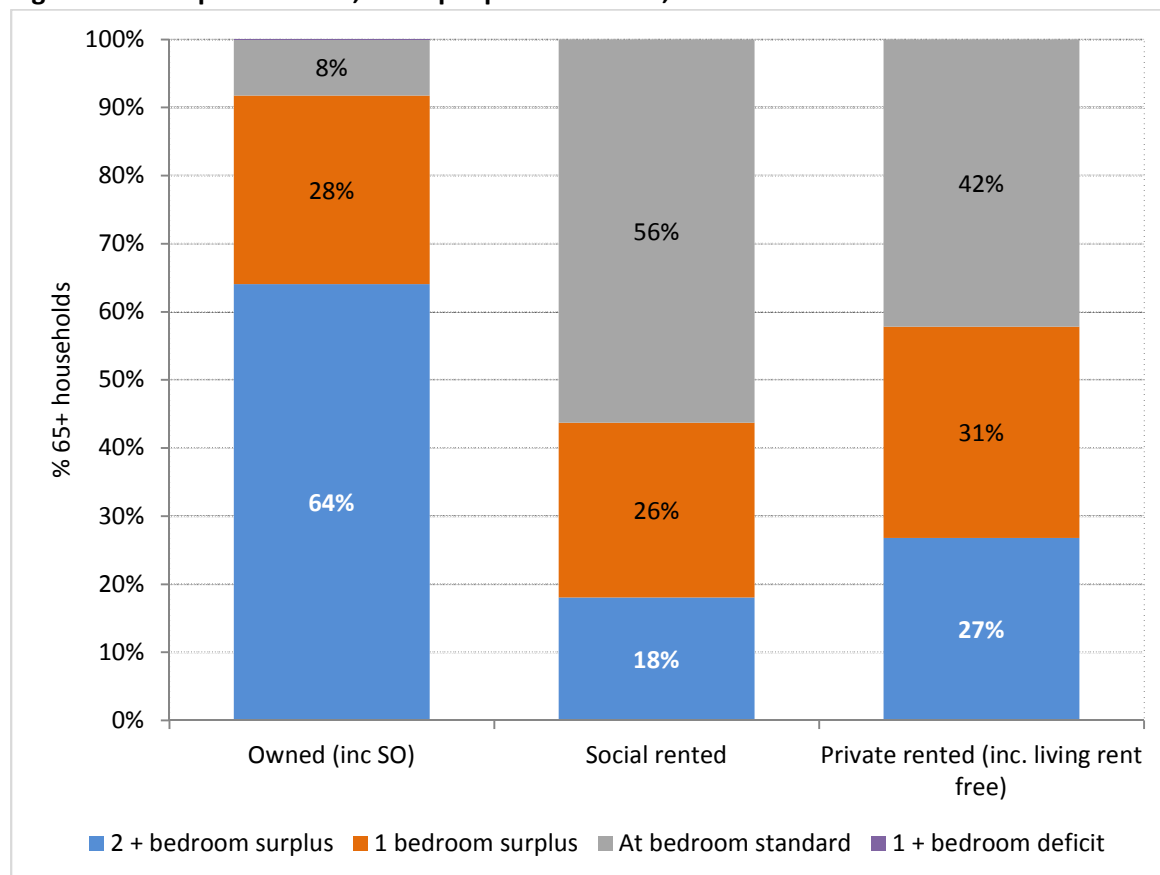
Figure 9.6 Older household occupancy levels, LB Waltham Forest



Source: Census 2011 Table LC4105EW/a

9.17 **Figure 9.7** indicates that over 65s living in the owner-occupied sector have considerable scope for downsizing, as over 92% under-occupy their homes, including 64% with two extra bedrooms or more. There is a minimal indication of overcrowding. The scope is reduced in the social rented and private rented sectors, but nonetheless, in the social rented sector, where the local authority will have some degree of control and influence, 44% of older households do under-occupy, 18% by two beds or more. Older people also under-occupy to a significant extent in the private rented sector. There is minimal evidence of overcrowding of over 65s in any of the rented sectors.

Figure 9.7 Occupation levels, older people and tenure, LB Waltham Forest



Source: Census 2011 Table LC4105EW1a

Profile and localities of older persons

9.18 As noted in 9.2 older persons are not homogenous, and at the simplest, can be broken down into being members of a series of ‘profile’ groups, with different incomes, demographics and locations within Waltham Forest. The broad-brush conclusions we draw together above around household size, household tenure (and the options for meeting future needs that it may create), overcrowding and underoccupation (and therefore downsizing) have to be nuanced by the nature of the profiles. For example ‘Community Elders’, even if they underoccupy, may be less likely to downsize if there are not suitable small properties within the local area, accessible to their children and relations.

9.19 There are also housing market issues relevant to older people that have a strong local dimension within Waltham Forest. For example, it is suggested that by the authority that the combination of relatively wealthy owner-occupier ‘Legacy Elders’ and relatively poor and social housing- reliant ‘Aided Elders’ in North Chingford opens up opportunities for mixed tenure developments with different levels of care and support provided, and cross-subsidy options.

Older persons and health issues

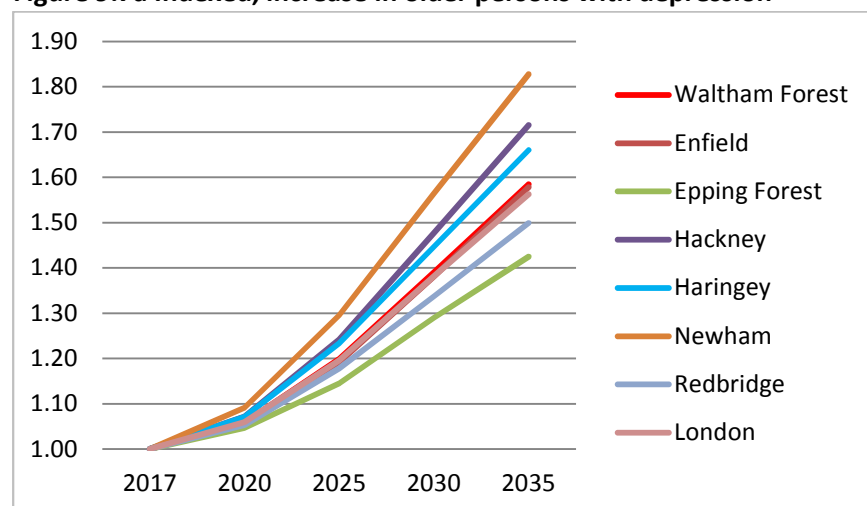
9.20 There are a range of health issues that impact on the housing needs of older people. Those related to mobility issues and requirements for physically-accessible housing are discussed in the section on *Households with disabled members and wheelchair requirements* in this chapter. Here we note some other health issues that may impact on housing requirements.

9.21 When we look at the prevalence of relevant conditions, there are a number for which local projections have been undertaken. These include those related to mental health and physical conditions. From the range of data available we have selected four to illustrate how Waltham Forest's future projections of numbers experiencing these conditions compare to neighbouring authorities and London. They are: depression, learning difficulties, dementia and heart attacks.

9.22 The relevant housing response will of course vary depending on condition. For those with dementia the authority is keen to develop dementia friendly neighbourhoods, to increase quality of life and reduce high hospital emergency admission rates. For depression, as well as medical interventions, more integrated neighbourhoods and closer community ties can help reduce loneliness. The rate of increase of older people with learning disabilities is a product of people generally living longer, but there are issues around what happens to adults with learning disabilities when their aging carers die. Preventing heart attacks is primarily a public health issue, but the housing contribution would be more suitable accommodation for those with a history of or vulnerable to the condition.

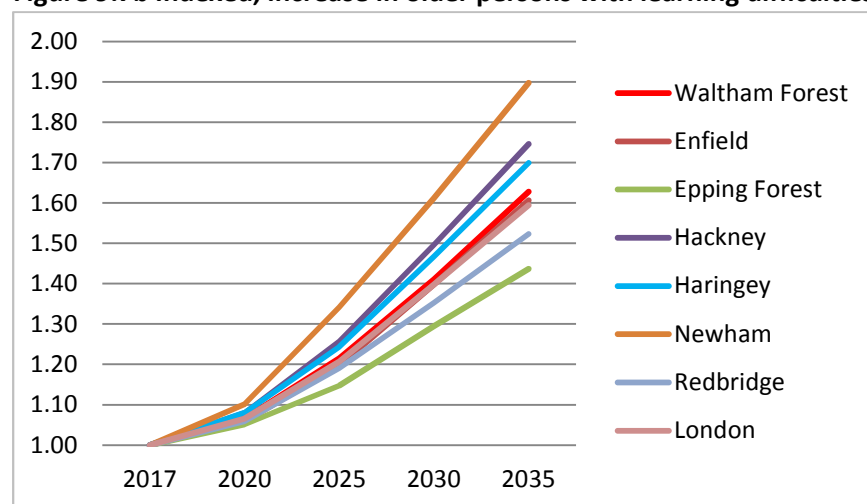
9.23 The charts below are designed to see if Waltham Forest's profile between 2017 and 2035 differs markedly from that of its neighbours or of London as a whole (which could indicate particular extra demands on services in the future). The charts are indexed with 2017 as the base year, so they show percentage increases. As can be seen from **Figures 9.7a** to 9.7d in most cases Waltham Forest's projections are in the mid-range of local neighbours and are very close to the London average. Nonetheless, in themselves, they are high - an over 50% increase in depression, and over 60% for those with learning difficulties, dementia, or prone to heart attacks. These projections should feed into future housing, care and health strategies.

Figure 9.7a Indexed, increase in older persons with depression



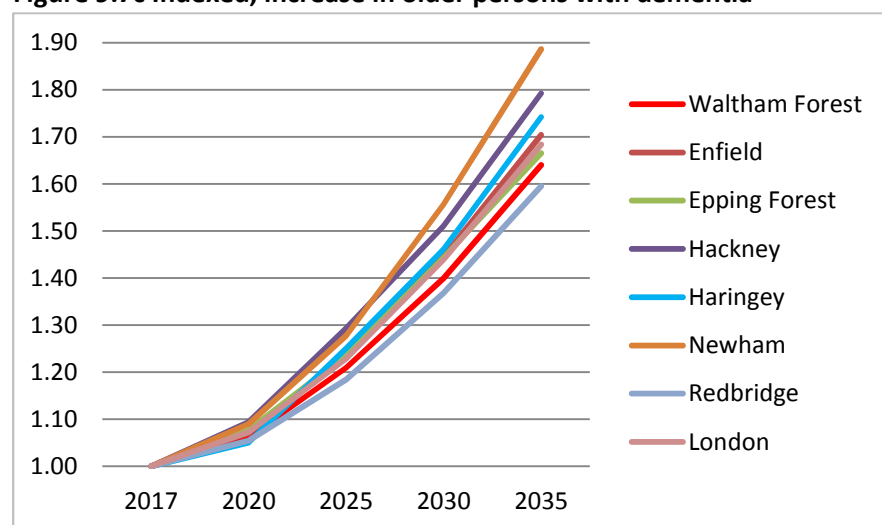
Source: Pansi 2017

Figure 9.7b Indexed, increase in older persons with learning difficulties



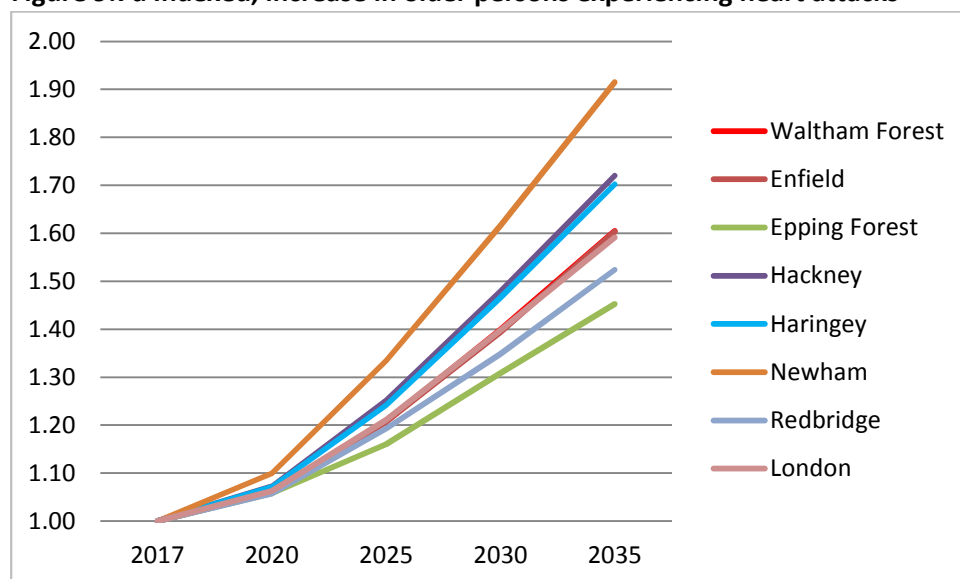
Source: Pansi 2017

Figure 9.7c Indexed, increase in older persons with dementia



Source: Pansi 2017

Figure 9.7d Indexed, increase in older persons experiencing heart attacks



Source: Pansi 2017

Supply of older persons' housing

9.24 When looking at supply of (and demand for) specialist accommodation for older people, this HMA restricts itself to the forms of accommodation that would be normally termed 'housing', including sheltered, enhanced sheltered, and extra care. It therefore excludes accommodation that primarily caters for those with care, nursing and medical needs – residential and nursing care. It is noted however that the need for residential care may be reduced if there is provision of appropriate 'extra care' sheltered housing.

9.25 Estimating supply is not a very precise science, particularly because of the move away from standard 'sheltered' schemes to more flexible and integrated housing and support options, as well as the development of extra care schemes that blur the boundaries between housing and care-based accommodation. There is no official data that summarises either social or private sector supply. The best source of data is the Elderly Accommodation Counsel⁸⁰ (EAC) statistical base. The associated SHOP (Strategic Housing for Older People Analysis Tool)⁸¹ modelling tool also summarises supply. The other source of supply and demand data for London authorities is the GLA-commissioned study to update earlier estimates of housing demand and supply for older persons, following the availability of Census data⁸². This modelling is based on the assumption that 15% to 20% of over 65 year olds would move if suitable accommodation existed.

9.26 Waltham Forest has provided an in-house estimate⁸³ of the supply of older persons

⁸⁰ <http://www.eac.org.uk/>

⁸¹ <http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/?>

⁸² *Assessing potential demand for older persons housing in London*, Three Dragons / Celandine Consulting / GLA, March 2014, updating *The role of the planning system in delivering housing choices for older Londoners*, CCHPR/ Three Dragons/Land Use Consultants / Heriot-Watt/GLA, December 2012

⁸³ Older Persons Housing, Support and Care – Commissioning Themes (undated – 2016?)

housing, which again uses slightly different categories. In summary, it estimates there are 1,068 rented sheltered homes, 253 owned sheltered homes, 140 extra care homes, and 199 homes with intensive housing support. It also categorises an additional 194 'non-sheltered rented' homes in their 1,660 total. No sources are provided for these figures. If the last category (which seems to describe older people living in general needs accommodation) is excluded the total is very similar to the GLA and SHOP estimates below.

9.27 **Table 9.3a** summarises the current supply position, based on the SHOP toolkit and EAC data for Waltham Forest and neighbouring authorities. To contextualise these figures, the rightmost column shows the number of units of all types available per 1,000 population aged 65 plus in 2012. It is apparent that Hackney and Haringey are best provided for proportionately, and Haringey additionally has the greatest number of homes available. Epping Forest is the least well provided for (in terms of both stock and units per 1,000), and the other authorities including Waltham Forest are between the two extremes. **Table 9.3b** shows comparable figures from the GLA study (and therefore excluding Epping Forest). It can be seen that the two estimates are effectively the same.

Table 9.3a Current supply of specialist elderly accommodation: SHOP

Current supply	Sheltered	Enhanced sheltered ⁸⁴	Extra care	Total	Rented / affordable	Lease / for sale	Units per 1000 65+
Waltham Forest	1,381	52	158 ⁸⁵	1,591	1,298	293	57.0
Enfield	1,948	170	93	2,211	1,486	725	52.6
Epping Forest	1,050	79	80	1,209	801	408	47.8
Hackney	1,600	98	76	1,774	1,723	51	91.9
Haringey	1,898	214	268	2,380	2,353	27	94.1
Newham	1,123	121	109	1,353	1,353	0	57.8
Redbridge	1,777	167	222	2,166	1,244	922	59.8

Source: Housing LIN Shop toolkit and EAC

Table 9.3b Current supply of specialist elderly accommodation: GLA

	Total supply	Market supply	Affordable supply
Waltham Forest	1,591	293	1,298
Enfield	2,216	725	1,491
Epping Forest	na	na	na
Hackney	1,785	82	1,713
Haringey	2,051	44	2,007
Newham	1,353	0	1,353
Redbridge	2,166	922	1,244

Source: GLA / Three Dragons / Celandine 2014

⁸⁴ 'Enhanced sheltered' is a term used in the Housing LIN Shop toolkit to describe accommodation where residents' care and support requirements sit somewhere between 'ordinary' sheltered and extra care

⁸⁵ Waltham Forest Older Person's Housing Strategy notes 252 Extra Care flats

Net demand for older persons' specialist housing

9.28 The GLA report notes that 8% of households in London aged over 65 live in specialist accommodation (compared to 9% in England and 12% in Australia and the US). It models future gross and net demand for older people's accommodation, using an approach recommended in '*Housing for Later Life*'⁸⁶ very similar to the affordable housing needs methodology used in **Chapter 8**. For Waltham Forest and neighbours the modelling results in annual demand 2015-2025 for additional specialist accommodation for older people as in **Table 9.4** below. It will be noted that the prime requirement is for additional market or intermediate market homes, and no shortfall in rented accommodation. This echoes the conclusions of the Older Persons Housing Strategy (p.20).

Table 9.4 Net annual demand for older persons housing, GLA model, 2015-25

Demand per annum	Total	Private sale	Intermediate sale	Affordable rent
Waltham Forest	90	65	25	0
Enfield	170	120	50	0
Epping Forest	na	na	na	na
Hackney	55	25	10	20
Haringey	100	80	20	0
Newham	75	55	15	5
Redbridge	120	75	45	0

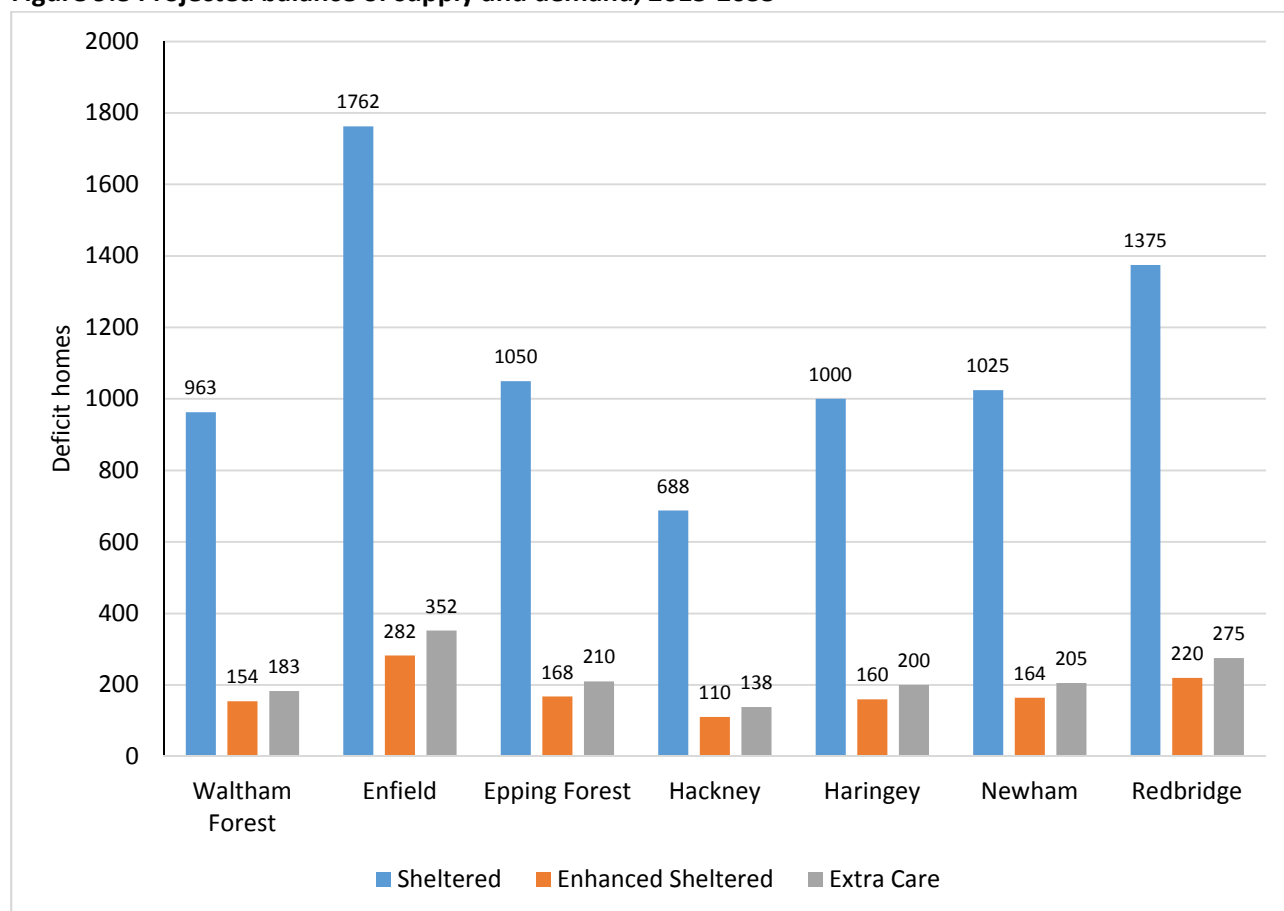
Source: GLA / Three Dragons / Celandine 2014

9.29 The SHOP toolkit does not give net annual demand but takes a 'snapshot' based on 2014 patterns, and then estimates of future requirements. The data sources it uses are similar to those in the GLA model but they use ONS rather than GLA population projections. It covers a longer time period than the GLA model (2014-2035), and a different age range (over 75s) so the results are not totally comparable. It shows that all other things being equal, by 2035 there are projected deficits in all categories across all neighbours.

⁸⁶ <http://www.ageuk.org.uk/Documents/EN->

GB/Political/Age%20UK%20ID201813%20Housing%20Later%20Life%20Report%20-%20final.pdf?dtrk=true

Figure 9.8 Projected balance of supply and demand, 2015-2035



Source: Housing LIN Shop toolkit and EAC

In more detail for Waltham Forest the sheltered tenure deficits are:

- a 760 deficit of sheltered housing homes to rent
- a 202 deficit of sheltered housing homes for lease / sale

9.30 When comparing these figures with those for neighbouring authorities, Waltham Forest's sheltered deficit is lower than all bar Hackney, and its other deficits are mid-range.

9.31 The SHOP model forecasts that by 2035 overall demand will have increased by 60%. In terms of how this breaks down, **Table 9.4** extrapolates from the SHOP data the likely additional requirements by 2035 for Waltham Forest and its neighbours, by type of accommodation and local authority, and further breaks this down into annual additional requirements to meet future need, based on the SHOP assumptions. Waltham Forest's detailed requirements are shown first.

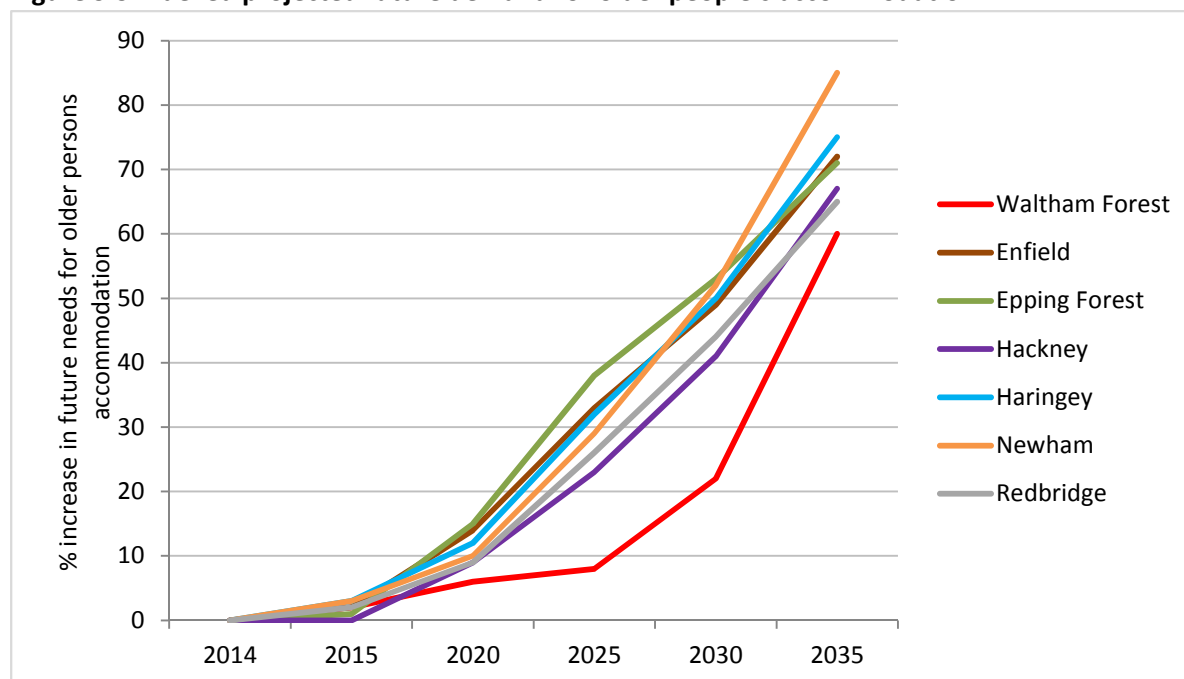
Table 9.4 SHOP additional demand forecast, 2015-2035, LB Waltham Forest and neighbours

Waltham Forest detail			Additional units pa 2015-2035		Total additional units 2015-2035	
Sheltered housing for rent			38		760	
Sheltered housing for lease / ownership			10		202	
Enhanced sheltered			8		154	
Extra care			9		193	
Total			65		1309	
	Sheltered housing for rent	Sheltered for lease / ownership	Enhanced sheltered	Extra care	Additional units 2015-2035	Annual additional units
Waltham Forest	760	202	154	193	1309	65
Enfield	1198	564	282	352	2396	120
Epping Forest	704	346	168	210	1428	71
Hackney	660	35	110	138	943	47
Haringey	980	20	160	200	1360	68
Newham	1025	0	164	205	1394	70
Redbridge	660	715	220	275	1870	94

Source: Housing LIN SHOP toolkit

9.32 Waltham Forest's 60% projected increase in overall demand can also be compared to neighbours. The SHOP toolkit does not give net annual demand but takes a 'snapshot' based on 2014 patterns, and then considers estimates of future requirements. As shown in **Figure 9.9** it forecasts that by 2035 Waltham Forest will have experienced the lowest rate of increase in demand among the neighbours, with at the other extreme, Newham, experiencing an 85% increase.

Figure 9.9 Indexed projected future demand for older people's accommodation



Source: Housing LIN SHOP toolkit

Conclusion

9.33 It should be noted that though the GLA and SHOP analyses are very similar in measuring the existing supply of specialist elderly accommodation, they diverge when looking at future demand. The SHOP highlights a deficit of rented sheltered accommodation (as well as other types), whereas the GLA data suggests a balance or even surplus of rented sheltered. Both highlight the importance of Extra Care, especially private-sector extra-care provision. This difference is mainly down to the different time frames involved in measuring. If the SHOP analysis is accepted, there is a projected unmet annual need for 65 units between 2015 and 2035, broken down as in **Table 9.4**. If the GLA model is accepted, the requirement is for 90 units per annum between 2015 and 2025, all of which should be for open market or intermediate market rent or sale.

Households with disabled members and wheelchair requirements

Context

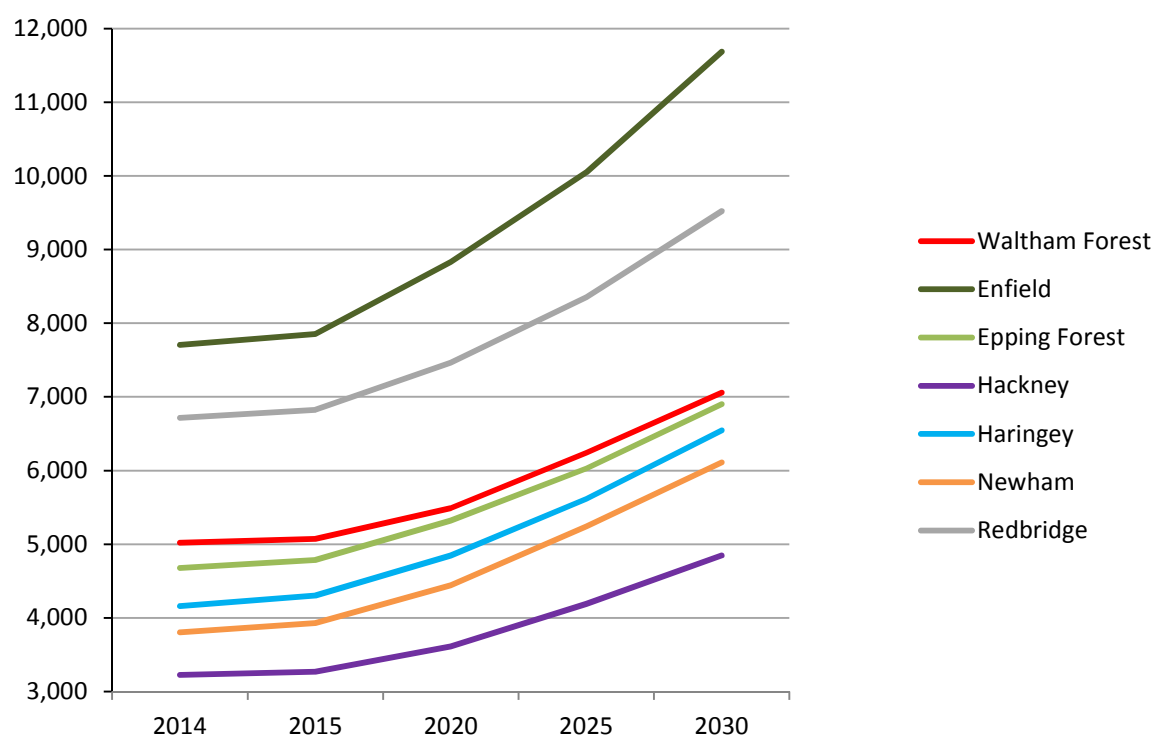
9.34 Waltham Forest subscribes to the criteria for new accessible housing development laid out in the London Plan which in summary states that 90% of new housing should meet Building Regulation requirement M4 (2) 'accessible and adaptable dwellings' and that 10% should meet Building Regulation requirement M4 (3) 'wheelchair user dwellings', i.e. is designed to be wheelchair accessible, or easily adaptable for residents who are wheelchair users. It also states that account is taken of the changing age structure of London's population and, in particular, the varied needs of older Londoners, including for supported

and affordable provision, These criteria apply across tenure, and apply as much to private sector development as they do social sector (including shared ownership housing).

9.35 In terms of factors that impact on the need for accessible dwellings in Waltham Forest, the Census 2011 indicates that around 15% of Waltham Forest’s population is estimated to have some form of limiting long-term health problem or disability (LLHPD), and 24% of households have at least one member with a LLHPD. Five percent of residents’ health is described as ‘bad’ or ‘very bad’.

9.36 The context for understanding the housing requirements of those with disabled members and in particular those with wheelchair users is intrinsically linked to the age of the population. 75% of current wheelchair users are aged 60 or over in England, including 20% who are 85 or over.⁸⁷ As noted above and in **Chapter 6**, as with the rest of the country, numbers and proportions of older people are forecast to rise over the coming years. As **Figure 9.10** indicates, a steady increase in the number of older people with mobility-related impairments is projected, with Waltham Forest projected to see a middle-range of increase among the neighbours, and with Enfield and Haringey forecast to see the greatest increase and numbers by 2030. As regards working age people with severe physical disabilities (**Figure 9.11**), numbers increase fairly gradually over the planning period, with Epping Forest seeing the lowest numbers, and Enfield the highest.

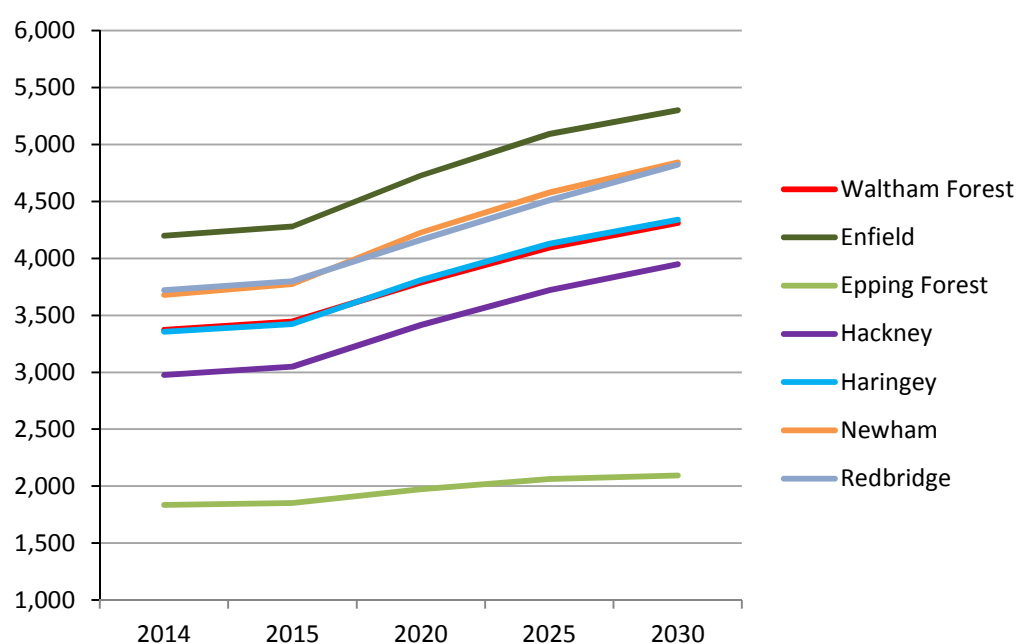
Figure 9.10 People aged 65+ with mobility –related disabilities



Source: Poppi data, 2016

⁸⁷ English Housing Survey 2011 Table A6.11

Figure 9.11 Working age people with severe physical impairments



Source: Poppi and Pansi data, 2016

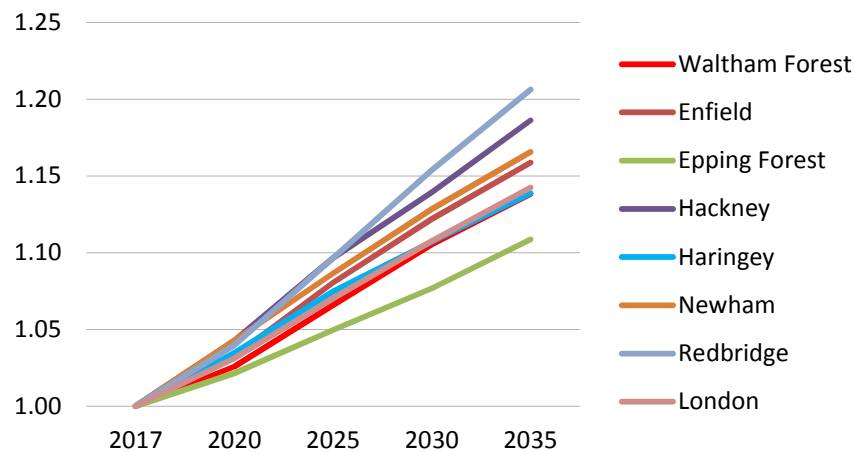
Non-mobility related disabilities

9.37 While most impairments related to households' housing needs require physical and mobility related adjustments – such as access to accommodation, appropriate positioning of facilities and layout, or improved internal access – there are others that may still require some form of intervention or support, be it through adaptation or support. We will briefly review some of the data relating to this before moving on to households with mobility-related impairments.

9.38 The data in the following five charts is from the PANSI database, which records the characteristics of working age residents aged 16 to 64. More data on older people and non-mobility-related disabilities appears in the section on older people. The charts below are designed to see if Waltham Forest's profile between 2017 and 2035 differs markedly from that of its neighbours or of London as a whole (which could indicate particular extra demands on services in the future). The charts are indexed with 2017 as based year, so they show percentage increases. For example, the number of people projected to experience early onset dementia is projected to rise by a third by 2035.

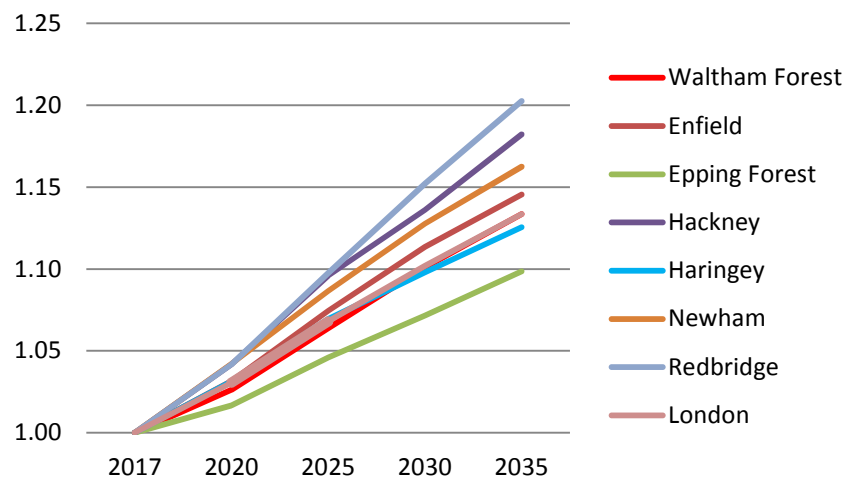
9.39 For younger people, we have looked at those with learning difficulties, people with mental health problems and younger people affected by early onset dementia who may potentially require specific forms of supported accommodation. Waltham Forest's profile for those with learning difficulties and common mental health problems is very close to the overall London average and in the middle of the group of comparators. For early onset dementia, it is slightly above the London average. This indicates that there are unlikely to be any extraordinary housing requirements, beyond those pressures already felt by the authority at the moment, though the rate of early onset dementia should be monitored.

Figure 9.11a Indexed, increase in persons with learning disabilities aged 18-64



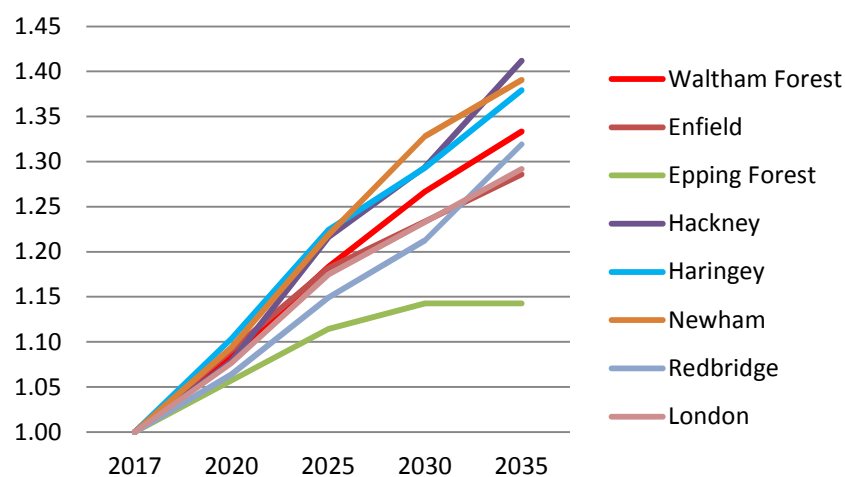
Source: Pansi data, 2017

Figure 9.11b Indexed, increase in persons with common mental health disorders aged 18-64



Source: Pansi data, 2017

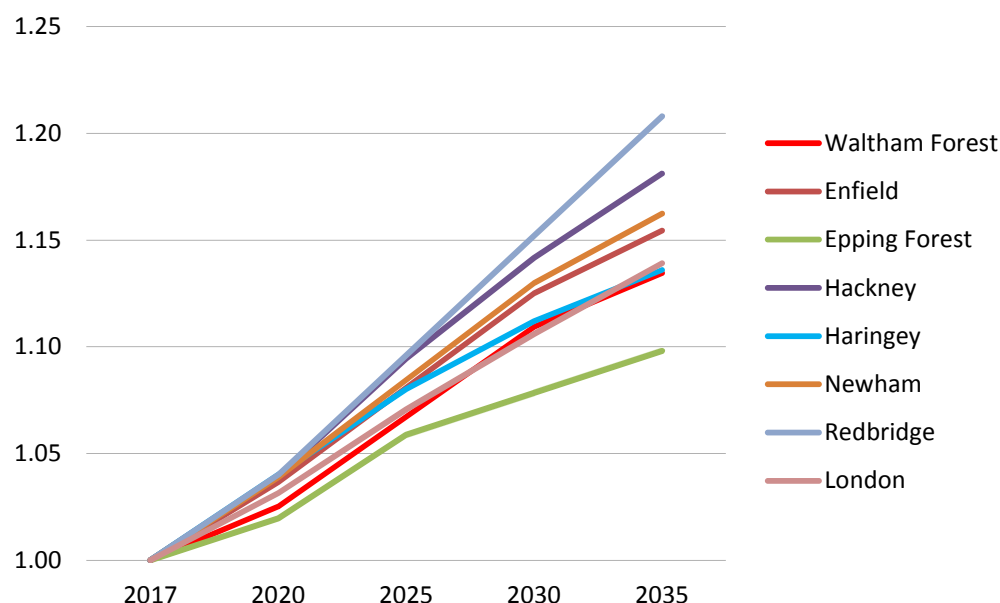
Figure 9.11c Indexed increase in persons with early onset dementia aged 30 to 64



Source: Pansi data, 2017

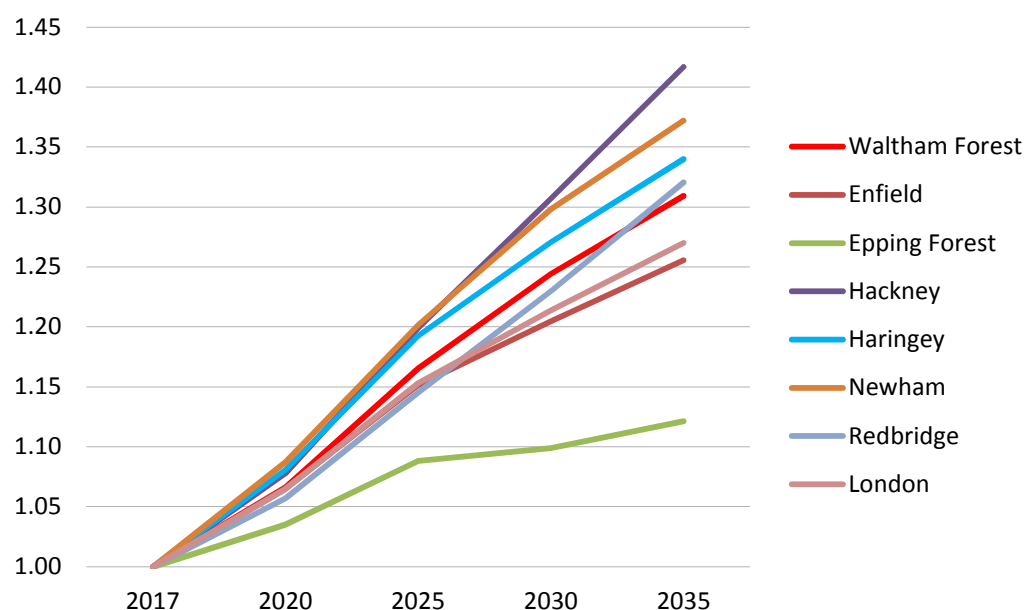
9.40 We also looked at the working age groups with serious visual or auditory impairments. For those, housing-related support would range from adaptations in and around the home for those with sight loss, to customer care awareness for those with an auditory loss as well as sight loss. For both groups, the prevalence in Waltham Forest is slightly higher than for the London average, though again in the middle of the group of neighbours.

Figure 9.11d Indexed, increase in persons with serious visual impairment aged 18-64



Source: Pansi data, 2017

Figure 9.11e Indexed, increase in persons with moderate or severe hearing impairment aged 18-64

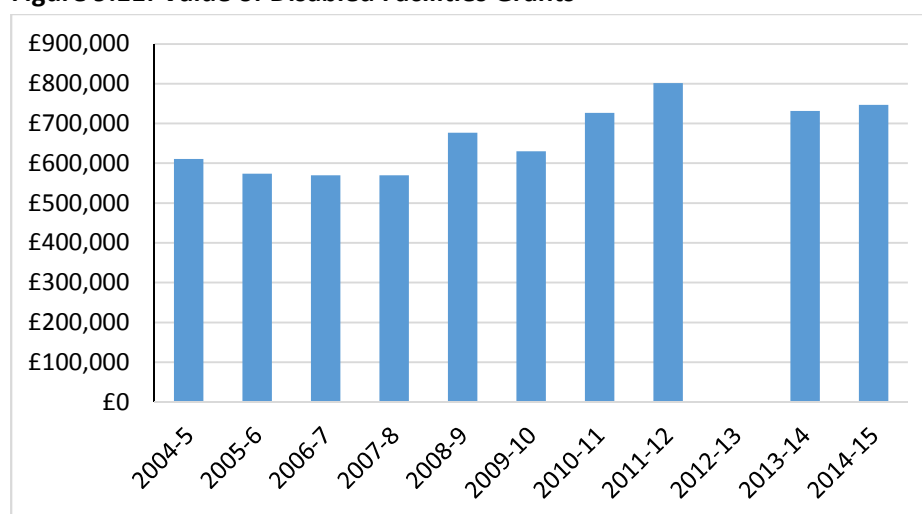


Source: Pansi data, 2017

Disabled Facilities Grants

9.41 Clearly, not all households with members with mobility-impairments will require wheelchair accessible accommodation. Aids and adaptations can be provided using Disabled Facilities Grant (where resources permit), and a relatively consistent grant level has been accessed by the authority over the last ten years, with a slight improvement in more recent years. DFGs can be applied for and used across tenures and can be particularly significant for less well-off owner occupiers. In 2014-2015 around 50% of Waltham Forest's DFGs went to this group, with 40% going to social rented properties and 10% to private rented accommodation.

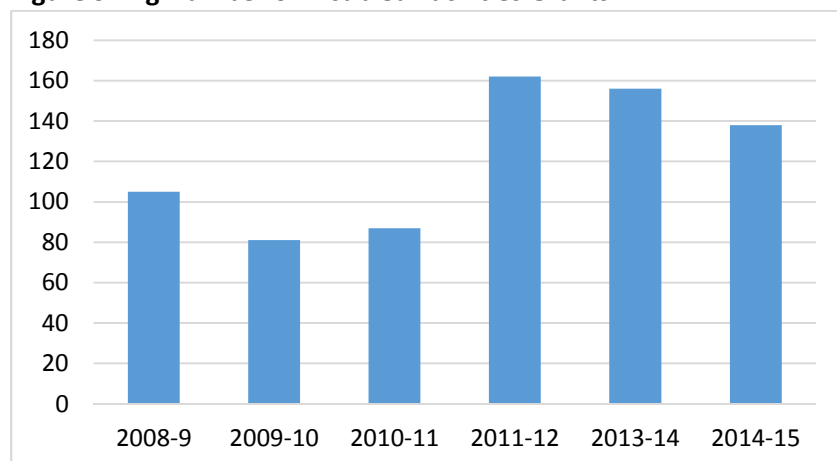
Figure 9.11f Value of Disabled Facilities Grants



Source: PLA analysis of DCLG data; data missing for 2012-13

9.42 This is reflected in the number of DFGs awarded, which has increased since 2011, though it is slightly dropping off more recently. Interestingly, in more recent years an increasing proportion has been going to households with members aged under 60 (67% in 2013-14 and 46% in 2014-15).

Figure 9.11g Number of Disabled Facilities Grants



Source: PLA analysis of DCLG data; data missing for 2012-13

9.43 There are several other indicators that highlight the housing-related elements of disability.

Council Tax exemptions and disregards

9.44 Households can be exempted from or have a reduced rate of Council Tax for various degrees and aspects of disability (including having to move into residential care). In total there are 384 homes that are in these categories in Waltham Forest.

Table 9.5 Disability-related Council Tax exemptions, disregards and discounts

Authority	No. proper ties
Waltham Forest	384
Enfield	774
Epping Forest	404
Hackney	220
Haringey	363
Newham	321
Redbridge	645

Source: DCLG Council Tax Base 2016

Disability Living Allowance (DLA) and Personal Independence Payment (PIP)

9.45 Though DLA is being phased out and replaced with Personal Independence Payments (PIP) for some, the historic data and trends are useful in tracking changes in numbers and needs and as a contextual indicator of actual and future potential wheelchair needs across the authorities. Higher award DLA is paid to people with a physical disability that affects their ability to walk outdoors and is paid if a person's disability is severe enough for them to have any of the following walking difficulties:

- they are unable or virtually unable to walk
- they have no feet or legs
- the effort of walking could threaten their life or be likely to lead to a serious deterioration in their health.

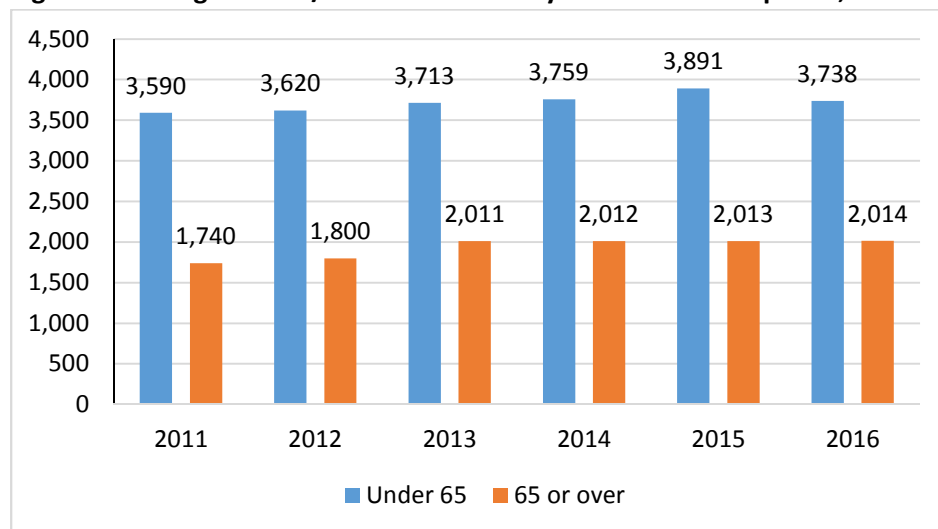
9.46 Higher mobility DLA may also be paid to those with a severe learning impairment that has a physical basis, and those with severe sight impediments, so the figures cannot automatically be assumed to relate to potential wheelchair use. PIP payed at the Enhanced rate has similar criteria.

9.47 **Figure 9.11** tracks the caseload for Waltham Forest over the last five years, for those of working age and those of pensionable age. We have limited data for PIP for 2013

onwards, and this has been incorporated. It seems clear that overall figures have remained fairly constant over the period, though a dip in the numbers of younger claimants is apparent from 2015.

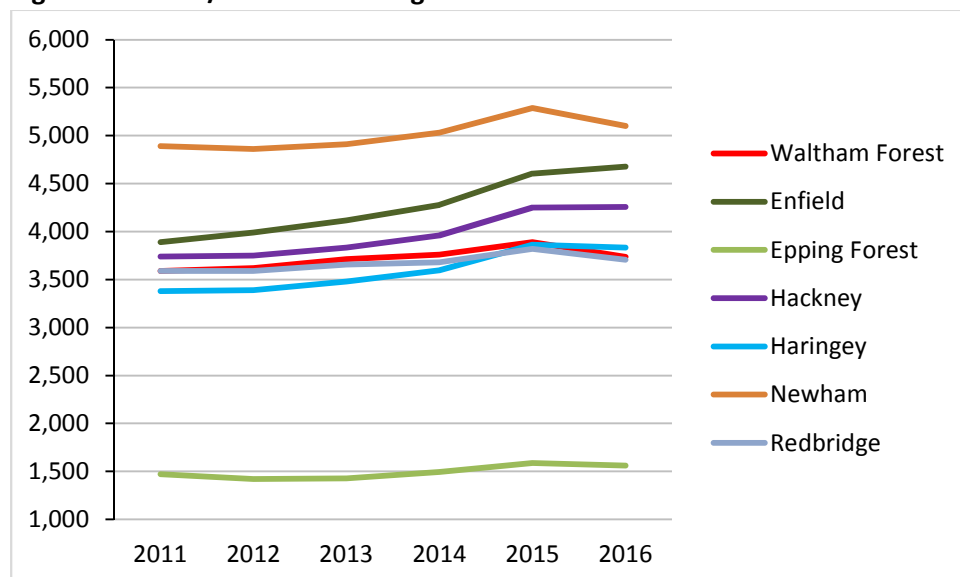
9.48 This dip is apparent across the neighbours (**Figure 9.12**), and is most likely to stem from the rigorous assessment processes brought in to test the ability to work from 2014. Claims by older people (**Figure 9.13**) have risen steadily, reflecting the increasing proportion of this demographic.

Figure 9.11h Higher rate / enhanced mobility DLA and PIP recipients, LB Waltham Forest



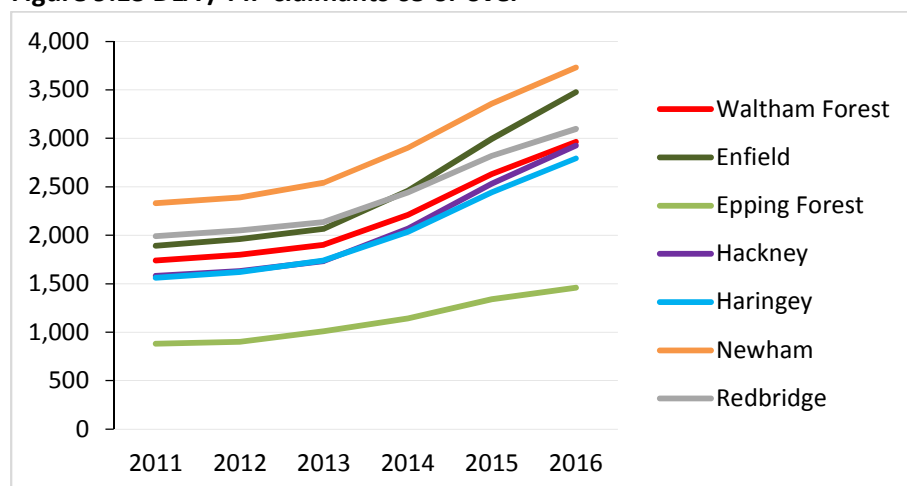
Source: DWP Stat-Explore and Nomis

Figure 9.12 DLA / PIP claimants aged fewer than 65



Source: DWP Stat-Explore and Nomis

Figure 9.13 DLA / PIP claimants 65 or over



Source: DWP Stat-Explore and Nomis

Calculating unmet wheelchair-accessible housing need

9.49 The English Housing Survey 2012 estimates that there are 726,000 households where there are wheelchair users, representing 3.3% of all households. The comparative figures for 2007 were 587,000 and 2.8%. Work by South Bank University⁸⁸ 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).

9.50 Using the more conservative 13% figure, we would estimate that current unmet need for wheelchair accessible accommodation in Waltham Forest is 455. Calculations for Waltham Forest and surrounding authorities are set out below.

Table 9.76 Current unmet wheelchair housing requirements

	A All households*	B Wheelchair needs households (3.3% of A)	C Wheelchair needs households: unmet housing needs (13% of B)
Waltham Forest	106,000	3498	455
Enfield	131,000	4323	562
Epping Forest	55,000	1815	236
Hackney	116,000	3828	498
Haringey	115,000	3795	493
Newham	119,000	3927	511
Redbridge	110,000	3630	472

Source: Cobweb Consulting modelling of South Bank University and ONS population data. *2015 projections from 2012-based household projections

⁸⁸ Mind the Step – an estimation of housing need among wheelchair users in England, Habinteg / South Bank University 2010

Meeting accessible housing need

9.51 For those without the means to move to appropriate private sector accommodation or adapt their existing homes to meet wheelchair standards, the principal route into accessible accommodation for those who need it will be through accessing social housing stock. There is a paucity of data on the amount of fully-wheelchair accessible (or accessible at a lower standard) stock available. There are at least 499 general needs and supported / sheltered housing units described as wheelchair accessible in the last version of the Regulatory and Statutory Return (2011) managed by Registered Providers in Waltham Forest.

9.52 Given that the latest data available is from 2011,⁸⁹ the likelihood is that this primarily housing association provision will be over 550 by now. Waltham Forest's and neighbouring authorities' data breaks down as follows.

Table 9.8 Wheelchair accessible stock managed by Registered Providers (2011)

	General needs	Sheltered / supported
Waltham Forest	281	218
Enfield	66	84
Epping Forest	14	38
Hackney	249	272
Haringey	235	113
Newham	228	414
Redbridge	69	211

Source: Regulatory and Statistical Return, 2011

9.53 Waltham Forest associations provide the greatest number of general needs wheelchair accessible homes among the neighbours, and one of the higher figures for supported homes. Similar data is not available for local authority stock, but given that Registered Providers generally let stock built to more modern standards, it has been estimated that around 60% of wheelchair lettings are made by Registered Providers⁹⁰.

9.54 In terms of its own social housing stock, the authority has been developing an Accessible Housing 'Register' for several years, categorising properties as they come up for relet on the basis of accessibility (and attempting to match these with relevant applicants). However, it is accepted that only a full-scale stock survey would enable an actual Register of accessible properties to be created. We have not been provided with data on those local authority properties that have been reviewed.

⁸⁹ This is from the last Regulatory and Statistical Return collected. This information is no longer collected centrally

⁹⁰ *Evaluation of London Accessible Housing Register*, Heriot-Watt, 2011

9.55 The fullest indicator of the number of disabled-accessible dwellings coming into use in the social rented sector is the CORE log, which records both the housing needs of new tenants, and the type of property that was let. This covers both general needs housing and supported housing. We have looked at general and supported housing allocation over the last three years available (2012-15) and there are some anomalies that suggest that best use of stock is not always made. We discuss this further below.

9.56 Across 2012-2015, 189 wheelchair accessible dwellings (106 general needs, 83 supported) were let. We found that:

- Of the 80 lettings to wheelchair adapted general needs accommodation, 68 of them went to those who had did not require wheelchair accessible stock.
- In the same period, 22 applicants requiring general needs wheelchair access were let properties that were not wheelchair adapted.
- As regards supported housing lettings, of the 83 lettings into wheelchair accommodation, 70 went to those without wheelchair requirements (though some went to those with lesser mobility needs).
- In the same period, 20 applicants with wheelchair access needs were let a home that was not of wheelchair-accessible standard.

Table 9.9 Match between those requiring wheelchair accessible accommodation and letting of wheelchair standard homes

General needs lettings, 2012-2015		Allocatee required wheelchair accessible property?	
		Yes	No
Property let was of wheelchair standard?	Yes	38	68
	No	22	

Supported lettings, 2012-2015		Allocatee required wheelchair accessible property?	
		Yes	No
Property let was of wheelchair standard?	Yes	13	70
	No	20	

Source: CORE logs. 2012-2015

9.57 There can be a number of reasons for this apparent mismatch:

- The need to minimise void periods conflicting with the sometimes long periods that households with wheelchair needs (who may be elderly or with learning difficulties as well) need to prepare for a move.

- The general inflexibility of the nominations / allocations procedures between local authorities and housing associations, with the need to fill the void quickly trumping the need to fill it appropriately.
- Issues around choice and preference – it may be that wheelchair units are not located where individuals with wheelchair housing needs have their networks of support.
- Unrealistic expectations – it may be that applicants still envisage a ‘bungalow’ type unit as what they would be offered, whereas it will be more likely that it would be a flat or maisonette, sometimes lifted and on higher floors.
- ‘Pre-emptive’ allocations – allocating a wheelchair accessible home to a household that does not immediately need it, but is likely to in the foreseeable future.
- Concerns about inaccuracies in the CORE log.

Conclusion

9.58 In summary there is a ‘flow’ of around 63 social rented wheelchair units into availability per annum, of which some 28 have had some form of support provision attached). Against this, there is the backlog unmet need for 455 wheelchair accessible homes. Further work would be required to look more deeply into the economic circumstances of those requiring such accommodation, to determine how many or what proportion could access market products, but it is clear that more effective use of the social housing wheelchair assets that come into availability should be a priority.

Students

Students studying in and near Waltham Forest

9.59 The presence of academic institutions, and students either or both studying and living in an authority area will impact on the local housing market, as well as the economy. There are no formal Higher Education (HE) establishments based in Waltham Forest. The main educational institution is Waltham Forest College which is a primarily vocational Further Education institution, catering to the 14 to 18 age group. However, it has a large intake of 10,000 students, and includes courses aimed at older students and well as those of school age, and acts as a ‘feeder’ college into HE establishments.

Student numbers living in Waltham Forest

9.60 We cannot assume that those who study in Waltham Forest live in Waltham Forest; nor can we assume that all those students who live in in the borough study there. Good transport links into central London where universities are concentrated may make the borough attractive to student commuters. **Table 9.9** below shows the number of resident

students in Waltham Forest at the time of the Census – 22,607. It should be noted that in Census terms, ‘students’ are those in full time education aged 16 plus, so they will include older school and college students most of whom can be assumed to live at home, and who comprise 57% student numbers.

9.61 As can be seen from **Table 9.10** 55% of students live with their parents, reflecting the youthful make-up of the educational environment. There are no purpose-built halls of residence in the borough or dedicated flat complexes yet, though one is under development. 38% live in ‘all student’ households, living alone, or are in the ‘other household type’ category’, all of which we assume would be predominantly in the private rented sector (the Census does not provide detailed tenure breakdown for students – but see also para 9.39).

Table 9.10 Student accommodation

Accommodation type	All students	F/t students: In employment	F/t students: Unemployed	F/t students: Economically inactive
Living with parents	12,347	2,077	1,250	9,020
Hall of residence or similar	0	0	0	0
Other communal establishment	80	22	25	33
Living in all student household	2,626	965	267	1,394
Student living alone	646	283	73	290
Family household with spouse, partner or children	1,554	691	137	726
Other household type	5,354	2,026	593	2,735
Total	22,607	6,064	2,345	14,198

Source: Census LC6108EW

Supply of accommodation

9.62 As noted, there is no dedicated student accommodation in Waltham Forest at the moment. One developer is close to completing purpose built student accommodation which will be handed over in August. It is already being sold for the next academic year. It comprises 527 single units, in a mixture of clusters and studios. There are no specific units for couples or families but the larger studios could house two. There is some provision for disabled units, and Waltham Forest is implementing the London Plan policy requirements to provide accessible housing for disabled students in new student developments.

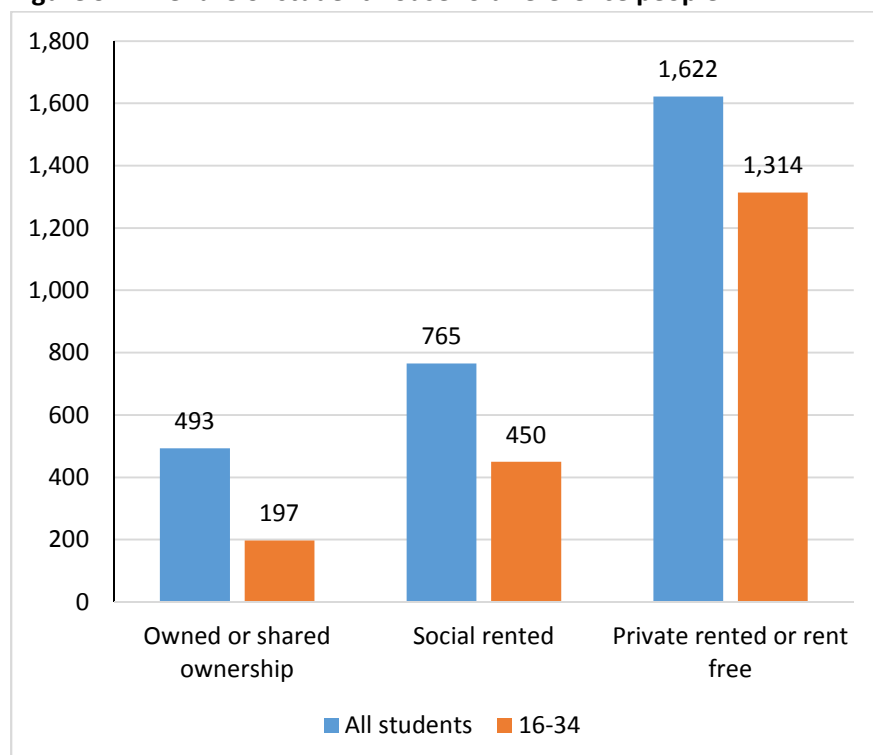
9.63 The development is ‘generic’ accommodation in that it is not linked to specific universities. It is, as far as the developers are aware, the first and only student scheme permitted in Waltham Forest. According to the developer, part of the appeal of building in the borough is the availability of land at a better price than further into City. They expect it to appeal because of the good transport links and slightly cheaper rents than those applying nearer central London. Rents quoted on their website run from £195 to £300 on 51 week

lets. The developers also suggest that it takes students out of 'traditional' accommodation (i.e. shared houses), freeing this stock up for the general market.

9.64 A second scheme for an additional 400 units is at the pre-application stage and, if it proceeds, should be completed 2020-2021.

9.65 As regards the role of the private rented sector and students, the Census does enumerate by tenure the number of 'household reference persons' – that is, responsible adult within a household, who are students. The numbers are of course substantially lower than actual student numbers, but this does give us an indication of the proportionate use of different sectors by students. **Figure 9.12** below notes the numbers of student-headed households (all students and those aged between 16 and 34) in Waltham Forest by tenure. It is immediately apparent that private renting is dominant, especially for younger students, though there is a substantial presence in the social rented sector as well.

Figure 9.14 Tenure of student household reference people



Source: Census 2011 Table DC4601EW

Conclusion

9.66 Given that there are likely to be no more than 10,000 students requiring independent accommodation (i.e. not living with their parents) studying at Waltham Forest-based establishments and there are around the same number residing independently in the borough, it could be suggested that the population of attending students and accommodated students is reasonably in balance, and that Waltham Forest is not playing

host to substantial numbers who study elsewhere. This is not of course to argue that there is a perfect match between the two groups, and undoubtedly commuting will be a factor on both sides.

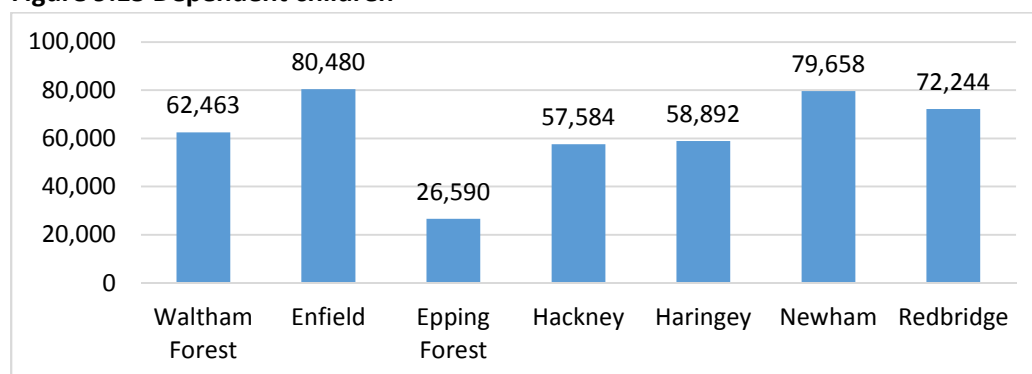
9.67 However, given the relatively low rents in Waltham Forest compared to those further towards central London, and the good transport connections it would not be surprising if the borough became more of a hub destination for students studying in more expensive areas. It is clear that there is developer interest in this market. This may lead to concentrations of students that housing and environmental strategies may wish to address at a local level, though in interviews with relevant staff there has been no indication that this has been an issue to date.

Families

9.68 As noted in **Chapter 6**, the proportion of younger people – including children – is forecast to decline in the monitoring period in Waltham Forest, and hence family formation (assuming ‘family’ is equated with the presence of children) will reduce. Nonetheless, the absolute number of working age residents is projected to increase by around 40,000 by 2039, an increase of 21%. **Chapter 6** also notes factors impacting on household size. **Chapter 8** discusses how these demographic characteristics and changes translate into affordable housing need, in terms of the type and size of future supply needed, which takes into account the needs of future families. Here, therefore, we will solely look at the current characteristics of family households.

9.69 In terms of the numbers of dependent children (**Figure 9.15**), across the neighbouring authorities, Enfield and Newham have the highest population, followed by Redbridge. Waltham Forest has fewer than these authorities, but more than the other neighbours.

Figure 9.15 Dependent children

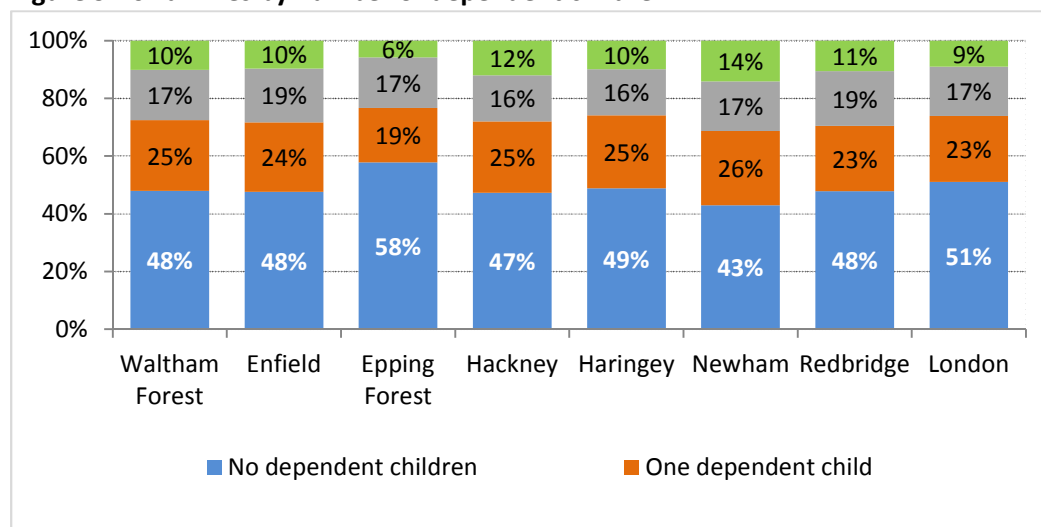


Source: Census 2011 Table QS118EW

9.70 Epping Forest has by some stretch the greatest proportion of households with no dependent children. 52% of Waltham Forest households have dependent children, a fairly typical figure across the neighbours, with only Epping Forest having substantial fewer and

Newham having substantially more.

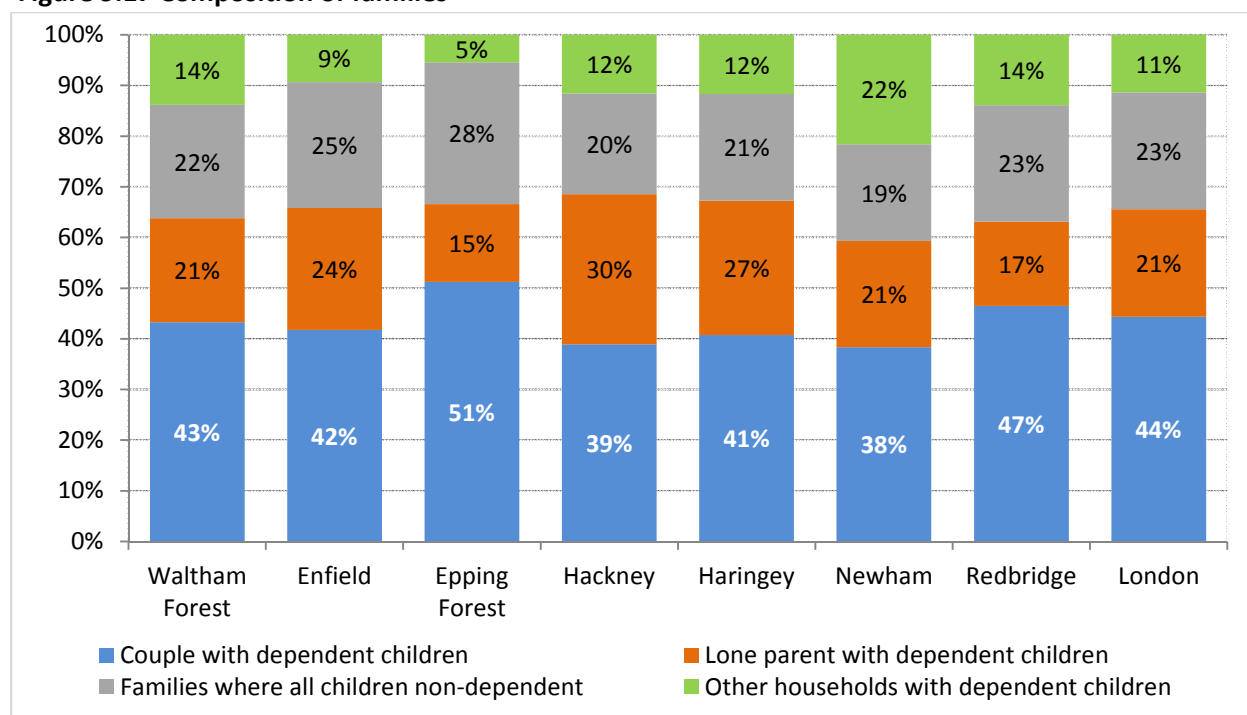
Figure 9.16 Families by number of dependent children



Source: Census 2011 Table QS118EW

9.71 As regards family composition (**Figure 9.17**), Waltham Forest's profile is very close to the London average, with only marginally more 'other' households to distinguish it. The 'other' category is likely to contain extended or multi-generational households. Across the authorities and London as a whole, there has been a rise in the proportion of households where all the children are non-dependents – i.e. they are grown up offspring who are unable to leave home to set up independent households mainly because of escalating costs of renting and buying in London.

Figure 9.17 Composition of families

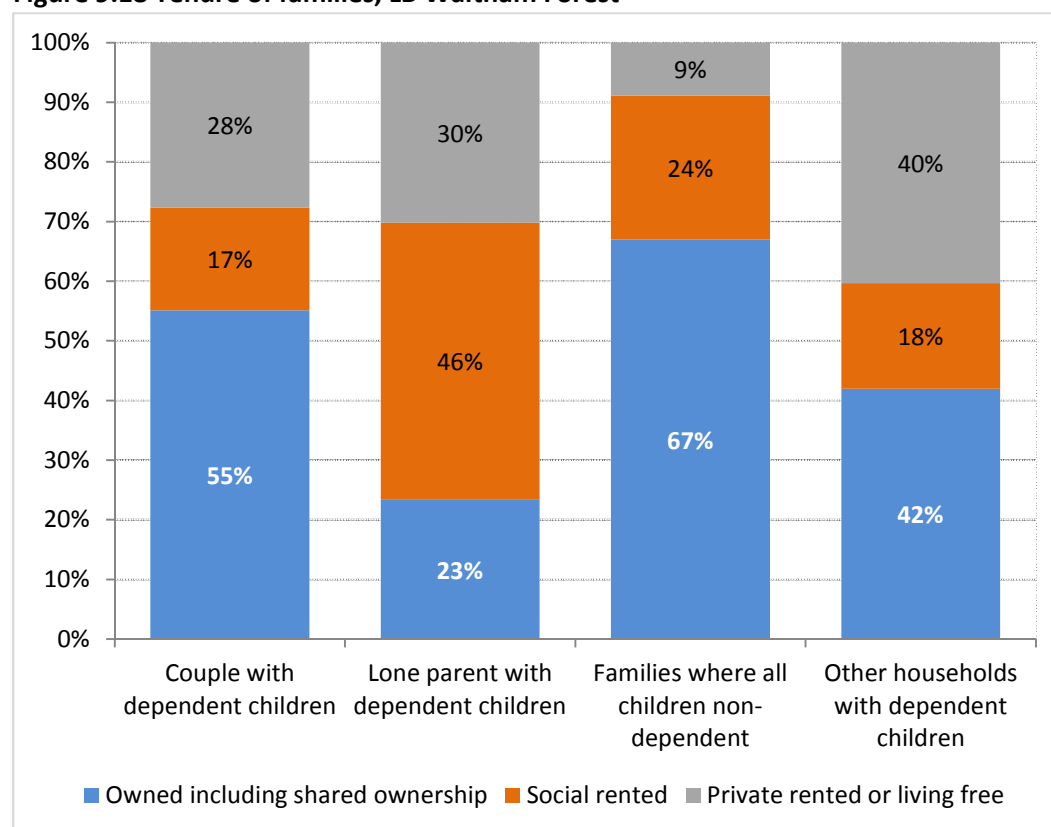


Source: Census 2011 Table KS105EW

9.72 When we look at the tenure of families (**Figure 9.18**), it is apparent that lone parents are more reliant on the social rented sector than other groups, with 46% of such households as council or housing association tenants. A third are represented in the PRS, while only two in ten own their own homes. Other households with children are more concentrated in owner-occupation, especially the households with non-dependent children (likely to be adult offspring still living with their parents and other multi-generational households), with 67% of this category in owner-occupation.

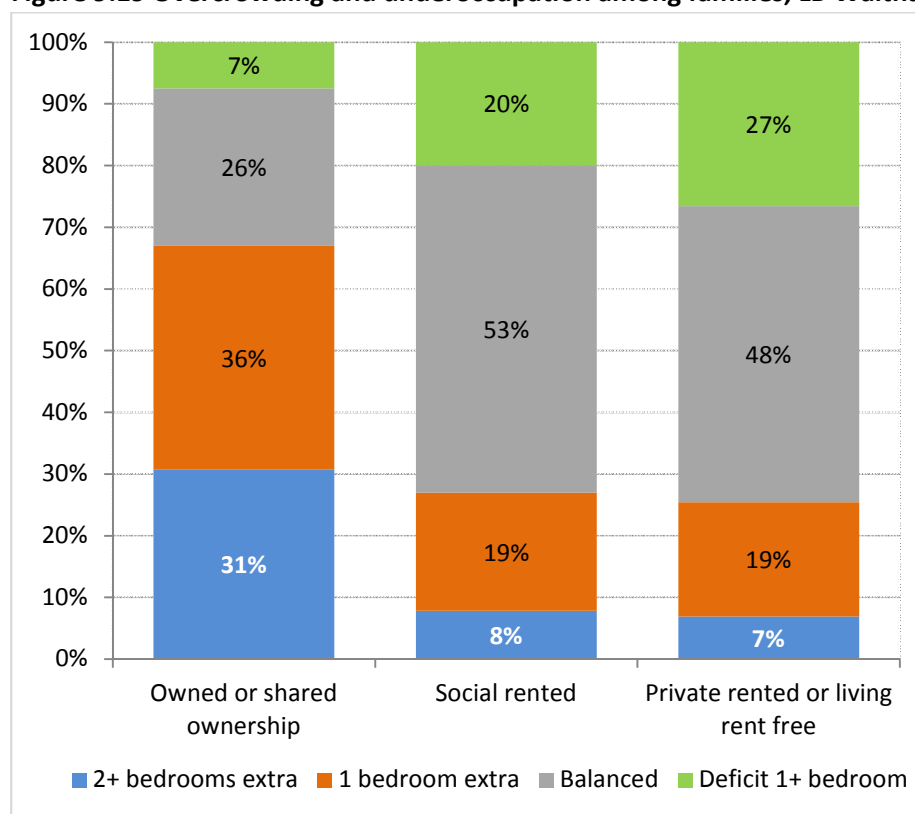
9.73 **Figure 9.19** takes this a stage further and looks at the overcrowding or under-occupation across the tenures. Sixty-seven percent of owner-occupier families have at least one spare bedroom beyond their basic needs, and only 7% are overcrowded. In contrast, in the social rented sector, 27% of families have surplus bedrooms, and 20% are overcrowded. The similarity between the overcrowded and under-occupation figures in the social sector suggests that there may be opportunities for rationalisation. The PRS is similar to the social rented sector, but overcrowding is more pronounced (27%).

Figure 9.18 Tenure of families, LB Waltham Forest



Source: Census Table DC4105EW1a

Figure 9.19 Overcrowding and underoccupation among families, LB Waltham Forest

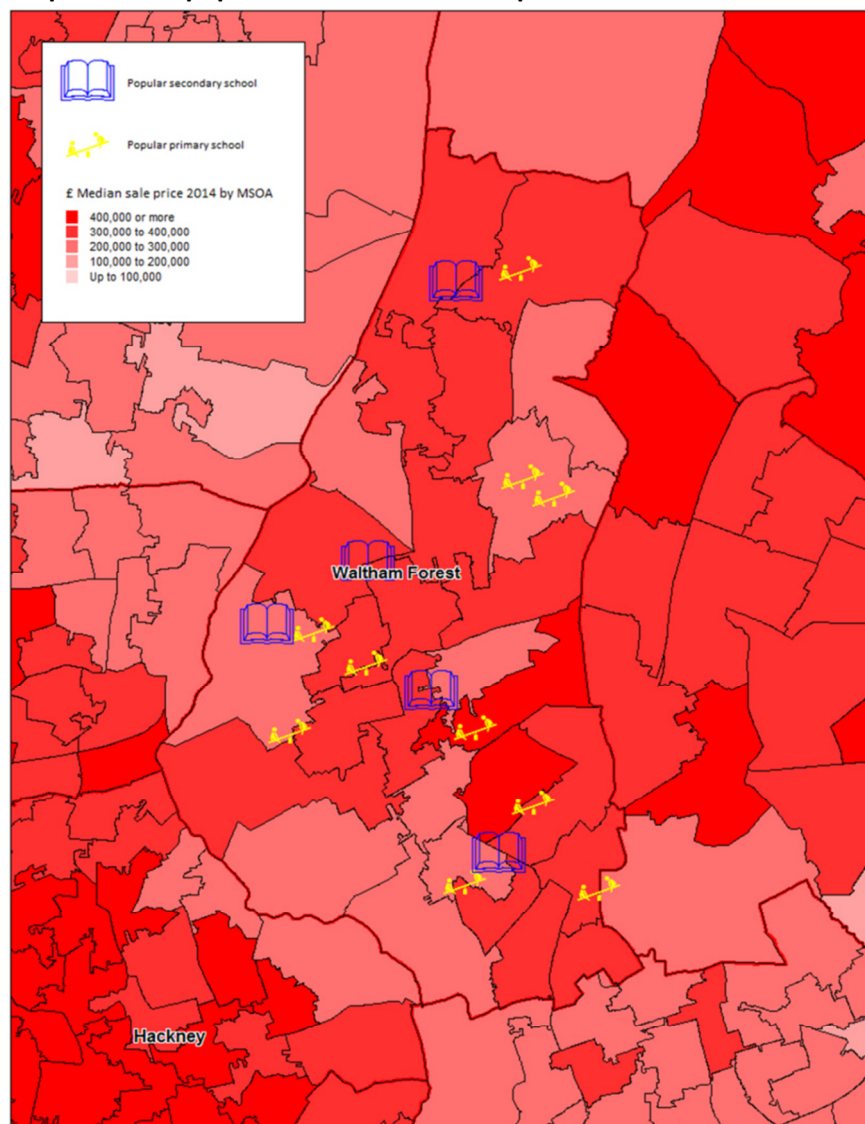


Source: Census Table DC4105EW1a

9.74 One of the factors that PPG suggests considering in terms of defining a Housing Market Area is school catchment areas. We undertook a brief ‘matching’ exercise to see if there was any correlation between the most popular schools in Waltham Forest and the areas of highest house prices, to see if there is an indication that higher school quality (or reputation) adds to the attractiveness of a local area for families, and therefore has a knock-on effect on demand and prices

9.75 Using data supplied by LB Waltham Forest on the most oversubscribed primary and secondary schools, we mapped this onto a house price matrix. As can be seen for **Map 9.1**, there is no correlation between popular schools and higher house prices – the most popular schools are scattered between all the different house price bands, some in the most expensive, and some in the least. We, therefore, do not think this is a particularly useful suggestion for a housing market area determinant, or a housing market driver, at least within Waltham Forest.

Map 9.1 Most popular schools and house prices



Source: LB Waltham Forest data on over-subscribed schools, 2016 and Land Registry data on house prices

Conclusion

9.76 In the longer term, family formation is likely to reduce in Waltham Forest, because of the proportionate decline in the number of younger people – including children – forecast in the authority. Nevertheless, the overall number of working-age households is due to increase by over 20% in the monitoring period. **Chapter 8** discusses the overall housing needs and bedroom size requirements for affordable and market housing for different types of households, including these family households.

9.77 Here we have noted that the proportion and characteristics of family households in Waltham Forest are similar to those of neighbouring boroughs, and London as a whole. As elsewhere, the most overcrowded families live in the social and private rented sectors, and lone parent families are most reliant on the social housing sector. Under-occupation is most prevalent in the owner-occupied sector.

9.78 The fact that a substantial proportion of lone parent families (30%) and ‘other’ households with children are in the private rented sector may be a significant factor, if the market the sector caters to continues to move away from lower-income, benefit claiming households. If assured shorthold tenancy renewals start to dry up, there may well be implications for homelessness applications. This is discussed further in the section on the private rented sector below.

Private rented sector (PRS)

9.79 Unlike the other groups considered in this chapter, the PRS cannot be considered to be a ‘specific group’ in terms of catering to a distinct household or socio-economic bloc. However, PPG (para 021) indicates the PRS should be considered as a ‘type of housing’, and need for it should be covered within the scope of A SHMA.

9.80 The PRS serves a number of functions, of which is to provide a tenure option for those who cannot afford owner-occupation, but are not eligible for the social rented or intermediate housing sectors. The influential Rugg and Rhodes report⁹¹ identified a series of ‘niche’ markets within the PRS, including a luxury end, young professionals, students, a ‘Housing Benefit market’ and temporary accommodation for homeless households. More recent studies have identified a new, burgeoning sub-market termed the ‘working poor’, characterised by high employment levels, low incomes, and low benefit claim levels.⁹²

9.81 For purposes of the SHMA, we are most interested in what role the expanding PRS is playing in Waltham Forest and in particular whether it still has a role in providing homes for lower income households. As noted in **Chapter 4**, the PRS has been expanding across London and is now larger than the social rented sector, as is the case in Waltham Forest. In the borough, it has nearly doubled in numerical size between the 2001 and 2011 Censuses (from 13,000 to 25,000) and at the date of the Census housed 26% of the borough’s households. If increases since the 2011 Census have continued at the same rate, it will now provide homes for 29% of households in Waltham Forest.

9.82 As the 2017 Housing White Paper makes clear, private renting is moving towards the forefront of government housing policy thinking, challenging the traditional pre-eminence of owner-occupation.

Age bands

9.83 In terms of who the sector caters for, it has (at the date of the Census 2011) a primarily young customer base, with nearly half household reference persons being under 34, and over 80% under 50. This does mean though that 16% are aged over 50. Waltham Forest’s has slightly fewer younger PRS residents than the London average, with its largest

⁹¹ Rugg J. and Rhodes D., *The private rented sector: its contribution and potential*, University of York 2008

⁹² *The private rented sector in South East London and Lambeth*, Cobweb Consulting / SE London Housing Partnership 2014

single group being in the 35 to 49 age band. In terms of neighbours, Hackney has a significantly younger profile, and Epping Forest a correspondingly older profile.

Table 9.11 PRS age groups

Area	Age 16 to 34	Age 35 to 49	Age 50 to 64	Age 65 and over
Waltham Forest	47%	37%	11%	5%
Enfield	42%	39%	12%	6%
Epping Forest	36%	35%	17%	12%
Hackney	62%	28%	7%	3%
Haringey	49%	37%	10%	4%
Newham	51%	34%	11%	4%
Redbridge	43%	37%	13%	7%
London	50%	34%	10%	5%

Source: Census Table DC4601EW

Household composition

9.84 Regarding household composition, the most significant features of **Table 9.12** below are the substantial proportion of households with dependent children living in the PRS in Waltham Forest – 39% - substantially higher than the London average (30%). Some neighbours have higher proportions – particularly Enfield, where 22% of households are lone parents, and Newham, where 13% are ‘other; households with children. Nonetheless, there are implications for Waltham Forest’s homelessness and allocations policies if the stability of this group’s residence in the PRS was threatened.

Table 9.12 Household composition in PRS

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Red-bridge	London
One person 65+	2%	3%	5%	2%	2%	2%	3%	3%
One person under 65	20%	21%	29%	26%	25%	15%	18%	24%
Couple both / other all 65+	1%	1%	2%	0%	0%	0%	1%	1%
Couple, no children	12%	11%	18%	18%	18%	9%	13%	17%
Couple, dependent children	20%	20%	17%	11%	14%	19%	24%	16%
Couple, all children non-dependent	1%	2%	2%	1%	1%	1%	2%	1%
Lone parent. dependent children	10%	22%	14%	5%	9%	9%	16%	9%
Lone parent, children non-dependent	2%	2%	2%	1%	1%	2%	2%	1%
Other, with dependent children	9%	6%	2%	2%	5%	13%	9%	5%
Other, all f/t students	2%	1%	2%	2%	2%	5%	2%	3%
Other	20%	11%	6%	32%	23%	24%	11%	20%

Source: Census 2011 Table DC4101EW

9.85 In contrast, there are lower numbers of younger single people and couples without

children in the sector compared to across London. The authority has 19% of PRS households categorised as ‘Other’, similar to the London-wide norm. ‘Other’ households tend to be multi-adult sharing households. Their growth has been a common feature observed in a number of London HMAs over the last few years, and are an indicator of the economic driver forcing younger adults to club together to afford to rent in London, as a necessary alternative to either buying or renting self-contained homes.

9.86 Other features are slightly lower levels of older households, and 9% of households classified as ‘other with dependent children’ – an indicator of multi-generational households which could be a reaction to economic necessity or a cultural feature.

Ethnicity

9.87 When we look at the ethnic make-up of the PRS in Waltham Forest and neighbours, we can see the borough’s particular type of diversity illustrated. As can be seen from **Table 9.13** below, there are similar proportions of Asian / Asian British and the Black group of ethnicities in the borough, closer to the London-wide pattern than neighbouring authorities.

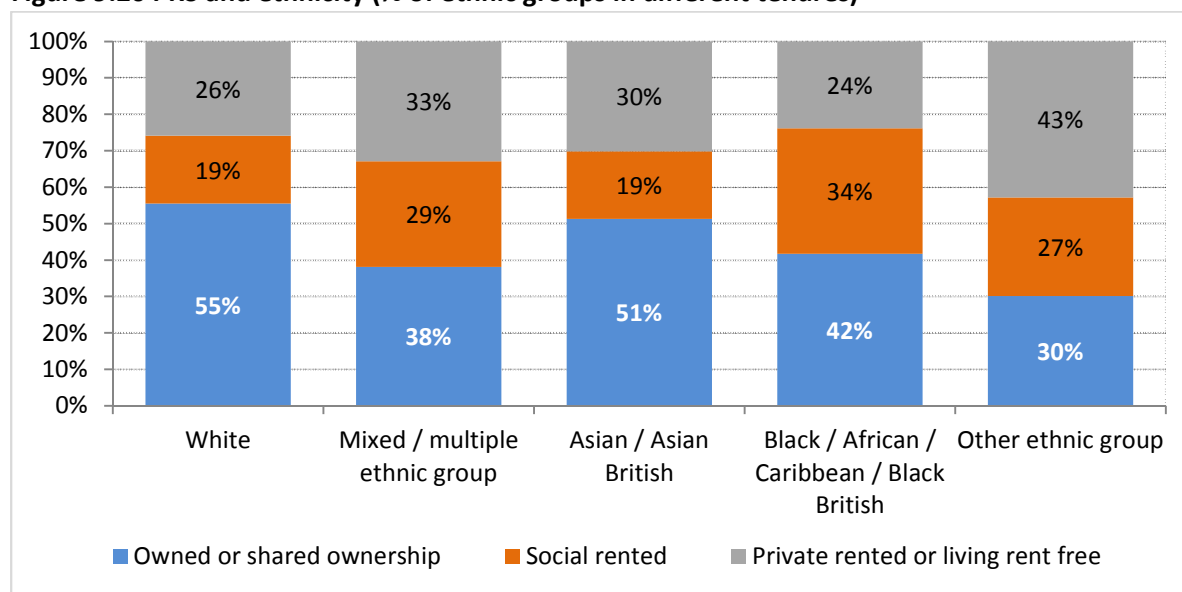
Table 9.13 PRS and ethnicity (% household representative persons)

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Red-bridge	London
White	58%	57%	89%	72%	71%	38%	44%	64%
Mixed/multiple ethnic group	4%	5%	2%	6%	4%	3%	3%	4%
Asian/Asian British	17%	9%	4%	7%	7%	38%	39%	17%
Black/African/Caribbean/Black British	16%	22%	4%	11%	12%	17%	12%	11%
Other ethnic group	6%	7%	1%	4%	5%	4%	3%	5%

Source: Census 2011 Tables LC 4201EW and QS 211EW

9.88 **Figure 9.20** looks at the ethnicity data in another way and asks ‘how reliant are members of different ethnic communities on the PRS?’ Black groups are the least reliant, with only 24% of their population having that as a tenure. White groups are also less reliant than others. The most reliant is ‘other ethnic group’ (which is very small). Thirty percent of the large Asian / Asian British group uses the PRS, though their predominant tenure is owner-occupation; and they are very under-represented in the social rented sector. White groups are the most represented in the owner-occupier sector.

Figure 9.20 PRS and ethnicity (% of ethnic groups in different tenures)



Source: Census 2011 Tables LC 4201EW and QS 211EW

Economic activity, occupation and industry

9.89 Waltham Forest PRS residents show a similar economic activity rate to the overall London average and a higher rate than all their neighbours except Haringey and Hackney. There are above average numbers of part-time workers (16%) compared to London as a whole (12%). Unemployment rates are similar to the London average, as are economic inactivity rates.

Table 9.14 PRS and economic activity

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	London
Economically active	84%	73%	78%	88%	85%	83%	79%	84%
Employed or self-employed, f/t	59%	42%	62%	65%	62%	52%	53%	64%
Employed or self-employed, p/t	16%	20%	10%	15%	14%	18%	17%	12%
Employed full-time students	4%	2%	1%	2%	2%	6%	3%	3%
Unemployed (exc. f/students)	5%	8%	4%	5%	5%	6%	6%	4%
Unemployed full time students	0%	1%	0%	0%	1%	1%	1%	1%
Inactive (exc. students)	14%	24%	20%	9%	13%	13%	19%	13%
Retired	5%	6%	11%	3%	4%	4%	6%	5%
Inactive other (sick, disabled, at home etc.)	9%	18%	9%	6%	9%	9%	12%	8%
Inactive full-time students	2%	3%	1%	3%	3%	4%	2%	3%
Inactive other plus unemployed	22%	42%	30%	16%	22%	23%	31%	21%

Source: Census 2011 Table DC 4601EW

9.90 We can also examine the type of occupation that those in work belong to (**Table 9.15**). Here, it is clear that the PRS is catering for rather fewer residents at the wealthier end

of the occupational spectrum – groups 1 and 2 - (37%), compared to all neighbours except Enfield and Newham, and below the London average (44%).

9.91 Further down the spectrum, there are slightly higher proportions in the intermediate to lower supervisory groupings (3 to 5), and greater proportions in the routine or semi-routine professions. Waltham Forest has the greatest proportion of small employers and self-employed workers in the PRS. Over 30% of PRS residents are in the lowest employment classifications (excluding students), compared to the 22% London average.

Table 9.15 PRS and occupation, % working age population

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	London
1. Higher managerial, administrative and professional occupations	8%	8%	13%	16%	13%	9%	14%	18%
2. Lower managerial, administrative and professional occupations	19%	17%	25%	32%	26%	16%	20%	26%
3. Intermediate occupations	10%	9%	12%	10%	9%	8%	10%	9%
4. Small employers and own account workers	19%	13%	16%	11%	14%	15%	14%	11%
5. Lower supervisory and technical occupations	7%	7%	7%	5%	7%	7%	6%	6%
6. Semi-routine occupations	12%	14%	11%	8%	10%	13%	12%	9%
7. Routine occupations	11%	12%	8%	7%	9%	11%	8%	7%
8. Never worked / It/t unemployed	8%	15%	5%	6%	8%	9%	10%	6%
L15 Full-time students	6%	5%	3%	5%	5%	11%	6%	7%

Source: Census 2011 Table LC 4605EW

9.92 The nature of the current socio-economic position of Waltham Forest's PRS residents is confirmed when we examine the industries in which they work. 20% work in the category 'Finance, Real Estate, Professional and Administrative activities', which characterises the London industrial profile (discussed in **Chapter 4**). This compares to the 31% of PRS residents in this category across London. There is over representation in some of the 'blue collar' occupations – construction, distribution, hotels, and a typical proportion – 20% work in public administration, education and health services (which would include care workers and teachers).

Table 9.16 PRS and industry, % working age population

	Waltham Forest	Enfield	Epping Forest	Hackney	Haringey	Newham	Redbridge	London
Agriculture, energy and water	1%	1%	3%	0%	1%	1%	1%	1%
Manufacturing	4%	4%	5%	3%	3%	3%	3%	3%
Construction	14%	10%	12%	4%	9%	12%	10%	7%
Distribution, hotels and restaurants	24%	27%	17%	18%	22%	29%	21%	20%
Transport and communication	10%	10%	11%	14%	13%	11%	14%	13%
Financial, Real Estate, Professional and Administrative activities	20%	19%	24%	32%	24%	24%	25%	31%
Public administration, education and health	20%	23%	21%	20%	21%	16%	21%	19%
Other	6%	6%	7%	9%	8%	5%	5%	7%

Source: Census 2011 Table LC 4602EW

9.93 The overall picture, then, is of a private rented sector whose most significant components are younger residents, who tend to be in younger families with dependent children (as well as single people and couples without children). There is a significant BAME presence, and the sector is highly economically active. However, employment tends to be in the lower strata in terms of occupation type and industry, and therefore relatively low earnings could be expected.

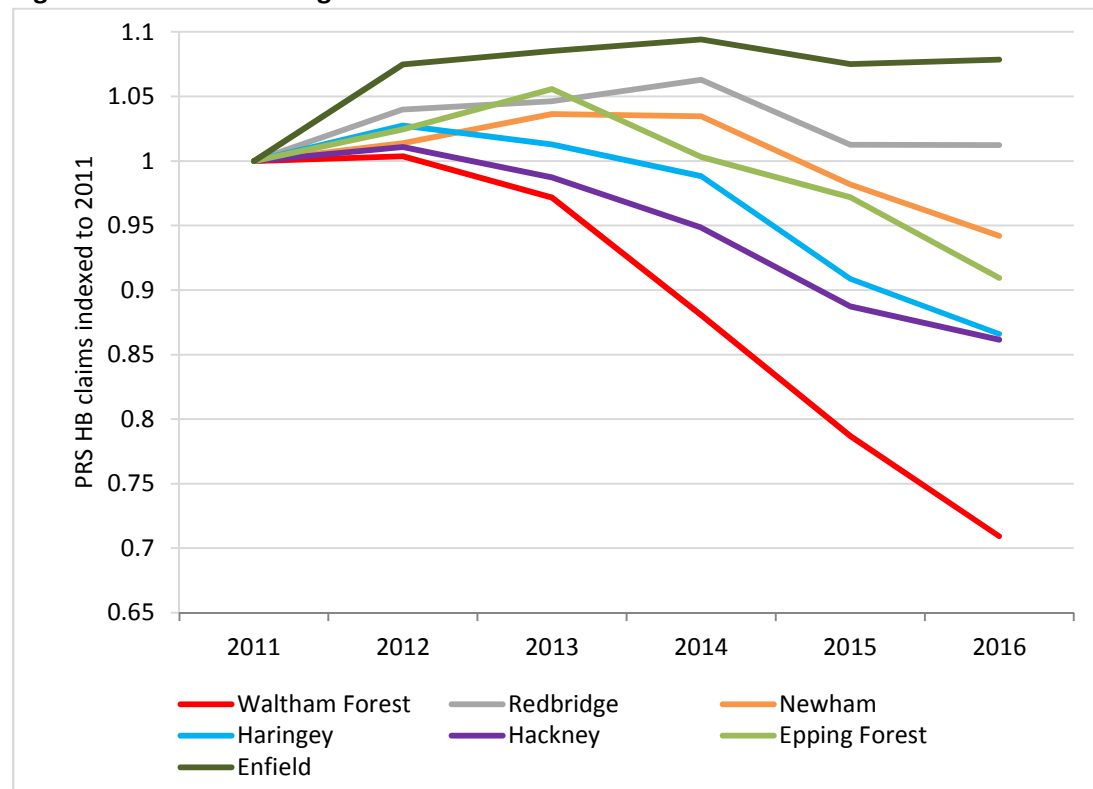
The Housing Benefit market

9.94 The number of PRS households that landlords are willing to let to if they need to access Housing Benefit (HB) has been falling since the beginnings of welfare reform in 2011, where caps to Local Housing Allowances were introduced. Since then a range of other measures, including caps on overall HB payable, reductions to the support that younger people can receive, and the introduction of Universal Credit have been rolled out. The cumulative impact has been a reduction by 7% of the number of HB claimants across London (and therefore a loss of these tenancies to those with lower incomes who would in the past have accessed the sector). The impact has been much more severe in some boroughs than others – especially those in inner and central London, such as Hammersmith and Fulham – where initial rents were very high.

9.95 However, there has also been a substantial effect on HB claims in Waltham Forest. Numbers have fallen considerably since 2011, reducing from 10,761 to 7,619 in 2016 – a 30% reduction. As can be seen from figure 9.18, this has been the sharpest fall-off in claims by some way, compared to neighbouring authorities. While in the early years of welfare reform some authorities (Enfield, Redbridge and Epping Forest) even saw an increase in PRS HB claims, Waltham Forest's, along with Hackney and Haringey's began falling off immediately. Whilst Enfield and Redbridge's have stabilised to some extent, the other authorities are seeing a steady decline in claims, most notably in Waltham Forest.

9.96 The reduction of the London benefit cap to £23,000 also impacts on the accessibility of the PRS. The CIH estimates that some 18,000 families across London will be affected by the cap, the vast majority being in the PRS.⁹³

Figure 9.18 Indexed changes in HB claim rates



Source: DWP StatExplore

9.97 A more detailed study of the PRS would be required to fully-understand the dynamics of this, and why Waltham Forest has been more extremely affected than elsewhere. One cause might be the relatively recent but sharp increase in prices and land values in the borough noted in **Chapter 7** (para. 7.14) as Waltham Forest has been ‘discovered’ as a desirable destination by those priced out of more central London boroughs. Thus leading to a sudden influx of relatively well-off professional renters who have rapidly displaced more established, lower-income renters.

9.98 This analysis is reinforced by Waltham Forest stakeholder comments and experience from other parts of London, which suggest that *landlords are pulling out of the Housing Benefit market because of the reduced rents that claimants can pay, whilst simultaneously finding increased demand from younger professionals on incomes high enough to afford more expensive rents, but not high enough to consider owner occupation. Agents noted that PRS landlords are getting much fussier now about the calibre of tenants and stated that ‘if somebody comes in the door now on benefits then we usher them out of the door again quite quickly’. They further suggested that ‘if anyone comes up the street now looking for a*

⁹³ Likely impact of lower overall benefit cap, CIH, 2016 http://www.cih.org/resources/PDF/Lower_benefit_cap_FINAL.pdf

rental on DSS I think they would be very upset and demoralised'. They went on to compare this to the position a few years ago when landlords would take DSS because it was reliable to be paid direct. But now it is gone because the competition is so high.

9.99 Agents also noted that families now being squeezed are now being squeezed out on price. Again in the past landlords might have preferred families as long term tenants who look after their homes but now they have to look at their returns. As it is possible to get 30% more income by renting to professionals, then many will take this route.

9.100 Nonetheless, the authority's own in-house accommodation agency has continued to have some success in maintaining a database of landlords prepared to accommodate lower income households, in some circumstances. Two of the landlords interviewed said that they still let properties through LB Waltham Forest or other authorities. Their main motivation was the incentive payment they received that effectively brought the rents up to market levels, and these are scrutinised so that, at the end of a tenancy, they can renegotiated incentives upwards. One was keen to have some control over whom the Council placed or referred, and preferred working tenants, though he was not adverse to benefit claimants because 'he is confident that he will always get paid'. However there was considerable concern about Universal Credit (the lag on payments, payments direct to the tenant), and the landlord in question said this would probably signal his withdrawal of properties from the Council.

9.101 Looking ahead, there are clear indications of a split occurring in the market. Smaller-scale landlords are not expanding their portfolios, because of prices, nor are they prepared to invest much in their own properties, because they do not feel rents have increased. Larger scale ones (including medium size portfolio holders) were looking to upgrade, improve standards, and let to higher earners. They are aware of the future expansion of Build to Ren, and are confident that they can be part of an increasing trend away from ownership and towards renting, similar to other European capitals.

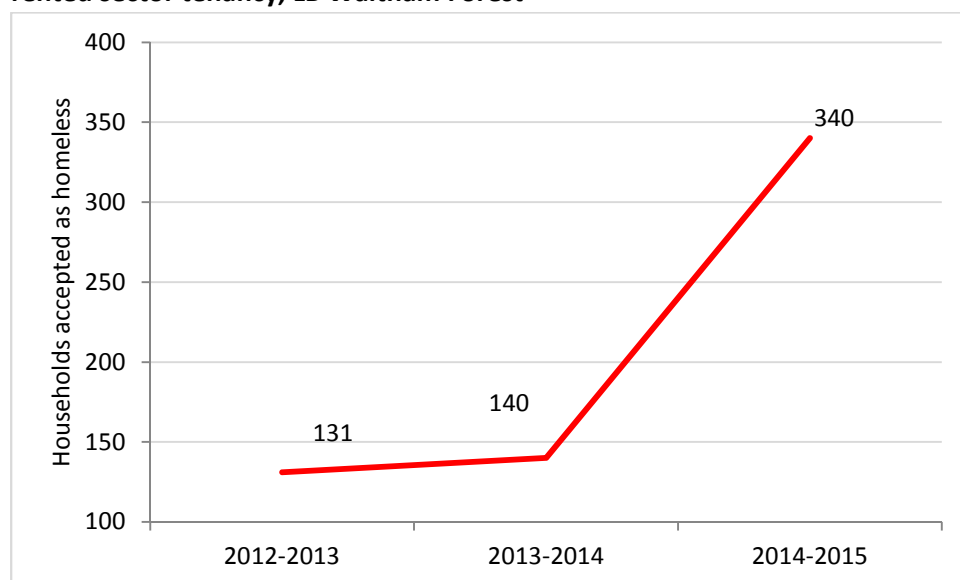
9.102 So, while the lower end of the PRS has never been quantified as being part of the 'affordable' housing sector, nonetheless it has played a role in supporting those who might otherwise require social housing – lone parents, older people, couple households with dependent children for example. However, it now appears to be reducing as a housing option for these groups on lower incomes, which must be of concern to the authority, given the relatively high proportion of households with dependent children in the sector, which would be in priority need of rehousing if they lost their tenancies through no fault of their own.

Homelessness and temporary accommodation (TA)

9.103 There is some evidence that the loss of tenancies in the PRS are impacting on homelessness. The number of priority needs acceptances and re-housings of those losing their PRS tenancies because of the ending of ASTs, lack of affordability, the ending of tied

accommodation arrangements, and evictions for arrears more than doubled between 2013-2014 and 2014-2015. At this stage, we do not have data for 2015-2016, but during interviews with homelessness and allocations staff, they were clear that loss of private sector tenancies was now their number one concern, and had become more significant than the traditional most common reason for rehousing acceptance, parental eviction. One officer commented that that 'Landlords have multiple ways of evicting people'.

Figure 9.19 Priority need homelessness acceptances following loss of private rented sector tenancy, LB Waltham Forest



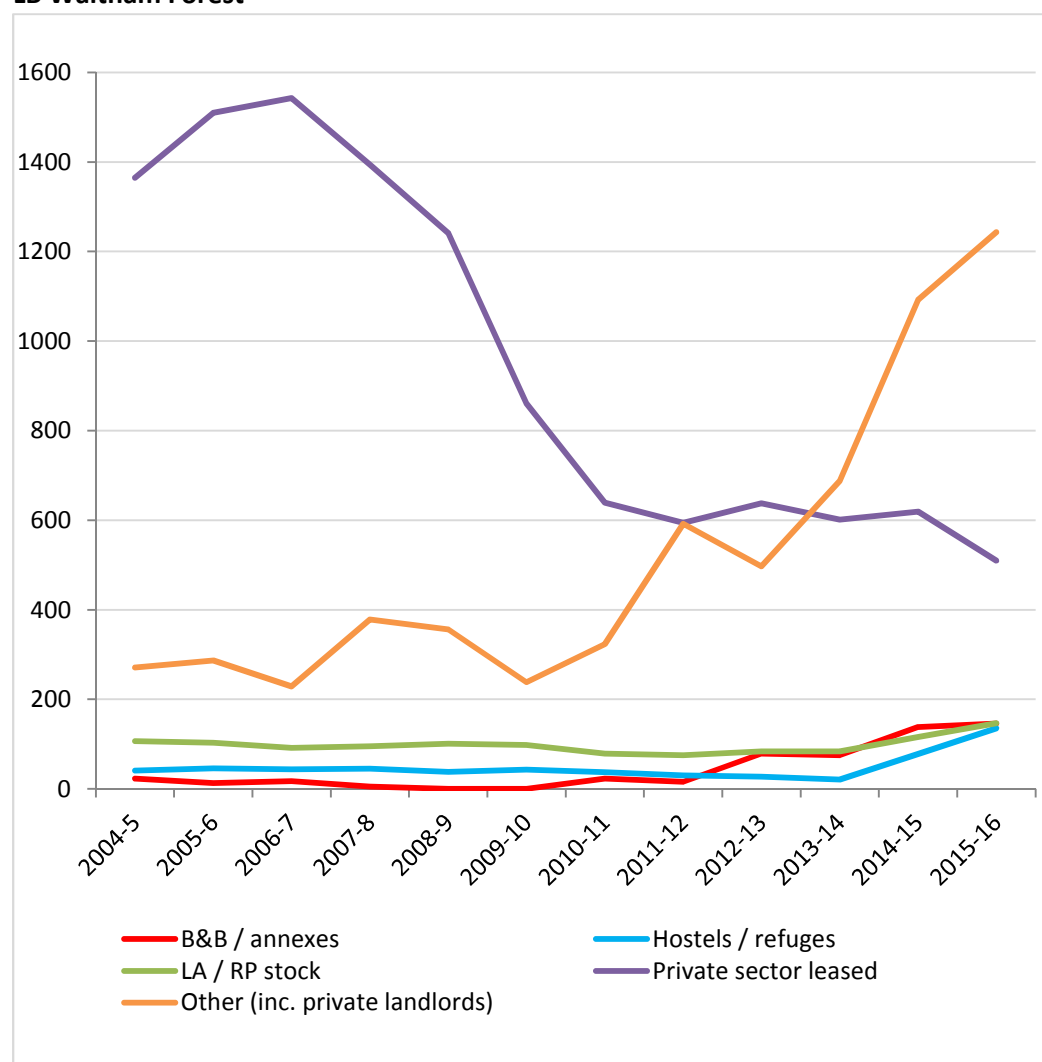
Source: CORE data 2012-2015

9.104 The other factor of relevance is the role the PRS has had in helping provide temporary (and more recently permanent) accommodation for statutorily homeless households. London authorities in particular have relied on a variety of leasing schemes, or PRS managing agency schemes, to provide temporary accommodation. Waltham Forest has been no exception. **Figure 9.19** shows how use peaked in the mid-2000s, then reduced rapidly until 2011, and is now stabilising at a lower level, to some extent. The decline in leasing schemes has been mirrored by the growth of lettings directly to landlords, including at expensive 'nightly' rates, which is now the predominate form of temporary accommodation, running at around 1,250. While numbers in B&B are small in comparison, nonetheless there is concern that it is having to be used, with around 140 households having been placed there as of March 2016. The authority also notes an increasing need for temporary accommodation units that are accessible for homeless households with members with mobility-related impairments.

9.105 The use of local private rented stock as temporary accommodation is a double-edged sword: on the one hand it reduces reliance on inadequate B&B's and other temporary accommodation; on the other hand, it affectively reduces the supply of lower-end private rented accommodation available to the other groups discussed in this section. It is worth noting that the landlords we interviewed who currently engage with the Council on

temporary and permanent options for homeless people were clear and confident of their value to the Council, in keeping down bills for B&B and expensive hostels. They expected a greater degree of consultation and communication to ensure the relationship continued.

Figure 9.20 The use of the private sector for temporary accommodation in LB Waltham Forest



Source: DCLG Live Table 784

Build to Rent

9.106 We note above the fact that landlords are now finding an adequate supply of higher income tenants, able to pay higher rents, but perhaps not able to access owner-occupation. This can be seen as part of a wider London pattern that is seeing the emergence of new rental products to fill this gap and meet the needs of this expanding group. Since 2010 governments have looked to ways to incentivise the role of large-scale institutional investors into this market, to fund large-scale professionally managed private rented developments. The 2012 Montague Review⁹⁴ suggested that institutional investment had

⁹⁴ Review of the barriers to Institutional Investment in private rented homes, DCLG 2012

the potential to offer longer-term rented homes than the current market; a better service to tenants; and higher standards of purpose built accommodation. It recommended a Build to Rent fund and a debt guarantee fund, among other measures. The recent Housing White Paper reiterates the role of institutional investment in Build to Rent.

9.107 Build to Rent was designed to stimulate larger scale PRS developments, and by 2013 £1B had been earmarked for the development of 10,000 homes. In spite of initial over-subscription, large numbers of developers withdrew from the bidding process, citing the recovering home ownership market in 2014 (including its stimulation through Help to Buy). Housing associations were and remained significant players.

9.108 Most of the resource was eventually allocated, but there was concern that Build to Rent did not impact on the overall number of units that were to be developed, but merely on what tenure they were. A leading housing association developer commented that they owned the relevant sites anyway, and the issue was what tenure mix was to be developed. The availability of the fund meant that more units were developed as PRS rather than alternatives – such as affordable rented.⁹⁵

9.109 From the Waltham Forest perspective, there have been initiatives from several sources using the Build to Rent model. The most significant has been an initiative by Legal & General in association with a Dutch Pension Fund to develop 440 private rented homes on a former industrial estate in Walthamstow close to Blackhorse Road Station. This would include associated retail, leisure and working spaces as well as the homes. The unit breakdown is unclear at the moment, but there is mention of three-bedroom homes in promotional literature. The development is to include a number of affordable (rented) homes pepper-potted through the development, based on a range of discounts (between 65% and 85%) on rental market value. There is an assumption that tenants in the discount market rented units would move on to full market rate tenancies, either within the scheme or elsewhere, enabling the discount rate to be reprovided to the next tenant, and also a mechanism for market-rate tenants to cascade down to discounted levels. Waltham Forest Planning Committee have granted consent for the scheme.

9.110 Fizzy Living (a private rented initiative of Thames Valley Housing Association and Silver Arrow wealth fund) has announced plans to buy 111 flats from Taylor Wimpey, to let as private rented accommodation with the Blackhorse Road regeneration area. They comprise a mix of one, two and three bedroom homes. A third large-scale developer is also currently considering a Build to Rent scheme.

9.111 There is also a much smaller-scale and more community-based initiative to convert a garage site owned by Circle into nine family homes through a self-build scheme that will see the new homes let on an affordable rent basis.

⁹⁵ Bate, Alex *Building the new private rented sector: issues and prospects (England)*, House of Commons Briefing Paper 07094, December 2106

9.112 It is difficult to forecast how much of a temporary phenomenon Build to Rent is likely to be, in Waltham Forest, and in London as a whole. The increasing land values the authority is experiencing may stimulate a return to owner-occupation as a preferred development option for investors. On the other hand, a number of commentators have noted that the uncertainties surrounding Brexit and the nervousness that buyers may feel about home ownership in this environment may signal that PRS investment is a safer berth. And more fundamentally, in terms of housing need, there are increasing questions about the relationship between government investment in affordable housing and government support for private renting that will need careful consideration in the near future.

Conclusion

9.113 The PRS is likely to continue to grow proportionately as a sector but is not likely to expand as a resource for lower-income households. The increasing popularity of Waltham Forest as a destination for those who cannot afford to buy or rent in central London, but nonetheless are on relatively high incomes means that the market generally will move to higher-end clients. Increasingly landlords, including new, large-scale landlords, will be catering for professional and higher income groups. This will be exacerbated as Build to Rent receives further government support. At the moment there is still scope for the authority to use the PRS as a tenure for some households, through referrals and use as temporary accommodation, but the environment for doing this (especially with the latest round of benefit caps) is becoming more difficult. It will be essential for the authority to maintain strong relationships with the landlords it currently works with and ensure that the incentives scheme is adequate.

People wishing to build their own homes

9.114 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.

9.115 The Self-Build and Custom Housing Building Act 2015 came into force in April 2016. Among other measures, it places a duty on local authorities to keep a register of individuals and community groups who have expressed an interest in acquiring land to bring forward self-build and custom-build projects and to have regard to and make provision for the interests of those on such registers in developing their housing initiatives and their local plans (including such data in SHMAs). It is expected that the authority will grant permission for as many serviced plots to meet demand. It also allows volume house builders to include self-build and custom-build projects as contributing towards their affordable housing obligations, when in partnership with a Registered Provider'.

9.116 New regulations came into force in October 2016.⁹⁶ In effect, these give authorities the option to set up a two-part register that is more sophisticated than the initial model. Authorities will be able to set up local eligibility tests against two criteria: having a local connection, and being able to demonstrate they have the resources to purchase land for their own self-build project. Only those who meet these criteria and enter Part 1 of the register would be entitled to access to development permissions. The regulations also make provision for authorities to appeal to the secretary of state for exemptions from the duty to provide serviced plots where demand on housing land supply is constrained.

9.117 This is highly relevant to the LB Waltham Forest position. The current register holds 231 entries, 228 from individuals and 3 from associations. Only 25 of the individuals live in Waltham Forest, and indeed over 40 do not live in London at all. 29 live abroad. Of the three associations on the register, one is Waltham Forest-based (with 11 households in it), one in Hackney-based, and one describes itself as London wide.

9.118 Other characteristics of individuals on the register⁹⁷ are:

- Two-thirds are aged between 18 and 39
- 92% want to build a house (as oppose to flat/apartment)
- Three and two bedrooms are most popular
- The vast majority (90%) want to own rather than rent
- 57% are not first time buyers (i.e. they already own homes)
- 54% earn over £50,000

Of the three associations:

- One wants to build privately, one is housing association based (the Waltham Forest one), and one wants to develop on the cohousing model (private with shared communal spaces)
- Numbers of homes proposed range from 2 to 20
- All groups would need some form of subsidy, loan or grant to develop their projects

9.119 In view of the above, it seems clear that LB Waltham Forest would want to consider whether to take up the option of setting up a two-part register; and if that is agreed, to carefully consider the how local connection criteria would be evidenced and assessed, before taking any further steps to implement the legislation. In terms of this SHMA, we would suggest that the demographics of register applicants (as far as we can tell from the limited information available) do not seem to exhibit a high degree of housing need or requirement.

⁹⁶ http://www.legislation.gov.uk/uksi/2016/1027/pdfs/ukxi_20161027_en.pdf

http://www.legislation.gov.uk/uksi/2016/1027/pdfs/ukxiem_20161027_en.pdf

⁹⁷ There is only full data on 14 applicants – the percentages in this sector relate to those

Black and Minority Ethnic (BAME) households

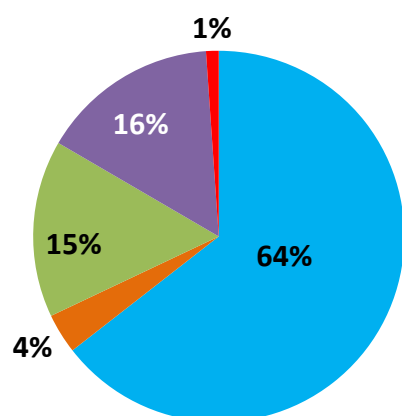
9.120 Fundamentally, all households regardless of ethnic origin require decent housing. However, there are some socio-economic factors relating to particular groups that affect their ability to access this housing. We now look in slightly more detail at some particular communities, and at the factors that will impact on housing need and requirements.

Population and growth

9.121 According to GLA population projections across London as a whole, the White⁹⁸ population is projected to decrease marginally from 3.54 million to 3.50 million between 2016 and 2041 and will remain the single largest ethnic group for the entire projection period. The Other White population is projected to be the fastest growing group over the period 2016 to 2041 increasing from 1.3 million to 1.8 million (42 % increase). The BAME (all ethnic groups except the White groups) population of Greater London is projected to increase from 3.7 million in 2016 to 4.9 million in 2041, an increase of 1.2 million (33 per cent). By 2041 47 per cent of London's population will be BAME.

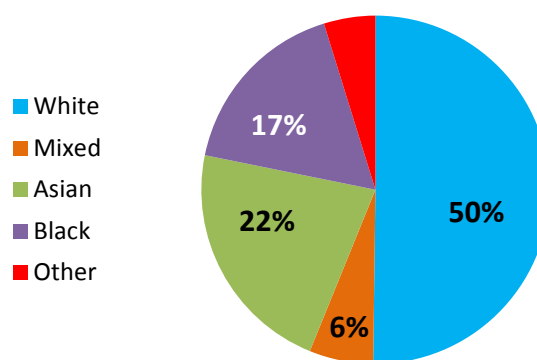
9.122 Focussing on Waltham Forest, currently exactly 50% of the residents are from the White groups, and the other 50% are from BAME groups. The largest of these are Asian groups, followed by Black groups. Compared to the London average, there is a slightly larger BAME population in Waltham Forest than the overall figure for the capital (43%). The 2016 figures can be compared to those taken from the 2001 Census. The ethnic breakdown proportions sixteen years before were significantly different, with nearly two thirds (64%) of the population in the White categories. The intervening period saw, in particular, the growth of those with Asian, Mixed and Other backgrounds (predominantly Arab) and the proportionate reduction of the White sector.

Figure 9.21 Ethnic breakdown 2001



Sources: Census 2001 Table KS006

Figure 9.22 Ethnic breakdown 2016



GLA 2015 Round Short Term migration projections

⁹⁸ Using GLA classification, 'White' includes White Irish and 'Other White' as well as UK White groups; Black and Minority Ethnicity groups comprise all other groups

9.123 Looking ahead, these trends are forecast to continue, with the BAME population in Waltham Forest projected to reach 52% by 2026 and 53% by 2039. This is both a consequence of natural growth, as the populations of these households tend to be younger than the White population, and as a result of continuing migration from abroad. This is a London-wide phenomenon, though the rate at which the proportion of the White UK sector in particular is projected to reduce compared to the BAME sector is faster in Waltham Forest than the London average.

9.124 In numerical terms the Asian groups are forecast to increase most sharply along with the White Other group, with the population increase among the Black communities flattening out to a certain extent.

Figure 9.23 Projected change in White and BAME population

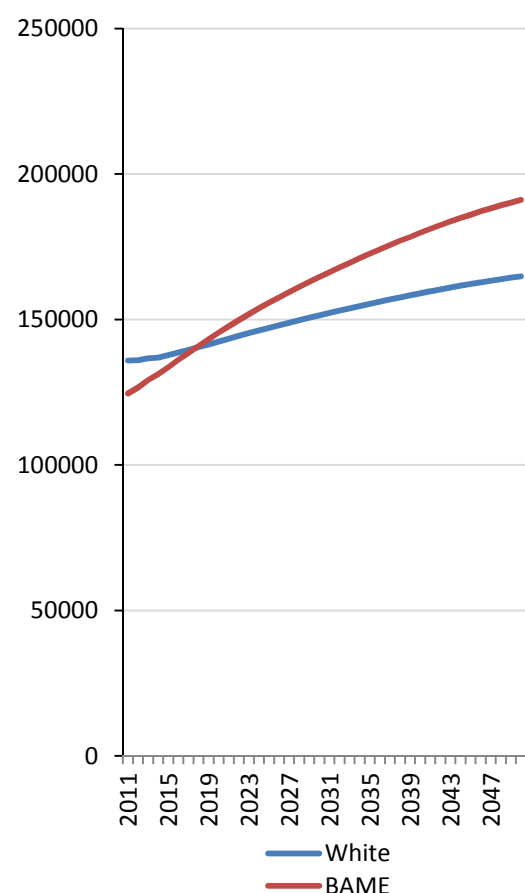
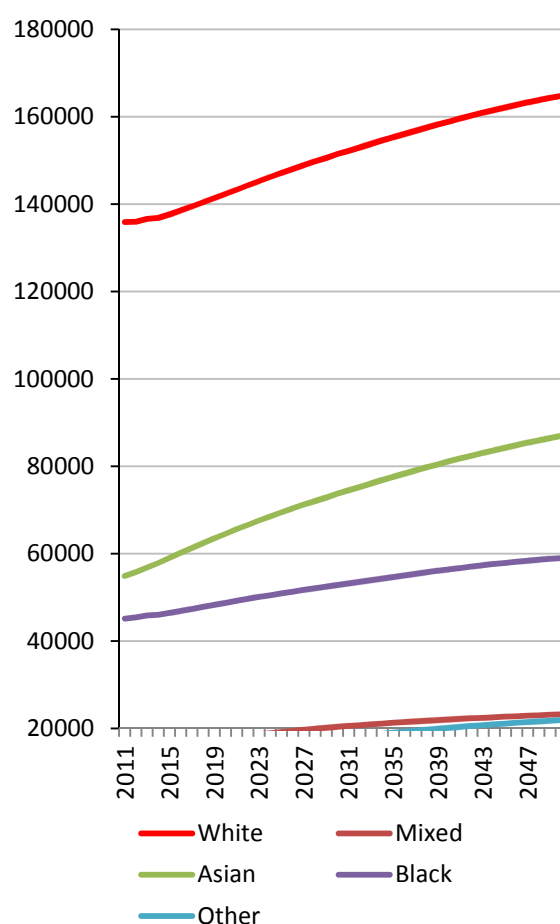


Figure 9.24 Projected changes, all main ethnic groups

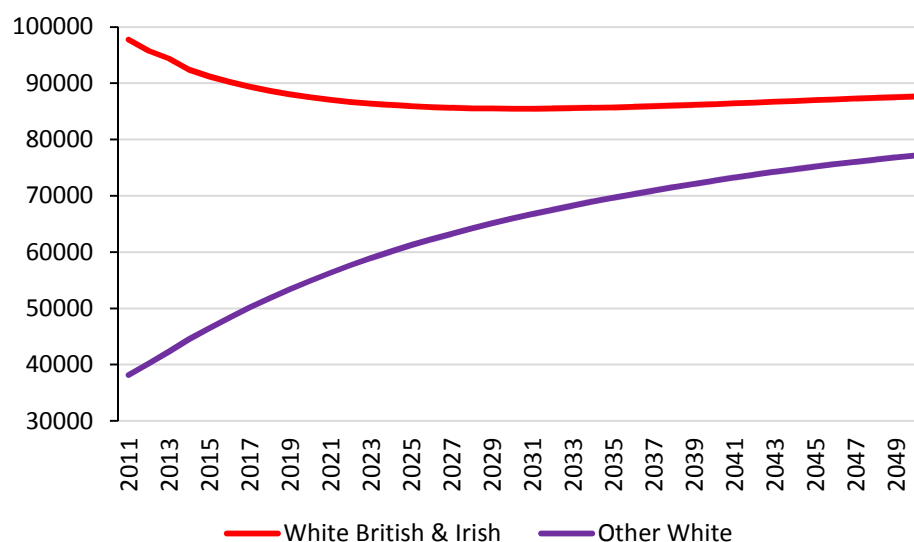


Source: GLA 2015 Round Short Term migration projections

9.125 The other population proportion factor of significance is the relationship between the sizes of different groups within the White ethnicity sector. **Figure 9.25** illustrates the trajectory from 2011, and the projection that the number and proportion of Other White

group – that is all those who are not UK or Irish White – is due to increase significantly over the next fifteen years before starting to slow down, while the size of the UK White community is projected to reduce and then flatten out by the mid 2020's. To some extent, the earlier figures reflect the levels of immigration from central and southern Europe in the recession years and years of Eurozone instability (who again would be primarily young, working people either with or ready to have, children). However, clearly, these figures do not factor in the likelihood of the UK leaving the EU and the impact that would have both on new migration and on the behaviours of Europeans already resident.

Figure 9.25 Population projections, White community



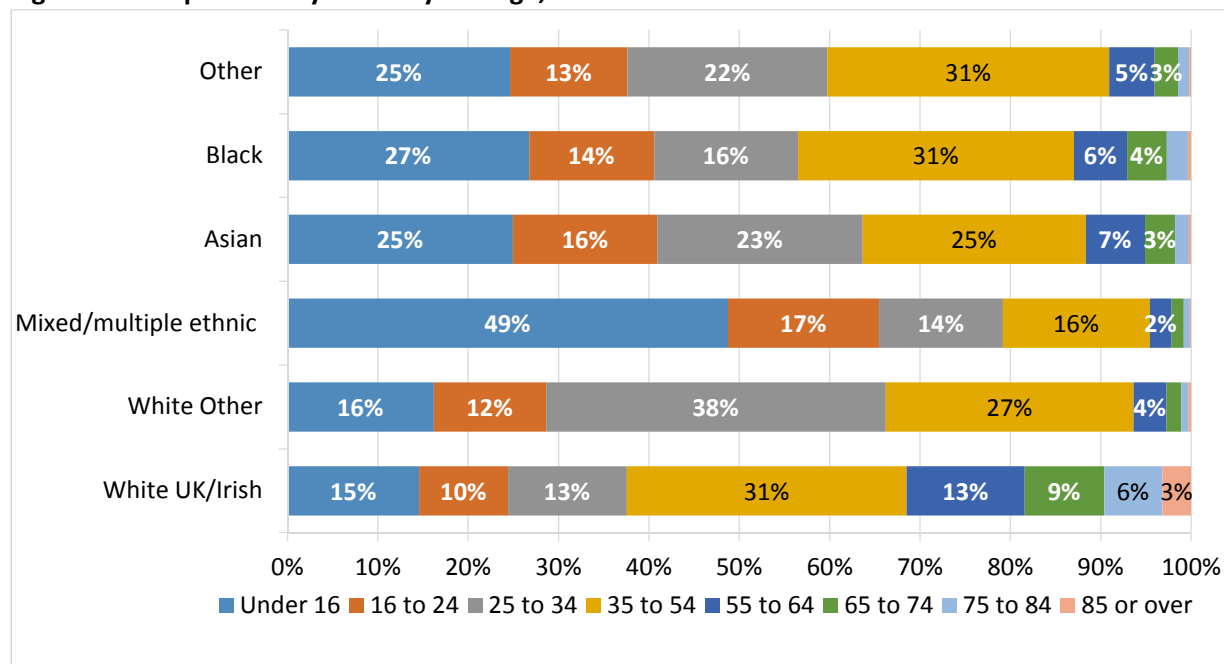
Source: GLA 2015 Round Short Term migration projections

Age

9.126 When we look at the age breakdown of the different ethnic groups there are some significant differences. Although relatively small in overall terms, the Mixed / Multiple group has by far the youngest profile, with 66% residents aged under 25, and another 17% under 35. This implies that in future they will experience a substantial increase in numbers, based on natural growth. Additionally, the Other White group, with half its numbers in the young adult bands is also projected to increase substantially.

9.127 At the other end of the scale, the White UK population has the highest proportion of those over 65 (18%) followed by the Black (12%) and Asian (11%) population. The Black and Asian populations (as well as the White and Other groups) also have significant proportions in the older working age groupings (35 to 64).

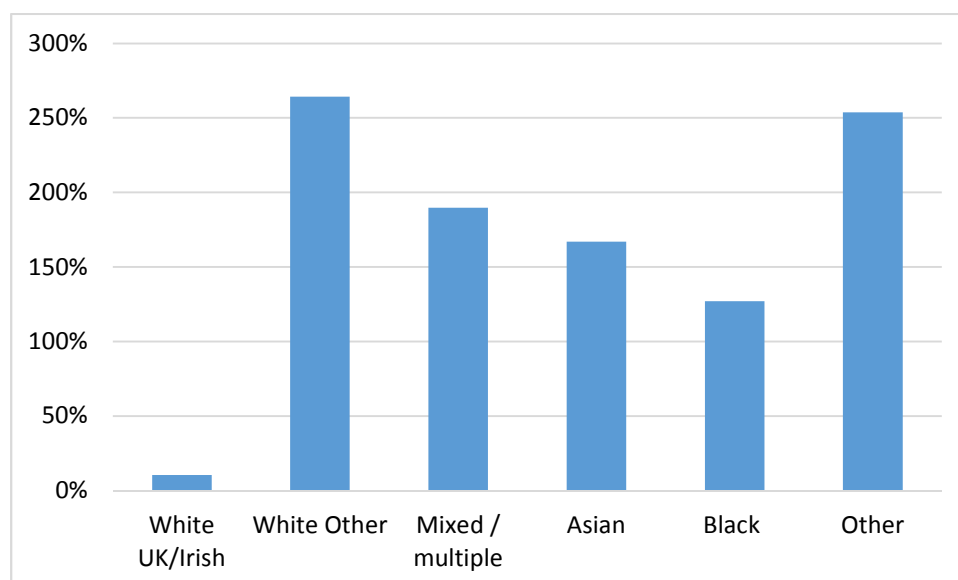
Figure 9.26 Population by ethnicity and age, 2011



Source: Census 2011 Table LC2109EWIs

9.128 We have already noted the demographic pressure that ageing will bring on housing requirements. Although currently, BAME households tend to be younger, there will be a significant increase in the number of elderly BAME residents between now and 2030.⁹⁹ As can be seen in **Figure 9.27**, the numbers of over 65's in the White Other and Other groups are projected to increase proportionately by over 250% by 2030, with Mixed / Multiple, Asian and Black groups also forecast to more than double in size.

Figure 9.27 Percentage increase in over 65's, 2011 to 2030



Source: GLA 2015 Round Short Term migration projections

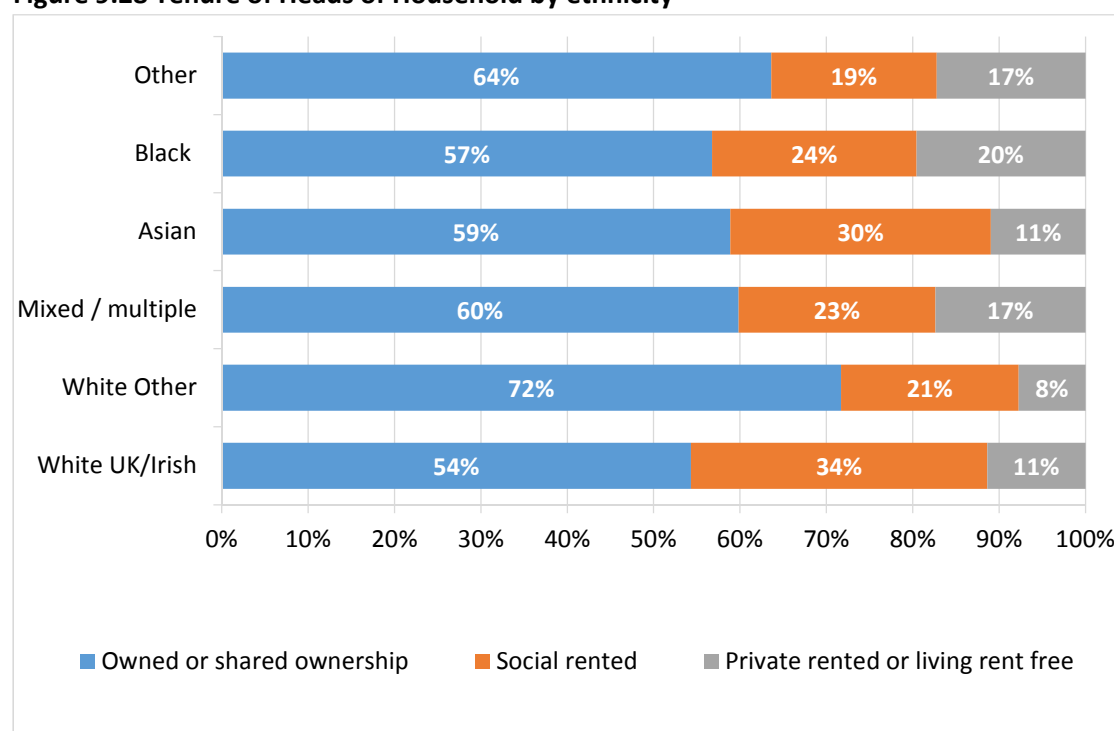
⁹⁹ The role of the planning system in delivering housing choice for older Londoners, GLA, 2012

9.129 As the Waltham Forest Older Persons Housing Strategy¹⁰⁰ notes “The rate of growth among BAME groups in Waltham Forest is much faster among older people compared to their White counterparts. This has implications for the kind of care and support that is required and potentially affects housing design, both internally and in relation to communal areas. Specialised services may need to accommodate differences in language, religion, culture and diet.”

Tenure

9.130 As regards tenure, across all ethnicities owner-occupation is the norm. For all groups, over half are owner-occupiers, with the White Other groups most significantly represented (72% owner-occupation). Proportionately, the greatest users of the social rented sector are the White UK /Irish group, followed by Asian households. White Other (which would include most EU migrant groups) and Other Households rely on it the least. Black households have the greatest proportional presence in the private rented sector.

Figure 9.28 Tenure of Heads of Household by ethnicity



Source: Census 2011 Table DC4201EW

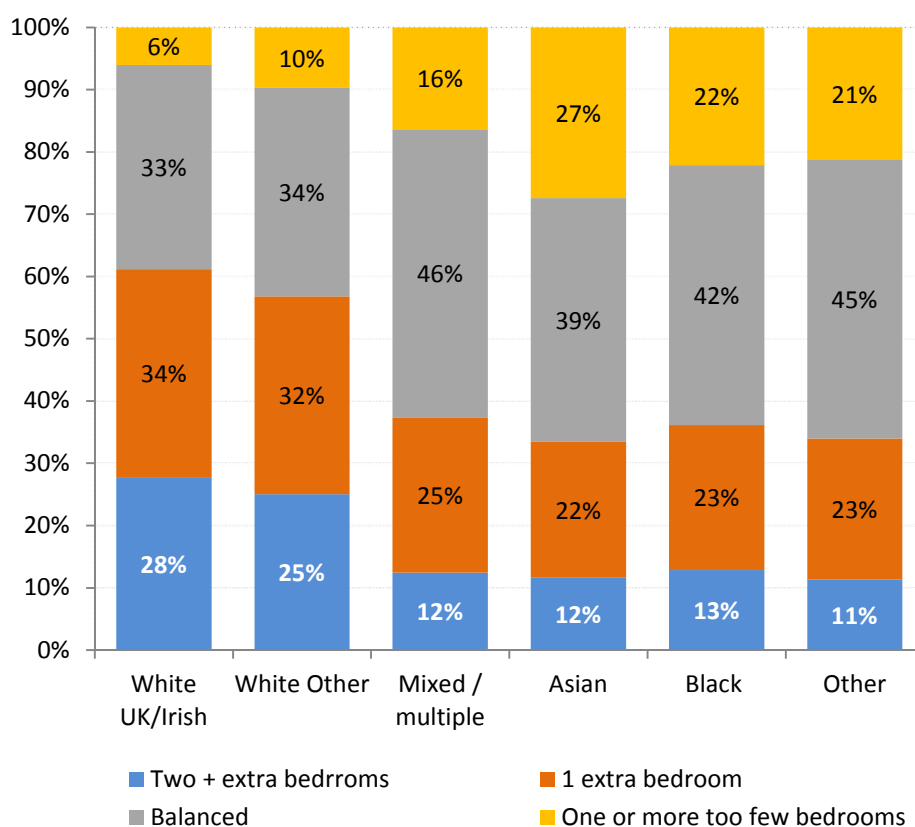
¹⁰⁰ Older Persons Housing Strategy, 2015-2020, LB Waltham Forest

Overcrowding and under-occupation

9.131 White UK and White Other households under-occupy their homes to a significantly greater extent than other ethnic groups. 62% White UK households have at least one spare bedroom in their homes, as do 57% Other White households. In contrast all other groups have between 33% and 36% households in this position. At the other end of the scale, while only 6% of UK White households are overcrowded (that is, lacking a bedroom according to the formula in the bedroom standard), over a quarter of Asian households are in this position, as are 20% or more of Black and Other households.

9.132 Unfortunately, we cannot cross-reference these figures by tenure, as clearly that would have a significant bearing on the ability of the household to solve overcrowding (or underoccupation) problems, by downsizing or transferring. But as can be seen from figure 9.xx above, substantial proportions of all groups are owner-occupiers, who should have opportunities in the open market to change their property size. Private renters are the least likely to have options to change to meet size needs, and the most effected here are Black, Other and Mixed / Multiple households.

Figure 9.29 Underoccupation and overcrowding

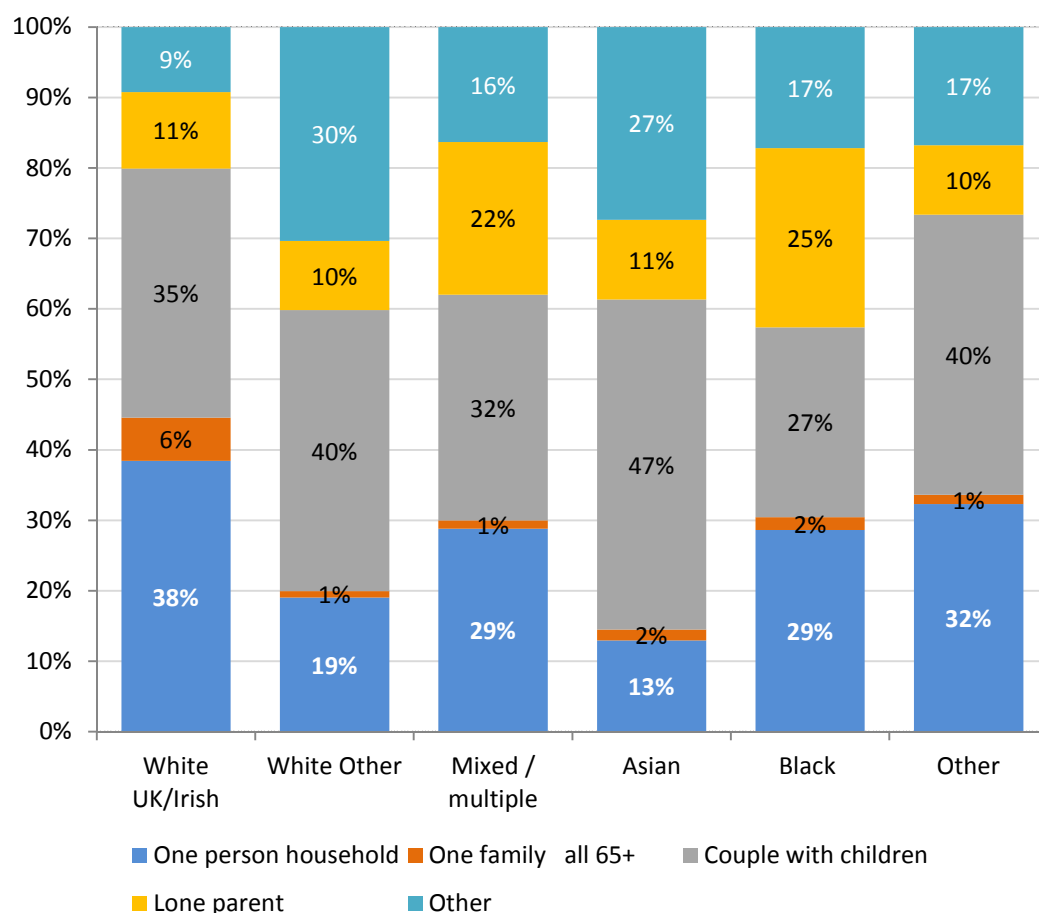


Source: Census 2011 Table DC 4206EW

Household composition

9.133 Household composition will impact upon income and employment, among other effects. White UK residents have a relatively large proportion of single person households, as well as the largest single group of all-over 65 households. Asian households in particular feature a preponderance of couple households with children, as do a substantial proportion of Other Households. Lone parenthood is most common among Black and Mixed / Multiple households. Also noticeable is the high proportion of households of 'other' composition among the Other White community - perhaps an indicator of multiple adults sharing houses.

Figure 9.30 Household composition

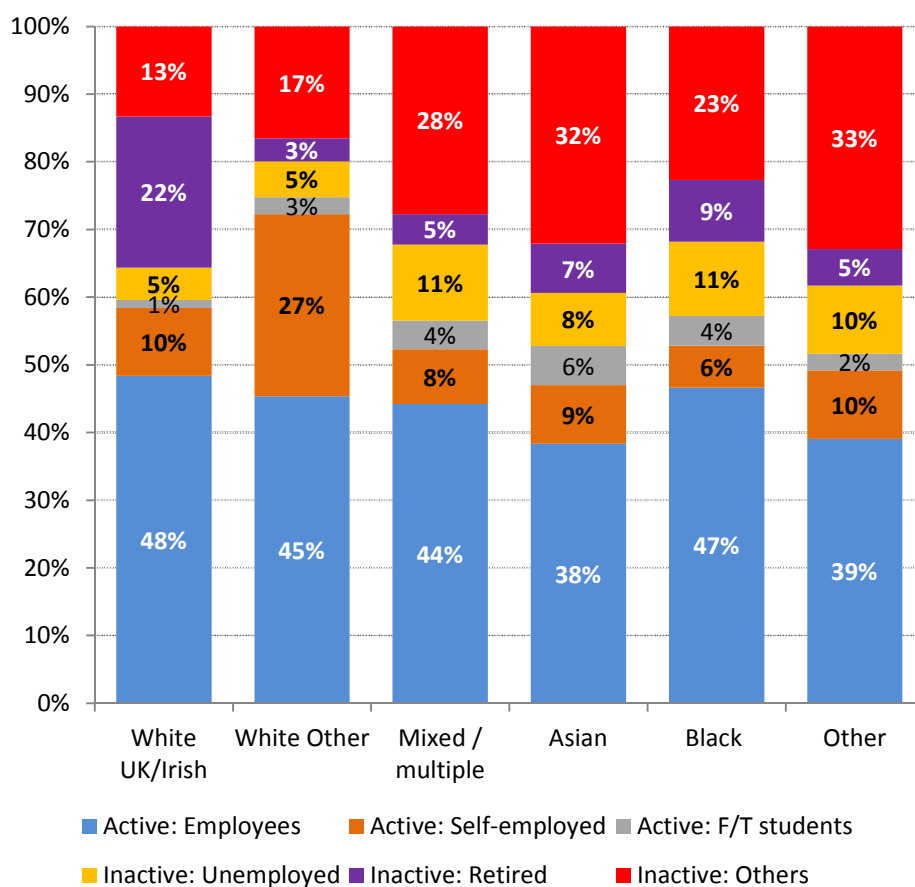


Source: Census 2011 Table LC 1210EW

Employment and economic activity

9.134 The ethnic group that is the most engaged in the employment market is the Other White group, where some 75% are employees, self-employed or full-time students. Of note is the substantial proportion of self-employment – 27%. 22% of White UK households are retired, a substantially greater proportion than any other group, the closest to which is the Black community (9% retired). Putting aside retirement, the highest rates of economic inactivity are found in the Other community and the Asian community, where 32% are inactive, including 12% students and 11% looking after the home and family.

Figure 9.31 Economic activity



Source: Census 2011 Table DC 6201EW

9.135 Among those in the labour market, the industrial profile of jobs carried out is very diverse, with most ethnic groups having a presence in most categories. Of significance are:

- White Other: construction (20%) and transport/allied (20%)
- Asian: wholesale and retail (23%)
- White UK: education (15%)
- Black: health and caring (19%) and administration/support (16%).

Figure 9.32 Industrial profile

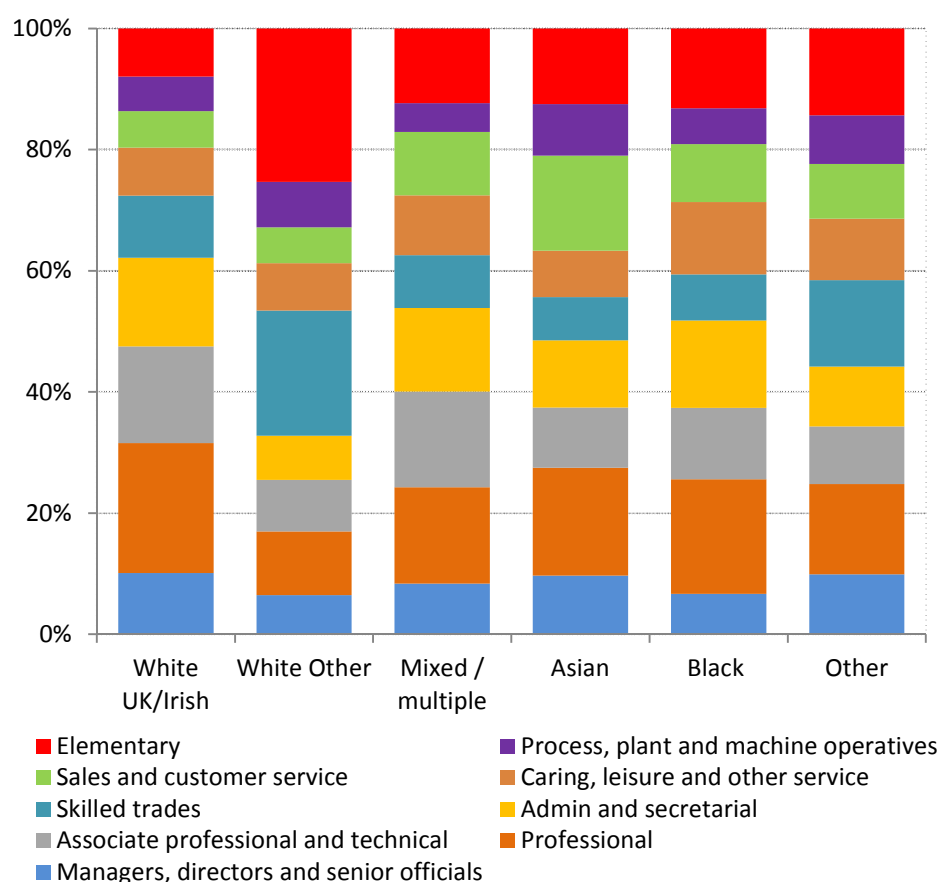


Source: Census 2011 Table DC 211EW

9.136 We can compare the above with the occupational profile, which in some ways (but not all) reflects the industries worked in. Of particular interest is the fact that 18% to 21% of Asian, Black and White UK groups classed themselves in the professional occupation bracket, the largest single classification for each of them. Also of note:

- White Other: Skilled trades (21%), elementary occupations (e.g. warehousing, security, cleaning) (25%)
- White UK: Associate professional (16%)
- Mixed / Multiple: Associate professional (16%)
- Asian: Sales and customer service (16%)
- Black: Caring and leisure (12%).

Figure 9.33 Occupation



Source: Census 2011 Table DC 6213EW

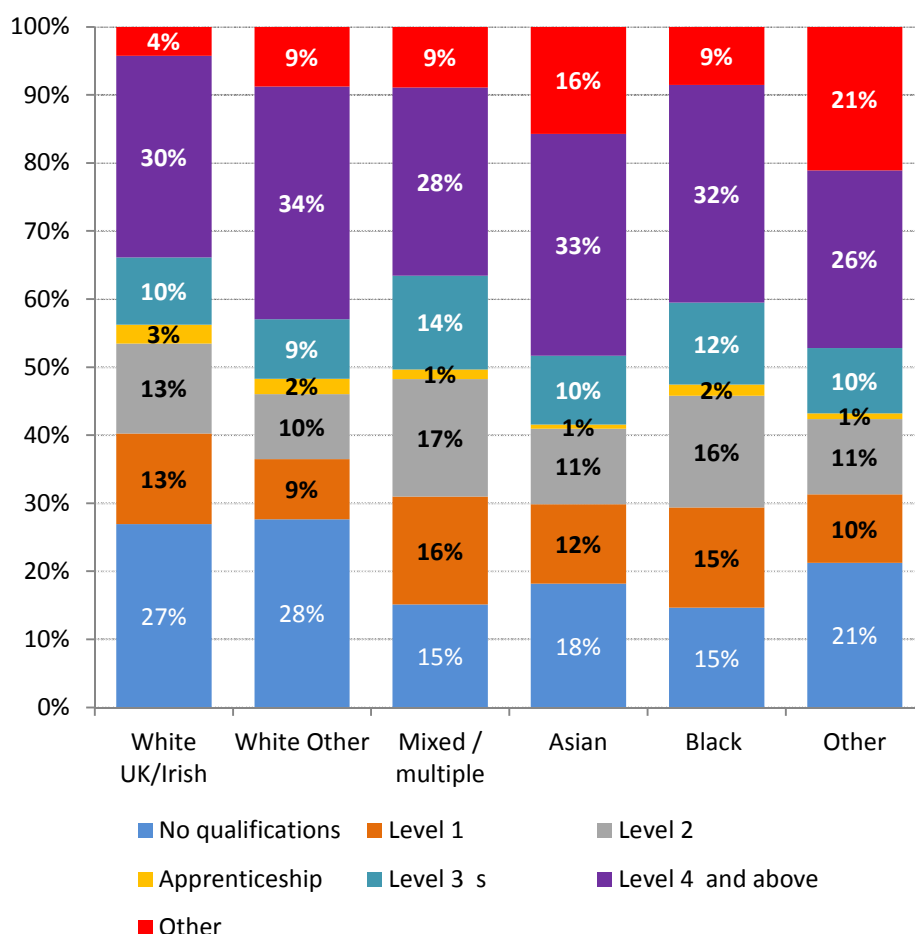
Educational qualifications

9.137 The level of educational and skills qualifications will impact on an individual's chances in the labour market and ability to get and retain employment, as well as to enjoy a career progression, and underpins the employment, industrial and occupational data show above. **Figure 9.34** shows the average highest skills levels for the different broad ethnic groups. What is immediately apparent is that both White groups have the highest proportions of those with no qualifications. This will largely be an effect of the older population profiles of these groups, particularly the White UK group. Black and Mixed / Multiple households tend to have the greatest proportions of those with GCSE, vocational and A level qualifications (Levels 1-3), while White Other, Asian and Black households make the largest proportions of those with degree or higher qualifications (Level 4). This partly accounts for the fact of the relatively large proportions of Asian and Black households in professional occupations.

9.138 The position of the Other White group is complex. On the one hand, they have the highest proportion of residents with degrees or above; on the other hand, they are over-represented in the elementary and skilled trades occupational classifications. This must represent the swell of economic migration from central Europe in the early 2000s, and the capacity for migrants to take on any job available if it was not compatible with

qualifications. Significant proportions of Asian and Other households have other qualifications, which include professional and vocational, and foreign qualifications.

Figure 9.34 Highest educational qualification



Source: Census 2011 Table DC 5209EWLa

Conclusions

9.139 Some of the housing implications arising from this brief analysis of the characteristics of different ethnic groups include:

- An increasing requirement to cater for an ageing BAME population, as the cohorts currently in the later years of their working lives move into retirement.
- The relatively high level of owner-occupation across all ethnicities, and the consequent options to downsize as required; however, for the Asian community where substantial proportions are economically inactive, there may be an issue around revenue streams to resource this.
- In connection with this, to note the tendency towards under-occupation in the White groups, and (relative) overcrowding among the Asian, Black and Other communities.

- The reliance of the Other White groups on self-employment, and how this will play out as Brexit proceeds.
- The relatively high qualification levels and presence in professional occupations among most BAME groups implying an earning /spending power that could be capitalised on in a more active economy.
- It should be noted that issues relating to different group 'profiles' among Waltham Forest's diverse community are further discussed in the Older Persons Housing, Support and Care – commissioning schemes paper, referenced in section 9,2 in this report.

Gypsies, Travellers and Travelling Showpeople

9.140 The SHMA did not consider Gypsies, Travellers and Travelling Showpeople as Waltham Forest will be undertaking a separate study.

Chapter 10

Conclusions

Key messages

- Waltham Forest is an outer north-east London Borough, characterised by significant economic activity, but also providing labour for the major employment centres of central London and Docklands. In national terms, it is a high dwelling value area, but in London, it is a lower value area, although one where house prices have been rising at a faster rate than the London average in recent years as areas closer to the centre come under ever greater pressure of demand.
- Employment growth in the borough serving more local sectors and especially services is expected to increase the demand for labour in the future and this needs to be taken into account in planning housing provision.
- Planning policies must address the challenges which are posed by the need for housing to support economic growth whilst at the same time addressing the impact of high housing costs through an adequate supply of affordable housing.
- The London Plan has identified a minimum target for the borough to play its part in meeting strategic housing need. This is well *below* the level of the Borough's OAN identified in this study, so the borough is currently an exporter of need. This makes it important for planning policies to seek to maximise the amount of housing which can be created locally.
- There is also a high level of affordable housing need, in part arising from significant backlog needs in the existing population, but also from future household growth. The net level of annual affordable housing need is also well above the average level of production of all new housing over the past decade. Hence a step change in housing production will be necessary to secure enough affordable housing.
- The profiles of local incomes and housing costs suggest a very high proportion of new affordable housing should be affordable, but this will need to be tempered by considerations of viability. Around one third of affordable housing will need to be at rent levels below the London Affordable Rent or the cost of intermediate tenure products.
- The re-alignment of affordable homes programmes in recent years increases the challenge of producing enough truly affordable homes still further, as does the continuing roll-out of welfare reform.
- While to date the authority has managed to cope to some extent with demand from homeless households and pressure on temporary accommodation, the difficulty likely to be encountered in maintaining the supply of truly affordable homes (and the relets available to homeless households and others in need) will be formidable.

- There may be options to address imbalance around under-occupation and overcrowding in both market and affordable housing through the use of planning and housing management tools.
- Although not affordable housing, it will also be important to make the maximum use of the private rented sector for households who cannot access the owner occupied and social rented sectors. The authority may wish to consider what further steps it can take to support and regulate the sector. The February 2017 White Paper may lead to the PRS becoming even more important as a provider of both market and sub-market housing.
- In the longer term, the authority cannot ignore the impact of wider political and economic developments, particularly Brexit, on its housing market. It should ensure it works with local and central government organisations, partners and stakeholders to address uncertainties as they arise.

10.1 The main findings from this SHMA have been set out in Key Messages at the start of each chapter and brought together in the Executive Summary. These findings will not be repeated here. This chapter draws some strategic conclusions relating to the housing situation in the Waltham Forest HMA and the implications for housing policy.

Waltham Forest in context

10.2 Waltham Forest sits within the wider and highly complex London housing market, which in some areas has a global rather than regional or local focus. The scale and continuity of the built-up area in London, the well-developed transport network, and the multiplicity of employment and service centres across the city make it unrealistic to identify a unique set of self-contained housing markets covering the capital. This was recognised by GLA in the 2013 SHMA covering Greater London forming part of the evidence base for FALP and is implicit in the planning system for London which recognises the primacy of the London-wide strategic dimension to policy. Indeed, even Greater London itself does not form a self-contained market as there are linkages with areas outside it, but there is no consistent definition of the boundaries of this wider area.

10.3 Hence the large size of Greater London, and even more so for any wider HMA going beyond, raises challenging problems for planning policy. Relatively few households are likely to regard the whole Greater London area as a single market when searching for a home, although some may be forced to do so as a result of affordability problems. The reality of this was recognised by GLA in their Supplementary Planning Guidance (which identified the need for sub-area or local HMAs to complement the strategic London wide HMA). But just as there is no universally-agreed wider London HMA, there are no unique and obvious sub-areas.

10.4 In conceptual terms, it might be argued that London's housing market could be subdivided sectorally or radially, reflecting patterns of outward migration from central to the inner city and then suburban, but in practice markets in London are far more complex, as the map of house prices in **Chapter 2** showed. Divisions of London sectorally, or other aggregations of adjacent boroughs, lead to alternative and overlapping market areas rather than to any unique self-contained pattern. This is certainly true for Waltham Forest and surrounding boroughs. Waltham Forest alone has a relatively high level of self-containment by London standards, but there are many complex links with surrounding boroughs rather than any strong linkage to one or more others.

10.5 Rather than seeking to impose any arbitrary pattern, our conclusion is that it is most appropriate to consider the borough as a single housing market area set within the overall strategic HMA for London, whilst at the same time recognising its linkages with other areas. In London-wide terms, the FALP assessment of objective housing need and the policies and targets set out by GLA to meet that need provide a framework which has taken into account the capital's overall strategic need, and which sets out Waltham Forest's contribution to meeting that need. Unless there are strong grounds for considering this to be out of date, the London Plan provides an overall strategic context and a local target for contributing to meeting the capital's OAN which the borough should accept and seek as a minimum to meet in conformity with the Plan. On the basis of the GLA SHMA and SHLAA findings, Waltham Forest should thus seek to provide a minimum of 862 units per annum to play its part in meeting the capital's housing needs until such time as a new and different London Plan or regional strategy is adopted.

The local level

10.6 The GLA did not produce borough-level breakdowns of OAN, but in the SPG (2016) set out an indicative need benchmark of 1,774 units for Waltham Forest. This level of OAN indicates that the level of need arising in the borough is much greater than can be provided for locally, based on past development rates and land supply, and that this need will be met elsewhere, in line with the strategic aims of the London Plan. The SPG that sets out this benchmark figure indicated that it was indicative and that 'sub-regional or local need assessments undertaken in line with Policy 3.8 will provide a more detailed understanding of local housing requirements' (para 1.2.6). This SHMA has produced a local estimate of OAN for Waltham Forest of 1,810 units per annum, drawing on more local and in some cases updated information, including more up to date versions of the GLA household projections than those used in the SPG. This estimate is relatively close to the GLA benchmark figure. We recommend that our local estimate is preferred as it uses more recent data and in the case of backlog housing needs incorporates more local information.

10.7 The identified scale of need for the borough confirms that its needs must in part be met elsewhere within the strategic planning process for London which the London Plan has already determined. However, this also suggests that the borough should seek to continue, as in the past, to exceed London-wide targets as far as possible, using all of the measures and approaches exemplified in GLA SPG. In reality, of course, is new private sector market housing provision is likely, because of Waltham Forest's connectivity with other areas, to contribute to meeting the needs of other boroughs; whilst at the same time, some need generated within Waltham Forest will be met elsewhere.

Affordable housing provision

10.8 Housing within Waltham Forest spans a more limited range of values than many boroughs. Despite the presence of some relatively lower value areas, this SHMA has identified a very significant backlog of affordable housing need and a high level of future new affordable housing need. The annual level of net affordable need (1,258 households) is equivalent to 69% of annual OAN, although the two figures are not directly related. Hence in Waltham Forest, as in most if not all of Greater London, housing affordability is a major issue.

10.9 This estimate of affordable housing need is high and would be reduced if different assumptions were made about the proportion of household income which should be devoted to housing costs. At present, it is assumed that households with an annual income of up to £16,465 per annum should not have to spend more than 25% of their income on housing and that those with incomes in the £16,466 to £33,080 range should not have to spend more than 30%. Those with incomes in the £33,081 to £59,201 range should not have to spend more than 35%. Those with incomes above this level should not have to spend more than 40% of their income on housing costs.

10.10 These restrictions on what can reasonably be spent on housing without distorting household budgets attempt to take account the limited capacity of those on low incomes to afford housing costs because of the need to spend on other essential items, and conversely the greater ability of those on higher incomes to spend more on housing relative to their incomes. In comparison to some other boroughs, Waltham Forest has a high level of backlog housing need arising particularly from high levels of overcrowding against national norms, significant levels of household concealment through involuntary sharing, and a high level of homeless households in temporary accommodation. It has been assumed that this backlog can only be eliminated realistically over a twenty-year period, the same timescale as that accepted in the London Plan. A shorter timescale would lead to a major increase in the annual level of backlog affordable need. Hence the estimate of net affordable need should be regarded as a minimum, yet even so it will be challenging to meet without a major step-change in overall housing output.

10.11 Securing sufficient affordable housing poses a big challenge in the HMA because of the high costs associated with any housing provision in areas of high prices and land values and the impact of these on the viability of new housing. The level of affordable provision identified in this study is high relative to the overall level of OAN, although as we have stressed the two cannot be directly compared, as affordable housing can potentially be secured without the creation of additional dwellings (for example, by purchasing existing stock on the market). However, new housing is an important source of affordable provision, either directly or through provision financed by planning obligations, and will become more important if policies to transfer social rented housing into home ownership through the right to buy and other policies that reduce the capacity of registered providers (RPs) and local authorities to develop have an impact on relet supply. While authorities have to date managed to limit the impact of homelessness, the introduction of further welfare reform measures, especially those that will reduce or remove housing benefit for younger people and the roll out of Universal Credit (UC) is causing considerable concern and will exacerbate pressure on the limited supply of social housing. This, in turn, may have a knock-on effect on the use of temporary accommodation for homeless people. In the longer term, the uncertainty about future resourcing for supported housing is also a concern.

10.12 A further feature of the estimate of affordable housing need is the high proportion of households (38% of the net need after taking supply into account) who are estimated to be only capable of affording social rented housing at rent levels below those associated with the London Affordable Rent threshold. Given the pressures on RPs to convert lettings to affordable rent levels, and the emphasis (at least until very recently) in government policy on Starter Homes for home ownership or other intermediate tenure solutions, this will pose real challenges for planning policy going forward. Measures to reduce housing benefit entitlement, especially in the private rented sector but also capping Housing Association rents at Local Housing Allowance levels, will further limit the options for those on low incomes, many of whom play a vital role in the capital's service sector.

10.13 Affordable housing provision is also important in supporting the economy in the borough. Although the population living in the area is increasingly skilled, a significant element of employment is associated with the provision of local services and other forms of lower paid employment. These roles play an important part in the functioning of the borough and in supporting surrounding employment centres.

The private rented sector

10.14 Although not officially affordable housing, we have highlighted the potential role of the private rented sector, which although less important in Waltham Forest than in some other boroughs, has been growing rapidly. It will be important to make the maximum use of the private rented sector for households who cannot access the owner occupied and social rented sectors. It is already clear nationally, and to a greater extent in London and the South East, that many households on median level incomes and above are struggling to secure

housing which they can afford without devoting a very high proportion of their incomes to housing costs and exposing themselves to a high level of risk if their circumstances change. These households represent an important element of the market for privately rented housing, but if landlords increasingly withdraw from the Housing Benefit market (as Housing Benefit entitlement reduces) and turn to the 'young professionals' market, the ability of the private rented sector to meet the needs of lower income household will reduce.

10.15 The authority may well wish to explore further measures that can both encourage landlords to remain in the more affordable end of the PRS market and what further steps it can take to support and regulate the sector overall. This would include measures to engage with and encourage the development of a good quality sector with high standards catering for a range of price levels and sub-markets, as well as measures to control and regulate poor quality standards and management, especially in HMOs.

Housing going forward

10.16 London's continuing success as a functioning global city is of vital importance to the national economy, as the London Plan suggests, but it is clear from the Plan and from an increasing volume of studies that the provision of an adequate volume of affordable housing to meet the needs of current and future Londoners poses tremendous challenges against a background of increasing demand and competition for limited land resources. This SHMA has shown that the Borough of Waltham Forest is subject, like other boroughs, to these pressures on the housing market and that it faces difficult challenges in meeting them.

10.17 The February 2017 Housing White Paper, while not earmarking any additional cash resources for affordable housing development does signal increasing interest in and reliance on the private rented sector as a provider of both market and sub-market housing. It also indicates a less dogmatic approach towards Starter Homes, with authorities and developers likely to be given more discretion on the mix of tenures in new developments proposed

10.18 The June 2017 General Election took place after the vast majority of this SHMA had been drafted. However, examining the expressed housing policies of the new government, there is little in them that would appear to impact on the findings. The only pledge of note is the commitment to halve rough sleeping (which if delivered would result in 24 additional rehousings in Waltham Forest).¹⁰¹ The overall national target to build 250,000 new homes per annum by 2022 has been retained, but to date, no additional resources have been earmarked for the affordable housing element. An initial pledge in the Government's manifesto to re-launch a social housing programme has been withdrawn, leaving only a continuing reliance on the affordable housing model.

¹⁰¹ CHAIN Rough Sleepers count Autumn 2016 <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2016>

10.19 It is too early to integrate the impact of the referendum on EU membership and the resultant plans for the UK to leave the Union into a SHMA. There are a wealth of variables and uncertainties coming into play: uncertainty as to the direction of the macro-economy, inward investment, lender confidence, house prices, devolution, labour supply, the value of the pound, and community cohesion. LB Waltham Forest, together with its housing association and private sector partners and other stakeholders, will need to continually assess how Brexit rolls out, and its impact on the housing market.

10.20 Thus, the current and future direction of planning, housing and welfare policy primarily lies in the hands of the government and is and out of the control of local authorities. However, the planning framework, at both strategic and local levels, plays a central part in securing the provision of the right amounts and types of housing provision in the future. As well as providing for adequate supplies of market housing, it will be essential for planning policies in Waltham Forest to ensure that the maximum amount of housing to meet the required levels of the affordable provision is generated in the uncertain months and years ahead.

Annex 1

Calculating the need for affordable housing: methodology note

1 This document sets out in detail Cobweb Consulting's approach to calculating the need for affordable housing for the Strategic Housing Market Assessment. The approach follows that of official Planning Practice Guidance.

2 A secondary data-based approach was taken, following the requirements of the brief and in the spirit of official advice. It is important to emphasise however that the outputs will be estimates rather than exact measurements. No sources provide a comprehensive picture of the matter at hand and combining different sources inevitably means that there are gaps and overlaps. The use of assumptions and proxies at certain stages of the calculation is therefore required in order to complete the estimate. These assumptions and proxies are explained in this note to ensure the methodology is not a black box, and to provide a full technical explanation of the methods employed, with assumptions, judgements and findings fully justified and presented in an open and transparent manner.

3 The structure of this technical note follows the main stages of the calculation, organised under these headings:

- backlog need;
- newly arising need;
- affordability;
- supply;
- completing the calculation.

Backlog need

4 The first component of backlog need is concealed households. The Census 2011 provides data on the number of 'concealed families'. A concealed family is defined by ONS as a family living in a multi-family household, in addition to the primary family. Concealed families are identified in the Census from data on household composition, rather than in terms of whether they consider themselves concealed. A concealed family can be a couple (with or without children) or a lone parent. An adult child living with parents and without a partner or child is not considered to be a family. The exclusion of single person concealed households is a potential shortcoming in Census data as these individuals may be living with parents not out of choice but because they cannot afford independent accommodation. In addition, the 2011 Census is now somewhat out of date.

5 To update the Census estimates and to include an estimate of single person concealed households, data for concealed households in London as a whole was derived from the English Housing Survey (EHS), which identifies households with additional families

present and separately identifies one person and other additional families. The number of concealed households in London was taken as the average of the last four years of EHS data to minimise the impact of sampling errors in the EHS. Waltham Forest's share of all concealed households in London from the 2011 Census was applied to the EHS estimate of concealed households to provide a revised Waltham Forest estimate. It is assumed in the model that all concealed households will require affordable housing in some form, as those who could afford market housing would have already formed independent households. Those living in social rented housing will not release an affordable unit when rehoused because the main household will remain in the dwelling. The division of their requirements within the affordable sector was made on the same basis as that for *newly forming households* described further below.

6 The next component of backlog need concerns **overcrowded households**. 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. households with a rating of -1 and below), which can again be updated using trends from EHS.

7 There is an overlap between overcrowded and concealed households: were concealed households to be given their own accommodation then in some cases this would solve the overcrowding in the remnant household. An overlap factor of 19% was based on EHS data and deducted from the total of overcrowded households.

8 Data from the EHS at regional level provided an estimate of the income distribution of overcrowded households which was used to estimate the proportion of overcrowded households able to afford the open market. The same source also provided an estimate of the dwelling size requirements of overcrowded households. The detailed method by which the affordability of backlog households was assessed is explained later in this document under the heading 'Calculating newly arising need'.

9 The third component of backlog need was **homeless households** in temporary accommodation. Initially the source for this component was P1E administrative data, but up to date information was provided from the Waltham Forest Housing Register on households considered as homeless who had been given priority need status in the Register and this was considered to provide a more accurate estimate of backlog homeless need. All homeless households were assumed to require social / affordable rented accommodation (i.e. they could not afford the intermediate sector). It is unlikely that a household would find itself in local authority assisted temporary accommodation if it had sufficient financial resources to be able to afford the intermediate sector. The size of dwellings required by homeless households in temporary accommodation was estimated through analysis of CORE data on lettings to this group. Four years of data from CORE (21/12-2014/15) covering general needs lettings to new tenants (as opposed to transferring tenants) were utilised for this purpose.

10 These sources combined formed the backlog need for affordable housing. The model provides both a gross estimate (covering all households in backlog need) and a net estimate (after deduction of overcrowded households already in affordable housing. The model also breaks this need down by tenure (social/affordable rent and intermediate) and bedroom requirements.

11 This approach excludes some categories of need for which there are no robust secondary data sources. These might include households sharing accommodation (other than concealed households), households in non-self-contained accommodation, households in homes lacking essential facilities, and households suffering from harassment. The exclusion of these households from the calculation means that the final estimate of backlog need will be a minimum estimate.

12 In considering households in backlog need, it is reasonable to assume that these will be rehoused over a period of time rather than at the outset of the plan period – indeed the latter would be impractical. Guidance does not specify a timescale for eliminating the backlog, but the Greater London Plan argues that in the London context, a period of 20 years will be necessary. For conformity with the plan, the same period was adopted here. As a result, one twentieth of backlog need was added to annual newly arising need.

Newly Arising Need

Newly forming households in need

13 The second element of need recognised in official planning practice guidance is newly arising need. This is in turn separated into two elements. The first is **newly forming households in need**. This is not simply net new household formation. To reflect the reality of household movement, it is necessary to estimate gross household formation, estimate the proportion of new households who will require affordable housing, and then to add the dwellings released by dissolving households to supply. In this way, any differences in the size and type requirement of newly forming households when compared to the size and type of dwellings being released can be taken into account.

14 Official advice (para 25) does not specify how this element of need should be estimated but the model uses the cohort method. Using GLA 2014 round household projections the model estimates the gross annual increase in the number of households by tracking change in household reference person age cohorts from year to year across the projection period. Most household formation is concentrated in the younger age ranges and it is therefore not necessary to look at all age cohorts. It is reasonable to assume that newly forming households in age cohorts older than 45 years will have already found suitable accommodation be it in the market or in the social sector. Moreover, if these older households suffer a reversal of circumstances they will be captured later in the calculation as existing households falling into need. For these reasons older households are excluded.

The total of gross new household formation is averaged over the plan period to produce an annual figure.

Existing households falling into need

15 The final component of newly arising need is **existing households which fall into need** each year due to changing circumstances. It is difficult to get a clear measure of this group from the available secondary data sources. To provide an estimate of this group, the number of general needs lettings to pre-existing households living outside the social rented sector was extracted from CORE data on SRS lettings, and averaged over the last three years to provide a proxy. To allow for underestimation, the average number was increased by 25%. The breakdown into required dwelling sizes for existing households falling into need was also based on CORE data: dwellings let to households who have been evicted, repossessed or unable to afford their previous rent or mortgage. In the absence of income estimates for this group, the same tenure split was applied to them as to newly forming households. The number of existing households falling into need is much smaller than the number of newly arising households.

Affordability

16 The next step was to determine the income distribution of households in each of these needs groups. Estimates of the distribution of the incomes of all households in Waltham Forest were derived from GLA estimates, as described more fully in Annex 2. The income distribution for each type of household in need was determined on the basis of regional data from EHS. For each type of household (for example concealed households) the differential between their incomes and the incomes of all households was obtained from EHS data, and adjusted to Waltham Forest income levels.

17 An affordability test is then applied to each category of household in need, to estimate the proportion able to access open market housing. This requires a series of cost thresholds for each type of housing, including a market entry housing cost level, determining all those in need of non-market housing solutions, and separate levels for each type of affordable housing (and within each of these categories, for each dwelling size). These thresholds were derived from data on rents and on house prices within the Borough, derived from a variety of sources. For prices, the main source was Land Registry price paid data, adjusted to provide a breakdown by dwelling size using data from Rightmove and other websites. For rents, Valuation Office Agency data and data from a number of websites was used to determine market rent thresholds. Other sources such as CORE were used to determine typical costs of other types of affordable housing.

18 Thresholds were converted to annual mortgage sums/rents and then to required income levels by applying the following criteria:

- A 5% deposit is assumed, so the mortgage amount is 95% of the price;
- An interest rate of 5% APR is assumed;
- A mortgage repayment period of 25 years.
- For rents, it was assumed that a maximum of 33% of gross household income should be devoted to housing costs.

For each need category, the proportion and number of households able to afford each type of housing was determined by comparing annual costs with estimated incomes.

Supply

19 The final step in the model is to deduct affordable housing supply from gross need to give net need. Affordable supply was derived from an estimate of the future annual supply of social housing re-lets and resales, calculated on the basis of past trends. The past three years supply of relets obtained from CORE returns for Waltham Forest were averaged to provide this estimate. The estimate of supply excludes transfer lettings. Social rent and affordable rent are treated together and supported housing lettings are also included due to the fact that many of these units are being let to households in need

20 The supply estimates include intermediate affordable housing which comes up for re-let or re-sale. This is also an estimate based on an average from the past three years.

21 The model excludes any assumptions concerning the future pipeline of new-build affordable housing. By excluding this, the model provides a clearer picture of the current situation and thereby serves as a better basis when it comes to formulating appropriate policy responses. Committed new build units currently under construction or about to start construction should be taken into account when formulating policies to generate affordable housing.

22 The forecasts of supply are essentially trend based and do not take into account developments in policy or practice which might influence future supply. For example, an increase in Right-To-Buy and other sales of affordable dwellings would result in a reduction in the social housing stock which would act to reduce re-let supply and thereby increase the need for affordable housing in the future. Such potential developments need to be monitored and taken into account in the development or review of affordable housing policies.

Completing the calculation

The various components are shown below

Key components	Calculation steps	Number
Existing backlog need	A: Backlog need	
	B: Affordable stock available	
	C: net current need (A-B)	
	D: Backlog reduction period	
	E: Annual backlog quota (C/D)	
Newly arising need	F: Newly forming households	
	G: Existing households falling into need	
	H: Annual newly arising need	
Affordable need	I: Total households in need (E+F+G)	
	J: Number of households in need requiring affordable housing	
Final steps	K: Subtract annual supply	
	L: : Net annual need	

Annex 2

Local household income estimates

1 The Cobweb Consulting model used to assess the requirement for affordable housing requires estimates of household incomes at the required geographical scale of outputs. In order to produce its outputs, the model requires data meeting the following criteria:

- It should provide data at household rather than individual level, as it is *household* incomes which determine the ability to purchase a dwelling. This makes the use of data sources such as ASHE or the Inland Revenue Survey of Personal Incomes, which provide data on *personal* incomes, difficult, but has the benefit that incomes do not need to be equivalised.
- Data is required for all households rather than, for example, the incomes of those with members in employment, or those dependent on benefits.
- Data is needed on the distribution of incomes, rather than on average or median incomes which many sources provide, in order to be able to compare incomes with house prices and rents. In particular, the lower quartile threshold income is important as this forms an input to most affordability assessments.
- The model requires data on gross household incomes, although data on net incomes can be used if it can be converted to gross incomes.
- In an ideal world, income data would be supplemented by data on the equity held by households and on their savings, as both of these provide sources for deposits which play an important part in assessing affordability and the ability to access mortgage finance. However data on these aspects of wealth is not readily available.

2 Suitable data on local incomes is difficult to obtain. The advantages and disadvantages of the various sources will not be examined in detail here, but the outcome is that some form of estimation or modelling is generally required to produce data in the required format. Commercial companies such as Experian or CACI provide modelled income data, but this subject to stringent licensing conditions, and based on 'black box' modelling for reason of commercial confidentiality. Commercial data is often considered to over-estimate local incomes, although there is no firm evidence to support this. Conversely, sources such as local surveys may have a tendency to under-estimate incomes because of bias in responses, the difficulty of collecting data on multiple income sources, and the unwillingness of some respondents to provide full income details.

3 The most reliable sources are probably the various large national interview surveys which use elaborate frameworks to obtain comprehensive income data from respondents and may include elaborate mechanisms for inferring missing data. ONS have also recently updated their estimates of local incomes, but these cover the year 2011-12 and are thus potentially out of date.

GLA income estimates

4 The Greater London Authority has developed a model which produces estimates of average and median incomes at regional, London Borough and small area levels. This has been produced in response to demand from London Boroughs and other organisations for income data covering London, and GLA makes this data available to researchers for further use. The GLA model is described fully in an Intelligence Bulletin¹⁰², but in summary it uses the following approach:

- Two national surveys, the ESRC Understanding Society dataset1, waves 1-4 (2009/10-2012/13) and British Household Panel Study (2001-2008) were used to provide a baseline of regional level income estimates which were aligned with the ONS estimates referred to above to produce a time series extending from 2001-2013.
- Incomes at Borough level and below were modelled, using data on:
 - NS-SEC of residents (based on Census data). NS-SEC is a classification of occupations by type.
 - Household deprivation.
 - Median house selling prices (Land Registry data).
 - Child Poverty data (HM Revenue and Customs).
 - ONS Household Income Estimates from 2001, 2004, and 2007, which were available at small area level (MSOAs).
- These indicators were chosen because they had correlation with income and were considered by GLA to highlight a number of different aspects of income to maximise the overall explanatory power of the model.
- The data from these sources was standardised so that 'scores' on each indicator could be added together. The sum of the five indicators was calculated using the following weightings: NS-sec 25%, Household deprivation 20%, Child Poverty 15%, House prices 25%, and ONS Income 15%.
- Overall scores for each area for 2007 compared to 2007 ONS income estimates to produce a polynomial trend line. The equation derived from this was then used to produce income estimates for all small areas and for the whole period 2001-2013 period based on the summed indicator scores.
- A further adjustment was made to the results. Data from the Annual Survey of Hours and Earnings and the Inland Revenue Survey of Personal Income were combined to produce a further Borough level estimate of (presumably personal not household) income. This in turn was used to produce an adjustment factor which was applied to the income estimates from the previous stage.

5 The methodology used by GLA follows that used by ONS in that it models income against a range of explanatory variables. The approaches used by commercial organisations

¹⁰² <http://data.london.gov.uk/apps/gla-household-income-estimates/>

are generally confidential, but are likely to follow a similar approach. As with all modelling exercises, a degree of error is inevitable, but the larger the spatial area, the less significant this is likely to be.

Income estimates for the Cobweb model

6 The data produced by GLA provides estimates of mean and median incomes at various spatial scales as a basis for producing the income distribution estimates required to assess affordable housing need. It provides estimates for individual London Boroughs (including Waltham Forest), and for English regions. It is not practical within the timescale and resources of an HMA to undertake an elaborate modelling exercise similar to that carried out by GLA to produce the required estimates from the raw data, so instead a simpler approach has been utilised.

7 The first step was to derive data on the distribution of incomes from the English Housing Survey (EHS). As with the two surveys used by GLA described above, this provides only regional level data, but has the advantage that the data provides a *distribution* of incomes. Three years data were used aggregated together, with incomes rebased to 2012 levels using factors derived from the GLA incomes dataset at London-wide level. The survey also includes banded data on household savings and data on housing equity.

8 EHS includes the DCLG Index of Deprivation score for the area in which each household in the survey is located. Using the EHS data for London, the survey was used to calculate a distribution of household incomes for each decile of the Index of Deprivation scores for each region. This provides twenty separate income distribution estimates.

9 Using the GLA median figure for 2012-13 as the central cut point, the appropriate decile distribution was applied. This was derived from data at LSOA level, weighted by number of the 2011 households and averaged at Borough level.

10 The results for Waltham Forest are shown in **Table 1**.

11 These estimates relate to all households in the local authority area. In the affordability model, estimates are required of the income distribution of groups in need such as overcrowded households, newly forming households and existing households falling into need. These were derived from the distribution of incomes for all households by the use of ratios extracted from EHS data. For example, the distribution of the incomes of overcrowded households in London was obtained from EHS (using the average of four years data to increase the size of the sample). This was compared with the income distribution for all households to produce a ratio at each decile cutpoint, and for the median and the lower and upper quartile points. These ratios were applied to the distribution of incomes for all

households in Waltham Forest to produce an estimated income distribution for overcrowded households. The same procedure was followed for each need group.

12 After these estimates of income were prepared and incorporated in the affordability model, small area income estimates from CACI Paycheck for 2016 were provided by the Council for comparison purposes. Apart from the mean and median income estimates, the CACI data took the form of a distribution of incomes, so the lower and upper quartiles and other cutpoints were estimated from this distribution. **Table 1** below also shows the CACI income estimates, and **Table 2** compares the two sets of estimates. Given that these are two sets of estimates produced completely independently of one another, the results are very similar, with differences in the range 5-10% except at the very bottom of the income spectrum and in the upper reaches of the spectrum. It is households in the low to middle parts of the income distribution which are of most interest in relation to the demand for affordable housing, and in this part of the income distribution the differences between the two sets of incomes are least. The GLA-based mean and median estimates are about 5% above those produced by CACI, despite the 4-5 year difference in the point in time which they cover, suggesting that income changes have been relatively limited over this time period. Overall this suggests that the GLA-based estimates are sound, given the uncertainties inherent in any modelling-based approach, and so these estimates were retained within the model.

Table 1 Distribution of incomes

			Cut points for deciles/quartiles										
	Mean income	Median income	10	20	Lower quartile	30	40	Median	60	70	Upper quartile	80	90
Waltham Forest GLA based 2012-13	39460	33080	8261	13878	16465	19052	25840	33080	42965	52952	59201	65449	88624
CACI estimated 2016	37752	31446	10425	15323	17698	20083	25519	31446	38074	45686	50239	55910	73397

Source: Cobweb Consulting estimates, based on GLA (2015) Modelled household income estimates for small areas, London, 2001-2012, and English Housing Survey 2010-11, 2011-12 and 2012-13.

Table 2 Comparison of GLA-based and CACI Paycheck income estimates

	£		
	CACI 2016	GLA-based 2012-13	Difference
Mean	37752	39460	1708
Median	31446	33080	1634
LQ	17698	16465	-1233
UQ	50239	59201	8962
IQR	32541	42736	10195

Annex 3: Abbreviations and glossary	
AMR	Authority Monitoring Report (previously Annual Monitoring Report) is produced by each authority under the terms of the Localism Act 2011 to report on performance against Local Plan targets, including data on housing development.
AST	Assured Shorthold Tenancy
BAME	Black Asian and Minority Ethnic
BRMA	Broad Rental Market Area – geographical area defined by the Valuation Office Agency for the purpose of setting Local Housing Allowance rates
CIL	Community Infrastructure Levy – levy on new development to help support development of local facilities
Concealed households	The Census definition is ‘a family living in a multi-family household, in addition to the primary family’. This excludes now-adult offspring of families, who may still be living with them. We have included elements of this group in our calculations of housing need – details in the technical appendix Annex 1
CORE	Continuous Recording System – monitoring system recording details of social / affordable / intermediate and supported lettings
CURDS	Centre for Urban and Regional Development Studies, University of Newcastle
DCLG	Department for Communities and Local Government
DLA	Disability Living Allowance – tax-free benefit payable to some people to help with the extra costs associated with disability; now being phased out and replaced with Personal Independence Payments
DWP	Department of Work and Pensions
EAC	Elderly Accommodation Counsel – holders of database on older persons’ accommodation
EHCS	English House Condition Survey
EiP	Examination in Public (of a Local Plan, or local planning document)
Enhanced Sheltered	Term used in SHOP toolkit to describe sheltered housing with additional support services provided, but below Extra Care standards
EHS	English Housing Survey (replaced the EHCS)
Extra Care housing	Types of self-contained and independent housing developed for frailer older people, with varying levels of care available on-site
FALP	Further Alterations to the London Plan, 2014 – the latest set of amendments to the London Plan, now incorporated
FE	Further Education
GLA	Greater London Authority
HCA	Homes and Communities Agency – the funding and regulatory body for Registered Providers
HB	Housing Benefit
HE	Higher Education
HESA	Higher Education Statistics Agency – holding data on universities and colleges
HHSRS	Housing Health and Safety Rating System – augmented and replaced the Decent Homes Standard
HMA (Housing Market Area)	The geographical area to which a SHMA or HMA should relate; see Chapter 2 for detailed explanation
HMO	House (or Houses) in Multiple Occupation
Household Representative Rate (HRR)	Term included in Census 2011, replacing former term ‘Head of Household’ and using a concept of Household Representatives to help enumerate the number of households in an area

HSSA	Housing Strategy Statistical Appendix – now replaced by the LAHS
LAHS	Local Authority Housing Statistics
LHA	Local Housing Allowance – maximum levels of rent by bedsize eligible for Housing Benefit, based on BRMA geographical areas
(Housing) LIN	Housing Learning and Improvement Network – source of data and information on older person's housing
LLHPD	Census term – Long-term Limiting Health or Physical Disability
LSOA	Lower Super Output Area – second smallest spatial measurement used in Census (average 672 households)
MSOA	Medium Super Output Area – larger spatial measurement used in Census (average 3,245 households)
NHPAU	National Housing and Planning Advice Unit
NPPF	National Planning Policy Framework – sets out the Government's planning policies for England, including housing planning policies, and sets out the requirement for local authorities to undertake SHMAs as part of the evidence base for Local Plans
NROSH	National Register of Social Housing – a database of details of individual local authority and Registered Provider accommodation; discontinued 2012
OA	Output Area – smallest spatial area used in Census
OAN	Objective Assessment of Need – assessment of requirement for future housing development, of all types and tenures
ONS	Office for National Statistics
PANSI	Projecting Adult Needs and Services Information system – database of demographic information on working age adults with disabilities
PAS	Planning Advisory Service – issues advice on interpretation of NPPF and PPG
PIP	Personal Independence Payments – replacing DLA
POPPI	Projecting Older People Population Information system – database of demographic information on older people
PPG (or NPPG)	Planning Policy Guidance – provides more detailed guidance on the scope and methodology for SHMAs (sometimes known as NPPG)
PRD	Preserved Development Rights – fast-track planning powers to convert office to residential accommodation
PRS	Private rented sector
RP	Registered Provider – a provider of social affordable housing and intermediate housing, registered with the HCA. This includes housing associations (RSLs) and some private bodies.
RSL	Registered Social Landlord; primarily Housing Associations, now subsumed under the Registered Provider label
RSR	Regulatory and Statistical Return - for housing associations – now replaced by SDR
S.106	Legally-binding planning obligations entered into between developers and local authorities under the terms of the Town and Country Planning Act 1990; they can include provision of affordable housing, among other infrastructure enhancements, as a condition of development.
SDR	Statistical Data Return - replaced the RSR
SCS	Stock Condition Survey
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment – part of the housing evidence base to feed into the Local Plan
SHOP	Strategic Housing for Older People resource pack and toolkit
SNPP	Sub-national population projections

Social sector	We use this terms to describe the collective local authority and Registered Provider sector housing
SPG	Supplementary Planning Guidance (issued by the Mayor of London – previously referred to before adoption as the Mayor’s Draft Interim SPG)
Starter Homes	Homes to be developed and sold at 80% of their market value to first time buyers, capped at £450,000 in London and £250,000 elsewhere. Under the 2016 Housing and Planning Act these qualify as part of affordable home supply.
TTWA	Travel to Work Area – a geographic area based on the relative self- containment of the workforce (i.e. the proportion that both live and work within an area)
UC	Universal Credit – being rolled out, to replace a range of benefits including Housing Benefit
VOA	Valuation Office Agency – the service responsible for setting Local Housing Allowances in Broad Rental Market Areas