

Wandsworth Borough Council

Strategic Housing Market Assessment Update 2014

Revision 1 - October 2014

Revision 1 – 08/10/2014



SHMA Update 2014

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1 Introduction

1.1 In 2012, the Council published a Strategic Housing Market Assessment (SHMA). The SHMA identified that there was a high demand for all forms of housing including market and affordable housing and that the high demand for particular forms of market housing (particularly private rent) was overheating these sectors and leading to the displacement of lower income households. The main focus of the SHMA 2012 was on understanding the nature of the demand for more affordable forms of housing and in turn how the Council might better provide and identify how these demands could be met. This did not detract the Council from understanding the need to support the development of market housing but it was taken that this form of housing was contributing to meeting overall demand for market housing in the London market context. The particular demands for affordable housing were seen as matters (in the policy and investment context of the time) that required better understanding and attention given that it could not be taken that such local demands would be met effectively across borough boundaries.

1.2 The National Planning Policy Framework (NPPF), which sets out the Government's planning policies for England and how they should be applied, and the National Planning Practice Guidance (NPPG) have since been published which replace the previous SHMA Practice Guidance (2007). The NPPF requires local planning authorities to ensure their Local Plan meets the full, objectively assessed needs for market housing and affordable housing. Guidance on undertaking the assessment is set out in the NPPG.

1.3 A key focus of this SHMA update is therefore to include a full, objective assessment of housing need based on the guidance in the NPPG. This includes a review of the need for affordable housing identified in the last SHMA undertaking a similar detailed analysis of available data sources and to expand and identify more fully the current and future demand for market housing. However in both instances it is still the case that the overall demand for all forms of housing remains significant and it is not necessarily the case that in policy and delivery terms this demand can be fully met by the Borough given development capacity and local market and delivery circumstances.

1.4 Whilst the guidance requires an objective assessment to be carried out on the basis of Housing Market Areas (HMAs), Wandsworth is a London borough and as such forms part of the wider London HMA. The objective assessment for the London HMA was carried out by the GLA in the London SHMA 2013. The Further Alterations to the London Plan (FALP) sets supply based housing targets for the boroughs but also requires boroughs to augment the targets "where possible with extra housing capacity to close the gap between identified housing need and supply in line with the requirements of the NPPF". The FALP also requires boroughs to monitor housing capacity and provision against the average targets and local housing needs assessment. This SHMA update therefore includes a full objective assessment of housing need in Wandsworth as a component of the wider need of the London HMA identified in the London SHMA 2013, in line with the requirements of the FALP and the NPPF.

1.5 As part of the objective assessment of overall housing need, the SHMA update reviews the affordable housing need identified in the SHMA 2012. The SHMA 2012 considered the demand for affordable housing and estimated a gross affordable housing shortfall of just over 1,600 units per annum. The main conclusion from the SHMA 2012 was that the Council must; maximise and enable access to a range of housing options for those in need in both the social

and private sector, consider a response to the limited intermediate housing available, and outline how resources can be maximised to deliver affordable housing options. It however recognised that such a level of demand could not be met solely through the provision of affordable housing in the Borough given overall housing delivery targets, the market and funding context that prevailed at the time.

1.6 This SHMA update also considers the estimates, projections and conclusions of the SHMA 2012 and whether these estimates and forecast require revision or whether they still hold. It will review some of the contextual housing market data in the SHMA 2012 where significant changes have occurred or where they are of particular importance to the objective assessment. Not all information in the SHMA 2012 has been updated and therefore this document does not replace the original document but should be read alongside it.

National Planning Policy Framework

1.7 The NPPF⁽¹⁾ published in March 2012 sets out the Government's planning policies and outlines how these are expected to be applied. It sets out how local planning authorities should be producing local plans, including addressing and delivering a wide choice of high quality homes.

1.8 Paragraph 47 states that: "To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period."

1.9 The use of the term "housing market area" in the London context is an important one as there is a diversity of markets crossing Borough boundaries that meet particular and broader needs and demands. So whilst demands may be identified in a borough level SHMA it is not necessarily the case that those demands and needs should or will be met solely within any one borough's borders.

National Planning Policy Guidance

1.10 The NPPG⁽²⁾ was published in early 2014. It provides further practical guidance on a range of topics including objectively assessing and evidencing development needs for housing (both market and affordable).

1.11 The NPPG states that need should be assessed in relation to the relevant functional area, i.e. housing market area. A HMA is a geographical area defined by household demand and preferences for housing, reflecting key functional linkages between places where people live and work. The extent of these areas will vary and in practice will often cut across various local planning authorities and administrative boundaries.

1 <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

2 <http://planningguidance.planningportal.gov.uk/>

1.12 Household projections published by the Department for Communities and Local Government (DCLG) should provide the starting point estimate for overall housing need. The household projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends, i.e. the consequences of past under delivery of housing.

1.13 The NPPG also states that the housing need suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. For example prices or rents rising faster than national/local average may well indicate particular market undersupply relative to demand.

1.14 Once an overall housing figure has been identified, plan makers will need to break this down by tenure (including affordable housing), household type and household size.

The London Plan and London SHMA 2013

1.15 Following the abolition of regional planning, the planning framework in London is now different to the rest of the country. Unlike the rest of England, where local planning authorities are now responsible for setting their own targets, London authorities have supply based housing targets set by the London Plan⁽³⁾. The Greater London Authority (GLA) also conducts a London wide SHMA⁽⁴⁾ to objectively assess the housing needs of London and a London wide Strategic Housing Land Availability Assessment (SHLAA)⁽⁵⁾ which identifies potential housing sites and informs the targets. The London Plan states that “though there are differences in the type, quality and cost of housing across London, the complex linkages between them mean that for planning purposes, London should be treated as a single housing market”.

1.16 However, in the FALP, which is not yet published (adopted), the GLA state that “boroughs must be mindful that for their Local Development Frameworks to be found sound they must demonstrate they have sought to boost supply significantly by meeting the “full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework”.

1.17 There are however difficulties with assessing housing need at a smaller scale as there are issues relating to data availability at borough level. For example, the London SHMA 2013 relies heavily on English Housing Survey (EHS) data, stating that it is a key source of information for topics such as tenure, overcrowding and housing affordability at national and regional levels. However, the EHS is not available below regional level and therefore at borough level different sources of information must be used.

The Housing Market Area

1.18 The NPPG indicates that the objective assessment of housing need should be undertaken on a HMA basis. As previously outlined, the London Plan states that “though there are differences in the type, quality and cost of housing across London, the complex linkages between them mean that for planning purposes, London should be treated as a single housing market”

3 <https://www.london.gov.uk/priorities/planning/london-plan>

4 https://www.london.gov.uk/sites/default/files/FALP%20SHMA%202013_0.pdf

5 <http://www.london.gov.uk/sites/default/files/FALP%20SHLAA%202013.pdf>

and the Council supports this position particularly given the cross borough nature of housing markets in London and mobility of households as they seek the housing they require or aspire to. However as the FALP requires boroughs to conduct a local assessment of housing need and to ensure that the Council meets the requirement of the NPPF, this update to the Wandsworth SHMA 2012 provides an assessment of full objectively assessed need for the Borough, as a component of the overall London need.

1.19 Prior to the 2012 Wandsworth SHMA, Wandsworth was also part of the South West London Sub-Regional SHMA, which only considered affordable need, but did so on a sub-regional basis. The South West London sub-region included the boroughs of Wandsworth, Lambeth, Croydon, Merton, Kingston-upon-Thames and Richmond-upon-Thames. Analysis of travel-to-work areas and migration patterns demonstrate that Wandsworth's housing market is inextricably linked with these surrounding boroughs and region with the price of housing and migration flows reflecting this connection. Therefore, the SHMA 2014 update will provide comparisons with the other boroughs in the former South West London sub-region to provide context to the housing market of the area and align with the SHMA 2012⁽⁶⁾.

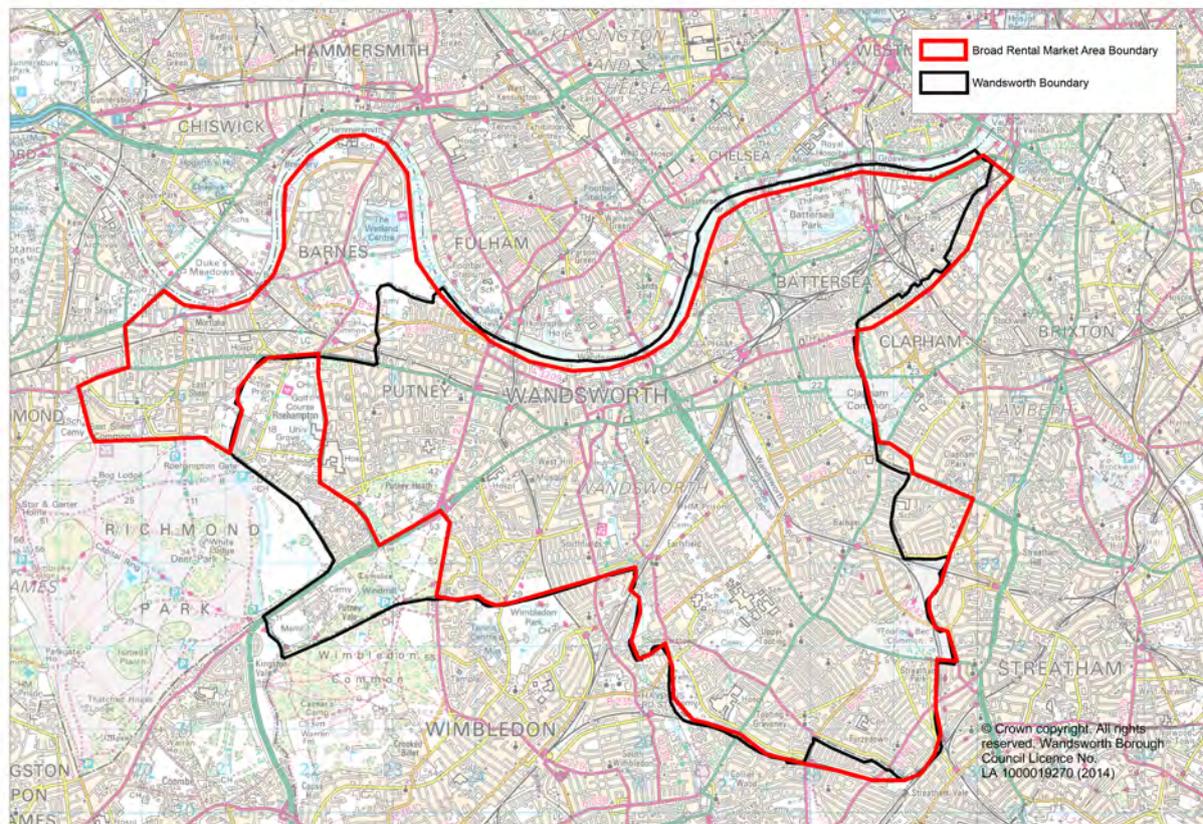
1.20 However, in other ways Wandsworth has many unique characteristics which set it apart from surrounding areas but in turn demonstrates how it "plays its part" in meeting London's demand for housing within the wider housing market and sub market context in terms of meeting the diversity of housing demands London faces and securing London's economic and social growth. For example, Wandsworth has the highest proportion of 25-39 year olds of any local authority in the country. It also has a very high population turnover. At the year-end June 2011 Wandsworth had the fourth largest internal migration inflow of any local authority in England and Wales and the highest in London at 29,901. However, Wandsworth also had the fourth highest internal outflow migration for the same period and highest in London with 30,161. Further contextual information relating to Wandsworth and surrounding areas can be found in the original SHMA 2012.

1.21 An additional measure of reflecting key functional linkages between places where people live and work, as required by the guidance, could be to consider Broad Rental Market Areas (BRMAs). BRMAs are geographical areas used by the Valuation Office Agency (VOA) to determine Local Housing Allowance (LHA)⁽⁷⁾. The VOA define a BRMA 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. They are determined using distance of travel, by public and private transport, to and from these facilities and services and could be considered a factor when deciding on a HMA. As Figure 1.1 shows, the Inner South West London BRMA aligns fairly closely with the Wandsworth boundary, with just small areas of other boroughs included at the periphery, unlike many of the other London BRMAs which can span several local authority boundaries. This demonstrates that despite obvious linkages with surrounding areas, on a functional basis Wandsworth could be considered a relatively contained area compared to other London BRMAs.

6 Wandsworth SHMA 2012

7 VOA Local Housing Allowance <http://www.voa.gov.uk/corporate/RentOfficers/broadRentalMarketStatus.html>

Figure 1.1 Inner South West London Broad Rental Market Area Boundary

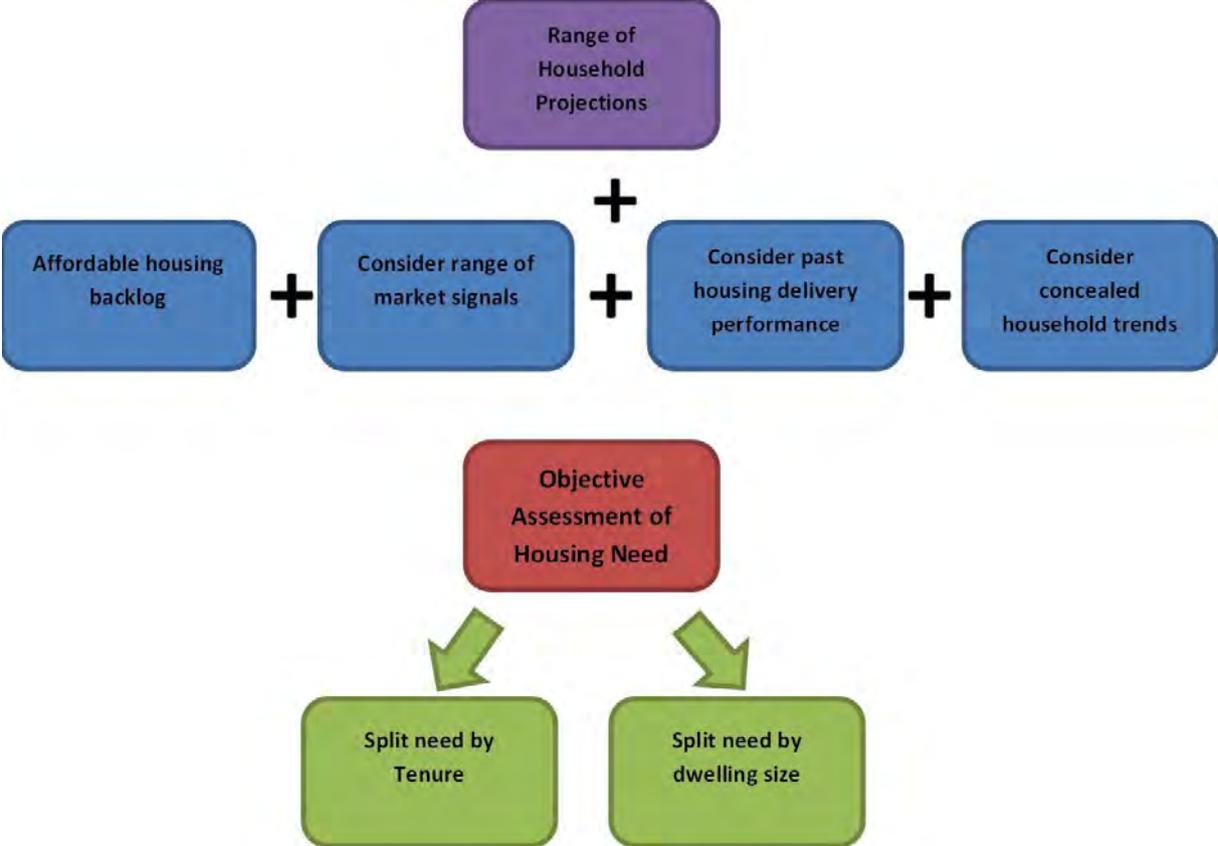


1.22 Whilst the BRMA provides a useful basis for local analysis it is very clear from review of housing benefit data and overall migration flows that the BRMA is extremely permeable with households moving in and out of the Borough to meet their particular housing needs. In this respect such mobility is unsurprising given excellent transport linkages and proximity to a range of employment opportunities both in and often outside of the Borough. So for the purposes of this SHMA update there is a context for objectively estimating housing need for Wandsworth but this must be seen as part of the wider London HMA and wider London assessment of need.

2 Methodology

2.1 Where possible, the methodology used in this assessment is based on the methodology used in the London SHMA 2013 to ensure some level of consistency with the wider HMA analysis. However, this is not entirely possible due to a lack of some data sources at a borough level, namely the EHS data. Analysis of the Council’s housing queues will be used as an alternative in this instance to inform the requirement for affordable housing given that the information collected on the demand for low cost rented and low cost homeownership housing provides an objective and robust basis for identifying actual local demand. The diagram below summarises the broad methodology of the housing need assessment, which is in line with the recommended methodology in the NPPG.

Figure 2.1 Methodology Flow Diagram



2.2 Step 1: Household Projections: A range of household projections will be discussed (including the latest ONS/DCLG projections as required by the NPPG) and a range of projections produced by the GLA. The change between 2015 and 2030 for all projections will be calculated, which will then be divided by 15 years to determine an annual figure. Where the projections do not extend to 2030, the same annual rate is assumed to continue. The most appropriate set of projections for the remaining analysis will then be determined.

2.3 Step 2: Affordable Housing Backlog: Updated information from the housing waiting lists (both for social rented and shared ownership/intermediate housing) will be used to calculate the current backlog of affordable housing relative to available supply. This is then added to the household projections. It is important that no double counting occurs and that any households who may already be counted in the household projections are excluded i.e. this should be the net backlog rather than the gross so should not include households that already exist in the projections but may require a different type or size of dwelling.

2.4 Step 3: Examine Market Signals (and make adjustments if necessary): A brief analysis of the key drivers influencing housing demand and supply in Wandsworth will be carried out in order to understand the housing market. However, not all of the information in the SHMA 2012 will be updated, only where it is considered to be necessary and/or relevant. The guidance suggests that adjustments to the need figure may need to be considered based on these signals. There is no set approach to adjusting the demographically assessed need based on market signals. Therefore, rather than make an arbitrary adjustment, it may be more robust to use a higher demographic scenario and/or make adjustments based on projected concealed household rates, as these households are likely to be concealed due to the factors outlined in the market signals section. However, the approach taken here must factor in the longer term nature of SHMA housing need and supply projections (set over 5, 10 years or even longer periods) and therefore not be distracted unnecessarily from what might be shorter term market and sub market housing trends (e.g. account for the impact of welfare reforms but also identify these as being short term adjustments of a particular sub market). The analysis of market signals and affordable housing need makes reference to and takes account of the potential for policy initiatives to address particular needs additional to meeting this demand solely through the provision of new build housing.

2.5 Step 4: Consider past housing delivery performance: A brief analysis of past delivery rates compared to housing targets to determine whether there has been any past under performance which needs to be taken into account. In turn future forecasting needs to consider any revised delivery targets relative to Mayoral expectations and supply forecasts.

2.6 Step 5: Calculate Overall Housing Requirement: All of the factors above will be used to make adjustments to the demographic projections to determine the objective assessment of estimated need. It can be difficult to produce a single figure relating to such an assessment so this may take the form of a range.

2.7 Step 6: Split housing requirement by tenure: Analysis of trends for newly forming households on the Council's housing queues will be used to decide on an appropriate split between market, social and intermediate housing required.

2.8 Step 7: Split housing requirement by type: Analysis of the types of households expected to require housing in the borough and calculation of the size of dwelling they may need. The household projections provide the household type breakdown (i.e. single person, couple no children, couple one child, etc.). This can then be translated into an approximate bedroom requirement number using the Council's housing allocation scheme. Current occupancy rates can then be used to determine mix. However, it should be noted that the eventual mix that might be determined in housing and planning policy terms may not fully align with the outcome of the analysis presented here. This is because a wider set of factors and policy drivers will need to be considered. Not least these will include considerations on delivering sustainable

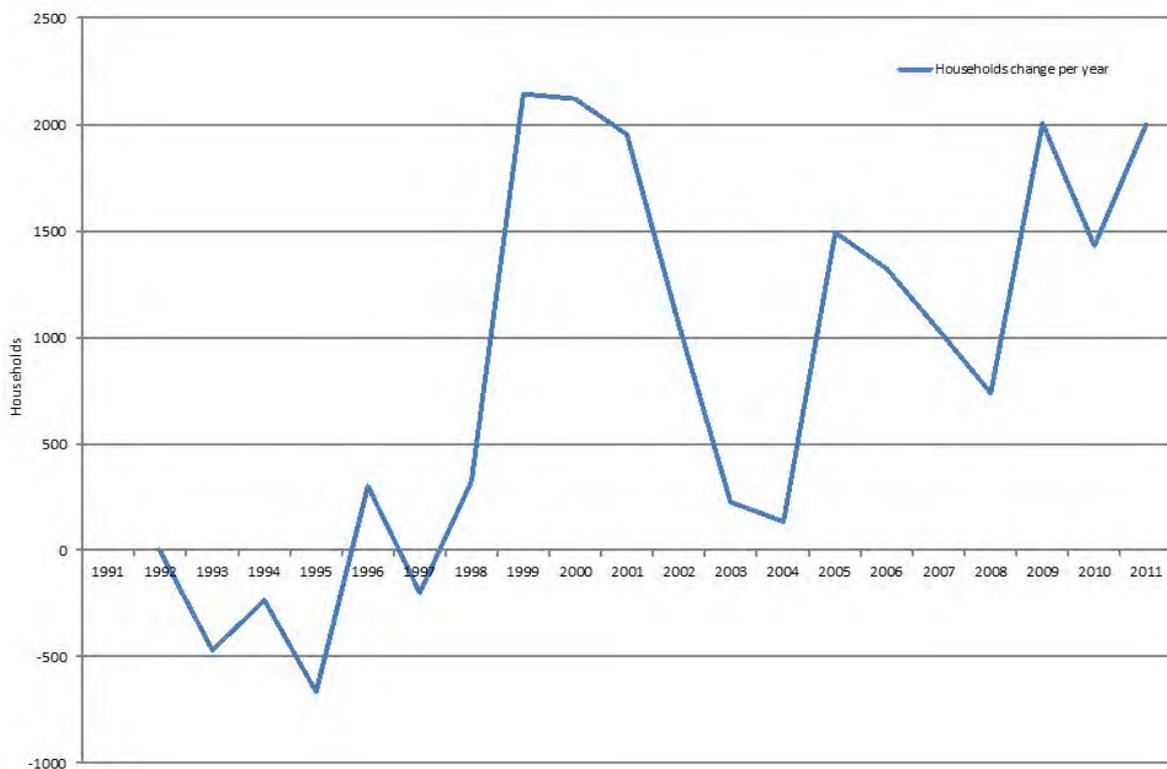
and viable local communities particularly where there are significant levels of development and/or regeneration, local housing offers to residents whose household circumstances may change over time and what forms of housing are required to maintain local and regional economic growth.

3 Demographic Projections

Past Household Growth

3.1 Before projected household change is considered, it is important to note the annual change in the number of households over the past 20 years to provide some historical context. Figure 3.1⁽⁸⁾ below shows annual household change in Wandsworth between 1991 and 2011. The change in the number of households has fluctuated between -667 and +2,144 during this time, resulting in an average increase of +835 households per annum.

Figure 3.1 Wandsworth Historic Annual Household Change 1991 to 2011



ONS/DCLG Projections

3.2 The NPPG states that household projections published by the DCLG should provide the starting point to estimate overall housing need. The DCLG household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

8 ONS Household Change 1991-2011

3.3 In May 2014, ONS published the 2012 based Sub National Population Projections (SNPP)⁽⁹⁾, the first full set of projections since the 2011 census. However, these are usually not translated into household projections by DCLG until around September of the same year and consequently are not currently available.

3.4 Therefore the most recent DCLG household projections are the 2011-based Interim Household Projections⁽¹⁰⁾. These are based on the interim ONS 2011 based sub national population projections and cover a ten year period from 2011 to 2021. However, there are concerns surrounding the reliability of these projections amongst demographers. Although these projections use 2011 census statistics as the base period population, they use assumptions from the 2010-based population projections to define fertility, mortality and migration components of change. This has been particularly problematic in London where the previous ONS mid year estimates were poorly aligned with the 2011 census results. For example, fertility rates were over estimated because they were based on an under-estimate of the number of females in London and the application of these fertility rates to the census population resulted in an over estimate in the number of births⁽¹¹⁾.

3.5 The release of the 2012 and 2013 Mid-Year Population Estimates confirmed many of the concerns that had been raised⁽¹²⁾. For Wandsworth, the Interim 2011 based population projections predicted an increase of around 7,500 people between 2011 and 2013 however; the Mid-Year Estimates actually showed an increase of only 2,800 people had occurred as shown in Table 3.1. These over-estimates would have a cumulative impact year on year and would result in a significant over-estimate by the end of the projection period. This would in turn lead to an over-estimation of households and therefore demonstrates that the Interim 2011 based population and household projections should be used with caution.

Table 3.1 Comparison between SNPP 2011 and MYEs 2011-2013

	2011 Population	2012 Population	2013 Population	Change 2011 to 2013
Interim 2011 ONS Projected	307,700	311,400	315,200	+7,500
Mid Year Estimates	307,700	308,300	310,500	+2,800

GLA Projections

3.6 Recognising the issues with the ONS/DCLG projections discussed above, the GLA have produced their own set of trend based population and household projections for London⁽¹³⁾. The ONS population projections are based on a broadly similar methodology to the GLA's. Both use a cohort component model and project forward according to recent trends in fertility,

9 ONS 2012 based Sub-National Population Projections <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Sub-national+Population+Projections#tab-data-tables>
 10 CLG 2011 based household projections <https://www.gov.uk/government/collections/household-projections#2011-based-projections>
 11 GLA London SHMA 2013
 12 ONS Mid Year Population Estimates <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-22371>
 13 GLA Population Projections <http://data.london.gov.uk/datastore/package/gla-demographic-projections>

mortality and migration. A single projection is produced with no variants and this uses the assumption that recent patterns of migration will persist for the duration of the projection period – the equivalent assumption to that used in the GLA's High variant. The most significant methodological difference is that the sum of ONS's subnational projections for all authorities in England and Wales are constrained to be consistent with the results of the equivalent round of their National Population Projections (NPP)⁽¹⁴⁾.

3.7 The GLA's 2013 trend based projections are based on three population growth scenarios: high, low and central and differ in the domestic migration assumptions beyond 2017. The economic crisis has been linked to a fall in migration from London to the rest of the UK and a rise in flows from the UK to London. The variants reflect a range of scenarios relating to a possible return to pre-crisis trends in migration.

Scenarios

High variant: In this scenario, the changes to domestic migration flows are considered to be structural and recent patterns persist regardless of an improving economic outlook. Domestic migration trends are taken from the period mid-2008 to mid-2012 and held constant for the entire projection period. Both in and outflows increase over time to reflect increasing population in London and the rest of the UK.

Low variant: Changes to domestic migration patterns are assumed to be transient and return to pre-crisis trends beyond 2018. Domestic outflow propensities increase by ten per cent and inflows decrease by six per cent as compared to the high variant.

Central variant: This scenario takes the mid-point of the assumptions in the High and Low projections. It assumes recent migration patterns are partially transient and partially structural. Beyond 2018, domestic outflow propensities increase by five per cent and inflows by three per cent as compared to the High variant.

3.8 In the London SHMA 2013, the GLA state that the central household projection is considered to be the most likely of the three scenarios and consequently it has been used as the basis of the main housing requirements model in the GLA's SHMA.

3.9 In June 2014 the GLA also ran a set of population and household projections using the updated fertility data provided by the 2012 based ONS Sub-national Population Projections. They are currently not intending to fully re-run and publish their household projections however, the Council have seen the outputs of the updates to the central scenario and the changes to the fertility assumptions only make a small difference to the projected housing figure.

Future Household Projections

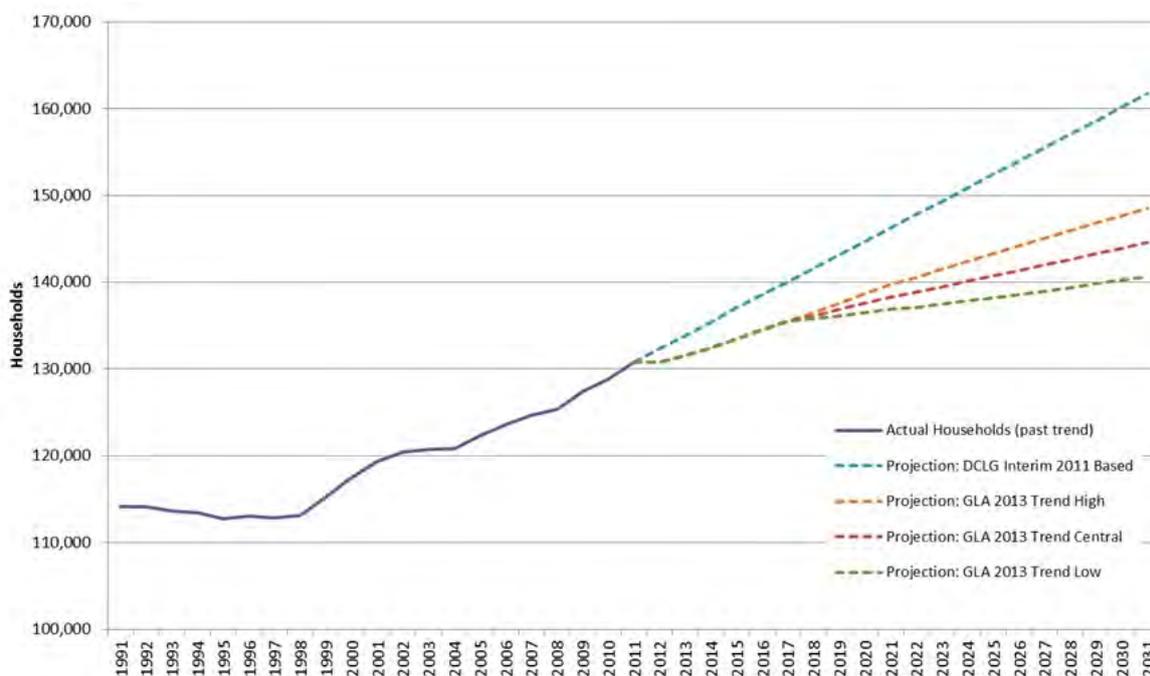
3.10 The next full set of DCLG household projections are currently scheduled to be published in autumn 2014 following the publication of the ONS 2012 based Sub-national Population Projections in May 2014. The GLA's London SHMA 2013 explains that these projections will

14 GLA 2013 SHMA

incorporate ONS's revised mid-year population estimates for 2002 to 2010 and will be constrained to the 2012-based national population projections making them more statistically robust than the Interim 2011 projections. Therefore, the results of these projections are likely to differ significantly from those of the 2011 interim projections. The 2012-based SNPP will project forward on the basis of the most recent four years of domestic migration data and can be considered to be broadly comparable to the GLA's high projection variant according to the London SHMA 2013.

Conclusion - Which Projection to Use?

Figure 3.2 Comparison of Household Projections for Wandsworth



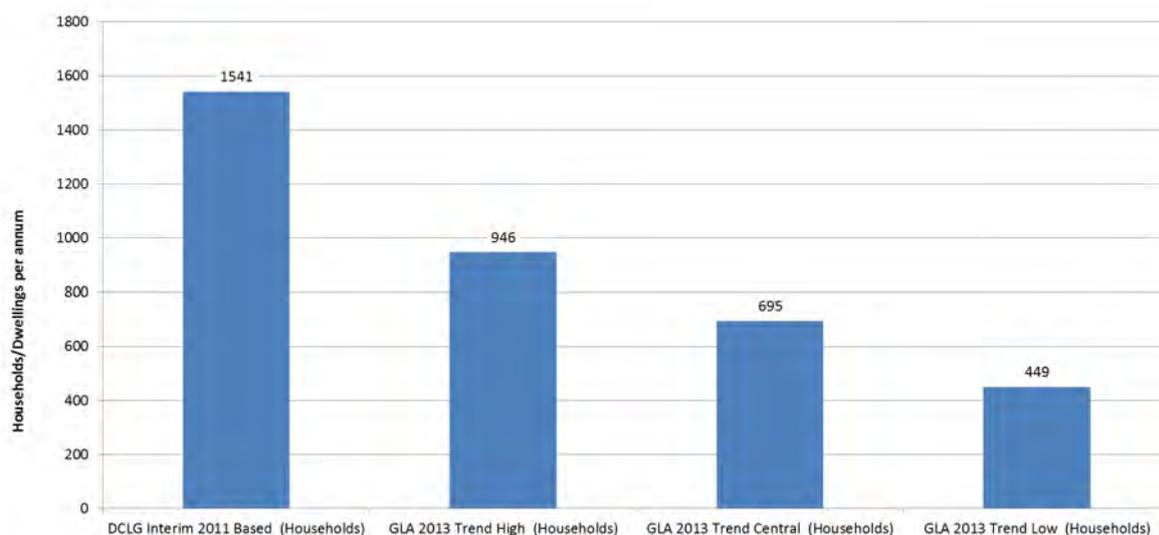
3.11 As shown in Figure 3.2⁽¹⁵⁾, the DCLG's Interim 2011 based household projections are higher than all three of the GLA scenarios for the reasons already outlined. As shown in Table 3.2 and Figure 3.3 below, the DCLG projections estimate an increase of 1,544 households per annum between 2011 and 2021. If this rate is assumed to continue until 2030, the number of households would increase by 23,117 between 2015 and 2030. This is compared to 10,425 households between 2015 and 2030 (695 per annum) in the GLA central scenario and 14,195 households (946 per annum) in the high scenario.

15 ONS 2011 Household Projections, GLA 2013 Household Projections

Table 3.2 Comparison between projected household change 2015 to 2030

	DCLG interim 2011 based projections	GLA 2013 High Trend	GLA 2013 Central Trend	GLA 2013 Low Trend
Annual Household Increase (2015 to 2030)	1,541	946	695	449
Overall Increase 2015 to 2030	23,117 ⁽¹⁶⁾	14,195	10,425	6,741

Note – figures may not sum due to rounding

Figure 3.3 Annual Household Increase for range of household projections

3.12 As previously outlined, there are significant concerns surrounding the robustness of the DCLG 2011 Interim household projections. Consequently they are not considered to be appropriate to use in the calculation of housing need as they will be likely to over estimate need. Of the remaining GLA scenarios, the GLA consider that the central scenario (which takes the mid-point between the low and high scenarios) is the most likely to occur, however whilst there is still uncertainty over whether recent trend will continue, it is proposed to use the GLA high scenario to provide a degree of comfort that the assessment represents full housing need.

16 The interim 2011 ONS projections only go to 2021 so an assumption has been made the same rate will continue until 2029

4 Market Signals

4.1 In order to assess housing need it is important to understand the market signals within a particular housing market area, to make comparisons with similar demographic areas and consider future trends. Key indicators that will be considered within this section include the economic outlook, house sales, house prices, levels of private sector rents and the affordability of home ownership and the private rented sector within Wandsworth.

4.2 When assessing the affordability of home ownership and rent levels Wandsworth's SHMA 2012 used the SHMA Practice guidance (2007) which has since been replaced by the NPPF and NPPG in 2014. However this new guidance does not mention affordability calculations and therefore this SHMA update will use the previous methodology to calculate the affordability of properties in Wandsworth.

Economic Outlook

4.3 Over the last two years the UK economy has continued to recover following the economic crisis of 2008. The Office for Budget Responsibility (OBR) confirmed that, "in the final quarter of 2013, GDP growth matched our December forecast, inflation fell back to target and unemployment dropped more quickly than expected"⁽¹⁷⁾. GDP was up 1.8 per cent on the previous year, business investment is recovering and housing market indicators have picked up sharply. In addition, the IMF has confirmed that, "The UK economy is projected to grow by 3.2 per cent in 2014, up from 1.7 per cent in 2013. Strong growth is fuelling rapid job creation, and inflation is expected to remain low"⁽¹⁸⁾. However, many people are still not feeling the benefits of the economic recovery as "productivity and wage growth remained disappointing"⁽¹⁹⁾. This has implications for the affordability of housing, particularly in London, with increasing property and rental prices while wages are generally failing to grow which increases the income to property price ratio.

Housing Sales

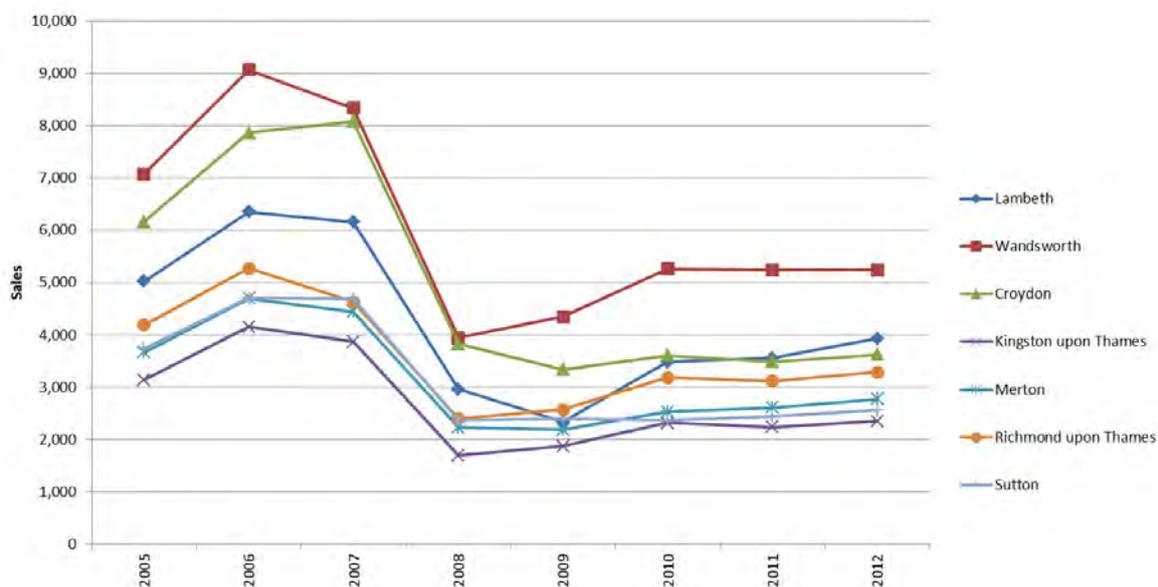
London: South West Sub-Region - Property Sales

4.4 Total property sales are often used as a marker by which to gauge how active the housing market is in a particular area. The latest comparative data from the DCLG, Figure 4.1 below, shows that since the economic crisis in 2008 property sales in Wandsworth have picked up and appear to be stabilising at just over 5,200 properties sold a year, which represents a 33 per cent rise since 2008. As Figure 4.1 shows this is generally reflected across the South West Sub-Region, although Croydon is still struggling to increase sales, and Wandsworth continues to outstrip other boroughs across London in terms of properties sold at 5,239 (2012) compared to the second highest borough with 4,047 properties sold in Barnet. This suggests that housing market activity in Wandsworth is very healthy which is a positive signal in terms of maintaining the delivery of new homes at target and projected levels and increasing mobility in the housing market sector which is a necessary component of meeting the demand for certain types, sizes and tenures of housing.

17 OBR, March 2014, http://cdn.budgetresponsibility.org.uk/13476-Exec_summary_March2014_EFO_web.pdf

18 IMF Survey Magazine, July 2014, <http://www.imf.org/external/pubs/ft/survey/so/2014/CAR072814A.htm>

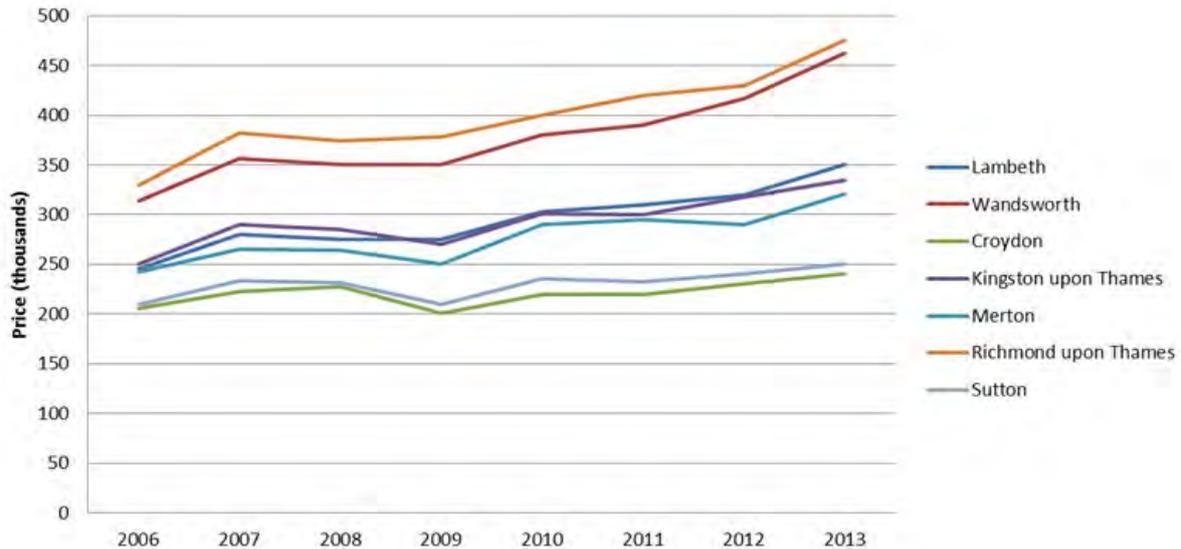
19 OBR, March 2014, http://cdn.budgetresponsibility.org.uk/13476-Exec_summary_March2014_EFO_web.pdf

Figure 4.1 South West Sub Region Total Property Sales by Borough - DCLG, 2014, Live Tables

London: South West Sub-Region - Property Prices

4.5 The median property price has continued to rise in Wandsworth since 2010 and has been relatively unaffected by the economic crisis in 2008. The other boroughs in the South West Sub-Region have also seen steady increases in property prices although Merton did experience a slight dip in 2012. Wandsworth has seen an 11 per cent increase in property prices between 2012 and 2013, equal highest with Merton. Although Wandsworth's annual median property price in 2013 remained below Richmond upon Thames, at £462,500 to £475,000, during quarter three Wandsworth's median property price was £495,000 compared to £480,000 for Richmond upon Thames. Although the most recent data from the Land Registry shows that the median price gap between these two boroughs has again increased to £34,633, the lower number of sales in Richmond upon Thames could be driving prices up further. In the Land Registry's House Price Index report for May 2014 it showed that median property prices had increased in Wandsworth on the previous year by 20 per cent and on the previous month by 2.9 per cent, which was the largest month on month increase across the London boroughs.

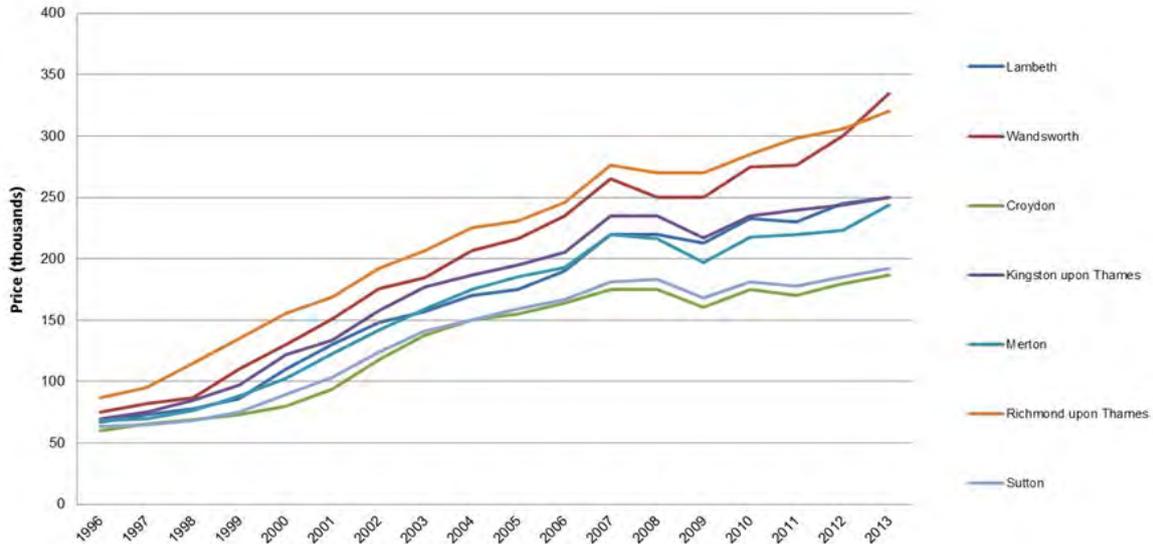
**Figure 4.2 South West Sub-Region Median Property Prices (London Datastore 2015
London.gov.uk accessed July 2014)**



4.6 The increases in property prices over the last two years and indeed longer term trends would suggest that demand for housing, in what is a popular Borough to live, will continue and that property prices will continue to rise at rates that are higher than sub regional or London trends. This has major implications for the affordability of home ownership and private rent housing in Wandsworth and suggests that significant strategic planning and policy interventions are required if affordable housing options are to be made available to ensure that even those on higher than average wages are not priced out of the Borough.

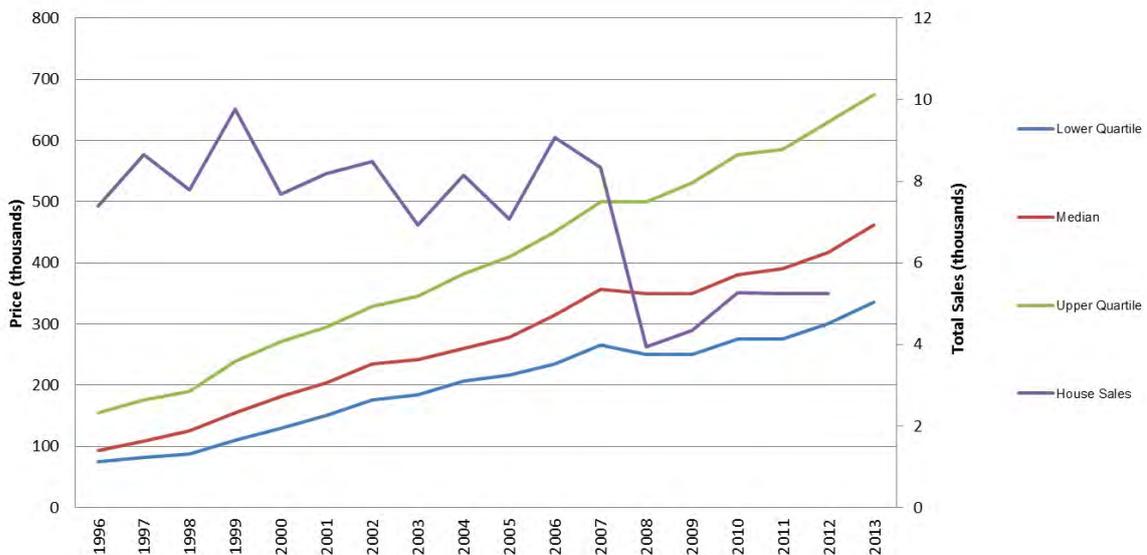
4.7 When assessing property affordability it is important to consider the lower quartile property prices as this is often the section of the market first time buyers enter into and which in turn helps to stimulate the whole housing market. In 2013 Wandsworth's lower quartile property price increased to £335,000, a 12 per cent increase on the previous year which represents the highest rise within the South West Sub-Region. As can be seen in Figure 4.3 below this takes the Borough's lower quartile property price above that of Richmond upon Thames, the first time since DCLG's live tables began publication in 1996. The Borough is now placed seventh for the most expensive lower quartile property prices in London. This has significant implications for the affordability of homeownership in Wandsworth with those properties within the lower end of the market becoming less affordable.

Figure 4.3 South West Sub-Region Lower Quartile Property Prices (London Datastore 2014 London.gov.uk, accessed July 2014)



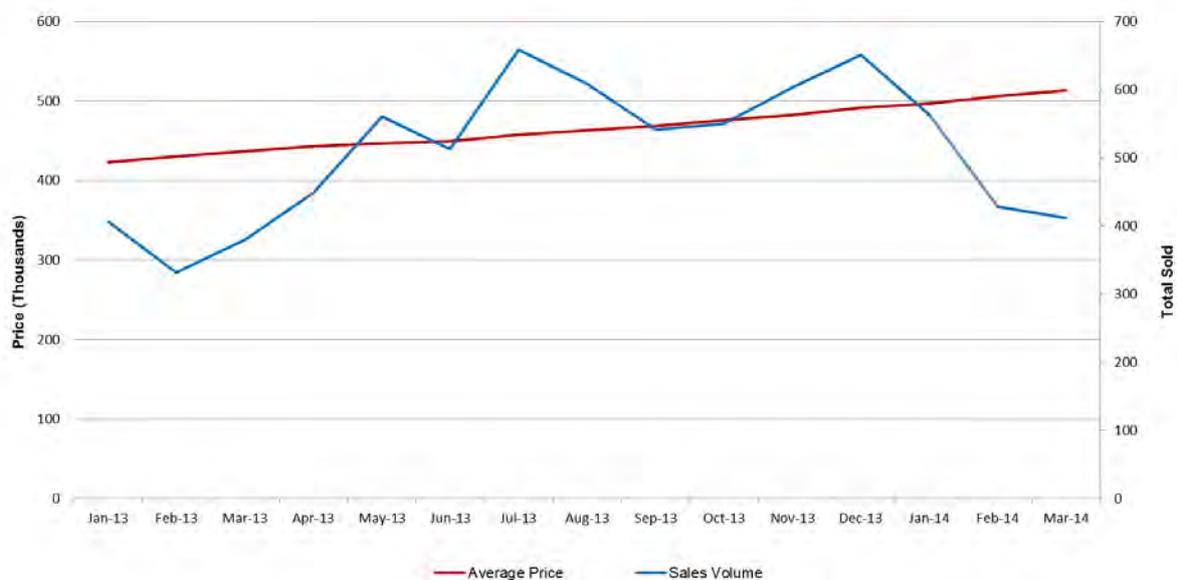
4.8 Figure 4.4 below shows the lower quartile, median and upper quartile prices for properties in Wandsworth along with the total sales numbers. The gap between the different quartiles has grown and continues to increase. This has implications for the housing market in that those people wanting to 'upsize' could be prevented from doing so as the jump to the next type or size of property is beyond their financial capabilities even if they currently own a highly priced property. The blockage in the housing market that this can cause could help to explain the continued reduced property sales volume against pre-economic crisis levels.

Figure 4.4 Wandsworth Property Prices and Sales (London Datastore 2014 London.gov.uk, accessed July 2014)



4.9 As Figure 4.5 below shows the latest information from the Land Registry shows a general trend of increased property sales. Although there are slight increases and falls month on month, when taken as a yearly comparison there continues to be an increase. However, average property prices continue to rise both month on month and year on year. This suggests that home ownership will continue to become less affordable in Wandsworth in the future and reflects the assessments made in the SHMA 2012 which predicted rising property prices. It is too early to say whether the housing market will continue to recover but trends suggest that property prices will continue to rise in Wandsworth.

Figure 4.5 Average Price and Total Properties Sold in Wandsworth during 2013/14 (Land Registry 2014 House Price Index)



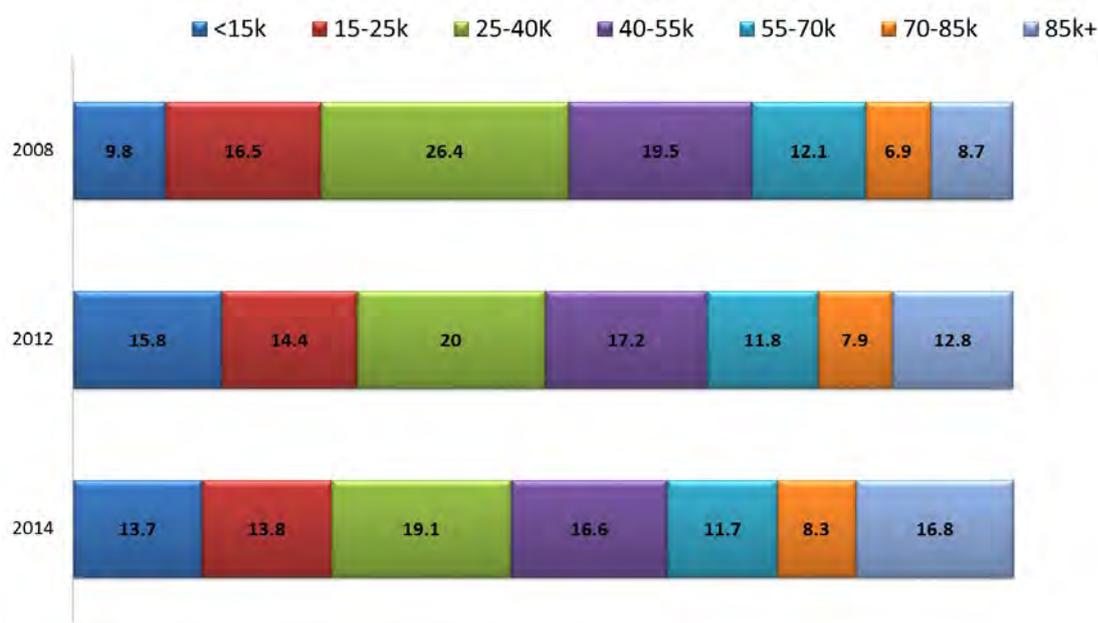
4.10 This has clear implications for affordability if incomes do not match the ever increasing property prices. The amount that can be borrowed also has implications for the affordability of home ownership as does the rates that can be achieved by those trying to access the market at the lower quartile level which is often first time buyers.

Affordability

4.11 The SHMA 2012 confirmed that households can be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single earner or 2.9 times the gross household income for dual-income households. In addition, where possible, allowance should be made for access to capital that could be used towards the cost of home ownership. However, it also highlighted that a higher proportion may be affordable for those on higher incomes and that local circumstances (e.g. good public transport links and shorter commuter distance that might reduce overall travelling costs) could justify using different proportional figures than those stated. In addition, many mortgage lenders will provide mortgages of four times the gross household income for a single earner with some mortgage lenders agreeing up to five times the gross income depending on deposit, financial situation and credit checks.

4.12 Figure 4.6 below shows the income distribution in Wandsworth and how this has changed since 2008 by household. Although on average across all salary bands wages have risen by seven per cent since 2012, the proportion of residents earning more than £85,000 has increased from 12.8 per cent to 16.8 per cent during this period. This indicates that most middle earners will not have seen such a significant salary increase.

Figure 4.6 Household Income Distribution Wandsworth by Household (CACI Data 2014)



4.13 Table 4.1 below shows the income required for a purchaser wanting to buy a property in Wandsworth based on 2013 averages and considers the lowest quartile, the median, the upper quartile and the mean. If a purchaser wanted to buy a property in the lowest quartile price range they would need to have an income of £90,929. This is based on someone with a five per cent deposit achieving 3.5 times their salary. As the table shows the total income required reduces if a ten per cent deposit is available and a higher multiple is used. Therefore, a single earner with a ten per cent deposit would need an income of £86,143 to be able to afford the lower quartile property price of £335,000. For a dual income with a ten per cent deposit and a multiple of three times gross income a joint income of £100,500 would be required.

Table 4.1 Property Price Range

Property Price Range	Lowest Quartile (2013)	Median (2013)	Upper Quartile (2013)	Mean (2013)
Property Price	£335,000	£462,500	£675,000	£583,911
5% deposit	£16,750	£23,125	£33,750	£29,196
10% deposit	£33,500	£46,250	£67,500	£58,391

Property Price Range	Lowest Quartile (2013)	Median (2013)	Upper Quartile (2013)	Mean (2013)
Loan amount required at 5% deposit	£318,250	£416,250	£607,500	£525,520
Loan amount required at 10% deposit	£301,500	£416,250	£607,500	£525,520
Gross Annual Income Required with 5% deposit				
3.5 times Gross single earner	£90,929	£118,929	£173,571	£150,149
2.9 times Gross dual income	£109,741	£143,534	£209,483	£181,214
4 times Gross single earner	£79,563	£104,063	£151,875	£131,380
3 times Gross dual income	£106,083	£138,750	£202,500	£175,173
Gross Annual Income Required with 10% deposit				
3.5 times Gross single earner	£86,143	£118,929	£173,571	£150,149
2.9 times Gross dual income	£103,966	£143,534	£209,483	£181,214
4 times Gross single earner	£75,375	£104,063	£151,875	£131,380
3 times Gross dual income	£100,500	£138,750	£202,500	£175,173

4.14 In Wandsworth the median income is £42,769 against £39,813 in 2012 which demonstrates the potential problems for people trying to access market home ownership in the Borough without a substantial deposit being available. In the above modelling the average single earner could not afford to purchase a property at the lower quartile level in Wandsworth without a significantly higher deposit. Using the median income in Wandsworth of £42,769 and a multiple of four times this the average resident would need to make up £163,924 in deposit. This demonstrates the scale of the challenge in Wandsworth for the affordability of entrance level properties for which first time buyers are often trying to access.

4.15 There are other considerations and each individual/s will be assessed on their own financial situation by a mortgage lender and as such there are a number of variables which will affect the amount that can be borrowed and the property that can be purchased. In addition, if the income level is achieved the level of deposit required at ten per cent is substantial at almost £33,500. This, combined with the associated costs when purchasing a property, such as stamp duty of three per cent on properties at £250,000 or more (an additional £10,050 on the above lower quartile property), make entry into the home ownership market in Wandsworth particularly difficult for first time buyers.

Conclusion

4.16 As the SHMA 2012 concluded this has significant implications for Wandsworth in trying to maintain a balanced housing market that meets a range of needs purely through meeting new housing delivery targets. First time buyers are essential to a property market and help to ensure mobility between tenures and movement throughout the market, for example those property owners wishing to upsize. However, indications are that first time buyers are being further excluded from the market locally given increasing prices and indeed a relative low level of activity in the second hand market. This clearly has implications for other sectors and particularly the private rented sector where potential property owners will stay longer.

4.17 The analysis leads on to the need to further develop options that give first time buyers more options to purchase given that prices are rising most significantly in the “lower quartile” segment of the market which would suggest that availability of entry level accommodation is at a premium at the current time. Whilst new development has led to shared ownership housing being provided it is clear that the number of this form of housing being delivered is not meeting demand. Therefore, policy responses need to consider housing offers that increase the options available to first time buyers. These might include for instance considering the provision of smaller size units to meet the significant demand for low cost homeownership from couple and single households and again considering the role that personal subsidies might play in making market housing more affordable to buy (e.g. through greater promotion of the Government’s Help to Buy Scheme, through local initiatives such as the House Purchase Grant Scheme available to council tenants).

4.18 Whilst the number of sales being achieved in the Borough overall is high the second hand market is not meeting the demand for family units arising from households ready to trade up from smaller accommodation. Given that second hand stock is likely to be a key form of larger family housing available to meet demand policy responses need to be considered that provide, for instance, forms of housing that allow those who want to continue to live locally to downsize where they are under occupying and low cost intermediate forms of family housing being made available if market conditions and location allow.

4.19 The overall conclusions remain similar to the SHMA 2012 findings however in that any housing solutions determined must deliver in quantum to meet demand, must look to diversify the housing offers available and consider meeting overall demands within the context of housing markets and development/supply opportunities that both sit within and outside the Borough’s and London’s administrative boundaries.

Private Rented Sector

4.20 The SHMA 2012 examined the private rented sector at that time and considered aspects such as the availability and affordability of accommodation. The overarching conclusions were that the sector forms an increasingly important role in meeting housing demand within Wandsworth and that affordability of accommodation is a significant issue. Rent levels were expected to continue to rise, particularly as demand outstripped supply.

4.21 This section will present updated data on rent levels, housing benefit claimants and supply and demand as well as consider the changing picture of the private rented sector in terms of any new national and local policies including the impact of welfare reforms.

Private Rented Sector Affordability

4.22 Wandsworth's SHMA 2012 calculated that households can be considered able to afford private rented housing in cases where the rent payable is up to 25 per cent of their gross household income. However, it also highlights that a higher proportion may be affordable for those on higher incomes and that local circumstances (e.g. proximity to work that might reduce transport costs, preference for location over affordability as is likely to be the case in Wandsworth) would justify using a higher proportion.

4.23 The tenth London Annual Monitoring Report (AMR), published in March 2014⁽²⁰⁾, states that local authorities should seek to ensure that average housing costs, including service charges, to households for whom intermediate housing is provided are affordable to households on incomes of £43,550 a year. The AMR suggests that, for households on an income of £43,550 a year, average housing costs of £235 a week (28 per cent of gross household income) should be considered affordable. As per the SHMA 2012, given local circumstances (e.g. access to public transport, commuter distances to main employment hubs) it continues to be reasonable to consider rents up to 30 per cent of gross income to be affordable.

4.24 Table 4.2 below shows the average weekly rent in Wandsworth for different size properties. It provides the split between lower quartile, median and upper quartile rent charges and what level of income an individual would need to be on if the rent was 30 per cent of gross income. This table also represents affordability at the higher level of 35 per cent⁽²¹⁾ given the particular circumstances found in Wandsworth in relation to proximity to work (meaning likely lower transport costs for many households travelling into central London to work) and the attractiveness of living in Wandsworth for example good local facilities and low Council Tax.

Table 4.2 Weekly Rents 2014

Property	Shared	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Lower Quartile	£107	£185	£254	£312	£392	£541
Median	£121	£202	£289	£355	£462	£700
Upper Quartile	£138	£223	£323	£404	£550	£825
Council		£77	£102	£127	£166	£194
Total Properties Available	197	192	1,151	1,789	651	464
30% of Gross Income						
Lower Quartile	£18,547	£32,067	£44,027	£54,080	£67,947	£93,773

20 Mayor of London, 2014, London Plan Annual Monitoring Report 10 2012-2013

21 Gross household income is used in order to be consistent with London analysis. Net income is also used when considering affordability particularly in terms of establishing grant and investment levels for new affordable housing. In this respect a gross income of between 30% to 35% represents around 45% of net income

Property	Shared	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Median	£20,973	£35,013	£50,093	£61,533	£80,080	£121,333
Upper Quartile	£23,920	£38,653	£55,987	£70,027	£95,333	£143,000
Council	N/A	£13,347	£17,680	£22,013	£28,773	£33,62
35% of Gross Income						
Lower Quartile	£15,897	£27,486	£37,737	£46,354	£58,240	£80,377
Median	£17,977	£30,011	£42,937	£52,743	£68,640	£104,000
Upper Quartile	£20,503	£33,131	£47,989	£60,023	£81,714	£122,571
Council	N/A	£11,440	£15,154	£18,869	£24,663	£28,823

4.25 Comparisons set out in Table 4.3 below show that, while rents have risen in both the Council and private rented sectors between 2012 and 2014, the rate of increase in the private sector is much greater than for Council rents.

4.26 While Council rents have risen by either three or four per cent, the rate of increase in the private rented sector varies significantly across different property sizes. Table 4.3 below shows that median rent increases in this sector are generally highest for larger properties. Median rent levels for studio and one bed properties have risen by nine and 11 per cent respectively, compared with an 18 per cent rise for three bed properties and a 32 per cent rise for four bed properties. This suggests that the highest demand for accommodation is for three and four bed properties. There have also been significant increases in rents for shared housing which would indicate that larger family properties in the PRS are increasingly being accessed and utilised by sharers which in turn may be displacing larger family households from the sector. This would certainly seem to be the case given the profile of households now seeking assistance from the Council. Demand for studio, one and two bedroom private rent housing is also clearly significant given rent increases however it may be that such properties are less attractive to the Council's predominant demographic of young single and couple households than sharing and thence the rent increase differential between these property sizes.

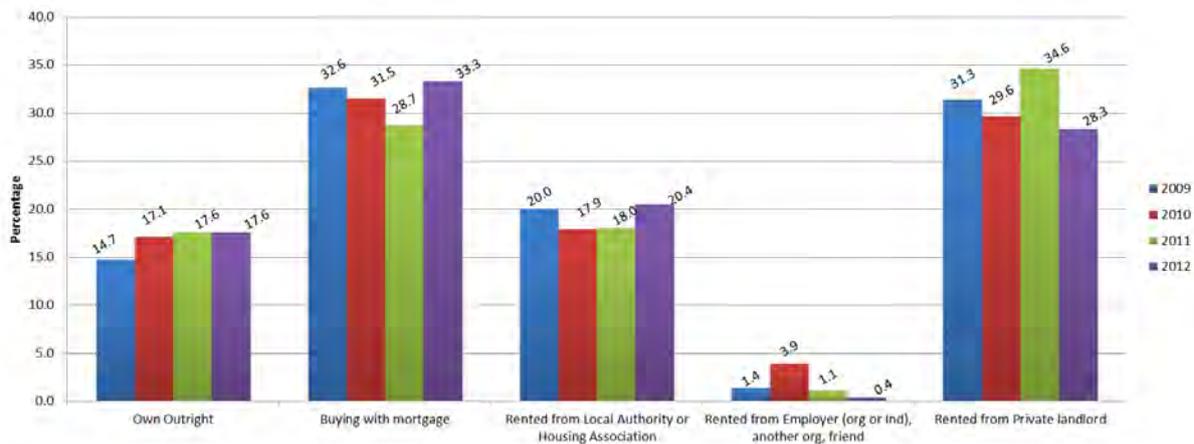
Table 4.3 Rent Increases as a Percentage 2012 – 2014

Property	Shared	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Lower Quartile	32%	11%	16%	13%	19%	27%
Median	18%	9%	11%	10%	18%	32%
Upper Quartile	13%	10%	8%	8%	10%	16%
Council		4%	3%	3%	3%	4%

4.27 As Table 4.2 and Table 4.3 demonstrate private rent levels remain relatively high. In order to afford a studio property an individual would need to be on an income of £32,067 per year. A one bedroom property would require an annual income of £44,027 which is just above the median income for Wandsworth of £42,769. While the median rental cost of a one bed property has risen by 11 per cent since 2012, the median income has only risen by 7.4 per cent. The gap between the level of income necessary to rent a one bed property in the median price range and the median income has increased by 39 per cent from £5,254 in 2012 to £7,324 in 2014.

4.28 Figure 4.7 below demonstrates the increasing importance of the private rented sector to Wandsworth’s housing market. As of 2012, the most recent data available, the PRS accounts for 28.3 per cent of the tenure make-up of the Borough which is higher than for both inner and outer London. Since 2009 the percentage of households in privately rented accommodation in the Borough has remained largely stable.

Figure 4.7 Housing Tenure of Households 2009-2012 (ONS 2012, Accessed July 2014)



The Role of Housing Benefit (HB) in the Private Rented Sector

4.29 The provision of housing benefit plays an important role in enabling both working and non working households on low incomes to meet their housing needs in the private rented sector. While the number of social housing tenants in receipt of HB has remained relatively stable over the past ten years, the number of tenants in the private rented sector claiming HB has grown from 3,150 in 2004 to 7,802 in 2014.

4.30 As at 14th July 2014, of the total HB caseload of 27,264, 7,144 (26 per cent) households are in some form of employment. This has decreased slightly from 29 per cent in 2012. Table 4.4 below breaks this down by tenure type.

Table 4.4 HB Claimants in Employment

Tenure	Total No. Households	No. Working	% of Tenure Caseload
PRP* tenants	6, 626	1002	15.1

Tenure	Total No. Households	No. Working	% of Tenure Caseload
Council tenants	12,426	2617	21.1
Private tenants	8,212	3525	43.0

* PRP tenants = Private Registered Provider tenants (i.e. housing association tenants).

4.31 There is a significantly higher proportion of private tenants in employment than tenants in Council or housing association accommodation. This may be as a result of higher rents charged within the private sector and in turn relatively lower income households seeking to subsidise their rent through HB. Research has also shown that there is a higher propensity amongst those living in the private rented sector on lower incomes to be working.

Welfare Reforms and the Private Rented Sector

4.32 Tenants in the private rented sector claiming LHA have been subject to two separate possible reductions to the amount of LHA payable: LHA reforms and the total welfare benefit cap. Reforms of LHA were introduced in April 2011 and involved various changes which reduced the amount of LHA payable to around 3000 of the Borough's LHA caseload.

4.33 For LHA claimants who could not cover the resulting shortfall, their principal options for dealing with the loss of benefit were to negotiate a reduced rent with their landlord or to move to alternative affordable accommodation. It was anticipated therefore, that Wandsworth would see a drop in LHA caseload as households moved to more affordable accommodation relative to the level of LHA available that may have been outside the Borough in cheaper areas of London and beyond. However, this is not evident from the LHA caseload. Whilst the number of claimants did decrease from 8,118 in March 2013 to 7,802 in March 2014, it has risen again to 8,212 to July 2014.

4.34 It is a positive indicator that lower income households have been able to maintain access to the private rent sector and demonstrates that this sector still is playing a significant part in meeting the need for affordable rented housing. However, when the profile of homeless applicants is reviewed there are indications that there has been, albeit on a small scale relative to levels of housing need identified in this report, a displacement of particularly larger family households from this sector. As identified in the recent Resources and Commitments Report presented to the Housing Overview and Scrutiny Committee in July 2014 the numbers of such larger family households are small but have a significant impact on the Council's resources.

4.35 As set out elsewhere in this report and in the previous SHMA 2012 the demand side pressures identified here cannot and should not be resolved by the provision of more new build social rent housing alone and particularly through the provision of more larger family units which come at a significant cost in development and investment terms. The approach to meeting housing demand is in effect much more complex and multi layered and involves the inter play between different tenures in terms of supply and demand, what housing solutions can be provided in quantum and encouraging mobility between and out of certain tenures. Therefore, if more lower cost private rent options and low cost homeownership options could be offered in sufficient numbers to single and couple households it would follow that pressure

on the PRS and particularly on larger family units being utilised by sharers may reduce. Given the relatively lower cost of providing smaller units to that of providing larger family low cost rent units this course of action would provide a greater number of homes at a particularly significant housing pressure point (that being from smaller households).

4.36 Equally, significantly increasing moves out of larger family social rent units that are under occupied is a much more cost effective approach to providing such low cost accommodation in Borough than providing such units as part of new build development. As previously identified the interplay between incentives to move, dedicated resources available to encourage underoccupying households to move, welfare reforms and the effect of the removal of the spare room subsidy and provision of high quality new build one and two bedroom accommodation are key components to meeting the need for larger local family housing through better use of existing stock.

Private Rented Sector Market Survey

4.37 A consultation exercise was conducted with 35 letting and estate agents in Wandsworth and despite the limited response (five replies, of which three were about the rental market and two about the sales market) the information received generally confirms the current state of the private rented market already outlined. Rents have increased or remained stable over the last 18 months and, while letting agents report that for most rental properties demand and supply are roughly matched, demand for three and four bed properties exceeds supply and this could in part be due to demand from sharer households. This corresponds with the higher rate of rent increase for these properties. Two letting agents stated that the average time to let a property is eight days and one said properties are let within two weeks indicating that demand is high and properties are let quickly and easily. All three letting agents stated that they do not let to tenants reliant on housing benefit and never have, one stating that this is at landlords' request.

4.38 Responses from the two estate agents about the sales market in Wandsworth both state that demand outstrips supply for all property sizes and the average time taken to agree a sale is between 14 and 20 days. Both agree that their client group is mainly made up of young couples and families and one refers to buyers coming from Fulham which indicates a certain level of displacement from higher value areas of London to what is still considered to be a local and attractive location to live and settle.

4.39 A desk top analysis of recent surveys of attitudes to private renting found that although there are largely high levels of satisfaction with accommodation in the PRS there are lower relative levels of satisfaction with private renting as a tenure. Other key findings were; the continuing preference to buy rather than rent, higher rents meaning less income to save with a high proportion saying they have nothing to put aside for a deposit, younger people are more likely to appreciate the flexibility of renting than older people and most moves are made out of choice not necessity and a higher proportion of private renters are family households.

Conclusion

4.40 As was indicated in the SHMA 2012, supply of private rented accommodation does not meet demand with one consequence being that rent levels have increased. Someone earning the median income in the Borough of £42,769 could afford to rent a room in shared

accommodation or a studio but, renting a one bed property would not be affordable. The rate of increase has been higher than the rate at which wages are increasing meaning that accommodation in the Borough is becoming increasingly unaffordable. The median rent for a four bed property in Wandsworth has risen by 32 per cent since 2012.

4.41 Despite the high rent levels detailed above, demand for both small and larger properties continues to outstrip supply. The Borough remains a highly attractive place to live and one in which residents and prospective residents are willing to pay relatively expensive rents to live in. All letting and estate agents who responded cited young professionals as one of their main client groups.

4.42 The HB caseload has remained largely stable since 2012 despite welfare reforms affecting large numbers of the Borough's claimants. Although homelessness from the private rented sector has increased, the LHA caseload has changed little since 2012. This is despite the fact that LHA rates, designed to cover rents up to the 30th percentile, do not cover the lower quartile rents for any of the property sizes; the 2014/15 LHA rate of £412.89 for a four bed property is £128.11 less than the lower quartile four bed rent in the Borough.

4.43 As identified above the interplay of demand across the accommodation types is a key housing policy and delivery consideration. Any intervention by the Council needs to consider what would have the most effect in terms of addressing what are significant shortfalls in supply. Notwithstanding that these supply side challenges are a London and south east matter to address collectively the local response suggested by this analysis is of pursuing a course of action that frees up the supply chain and supplies new housing that local residents can access in significant numbers. The most significant demand from this analysis is for smaller sizes of accommodation that provide attractive and lower cost rent and purchase options. Providing what in large part is likely to be self contained accommodation of this type could release larger family type units in the PRS from sharers and provide more opportunities to accommodate larger family households. The provision of low cost homeownership options which still only make up little more than one per cent of the Borough's housing stock could also be a cost effective way of loosening the supply chain given the relatively lower cost of providing such units as part of new developments.

4.44 Encouraging moves out of and from larger family social rent units (e.g. through the provision of high quality locally available low cost rent units or incentive schemes to purchase) would meet immediate growing demand and be more cost effective than trying to seek the development of such units on new development sites in the Borough.

5 Affordable Housing Need

5.1 The SHMA 2012 examined data on the housing lists maintained by the Housing Department and the Home Ownership Team to help produce an estimate (by bedsize) of the backlog of unmet need for general needs affordable housing and an estimate of newly arising need on an annual basis. This was then compared against the forecast supply of general needs affordable housing (excluding new build housing) that is likely to become available for re-sale/re-let on an annual basis. It identified an annual shortfall of general needs affordable housing of approximately 1,600 units per annum, with the shortfall of low cost rent housing being 60 per cent and the shortfall in intermediate housing being 40 per cent of this figure.

5.2 The overall estimated backlog need for general needs affordable housing based on applicants registered on the Council's housing queues for social housing and the Council's House Sales Register as at 31st March 2014 (7,225) is marginally (four per cent) lower than the estimated backlog need for affordable housing as at 31st March 2012 (7,526).

5.3 Similarly the average level of newly arising need for general needs affordable housing over the two year period 2012/13 and 2013/14 (2,153 properties a year) was marginally (three per cent) lower than the average annual level of need that was estimated by the SHMA 2012 to arise over a ten year period (2,222 properties a year). A separate analysis document⁽²²⁾ has been produced which compares in more detail the estimated backlog, the average need and the annual supply of general needs affordable housing with current figures.

5.4 The same analysis was undertaken as at 31st March 2014 to calculate the shortfall if the Council aims to meet the backlog over a fifteen year period (the plan period). Table 5.1 below breaks down this requirement into the annual need for social/affordable rented and intermediate housing and sets this against the forecast annual supply of each type of housing. The breakdown assumes that:

5.5 The following applicants require social rented or affordable rented housing:

- i. Homeless households owed the main homelessness duty (excluding those the forecast has assumed rehousing into the PRS); and
- ii. Households added to the Council's housing queues for social rented housing (including those also added to the Council's House Sales Register)

5.6 The following applicants require intermediate housing:

- iii. Households added to the Council's House Sales Register (excluding those also added to the Council's housing queues for social rented housing).

Table 5.1 Affordable housing (excluding supported housing): Number of properties needed annually to meet need and forecast supply

Bed Size of property required:	1	2	3	4	5	6	7	Total
Social rented and affordable rented housing:								
Forecast Annual need*	668	678	329	96	18	5	1	1,795
Forecast Annual supply**	343	421	189	51	7	1	0	1,012
Forecast Annual shortfall	325	257	140	45	11	4	1	783
Intermediate housing:								
Forecast Annual need*	703	95	32	9	1	0	0	840
Forecast Annual supply**	26	11	0	0	0	0	0	37
Forecast Annual shortfall	677	84	32	9	1	0	0	803
Total:								
Forecast Annual need*	1,371	773	361	105	19	5	1	2,635
Forecast Annual supply**	369	432	189	51	7	1	0	1,049
Forecast Annual shortfall	1,002	341	172	54	12	4	1	1,586

* Forecast Annual need = Estimated number of lets / re-lets / sales / re-sales required annually to fully meet both the estimated backlog and estimated newly arising need over the next fifteen years.

** Forecast Annual supply = Total number of re-lets / re-sales forecast.

5.7 Using the 2014 backlog figures and assuming that the annual newly arising need for affordable housing will be the same as it was (on average) during 2012/13 to 2013/14, if the backlog is addressed over 15 years the annual affordable housing need figure is 2,635. The annual shortfall figure is 1,586; 783 (49 per cent) social/affordable rent and 803 (51 per cent) intermediate.

5.8 Whilst the figures identify that there has been an increase in demand for intermediate housing it is considered too early to revisit the 60:40 low cost rent to intermediate housing split identified in the SHMA 2012. This is for a variety of reasons:

- a. Firstly, the SHMA 2012 was a detailed analysis of need and demand and a long term projection. Whilst there have been movements in the social housing queues arising from review exercises undertaken it is too early to identify these as movements that will have a long term effect.

b. Secondly, whilst there have been increases in the numbers on the homeownership queue it remains the case that the "aspiration" to own for many on the listing is not achievable at this current time given their stated income and/or the level of deposit available. Therefore, particularly for younger working households availability of low cost rent housing is a more viable option and a reason to develop to meet this particular demand.

c. Thirdly, whilst there are a variety of ways to meet the housing demand arising from homeless households including discharging housing duty into the private rent sector a particular priority does need to be given to the development of low cost rent housing given the disproportionate impact homelessness has on households and the Councils resources. Therefore a priority in delivery terms needs to be put on developing forms of low cost rent housing and in particular development of smaller low cost rent units for social rent under occupiers given that this will assist in releasing larger family units that can then be made available to households who urgently need to be rehoused.

d. Fourthly, this tenure split continues to be one that supports regional planning policies. It is the combination of these factors that support maintaining this tenure split although the factors set out here do have housing policy implications.

The Need for Social Rented Housing

5.9 Whilst the overall need for social housing has remained relatively stable since the SHMA 2012 there has been significant movement within the queues. Over the two year period 2012/13 and 2013/14 there has been a 32 per cent decrease in the number of applicants on the Council's housing queues for social housing (decreasing from 5,049 to 3,431). During this same period the number of homeless households in temporary accommodation and owed the full homelessness duty increased by 78 per cent (from 328 to 583).

Council's Housing Queues for Social Housing

5.10 The significant decrease in those on the Council's housing queue for social housing is primarily due to an exercise that was undertaken during 2013 to re-assess all applicants against revised qualification criteria in the Housing Allocation Scheme⁽²³⁾. As a result of this exercise a significant number did not complete new forms and were removed from the list indicating that they no longer needed assistance with their housing.

5.11 Also of note is the decrease in the number of private rented sector tenants registered on the Council's housing queues for general needs social housing (728 compared to 1,252, the majority of whom are seeking larger accommodation). This may, within the context of welfare reform, be explained partly by the increase in the number of households accepted as homeless from the private sector, applicants having cheaper accommodation in and outside of the Borough and changes to qualifying persons criteria.

23 This included the requirement that save for exceptional circumstances, applications are no longer accepted from people who have lived in the Borough for less than 2 years

Homeless Households in Temporary Accommodation

5.12 During 2012/13 and 2013/14, the Council needed to rehouse an average of 783 households a year in order to either prevent homelessness or discharge the main homelessness duty, rehousing only 101 of these households into the private rented sector, leaving an average of 682 such households needing social housing each year. The supply of social and private housing available in and outside of the Borough has not been of the right volume or size to fully meet this demand. For this reason, there has been an increase in the number of households in temporary accommodation. As a result the Council is (as at 31st March 2014) temporarily using 124 general needs social rent properties as temporary accommodation with this number expected to increase to 210 by 31st March 2015.

5.13 The increase in the use of temporary accommodation is due to higher demand from homeless households and private landlords playing a limited role in meeting the needs of such households, due to the buoyant demand for private rental market housing. This is in common with other boroughs in the South West London Sub-Region.

Need for Sheltered Housing

5.14 As per the findings of the SHMA 2012, there is no evidence that there is a shortfall of sheltered social rented housing with those on the list having a reasonable expectation that they will be rehoused. There has been almost no change in the number of applicants for sheltered housing on the Older Persons Housing Queue in the last two years.

5.15 However, as also identified in the SHMA 2012 there may still be a need to consider whether there should be provision made for high quality older people's accommodation and whether intermediate housing should, in some circumstances, be designated for older people.

Need for Supported Housing

5.16 Since the SHMA 2012 close working between Housing and Social Services staff at the Council has resulted in the recording of accommodation needs of all residents through their annual care assessment review. This should allow the Council, within 18 months, to more accurately predict the need for supported housing. However, from the analysis undertaken as part of these reviews and the forecast need identified in the SHMA 2012 for community care and other vulnerable groups to either meet newly arising demand or to replace accommodation that is now less fit for purpose remain relevant and robust for the purposes of planning to meet such provision.

Need/Demand for Extra Care Housing (ECH) for Older People

5.17 The SHMA 2012 concluded that an additional 100–120 units of ECH would be required over the next five years. It is difficult to accurately predict what future demand might be because supply is reliant on a number of factors such as continued access to suitable residential care accommodation and those residents who elect to take home care packages. In addition to the new care assessment forms the Council has employed a member of staff to act as an ECH coordinator to better assess demand and ensure that residents are more suitably housed. This extra resource will enable a much better picture of the demand for ECH to be established over the coming years. There is currently one new extra care development under construction

in Tooting which will supply 45 units of extra care, due for completion late February 2015. As part of the need to ensure that housing meets the needs of the resident population future schemes at St John's Hill have provision for a further 47 units of affordable rent accommodation designated to older persons housing. The type of scheme that is developed, sheltered or ECH, will depend on the demand for such accommodation in three to four years. Further information relating to the needs of older people and other specialist groups can be found in the 2012 Wandsworth SHMA⁽²⁴⁾.

General Needs Affordable Housing for People who are Physically Disabled

5.18 The SHMA 2012 demonstrated that there was a consistent demand for housing for people with a physical disability in social housing with 55 households on the Council's Physical Disability Queue (PDQ) (as of March 2014) compared to 63 in 2012 (March). In addition, the Director of Adult Social Services had identified a relatively small level of need for units for those with very severe physical disabilities who are currently accommodated in residential care with between ten to 20 units needing to be developed over the next five years. Planning policies require that ten per cent of new build housing should be wheelchair adaptable and built to lifetime homes standard. As a result of the demand for low cost rent housing for those on the PDQ there was no reason to review this planning requirement. However, the SHMA 2012 identified that prior to full fit out of units more detailed discussions should take place as to the adaptations that were required to make the units accessible and usable for identified wheelchair users/groups of users with similar requirements. Since this time better partnership working between developers, housing staff and social services is seeking to ensure that properties are appropriately adapted for people with a physical disability.

General Needs Affordable Housing for People with Mental Health Problems or Learning Disabilities

5.19 The number of applicants with a mental illness registered on the Supported Queue as of March 2014 was 28 compared to 20 in March 2012. There has not, as with other supported housing queues, been a long enough period to assess whether underlying and forecast demand assumptions have significantly changed. The SHMA 2012 identified a minimum 52 units and maximum 82 units required up until 2016/17 for people with mental health problems to meet newly arising needs and modernise accommodation for this client group. The Mental Health Commissioning Strategy is being developed and this will outline in more detail what potential demand might be in the future. However, the development of Key Ring schemes remains a part of the overall provision that is to be developed over the next three years with further work on demand, being undertaken through the commissioning strategy, to confirm demand levels in the future. A key factor in this review will be whether there is a need to seek the commissioning of a new supported housing scheme which provides a high quality supported living environment for those local residents with more severe mental health illnesses. Additionally such a strategy will address the effectiveness of current supported housing provision.

24 2012 Wandsworth SHMA
http://www.wandsworth.gov.uk/info/200237/local_plan_-_evidence_base/723/wandsworth_strategic_housing_market_assessment.

5.20 The number of applicants with a learning disability on the Supported Queue as of March 2014 was zero compared to two in March 2012. This suggests a consistent level of demand for accommodation which supports people with learning disabilities being met through the provision of general needs housing to those, for instance, ready to move on from supported housing. As with other community care groups who are accessing supported accommodation the Education and Social Services Department are currently developing a commissioning strategy to better inform provision of services for Wandsworth residents with learning disabilities. This will outline in more detail the future demand of accommodation for people with a learning disability and enable future housing need projections to demonstrate if changes are needed to the overall development plans.

Conclusion

5.21 The Education and Social Services Department are currently developing commissioning strategies for a number of key user groups which includes; older people, people with a physical disability or sensory impairment, people with mental health illnesses and people with a learning disability. The Housing and Community Services Department are working closely with social services to ensure these plans demonstrate what the demand for supported housing will be from these user groups in the future. This, combined with both the new care assessment forms and the additional staff member responsible for assessing the need for ECH will enable the Council to move into a position where it will be able to ensure that demand for supported housing is fully identified so that development plans better supply accommodation that meets the needs of residents in Wandsworth. In addition, the Council is looking at more mixed use supported housing so that accommodation can better adapt to the changing demands of residents to ensure that those people with more severe difficulties can be accommodated.

5.22 There is currently no reason to suggest that the identified demand and shortfall forecasts outlined in the SHMA 2012 analysis will be significantly revised by the development of this commissioning strategy. The main elements which may need further consideration will be the provision of more structured forms of move on and forms of independent living accommodation (e.g. extension of Key Ring type schemes) and how forms of supported housing can be developed which meet the needs and requirements of more than one community care group in settings which allow the right level of care to be provided on site whilst respecting the rights and dignities of the care groups being accommodated.

5.23 This analysis has not considered the demand for a number of other forms of supported accommodation for those vulnerable people and households such as rough sleepers, victims of domestic violence who need to move and those often homeless households with substance misuse problems. Previous detailed analysis has identified that a level of reconfiguration was required in these sectors given changes in demand (e.g. significant falls in homelessness amongst young adults meant that there was an over supply of provision), the ways that support could be provided (e.g. through floating support services) and the need to modernise schemes (e.g. moving to providing more self contained type units).

5.24 The conclusion of the SHMA 2012 was that there was generally sufficient supply of these forms of supported accommodation to meet demand. However, this is clearly a sector that requires monitoring, given shifts in demand, to ensure that these forms of supported housing align with wider strategic commissioning plans. A key factor, for instance, in terms of the provision of supported accommodation for those with drug and alcohol problems requiring

treatment is the impact of Public Health Services now being the responsibility of the Council. Equally the provision of supported housing for single homeless people must align with the Council's and regional plans in terms of how particularly vulnerable single homeless people can be accommodated and supported within settings that better meet expectations (e.g. moves away from supported hostel type arrangements to Key Ring and floating support type arrangements).

The Need for Intermediate Housing

5.25 The number of Wandsworth residents on the House Sales Register (HSR) has increased by 48 per cent over the two year period since the SHMA 2012 (from 2,654 to 3,925).

5.26 As applicants do not have to register on the Council's HSR to access intermediate housing in Wandsworth, it is likely, given other evidence set out here and in the SHMA 2012 concerning the broad demographic of the Borough (young singles and couples) that the HSR⁽²⁵⁾ provides an underestimate of the backlog need for intermediate housing relative to the very low level of supply available.

5.27 Since the SHMA 2012, an average of 599 households a year (almost twice the 327 anticipated) were added to the Council's HSR. However, it must be noted that the number of concealed households on the HSR has seen a slight reduction from 743 (as at 31st March 2013) to 681 (as at 31st March 2014) and as such does not increase the overall general needs affordable housing shortfall.

Conclusion

5.28 It is clear that even if the estimated levels of need for affordable housing were to be revised downwards (by, for example, using lower estimates of backlog need and newly arising need and aiming to meet the backlog over 15 years instead of ten years) it will still, in common with London as a whole, be impossible to meet future identified need for all forms of housing within the Borough.

5.29 The Council's statutory requirement to rehouse homeless households and the more limited opportunities to rehouse these households into the private sector identifies a continued shortfall in affordable housing and low cost rent options in particular. As identified the response to this particular and growing demand side pressure is a complex one but largely involves how best to address overall supply side pressures for all forms of housing and to increase mobility particularly in the social housing sector (e.g. moving higher income households who no longer need to live in social housing and moving under occupying households who no longer need family sized accommodation).

5.30 A key element of meeting supply side pressures is the intermediate, sub market and low cost rent options that the Council can make available to relieve pressures particularly on the private rent sector. There are also the aspirational considerations that can be addressed if the Council can significantly boost the low cost homeownership supply available in the Borough which remains at very low levels relative to other tenures (just over one per cent).

25 These figures exclude out of borough households and include applicants also added to the Council's housing queues for general needs social housing

5.31 Whilst the gross annual shortfall forecast over the 15 year plan remains at approximately 1,600 the Council can use a variety of methods to meet this housing need. Chain lettings of low cost rent housing has the potential to address much of the gross housing demand arising from under occupiers who wish to move and overcrowded households needing to move into larger accommodation. Modelling work undertaken identifies that for every five units developed ten plus moves could be achieved through chain lettings. For example a newly built property could be offered to an under-occupying household which can then release a larger property to be let to either a homeless or overcrowded household.

6 Overall Housing Need Analysis (Objective Assessment)

6.1 The NPPG states that:

"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."

(NPPG: Paragraph: 015 Reference ID: 2a-015-20140306)

6.2 This chapter will attempt to adjust the household projections as previously outlined based on existing backlog (concealed households) and estimates of future concealed households. It will then provide approximate tenure and size breakdowns.

Housing Delivery Performance

6.3 Table 6.1 shows the number of dwelling completions since 2007/08 compared with the targets set by the London Plan. As the table shows, since 2007/08 Wandsworth has exceeded the current dwelling target by 1,485 dwellings. Although this does not necessarily equate to a lack of need in the Borough, it does show that Wandsworth has performed well in recent years in terms of housing supply and that there is no need to factor in for any under supply from unmet targets to the overall assessment at this stage.

Table 6.1 Wandsworth housing delivery against targets

Year	Target	Additional Homes Completed ⁽²⁶⁾	Performance against target
2007/08	692	1,031	+339
2008/09	692	1,506	+814
2009/10	692	1,539	+847
2010/11	692	481	-211
2011/12	1,081	979	-102
2012/13	1,081	763*	-318
2013/14	1,081	1,197**	+116

Year	Target	Additional Homes Completed ⁽²⁶⁾	Performance against target
Total	6,011	7,496	+1,485

* Note this number differs to the number published in the 2012/13 AMR due to updated completions data available in 2014

** Provisional figure

Current Concealed Households Backlog

6.4 The next step in assessing unmet need is to examine the number of households on the housing queues (both for social rent and shared ownership) who are currently living with friends or family (concealed households) and are therefore not included in the household projections as they have been prevented from forming as a household.

6.5 As at 31st March 2014, the number of applicants on the council's housing queues and House Sales Register that are recorded as 'living with family or friends' were 1,566 as per Table 6.2:

Table 6.2 Existing Concealed Backlog (Wandsworth residents without a tenancy)

As at 31 st March 2014:	Size of property required							Total
	1 bed	2 bed	3 bed	4 bed	5 bed	6 bed	7 bed	
Housing Queues	725	240	33	3	1		0	1,002
House Sales Register ⁽²⁷⁾	565	96	18	2	0	0	0	681
Both (income less than £20K)	7	2	0	1	0	0	0	10
Both (income £20K or more)	20	10	2	0	0	0	0	32
Total	1,317	348	53	6	1	0	0	1,725
Total (minus 159*)	1,205	306	48	6	1	0	0	1,566

*This 159 are those on the 'General Needs Queue', who have little chance of being rehoused and are therefore likely to have made other arrangements either within or outside the borough to meet their housing needs (112 one bedroom, 42 two bedroom and 5 three bedroom need). These households have been removed here to avoid double counting as an allowance for them has been factored into the next section (projected concealed households whose needs were not met).

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27 Please note that these figures may be higher: Current housing situation was recorded as 'not known' for 933 (25%) of the 3,794 Wandsworth residents on the House Sales Register as at 31st March 2014

125. If this backlog was to be cleared over the plan period (15 years), this would require around an additional 100 dwellings to be added to the projections each year.

Projected Concealed Households

6.6 Whilst the figure above would account for the current backlog, it is recognised that there is likely to be an on-going trend of households being prevented from forming each year due to high house prices/rents and worsening affordability, as outlined in the market signals chapter and in the SHMA 2012. To account for this, trend data showing the number of households being added to the queues each year that are currently living with friends/family has been analysed.

6.7 In 2012/13 and 2013/14 there was an average of 263 households per annum added to the general needs housing queue. Around 104 of those have sufficient priority under the Housing Allocation Scheme that they will be housed within a year or two and therefore should be accounted for in the household projection figures. However, that leaves 159 applicants who were added that have very little chance of being housed and would therefore not be accounted for in the household projection figures.

6.8 There were 25 applicants added to the HSR each year during 2012/13 and 2013/14 who were currently living with friends or family and therefore would not be included in the household projections. It is possible that this figure could be higher however data showing the current living situation is not available for all households on the house sales register.

Table 6.3 Households added to General Needs Queue who were living with friends/family each year who needs were not met and therefore not accounted for in projections

Queue	Households added	Of which had needs met	Of which needs remaining unmet
General Needs Queue	263	104	159
House Sales Register	Precise figure unknown	Precise figure unknown	25
		Total	184

6.9 It would be reasonable to assume that some of these households may manage to form by accessing market housing or will move out of the Borough and therefore it could be argued that they should not be added to the overall household figure as they will be accounted for elsewhere. However, there will undoubtedly be some concealed households who do register on the Council's housing queues. As the number of these households is virtually impossible to know, it is assumed for the purposes of this assessment that these factors balance and therefore an additional 184 households are to be added to the household projections each year.

6.10 Whilst this methodology is not perfect, this is considered to be a reasonable and pragmatic upward adjustment (an increase of 30 per cent on the GLA high scenario figure of 946 per annum – not including the backlog adjustment) based on the findings of the market signals chapter. The market signals analysis shows that, like the rest of London, Wandsworth has very high house prices/rents and worsening affordability meaning that the need for housing is likely to be higher than the projections suggest due to suppressed household growth.

Projections with Concealed Households Adjustment

6.11 The table below shows the overall housing requirement for the various scenarios including the adjustments made for concealed households as set out above.

Table 6.4 Projected Household Increase including current and projected concealed households

Projection	Projected Annual Household Increase	+ Current Concealed Households Backlog	+ Projected Concealed Households	Total per annum
DCLG interim 2011 based	1,541	+100	+184	1,825
GLA 2013 High Trend	946	+100	+184	1,230
GLA 2013 Central Trend	695	+100	+184	979
GLA 2013 Low Trend	449	+100	+184	733

Note – figures may not sum due to rounding

6.12 The only further adjustment to be made to these figures will be a small increase to include a proportion of vacant and second homes. However, as this will only be applied to the market sector (it is assumed that no long term vacant or second homes will be permitted in the affordable sector), it will therefore be added once the tenure breakdown has been calculated.

Tenure Breakdown

6.13 Of the projected household growth shown above, it is important to estimate approximately what proportion will require affordable housing (and if so whether they are likely to require social/affordable/subsidised rent or intermediate housing).

6.14 It is also important to note here that the SHMA 2012 and the affordable housing need section of this update, have concluded that the overall (gross) affordable housing requirement is around 1,600 dwellings per annum over a ten year period. This is the requirement to meet the needs of all households in the Borough who require some form of affordable housing as identified from reliable local data sources. However, some households included in this figure may already be in social housing but require a different size property or may be adequately accommodated in the private rented sector but on affordability grounds need social or intermediate housing. The requirement discussed here will be the net affordable requirement (i.e. the requirement for newly forming households as discussed above).

6.15 It has already been established that there is a backlog of around 100 affordable dwellings per annum and a projected need for another 184 per annum to account for new concealed households. This has been added to the projection figure and it is already known that these households will require affordable housing. Analysis has concluded that there may be a need for a further 350 of the total projected households to be affordable, bringing the total affordable requirement to 634 per annum (350+100+184).

Table 6.5 Potential Households requiring Affordable Housing per annum

Current and Projected Concealed Households (needs not met - added to projection)		Projected newly forming need based on housing queues trend data (needs met - not to be added to projection but to be included as affordable requirement)		
Current concealed affordable households backlog per annum	Projected affordable concealed households per annum	Households allocated social housing excluding homeless households	Homeless households to whom the council accepts a rehousing duty each year ²⁴	Total Affordable Requirement per annum
100	184	100	250	634*

*569 social housing and 65 intermediate housing

136. Based on analysis of housing queues trend data, there are around 100 newly forming households who are living with friends and family and around another 250 newly forming homeless households to whom the Council accepts a rehousing duty each year⁽²⁸⁾ are allocated social housing each year. This does not include the households who were added to the queues whose needs were not met as these have already been accounted for in the backlog figure. As their needs were met, these 350 households should already be reflected in the household projections and therefore should not be added to the overall projection but should be included as a proportion of the projection (who will require affordable housing) on the assumption that similar trends will continue in the future.

Table 6.6 Projections with a set affordable requirement of 634 per annum included

Projection	Total Requirement per annum	Affordable Requirement	Market Housing Requirement (total minus 634 affordable)	% Affordable	% Market
DCLG interim 2011 based	1,825	634	1,191	35%	65%
GLA 2013 High Trend	1,230	634	596	52%	48%

28 Source P1E Statistics – see summary in Appendix A - Households that are formed each year by the council rehousing them under homelessness legislation. Number of households accepted each year for the following reasons: Parents no long willing or able to accommodate, other relatives or friends no longer willing or able to accommodate, non violent breakdown of relationship with partner, violent breakdown of relationship with partner and violent breakdown of relationship with involving associated persons.

Projection	Total Requirement per annum	Affordable Requirement	Market Housing Requirement (total minus 634 affordable)	% Affordable	% Market
GLA 2013 Central Trend	979	634	345	65%	35%
GLA 2013 Low Trend	733	634	99	86%	14%

6.16 As Table 6.6 shows, if 634 affordable dwellings are to be provided each year, the proportion of market housing in all of the scenarios is likely to be lower than is considered to be economically viable to deliver this amount of affordable housing. The GLA High Scenario, which is being used as the starting point of the Wandsworth objective assessment, shows an almost equal split between market (48 per cent) and affordable (52 per cent). The Affordable Housing Economic Viability Assessment update June 2013⁽²⁹⁾ found that around 33.3 per cent affordable housing outside of the Nine Elms Vauxhall Opportunity area is considered to be viable in Wandsworth. However, within the Opportunity Area, only around 15 per cent affordable housing is considered to be viable, as this takes into account the need to provide the required infrastructure for the redevelopment.

Table 6.7 Projections with an affordable 60:40 social rent to intermediate split

Projection	Market	Affordable Total	Of which Social Rent	Of which Intermediate	Total Requirement per annum
DCLG interim 2011 based	1,191	634	380	254	1,825
GLA 2013 High Trend	596	634	380	254	1,230
GLA 2013 Central Trend	345	634	380	254	979
GLA 2013 Low Trend	99	634	380	254	733

Vacant and Second Homes

6.17 As previously stated, the number of homes which are long-term vacant or are used as second homes also need to be considered. The London SHMA 2013 assumes that the proportion of long term vacant and second homes will comprise roughly the same proportion of the future housing stock as they currently do. Table 6.8 shows the number of long-term vacants and second homes in Wandsworth in 2013, which together make up 1.33 per cent of the total housing stock. Therefore an additional 1.33 per cent will be added to the market housing

29 http://www.wandsworth.gov.uk/downloads/download/1289/affordable_housing_economic_viability_assessment_update_june_2013

requirement to account for this, as long term vacants and second homes should not occur in affordable housing to the same extent other than where stock is subject to regeneration or major works.

Table 6.8 Existing long-term vacant and second homes in Wandsworth

	Number (2013)	% of Total homes in borough
Long term vacant homes	536	0.39%
Second homes	1,281	0.94%
Total	1,817	1.33%

Table 6.9 Projections with additional 1.33% market housing to account for long term vacant and second homes

Projection	Market +1.33%	Affordable (social rent)	Affordable (intermediate)	Total
DCLG interim 2011 based	1,207	380	254	1,841
GLA 2013 High Trend	604	380	254	1,238
GLA 2013 Central Trend	350	380	254	984
GLA 2013 Low Trend	100	380	254	734

Employment Projections

6.18 Wandsworth operates as part of the wider London jobs market as well as the wider London housing market and complex commuting patterns exist within London (and the surrounding areas). Within London, more than two million people in 2011 worked in a different local authority to their residence and Wandsworth has the highest level of out-commuting of all London boroughs. In 2011 there were around 124,000 people commuting out of Wandsworth to work, with large numbers (46,000) commuting to Westminster and the City of London. This is compared to just under 24,000 who lived and worked in Wandsworth and just under 64,000 who commuted into Wandsworth to work from other boroughs⁽³⁰⁾.

6.19 The GLA produce projections of future labour market demand in London using historical trends, transport accessibility and site capacity estimates. The GLA projections estimate that the number of jobs in London is projected to increase from 5,057,000 in 2016 to 5,573,000 in 2031 (the closest dates to the Wandsworth plan period available). This equates to an increase of ten per cent (around 516,000 jobs) in London over this period, with an annual average growth of around 34,000 jobs per year. The number of jobs in Wandsworth is projected to increase by around 20,000 (an increase of 15 per cent) over the same period which would equate to 1,313 per jobs year.

30 2011 Census (via GLA Commuting Bulletin July 2014)
<http://data.london.gov.uk/datastorefiles/documents/ttw-flows.pdf>

6.20 The commuter flows described above indicates that there is no direct relationship between the number of people living and working in most London boroughs. Therefore it is likely that the change in the number of jobs in London as a whole will have a greater impact on the number of people who want to live in the Borough rather than the number of jobs in the Borough. Additionally, many of the new jobs in Wandsworth created over the plan period will be located in Nine Elms Vauxhall at the north eastern tip of the Borough which forms part of the London Central Activity Zone and therefore employees in this area would be expected to come from across London. Given the above, it would make sense to conduct any analysis of the potential impact of new jobs on the requirement for new homes on a London wide basis.

6.21 The number of households in Wandsworth is expected to increase from 133,481 to 152,051 over the plan period (an increase of 14 per cent) based on the objectively assessed need of 1,238 dwellings per year identified in this document. This is compared to an expected ten per cent increase in the number of jobs in London as outlined above. This demonstrates that there is no mismatch between household growth in Wandsworth and the expected jobs growth in London and no need to add any further requirement to the objectively assessed need on this basis at this stage.

Dwelling Size Breakdown

Affordable Requirement by Number of Bedrooms

6.22 Detailed information is known about households in need of affordable housing as details about household composition are required to join the housing queues. Therefore the need for the 634 affordable households by number of bedrooms is as follows:

Table 6.10 Affordable requirement (newly forming households) by number of bedrooms

Size	Households	%
1 bed	293	46%
2 bed	333	53%
3 bed	8	1%
4 bed	0	0%
5 bed	0	0%
Total	634	100%

Note – The gross requirement for affordable housing is likely to have a different size breakdown as more existing social rented/private rented sector households are likely to require larger housing than they currently have. However because the assumptions above are based on newly forming households only, they are generally smaller households who require fewer bedrooms.

Market Requirement by Number of Bedrooms

6.23 Less information is known about the future market tenure households, therefore assumptions need to be made. The household type profile from the GLA central scenario has been used to model the market breakdown, as this is thought to be the scenario most likely to occur. These household types are then assigned a minimum bedroom requirement (based on the Council's housing allocation scheme i.e. a single person or couple are assigned one bedroom etc). However, as households in the market sector are sometimes likely to choose to over/under occupy their properties, the 2011 census occupancy rates by household type have then been applied. Further details about these calculations can be found in Appendix B. The outcomes of the calculations are shown in Table 6.11 and the proportions shown have been used to calculate the market breakdown in all other scenarios as shown in Table 6.12.

Table 6.11 Market requirement (newly forming households) by number of bedrooms

Size	Households	%
1 bed	160	23%
2 bed	278	40%
3 bed	176	25%
4 bed	61	9%
5 bed	20	3%
Total	695	100%

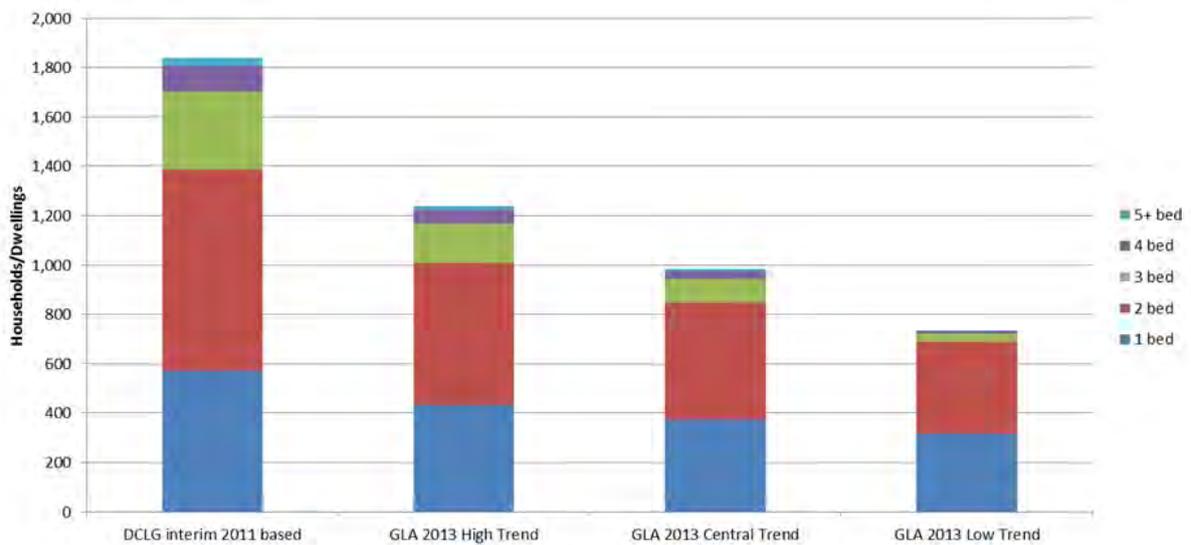
Dwelling Size Breakdown Summary

Table 6.12 Approximate dwelling size requirement by tenure for all scenarios

Projection	Market					Affordable					Grand Total	
	1 bed	2 bed	3 bed	4 bed	5+ bed	Total	1 bed	2 bed	3 bed	4 bed		5+ bed
DCLG interim 2011 based	278	484	305	106	34	1,207	293	333	8	0	0	634
GLA 2013 High Trend	139	242	153	53	17	604	293	333	8	0	0	634
GLA 2013 Central Trend	81	140	89	31	10	350	293	333	8	0	0	634
GLA 2013 Low Trend	23	40	25	9	3	100	293	333	8	0	0	634

Table 6.13 All scenarios total size breakdown summary

	1 bed		2 bed		3 bed		4 bed		5+ bed		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
DCLG interim 2011 based	571	31%	817	44%	313	17%	106	6%	34	2%	1841	100%
GLA 2013 High Trend	432	35%	575	46%	161	13%	53	4%	17	1%	1238	100%
GLA 2013 Central Trend	374	38%	473	48%	97	10%	31	3%	10	1%	984	100%
GLA 2013 Low Trend	316	43%	373	51%	33	5%	9	1%	3	0%	734	100%

Figure 6.1 Approximate annual dwelling size requirement for all scenarios

6.24 As shown above, in all scenarios the majority of households will require one and two bedrooms (over 75 per cent combined in all scenarios). This is likely to be because the estimates used are based on newly forming households, which are likely to be smaller and consequently require fewer bedrooms. These proportions should be taken as an approximate guide toward the dwelling size breakdown rather than an absolute requirement particularly given that this is a numerical assessment and the estimates provided will need to be overlaid with housing policy considerations as set out in the analysis provided as part of this SHMA update and wider policy considerations the Council and its partners need to consider relating to neighbourhood, community, aspiration and economy.

6.25 As previously mentioned, the gross requirement for affordable housing is higher however this can be accounted for largely due to the mismatch of property sizes identified as part of the analysis and other factors at play in terms of how certain aspects of this demand might in actuality be met (e.g. through the use of personal subsidies such as incentives to move and take up accommodation elsewhere either within or outside the Borough). Therefore key factors in meeting the overall shortfall demand of 1,600 units per annum additional to maximising the delivery of new build affordable housing is the extent to which more effective use can be made of existing social rent stock of 25,000 homes, how access to the private and low cost rent sectors in and outside the Borough can be enabled and how intermediate housing options can be significantly increased in the Borough to relieve pressure on certain sectors and particularly the PRS. Further details can be found in the affordable housing need chapter.

Objective Assessment of Need Conclusions

6.26 Objectively assessing housing need is not an exact science and there are a number of different methodologies and almost endless numbers of scenarios that could potentially be tested. This assessment has used the scenarios developed by the GLA in the London SHMA 2013 in order to be consistent, as far as possible, with the objective assessment for the wider London HMA. The GLA state in the London SHMA 2013 that the 'central' demographic scenario

is considered the most likely to occur, which would see a projected growth of 695 households per annum in Wandsworth, with a growth of 945 households per annum based on the GLA High Trend projection.

6.27 The market signals chapter along with the findings of the SHMA 2012 confirm that Wandsworth, like many other London boroughs, has high sale and rental prices and has experienced worsening affordability in recent years. Based on this, an upward adjustment to the demographic scenarios has been made in order to reflect suppressed household formation due to these factors. Rather than make an arbitrary upward adjustment, the Council's housing queues have been analysed to obtain an estimate of the current concealed households backlog (households living with friends and family). Trends in the number of concealed households being added to the housing queues each year has also been analysed to predict the rate at which future households will be unable to form. These estimates have then been added to the GLA's demographic projection figures as they are unlikely to be reflected in the projections. These adjustments take the central scenario from 695 to 979 households per annum (an increase of 41 per cent). A small adjustment was then made to allow for long-term vacant and second homes in the market sector which took the total to 984 per annum (an increase of 42 per cent from the original central projection). Adopting the High Trend, taking account of all the adjustments increases the additional number of households from 946 households per annum to 1,238 per annum (an increase of 31 per cent).

6.28 Analysis of affordable housing need has shown that there is potentially a need for around 634 affordable properties per annum to meet backlog and newly arising (net) affordable need. This would account for 64 per cent of the total requirement in the central scenario and 51 per cent of the high scenario, both of, which are unlikely to be viable. The Affordable Housing Economic Viability Assessment update June 2013 found that around 33.3 per cent affordable housing could be delivered as part of new development taking place outside of the Nine Elms Vauxhall Opportunity Area and 15 per cent within the Opportunity Area due to infrastructure requirements.

What is the Objectively Assessed Need?

Objectively Assessed Need

It is extremely difficult to provide a single figure for the objective assessment of housing need. However, it seems that around 1,238 dwellings per annum would be reasonable based on the GLA's highest demographic projection with an upward adjustment. Over the 15 year plan period, this would equate to a need for 18,570 dwellings. Table 6.14 shows how all of the scenarios compare with the proposed Wandsworth housing conventional supply target set in the Further Alterations to the London Plan of 1,724 dwellings per annum.

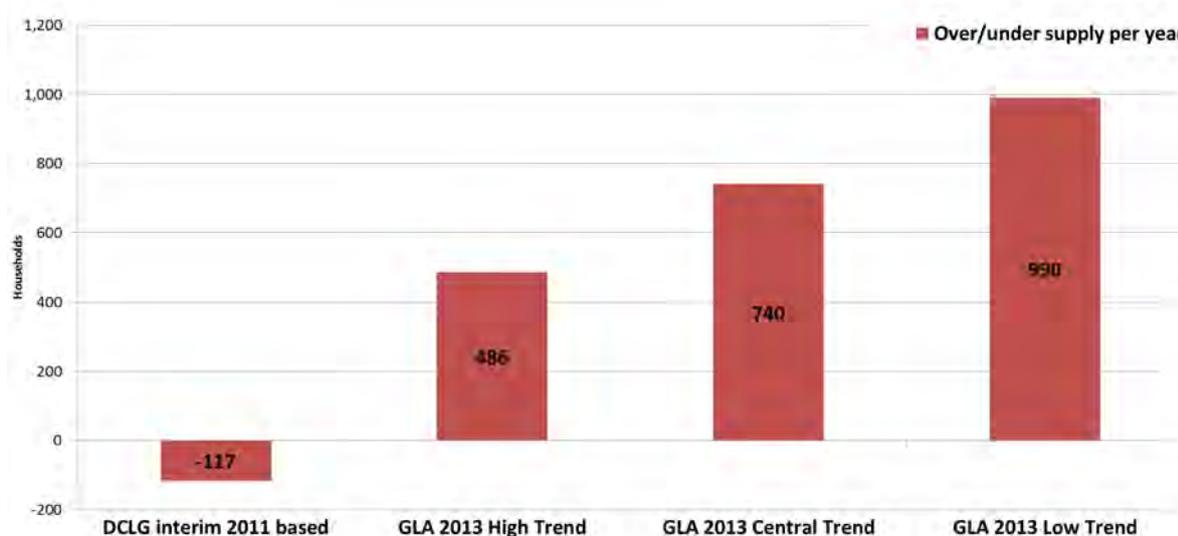
6.29 As shown in Table 6.14 and in Figure 6.2, the target of 1,724 per annum would result in 486 more dwellings (+39 per cent) being provided than needed if the adjusted GLA high scenario projection is used, meaning that Wandsworth would more than meet its objectively assessed housing need. A target of 1,724 dwellings per annum represents a 106 per cent

increase on the average annual household change rate between 1991 and 2011. However, based on current viability evidence, this is unlikely to be able to produce the annual affordable requirement of 634 dwellings per annum.

Table 6.14 Objectively assessed housing need compared to proposed Wandsworth housing target

Projection	Annual (2015-2030)			15 Year Plan Period (2015-2030)		
	Objectively Assessed Housing Requirement	Proposed Wandsworth Housing Target	Over/under supply	Objectively Assessed Housing Requirement	Proposed Wandsworth Housing Target	Over/under supply
DCLG interim 2011 based	1,841	1,724	-117	27,615	25,860	-1,755
GLA 2013 High Trend	1,238	1,724	486	18,570	25,860	7,290
GLA 2013 Central Trend	984	1,724	740	14,760	25,860	11,100
GLA 2013 Low Trend	734	1,724	990	11,010	25,860	14,850

Figure 6.2 Potential over/under supply compared to proposed Wandsworth conventional annual housing target



7 Conclusion

7.1 As with the gross figure of affordable housing shortfall of 1,600 units per annum and taking account of delivery and viability assessments it is not possible to fully meet the arising demand of 634 affordable units per annum. The policy responses to meeting this shortfall and the overall demand for affordable housing have been considered here and in a number of policy and delivery papers provided to the Housing Overview and Scrutiny Committee and to the Executive. Of particular note are the various initiatives set out in the Affordable Housing update presented to the HOSC in July 2014 (see Paper Nos. 14-318) and the initiatives set out to meeting housing need in the Resources and Commitments Paper (Paper No. 14-317) presented to the same Committee.

7.2 These papers propose a set of responses that are reliant on a number of initiatives that both aim to support additional new development of affordable housing (e.g. through the Wandsworth Grant Programme, council new build, as part of regeneration initiatives) and complementary initiatives that increase mobility out of certain tenures including the social rent and private rent sectors. Additionally, the findings of this SHMA 2012 and update report identify the importance of providing responses that significantly increase supply to meet local resident demand and take pressure off certain housing sectors. In this respect a continued focus on relieving pressure on the PRS (e.g. by supporting the development of structured forms of PRS and intermediate rent housing) would in turn increase access for those households requiring affordable forms of housing (albeit that their rent would be subsidised by Council incentive payments and housing benefit), supporting housing options that can deliver in quantum (e.g. more units of smaller sized intermediate/affordable rent housing can be delivered than larger family sized social rent housing) and seeking housing solutions outside the Borough that will provide viable options for some households in housing need (e.g. by the purchase of units for affordable rent).

7.3 What is not in question is the creative and innovative approach the Council must take to meet and balance the various housing demands identified in this analysis. What is also not in question is the importance of a London wide and cross regional response to meeting housing demand which in reality is the only way to addressing the matter of affordability for all households identified with a housing need.

Appendix A Homeless Households Trend Data

Table A1 Number of homeless households accepted each year for the following reasons:

	Parents no longer willing or able to accommodate	Other relatives or friends no longer willing or able to accommodate	Non-violent breakdown of relationship with partner	Violent breakdown of relationship involving partner	Violent breakdown of relationship involving associated persons	Total
2012/13	105	81	18	34	24	262
2013/14	107	54	15	37	23	236
Average	106	67.5	16.5	35.5	23.5	249

Appendix B Methodology for Calculating Dwelling Size Breakdown

Table B1 Projected household type change 2015-2030 (GLA central scenario)

Household Type	No Children	One child	Two children	Three or more children
One person	+3%	0%	0%	0%
Couple families	+17%	+10%	+9%	+12%
Couple and one or more other adults	+11%	+16%	-6%	+10%
Lone parent families	0%	+12%	-1%	-1%
Lone parent and one or more other adults	-6%	0%	-14%	+7%
Other households	+7%	0%	0%	0%

The table above shows the projected household increase by type in the GLA's central scenario. Due to the complexity of estimating dwelling size requirements, only the central scenario is used for the following calculations. The projected change in household types will be used to create approximate proportions of dwelling size requirements which can then be applied to other scenarios.

Table B2 Minimum dwelling size for household types (based on council's housing allocation scheme where possible)

Household Type	No Children	One child	Two children	Three or more children
One person	1 bed	n/a	n/a	n/a
Couple families	1 bed	2 bed	2 bed	3 bed
Couple and one or more other adults	1 bed	3 bed	3 bed	4 bed
Lone parent families	n/a	2 bed	2 bed	3 bed
Lone parent and one or more other adults	n/a	3 bed	3 bed	4 bed
Other households	See Other Households Table below			

The basis for these calculations is the council's housing allocation scheme 2014⁽³¹⁾, which states that:

31 http://www.wandsworth.gov.uk/downloads/file/7509/housing_allocation_scheme

- Single person households may be offered either a studio flat or one bedroom accommodation

Thereafter one bedroom is required for:

- A couple
- Each unpartnered adult aged 21 years or more
- East pair of adolescents aged 10-20 years of the same sex
- Each pair of children aged under 10 years regardless of sex
- Where none of the above applies, a person aged 10-20 years with a child under 10 years of the same sex
- Any remaining unpaired person will be allocated a separate bedroom

However, the precise age and gender of children (and 'other' adults) and the number of 3+ children is not known and therefore assumptions have had to be made. In the following calculations, the requirements of the allocation scheme have been used where possible however; it is assumed that up to 2 children will always share a room (regardless of age and gender as this is unknown). It is also assumed that all 'other adults' will always require a room of their own. For 'other households', the current (2011 Census – see table below) proportion has been used due to lack of information about other households requirements.

Table B3 2011 Census 'Other households' breakdown

2011 Census 'Other Households' Breakdown	Number	%
1 bed	1,486	7%
2 bed	8,368	41%
3 bed	6,207	31%
4 bed	3,048	15%
5+ bed	1,151	6%
Total	20,260	100%

The projected household type change and the minimum dwelling size requirement have been used to calculate the size requirement. As it is recognised some households in the market sector will choose to over and/or under occupy a property based on personal choices, the current (2011 Census) occupancy rates by household type have then been applied to give a more realistic picture. See Table B4 for a summary below. The percentages used in this table are applied to the market tenure requirement.

Table B4 GLA Central Scenario household change with 2011 census occupancy rates applied

Household Type	Change 2015-2030	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms	Total
One person households	498	227	168	104	0	0	498
One family and no others: Couple: No dependent children	4,878	1,586	2,001	1,291	0	0	4,878
One family and no others: Couple: 1 dependent child	655	78	212	151	213	0	655
One family and no others: Couple: 2 dependent children	678	81	220	157	221	0	678
One family and no others: Couple: 3+ dependent children	502	0	60	163	116	163	502
One family and no others: Lone parent: 1 dependent child	509	135	274	75	26	0	509
One family and no others: Lone parent: 2 dependent children	-10	-3	-6	-2	-1	0	-10
One family and no others: Lone parent: 3+ dependent children	-7	0	-2	-4	-1	0	-7
A couple and one or more other adults: No dependent children	891	179	526	138	48	0	891
A couple and one or more other adults: 1 dependent child	380	0	171	112	57	40	380
A couple and one or more other adults: 2 dependent children	-81	0	-37	-24	-12	-9	-81

Household Type	Change 2015-2030	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms	Total
A couple and one or more other adults: 3+ dependent children	101	0	0	45	30	26	101
A lone parent and one or more other adults: 1 dependent child	-89	0	-40	-26	-13	-9	-89
A lone parent and one or more other adults: 2 dependent children	-3	0	-1	-1	0	0	-3
A lone parent and one or more other adults: 3+ dependent children	-30	0	0	-14	-9	-8	-30
Other households	1,553	116	630	473	242	91	1,553
Total	10,425	2,399	4,177	2,639	916	294	10,425
Percentages	100%	23%	40%	25%	9%	3%	

