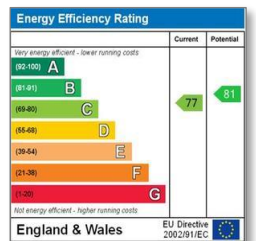




Hounslow Local Housing Needs Assessment Update

Report of Findings

March 2024





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Executive Summary

Summary of key findings and conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by London Borough of Hounslow to prepare a Local Housing Needs Assessment. In 2018, ORS produced the West London Strategic Housing Market Assessment, which covered seven local authorities across West London, including Hounslow.
2. This current study represents an update to the evidence base in Hounslow in relation to housing needs. In particular, it considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Hounslow.

Government Policy

3. The Government published the original National Policy Planning Framework (the Original NPPF) in 2012. A revised version of the National Policy Planning Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019 and July 2021 to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

Assessing Housing Needs in London

4. The Strategic Planning Authority for London is the Greater London Authority, and the London Plan is the statutory spatial development strategy for London. The London Plan (2021) sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). In terms of size and tenure mix, the 2017 London SHMA shows that around one third of the total need is for 1-bedroom low cost rent housing. This is because the model used in the 2017 London SHMA assumes that any single person or couple aged over 25 years who wish to occupy their own property will do so, irrespective of whether they can afford to do so or not.
5. The housing targets for London Boroughs in the London Plan sum to 52,287 dwellings per annum across London, not the nearly 66,000 housing need. The London Plan sets a 10-year housing target for net housing completions (2019/20 -2028/29). In the case of Hounslow, this is 17,820 dwellings, or 1,782 dwellings per annum. Therefore, for the period 2020-2029 the study assumes that 1,782 dwellings per annum are delivered. However, the Hounslow Local plan will extend to 2041, so an estimated capacity for the period 2029-2041 has been produced by the Council. This is 927 dwellings per annum. This give a total target for the period 2020-2041 of 27,160 and it is this figure which is used throughout this report. We would also note that the 27,160 figure covers both conventional housing supply and also non-conventional accommodation such as purpose built student accommodation, shared housing and dedicated older person schemes.

Establishing Current Unmet Need for Affordable Housing

6. To assess the current need for affordable housing, we initially calculated the number of households in Hounslow who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families living as part of another household, overcrowded households in the social or private rented sector, and people otherwise not counted who are in a reasonable preference category on the housing register. Given these categories for current need, there is a high correlation between those who are included on the housing register in Hounslow and those considered to be in current need.
7. Based on a detailed review of both the past trends and current estimates, our analysis has concluded that 12,781 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible. Of these households, 3,681 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
8. There is, therefore, a net affordable housing need of 9,100 households (12,781 less 3,681= 9,100). Providing the net affordable housing need for 9,100 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 6,600 households (9,100 less the 2,500 households which are housed outside the borough in temporary accommodation, are homeless or concealed and thus do not release dwellings).

Overall Need for Affordable Housing

9. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future and also those who can afford market rents but aspire to home ownership. The following table (Figure 1) summarises the overall impact for those who cannot afford market rents of:
 - » New households adding to housing need
 - » The households no longer present (households having migrated out of the area plus household dissolution following death), reducing housing need and
 - » The changes in circumstances impacting existing households.

Figure 1: Annual components of Household Growth 2020-41 (Source: ORS Housing Model)

HOUNSLOW 2020-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	8,955	6,551	2,403
All households no longer present	8,163	5,829	2,334
Change in existing households	-	-194	194
Future affordable housing need 2020-41 (Annual average)	791	528	263
Future affordable housing need 2020-41 (21 Year change)	16,614	11,097	5,518

10. Overall, reviewing the contribution of each element amounts to an additional 5,518 households needing affordable housing over the 21-year period 2021, or a rate of 263 per annum. These represent the ongoing need for Hounslow.

Needs of Households Aspiring to Homeownership

11. In London, the need for affordable home ownership products is widely recognised due to the very high costs of outright home ownership. The Mayor of London has developed the London Living Rent scheme as one which initially sees households renting their property, but with the option to eventually start buying it in the future. This type of scheme is compatible with the need for affordable housing to own and many households who cannot afford to rent privately can afford London Living Rents.
12. Based on an analysis of English Housing Survey and Hounslow level household data, we can estimate that there is a total of around 12,991 households currently resident in Hounslow who cannot afford to own their own home but would aspire to do so.
13. In addition to the current need, it is also important to consider new households that are projected to form over the period 2020-2041. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 11,124 households that form over the 21-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. Overall, there are likely to be 24,115 households who aspire to homeownership but who cannot afford to buy their own home over the period 2020-41, a net annual need of 1,148 per year.
14. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 21-year period 2020-41. This assessment has no regard for whether those aspiring can access affordable home ownership options such as First Homes, but it should be noted that all can afford London Living Rents.

Figure 2: Assessing total need for affordable housing 2020-41 (Source: ORS Housing Model)

HOUNSLOW 2020-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2020	9,100	12,991	22,91
Future housing need 2020-41	5,518	11,124	16,642
TOTAL HOUSING NEED	14,618	24,115	38,733

15. Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products such as First Homes if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, it is unlikely that housing would be delivered at values below 60% of new build prices. While 70% of market house prices is the maximum price suggested for a First Home in the consultation, a larger discount can be applied. However, if too large a discount is applied then this will significantly affect the viability of many schemes and lead to a reduction in the level of affordable housing which can be provided. We have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme.

16. Given this context, Figure 3 identifies those households with income that would be insufficient to afford 50% of new build prices at the lower quartile, and those households with savings of less than £5,000. Of the 24,115 households who can afford to rent but who aspire to homeownership, there would be 1,180 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 13,110 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values. Of the remaining dwellings for households with incomes above the minimum threshold, there would be 6,286 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 3: Affordable homeownership housing mix by household affordability to 2020-41 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of new build LQ	Households able to afford 50% of new build LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of new build LQ and have savings of £5,000 or more
1 bedroom	7,950	171	7,779	4,413	3,366	1,753	1,613
2 bedrooms	10,603	696	9,907	5,668	4,239	2,914	1,325
3 bedrooms	4,226	209	4,017	2,208	1,809	1,355	454
4+ bedrooms	1,336	103	1,233	821	412	264	148
TOTAL	24,115	1,180	22,935	13,110	9,825	6,286	3,539

17. On this basis, only 3,539 properties are needed for households who aspire to homeownership who have at least £5,000 in savings and incomes above the relevant threshold. It should be remembered that 14,618 households cannot afford market rents.

Establishing the Housing Target

18. In the context of London, the Boroughs are required to be in conformity with the London Plan. On that basis, for Hounslow the dwelling delivery target is 27,160 over the period 2020-2041. Whilst recent trends provide the starting point to understand housing need in Hounslow, average household sizes have been growing in the area. This in turn is reflected in fewer younger households forming, which suggests that not all housing needs are being met in Hounslow in the current demographic trends. To address this issue, ORS's model aligns household growth with the wider need for housing through varying a key assumption:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001, a time when the housing market was experiencing much lower levels of pressure.

Size and Tenure Mix based Upon the Capacity Target

19. Figure 4 provides a breakdown of the need for 27,160 dwellings between market and affordable housing on this basis. An allowance for C2 provision has been made within the total housing need of 27,160 equivalent to 193 dwellings that would be counted against the minimum housing target; which represents 348

bedspaces. The London Plan contains targets for Class C2 units, but this is a build target, not a modelled need for the area. These are all considered to be market housing need because they are typically not provided as affordable housing. If any are provided as affordable housing then they can count as part of the affordable, not market delivery.

Figure 4: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,733	269	1,985	4,987	941	5,928
2 bedrooms	2,319	412	1,836	4,567	2,125	6,692
3 bedrooms	3,626	886	1,219	5,731	4,846	10,577
4+ bedrooms	2,427	835	511	3,773	0	3,773
C2 Dwellings	-	-	-	-	193	193
TOTAL	11,105	2,402	5,551	19,058	8,105	27,160
1 bedroom	10.1%	1.0%	7.3%	18.4%	3.5%	21.8%
2 bedrooms	8.5%	1.5%	6.8%	16.8%	7.8%	24.6%
3 bedrooms	13.4%	3.3%	4.5%	21.1%	17.8%	38.9%
4+ bedrooms	8.9%	3.1%	1.9%	13.9%	0.0%	13.9%
C2 Dwellings	-	-	-	-	0.7%	0.7%
TOTAL	40.9%	8.8%	20.4%	70.2%	29.8%	100.0%

Policy Implications for Affordable Housing Need

20. This document represents a technical analysis for the housing needs of Hounslow. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
21. In terms of affordable housing need, Figure 51 shows a need for 70% of all dwellings to be affordable. This figure is likely to be undeliverable. This is typical for London where affordable housing need is very high, but that should not rule out seeking to put policies in place to meet as much need as possible. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs in Hounslow, including the needs of those who are currently housed outside of the borough. Therefore, a 70% target represents an aspirational goal which will then require to be tested against borough and site viability for each scheme. However, the figures show a very large potential need for affordable housing to rent, while there is also a clear market for London Living Rent and potentially First Homes and Shared Ownership.
22. The Mayor of London is not currently seeking to progress First Homes as a policy in London for the foreseeable future. The needs for those who are potentially seeking First Homes overlaps with the need for Shared Ownership, so their needs could be met within existing policies in London. First Homes would not

meet needs which are not already addressed in policy in London and in general they are slightly reduce viability when compared with the delivery of Shared Ownership properties.

23. The overall need for housing also requires to be set in the context of other policy objectives. For example, there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Hounslow.

Housing for Older People

24. There would be a need to provide an additional 1,455 specialist older person housing units in Hounslow over the period 2021-41 (equivalent to an average of 73 dwellings per year) of which 63% would need to be provided as affordable housing. The need for specialist older person housing represents 6% of the overall housing need identified for Hounslow.

Housing for working age adults with complex health and social care needs

25. Hounslow has an increasing demand for specialist housing for young and working age residents who have complex health and social care needs, and the Council has expressed that it would want to avoid placing these residents out-of-Borough or in an inappropriate setting.

1. Introducing the Study

Background to the project

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by London Borough of Hounslow to prepare a Local Housing Needs Assessment. In 2018, ORS produced the West London Strategic Housing Market Assessment, which covered seven local authorities across West London, including Hounslow.
- 1.2 The key housing need findings for Hounslow were summarised in Figure 35 of the London Borough of Hounslow Strategic Housing Market Assessment Update 2018, which have been reproduced below as Figure 5 which showed a total affordable housing need over the period 2016-34 of 13,800 dwellings.

Figure 5: Full Objectively Assessed Need for Housing; Size and Tenure Mix for Hounslow for GLA 2016 based Central trend Migration 2016-34 (Note: Figure may not sum due to rounding)

	Hounslow
MARKET HOUSING	
1 bedroom	2,000
2 bedrooms	4,800
3 bedrooms	11,000
4 bedrooms	2,800
5+ bedrooms	-100
Total Market Housing	20,500
AFFORDABLE HOUSING	
1 bedroom	2,500
2 bedrooms	5,400
3 bedrooms	4,100
4 bedrooms	1,400
5+ bedrooms	400
Total Affordable Housing	13,800
TOTAL	34,300

- 1.3 This current study represents an update to the evidence base in Hounslow in relation to housing needs. In particular, it considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Hounslow.

Government Policy

- 1.4 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.5 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet “*the full, objectively assessed needs for market and affordable housing in the housing market area*”. The responsibility for establishing housing need rested with the local planning authority and

Paragraph 159 of the Original NPPF set out that they “*should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries*”.

- 1.6 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in December 2023 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document “*Government response to the technical consultation on updates to national planning policy and guidance*”.
- 1.7 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 61 identifies that “*strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach*”. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 1.8 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the Revised NPPF, Paragraph 61 identifies that “*any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for*”; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].
- 1.9 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.10 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn’t afford to do so. However, the latest PPG states that assessments must now include the needs of “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

- 1.11 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that “*Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need*”, but allowed for adjustment based on local factors: “*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.” Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.

- ^{1.12} On 14 September 2017, the Ministry of Housing, Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- ^{1.13} CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.

- ^{1.14} The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*

» *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

PPG Reference ID: 2a-010-20190220

- 1.15 PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate. Following a review of standard method in December 2020, the current standard method figure for Hounslow is 3,209 dwellings per annum uncapped. However, this figure is less significant in London than it would be other parts of England because London Boroughs must also be in conformity with the London Plan.

Assessing Housing Needs in London

- 1.16 Paragraph 61 of the National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the Planning Practice Guidance for assessing local housing need. PPG on Housing and Economic Needs Assessment (paragraph 013) sets out that local housing need assessments may cover more than one area, in particular where strategic policies are being produced jointly, or where spatial development strategies are prepared by elected Mayors. In such cases, it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area. Where a spatial development strategy has been published, local planning authorities should use the local housing need figure in the spatial development strategy and should not seek to re-visit their local housing need figure.
- 1.17 The Strategic Planning Authority for London is the Greater London Authority and the London Plan is the statutory spatial development strategy for London. The GLA have produced a Greater London SHMA (2017) an SHMA Addendum in 2019, and the GLA's Housing Supplementary Planning Guidance 2016.
- 1.18 Following consultation between the Mayor and the Secretary of State, the Secretary of State accepted that the London Plan could be published on 29th January 2021, and it was formally published on March 2nd 2021 as the London Plan 2021.
- 1.19 The London Plan sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). The Inspectors noted that the SHMA does not follow the guidance in the PPG on assessing objectively assessed need. However, they noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. The Inspectors concluded in para 133 of their report that the need for 66,000 additional homes per year identified by the SHMA is justified and has been properly calculated for market and affordable housing having regard to national policy and guidance.
- 1.20 In terms of size and tenure mix, the 2017 London SHMA was summarised in Table 1, which we have reproduced below as Figure 6. This shows that around one third of the total need is for 1 bedroom low cost rent housing. This is because the model used in the 2017 London SHMA assumes that any single person or couple aged over 25 years who wish to occupy their own property will do so, irrespective of whether they

can afford to do so or not. The vast majority of this group require 1 bed low cost rented properties, so they generate much of the overall need.

Figure 6: Net annualised requirement for new homes in London, 2016 to 2041 (Source: 2017 London Strategic Housing Market Assessment: Mayor of London)

	Low Cost Rent	Intermediate	Market	Total
1 bedroom	21,318	4,334	10,682	36,335
2 bedrooms	5,311	3,434	2,043	10,788
3 bedrooms	2,462	2,409	4,101	8,971
4+ bedrooms	1,881	1,693	6,210	9,783
DWELLINGS	30,972	11,869	23,037	65,878

- 1.21 The outcome of the 2017 London SHMA central scenario is that it assumes that 65,878 dwellings are needed at an average of around 1.9 bedrooms per dwellings, so 125,000 bedrooms are needed to be provided each year. ORS provided evidence to the London Plan inquiry on behalf of both the Greater London Assembly which argued for a lower number of dwellings at around 50,000 per annum, but with a larger average size of around 2.5 bedrooms per dwelling, giving a total of around 125,000 bedrooms per annum. This highlights a central issue in studies such as this one, with the need to address the accommodation requirements of a projected population offering a range of options from building many smaller properties to delivering a lower number of dwellings which are on average larger.
- 1.22 It is also the case that the 2017 London SHMA included a series of different scenarios for overall need which ranged from 59,900 to 69,600 new homes a year.
- 1.23 The London Plan sets out ten-year housing targets for individual Boroughs using a capacity-based methodology. The Inspectors found that the general approach to devising the housing targets and the contribution that large sites would make was justified. However, they found issue with the contribution expected from small sites and subsequently recommended that the contribution from small sites be reduced with the overall targets for each Borough reduced by a corresponding amount. The Mayor accepted this recommendation of the Inspectors and the housing targets for London Boroughs have subsequently been revised down in the Published London Plan.
- 1.24 Policy H1 of the London Plan sets the ten-year targets for net housing completions that each local planning authority should plan for. It states that Boroughs must include these targets in their Development Plan targets. For the purposes of the Plan, London is considered as a single housing market area. The supporting text (para 4.1.2) sets out the advantage of planning strategically in that it allows London to focus development in the most sustainable locations, allowing all of London's land use needs to be planned for, with an understanding of how best to deliver them across the capital. Due to London's ability to plan strategically, Boroughs are not required to carry out their own housing needs assessment but must plan for, and seek to deliver, the housing targets in this Plan.
- 1.25 From the point of view of this study, the London Plan sets a 10-year housing target at Table 4.1 for net housing completions (2019/20-2028/29). In the case of Hounslow, this is 17,820 dwellings, or 1,782 dwellings per annum. Therefore, for the period 2020-2029 the study assumes that 1,782 dwellings per annum are delivered.

- 1.26 However, the Hounslow Local plan will extend to 2041, so an estimated capacity for the period 2029-2041 has been produced by the Council, following the requirements of the London Plan¹. This is 927 dwellings per annum. This give a total target for the period 2020-2041 of 27,160 and it is this figure which is used throughout this report. We would also note that the 27,160 figure covers both conventional housing supply and also non-conventional accommodation such as purpose built student accommodation, shared housing and dedicate older person scheme.
- 1.27 The London Plan contains Policy H10 Housing size mix which sets out the following requirements:

A Schemes should generally consist of a range of unit sizes. To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to:

- 1) robust local evidence of need where available or, where this is not available, the range of housing need and demand identified by the 2017 London Strategic Housing Market Assessment*
- 2) the requirement to deliver mixed and inclusive neighbourhoods*
- 3) the need to deliver a range of unit types at different price points across London*
- 4) the mix of uses in the scheme*
- 5) the range of tenures in the scheme*
- 6) the nature and location of the site, with a higher proportion of one and two bed units generally more appropriate in locations which are closer to a town centre or station or with higher public transport access and connectivity*
- 7) the aim to optimise housing potential on sites*
- 8) amalgamation of existing stock*
- 9) the role of one and two bed units in freeing up family housing*

- 1.28 This LHNA aims to provide two different levels of analysis. Firstly, we will consider the localised evidence for housing needs in Hounslow without considering the wider impact of need in the rest of London. As a second set of results, we will consider the role Hounslow can play in meeting the needs of London as a whole based upon its capacity based targets. Both sets of outputs will relate to the whole of the Borough of Hounslow, including the planning area covered by OPDC.
- 1.29 For the purposes of this study, we would also note that the following definitions are used for affordable rented housing and we capitalise Social and Affordable Rent when discussing specific products:
- » **Social Rented housing** is housing where the landlord is a Registered Provider, usually the Council or a housing association, and where social rents are charged. These rents are significantly lower than market rents, and set in accordance with a formula set by Government.
 - » **Affordable Rent** is a type of low cost rented housing, targeted at the same groups as Social Rent, but with rents set at a maximum of 80% of market rents. This tenure is no longer funded by the GLA and so is likely to become increasingly obsolete. In London a distinct housing product entitled London Affordable Rent is closer in price to Social Rent than it is to Affordable Rent.

¹ London Plan says at para 4.1.11 – “If a target is needed beyond the 10 year period (2019/20 to 2028/29), boroughs should draw on the 2017 SHLAA findings (which cover the plan period to 2041) and any local evidence of identified capacity, in consultation with the GLA, and should take into account any additional capacity that could be delivered as a result of any committed transport infrastructure improvements, and roll forward the housing capacity assumptions applied in the London Plan for small sites.”

Duty to Co-operate

- 1.30 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.31 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *“the homes and jobs needed in the area”*.

Maintaining effective cooperation

24. *Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.*

25. *Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).*

26. *Effective and ongoing joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.*

27. *In order to demonstrate effective and ongoing joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.*

National Planning Policy Framework, September 2023

- 1.32 The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).
- 1.33 The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 23 July 2019):

Maintaining effective cooperation

How are plan-making bodies expected to cooperate?

Strategic policy-making authorities are required to cooperate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.

The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to cooperate. Neighbourhood Planning bodies are not bound by the duty to cooperate, nor are they required to produce or be involved in a statement of common ground.

PPG Reference ID: 61-009-20190315

- 1.34 In paragraph 61-017 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example, housing market and travel to work areas, river catchments, or landscape areas may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas”. It goes on to define housing market areas:

How can housing market areas be defined?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:

The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.

Migration flow and housing search patterns. This can help identify the extent to which people move to a new house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.

PPG Reference ID: 61-018-20190315

- 1.35 This definition of an HMA is almost identical to that in the original PPG relating to housing need.
- 1.36 The identification of housing markets in London is not a new area of study. The Greater London Strategic Housing Market Assessments 2008, 2014 and 2017 effectively treat London as being a single housing market area. The 2014 Greater London SHMA notes at Table:

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

- 1.37 The identification of a single London wide housing market has been further supported by High Court judgements. London Boroughs sought to challenge the Mayor of London's policy in relation to Affordable Rent in March 2014. The claimants' case was summarised in paragraph 9 of the judgement in that:

*'The Claimants submit that the Defendant has failed to have proper regard to the requirements of the NPPF. Indeed, he has mis-interpreted the NPPF when he claims that rent caps would undermine the deliverability of affordable housing, contrary to the objective of the NPPF. **He was also mistaken in treating London as a single housing market.** Each Borough had to assess its own needs, and develop its own targets and policies to meet them.'*

- 1.38 In relation to the issue of a single housing market in London the judgement concluded at paragraphs 39-41 that:

*'Turning to the next issue, I accept the Defendant's submission that he was entitled to conclude, in the exercise of his planning judgment that **London represented a single housing market.***

The term "housing market area" appears in the NPPF, but is not defined. That a "housing market area" within the meaning of the NPPF does not necessarily equate to LPA administrative boundaries is plain from paragraph 159:

"159. Local planning authorities should have a clear understanding of housing needs in their area. They should:

prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. [...]"

The view that London should be regarded as a single housing market is not new. As the reasons supporting MD1268 noted at paragraph 7.22:

"[...] since at least the establishment of the GLA, London has always been regarded as a single market for strategic planning purposes. Both the London Plan and the Mayor's Housing Strategy are based on this accepted approach."

- 1.39 On this basis we consider it appropriate to continue treating Greater London as a single HMA which we label as the Greater London Housing Market Area (GLHMA).

Jobs and Housing

- 1.40 Hounslow is part of the GLHMA and it is at this level that there requires to be a balance of jobs and workers. The Greater London Authority prepared the SHMA 2017 and Addendum 2019 for the GLHMA to inform the London Plan, which considers jobs and housing at the London-wide level; and LPAs in London are required to conform to the London Plan.
- 1.41 It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting or migration – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London.

- 1.42 In determining the number of homes needed at Borough level, the LHNA will need to be consistent with the London Plan and the projected population/households consistent with GLA figures. By doing so, Hounslow will, therefore, contribute to balancing jobs and workers across the GLHMA, consistent with the London Plan.

Overview of the LHNA

- 1.43 The first key objective of this LHNA is to establish the need for housing (both market and affordable) in the Borough of Hounslow on the assumption that it delivers housing to meet its dwelling target. The final calculation for this task is set out in Figure 51.
- 1.44 This report considers the key outputs from the LHNA – namely establishing the overall balance between market and affordable housing over the 21-year period 2020-41. It is important to recognise that the information from the LHNA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The LHNA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Summary of the ORS Approach to Modelling Housing Need

- 1.45 As noted above, this LHNA seeks to establish the need for housing (both market and affordable) in the Borough of Hounslow on the assumption that it delivers housing to meet the capacity target for the Borough.
- 1.46 In Chapter 2, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the latest official projections and cover the 21-year period 2020-2041. They are informed by the latest ONS mid-year estimates,^[1] and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the Census 2021 and mid-year population estimates 2019, 2020 and 2021. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.
- 1.47 We would note that the previous West London SHMA, which covered Hounslow, utilised the population and household projections produced by the GLA. The most recent set of projections produced by the GLA still utilise headship rates from the 2014 based CLG household projections. Given that the ONS updated the methodology for calculating headship rates in the 2016 based and 2018 based household projections, we currently consider using this data as being more appropriate for modelling the core long-term households projections for Hounslow.
- 1.48 The estimates for affordable housing need in Chapter 4 are therefore based upon adjusted 2018 based population and household projections. The figures contained within this chapter therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the standard method, but do not include any impact of concealed households or suppressed household formation.
- 1.49 However, delivering the number of dwellings required in Hounslow to address the household projections, current concealed households and suppressed household formation will require a different household growth than the trend-based population and household growth. This issue is reconciled in Chapter 5.

^[1] The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

To move from the household growth in Chapter 4 to the total need for dwellings in Chapter 5 requires a series of additional elements. These include:

- » The need to include the impact of vacant and second homes being unavailable for households to live in and which therefore require an uplift to the household projections to become the need for dwellings;
- » The need to include an allowance for additional Use Class C2 bedspaces such as nursing homes to ensure that persons otherwise not included in the population and household projections are included within the overall LHN;
- » The ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. The reason for choosing 2001 is that was a point in time with much lower housing market pressures, with lower house prices, higher household formation rates and a lower use of temporary accommodation.

^{1.50} When all relevant factors have been added, the outputs produced in Chapter 2 and 4 are consistent with an overall housing need figure in Chapter 5. Therefore, the figures produced in Chapter 5 are the overall conclusions for housing need in Hounslow.

The Effects of COVID 19

^{1.51} The long-term impact of the COVID 19 pandemic is unknown for housing needs across the country. In the short-term the best available initial evidence pointed to a very sharp drop in the population of the UK in 2020, particularly in London. In a study produced by the Economic Statistics Centre of Excellence² it is estimated that the population of the UK fell by 1.3 million in 2020, with 700,000 of this drop occurring in London. As noted above, this also was noted by the GLA who consider that the 2021 Census represents an under-estimate for London as a whole, but that the population of London has now returned back to pre-pandemic levels.

^{1.52} On this basis, we have not modelled revised LHNA outputs to consider for the impact of COVID 19 as the likely long-term impact of Covid 19 is currently not showing to be significant on the total population of London.

^{1.53} The more significant long-term impact of Covid 19 is likely to be on the increased use of home working. The pandemic has demonstrated that more workers can work from home than was previously the case, and this has implications for housing demand in terms of location, size and transport access. Many households may now be able to move from more dense urban areas to suburban locations and will be seeking greater space to use as home offices. Transport connections also become less important if a worker is visiting an office infrequently compared to doing so every day. This in turn raises questions around office and commercial units in urban areas and, should they be unable to provide space for employment use, whether they will provide opportunities for conversion to residential spaces in the future.

² [Estimating the UK population during the pandemic - ESCoE : ESCoE](#)

The Effects of Brexit

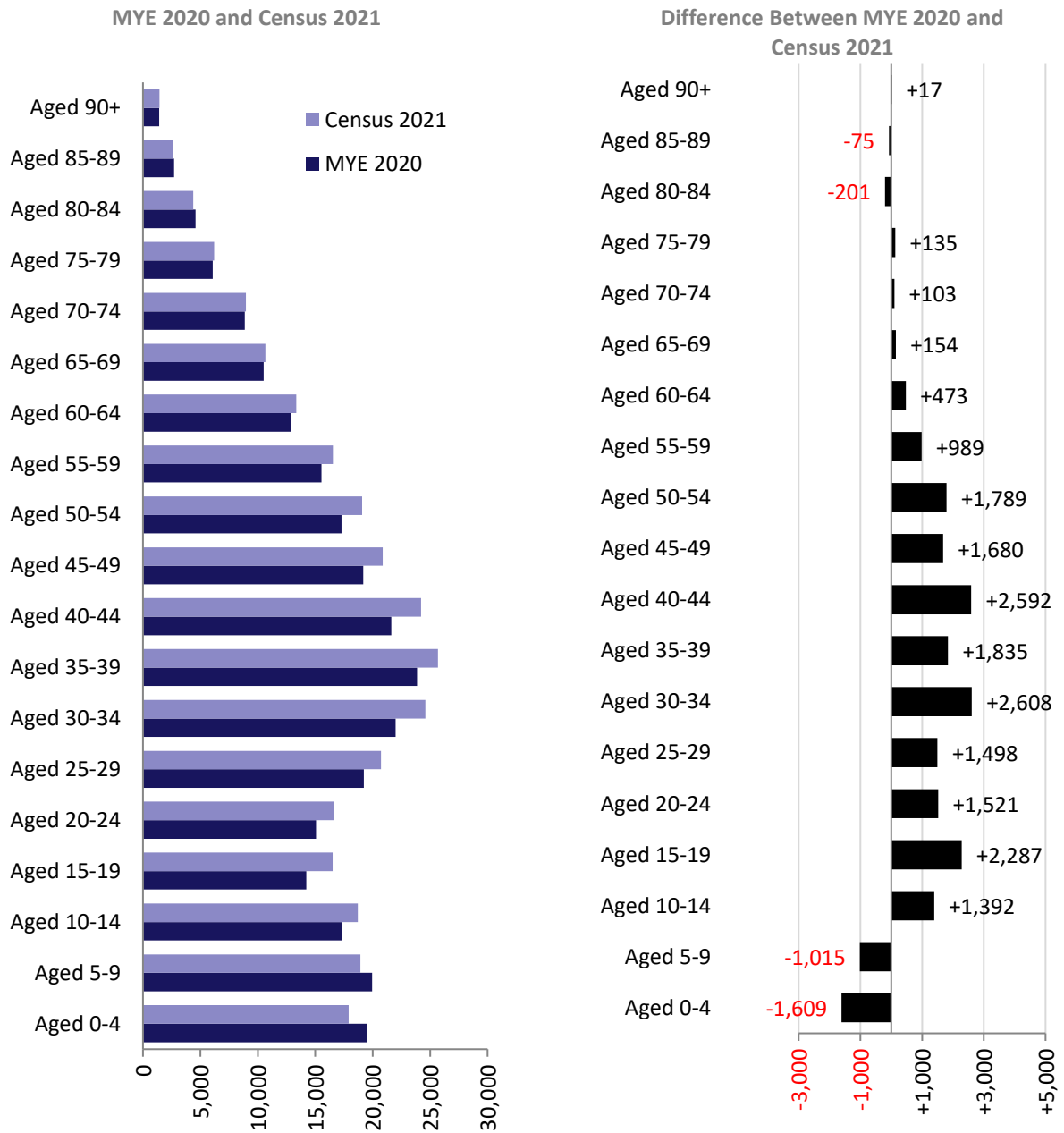
- ^{1.54} The Report does not consider the implications for the LHNA arising from the UK's decision to leave the EU (June 2016), primarily as the final outcomes are still unknown. The final deal to leave the EU was signed in 2020 and new trade and travel agreement are still being gradually phased in to place.
- ^{1.55} Arguably, the key factor which would affect LHNAs is migration – both national and international. The immediate migration data for the UK³ indicates that net migration from the EU has fallen, this has been replaced by net migration from outside of the EU. Therefore, the total level of migration has not changed, but the point of origin for the migration has moved to outside of the EU. It is possible that the new rules around entry to Britain for migrant workers may place too high an income requirement for those in tourism and hospitality jobs. This in turn could leave key industries in London with difficulties in filling jobs if the tourism and hospitality sectors return to previous levels. However, any change in migration pattern is still uncertain. For example, at the time of writing recent evidence suggests migration has increased, but it is not known whether this level is likely to continue, to increase or to decrease. Because of the uncertainty, again we have not sought to revise LHNA outputs to model for a Brexit impact.

UK Census of Population 2021

- ^{1.56} We would note the initial results from the Census of Population 2021 were released in June 2022 and these show a population of 287,940 for Hounslow compared to a Mid-Year Population Estimate for 2020 of 271,767. This is a significant discrepancy of over 16,000 persons.
- ^{1.57} There does seem to be some under-counting of students at term-time addresses in the 2021 Census, so this explains some of the variation, with students who would otherwise have been at their university term-time address living at their family homes in Hounslow. However, Figure 7 shows that the discrepancy between the data extends to a much wider range of ages, so cannot be entirely explained by student numbers. This in turn would lead to the conclusion that there were issues with the ONS's population estimates for Hounslow prior to the UK Census of Population 2021.
- ^{1.58} However, the final conclusions of this report, as set out in table Figure 51 are underwritten by the capacity targets for Hounslow, and therefore will not be impacted directly by the outputs from the Census 2021. On this basis the outputs set out in Figure 51 will not change as a result of the Census 2021.

³ [Net migration to the UK - Migration Observatory - The Migration Observatory \(ox.ac.uk\)](https://www.migrationobservatory.ox.ac.uk/)

Figure 7: Comparison of MYE 2020 and UK Census of Population 2021 for Hounslow (Source: 2020 MYE and UK Census of Population 2021)



2. Demographic Projections

The baseline for establishing housing need

Introduction

- 2.1 This chapter uses the available population projections for Hounslow to explain the predicted growth of households during the plan period. All the data relates to the period before 2020, so does not consider a potential fall in the population in 2020, which in turn may only be temporary.

Official Household Projections

- 2.2 Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

PPG ID 2a-005-20190220

- 2.3 The first step in analysing housing needs must therefore be to identify the household projection for Hounslow which is used as the basis for this report.
- 2.4 Figure 8 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach. The 2018 based principle projection is based upon migration from only 2016-2018 and therefore are very unstable across England as a whole. However the 10-year trend 2018-based projections are much more stable are used to help underwrite much of the modelling in this report.
- 2.5 While PPG proposes that housing needs should be based upon the 2014 based CLG household projections, the GLA 2018 based projections were the bespoke projections developed for the Draft London Plan 2019 and these have subsequently been updated to a 2020-base. The Inspectors for the London Plan noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. They concluded that the approach followed by the GLA was appropriate for London.

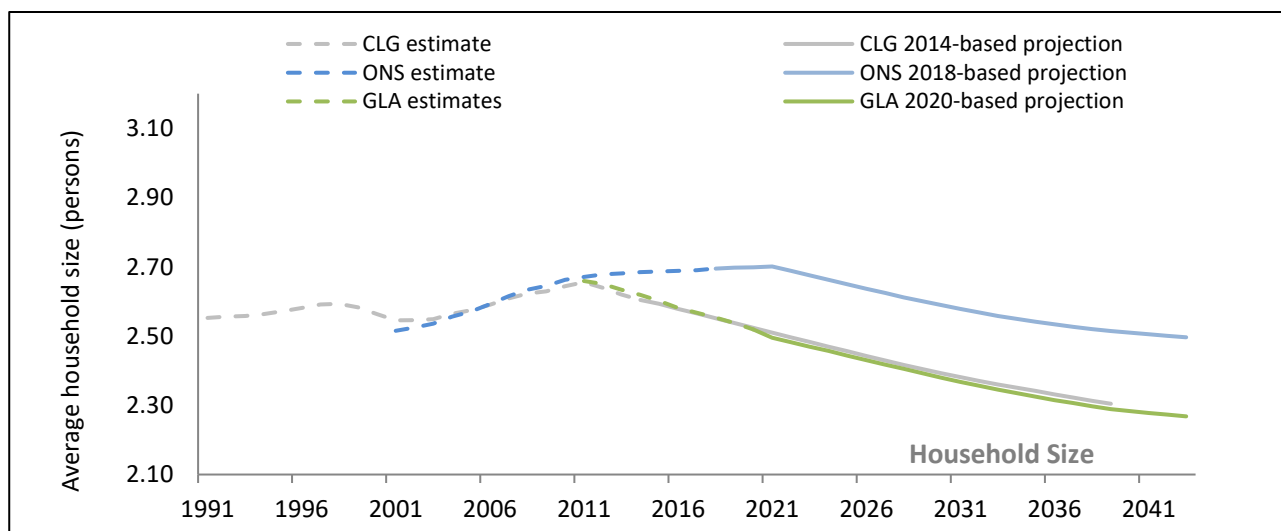
Figure 8: Household projections 2023-33 (Source: CLG, ONS, GLA, ORS; Note: All figures presented unrounded for transparency)

HOUNSLOW	Migration trends	10-year change in Households 2023-2033	Annual average change in Households 2023-2033
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+16,965	+1,697
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+8,380	+838
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+14,061	+1,406
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+11,557	+1,156
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+5,426	+543
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+6,429	+643
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+9,825	+982
GLA 2020-based Projections			
2020 CC central upper	2010-19	+12,743	+1,274

Projected Household Size

2.6 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 9) divides the population in the area by the associated household projection.

Figure 9: Average household size estimates and projections for Hounslow for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections)



- 2.7 As the chart shows, average household sizes rose very sharply in Hounslow between 2001 and 2011 and the ONS 2018 based projections indicate that they will fall from 2021 onwards.
- 2.8 However, the CLG 2014 based projections indicated that household sizes in Hounslow were projected to fall after 2011 from around 2.66 per households to 2.28 per household in 2041. This projected fall in average household sizes cannot be explained by the ageing population of Hounslow. The key driver for the issue of household sizes is the household representative rates (HRRs) used by CLG in producing their household projections.
- 2.9 In practice, the 2021 Census shows that the average household size in Hounslow was 2.80 per household. These are very significant rises, indicating a high degree of pressure on the housing stock and are much more consistent with the ONS 2018 based household projections than the CLG 2014 based, or GLA 2020 based projections. The key driver for the issue of household sizes is the household representative rates (HRRs) used by CLG in producing their household projections.
- 2.10 HRRs provide the probability of a households being a household representative and in the 2014 based CLG drew on data from as far back as the 1971 Census. Therefore, HRRs are based upon long-term data, so the drop in household sizes projected reflects data from 1971 onwards for Hounslow, not just recent data.
- 2.11 CLG had previously identified problems with the current approach and they had planned to improve the methodology used for the household projections. However, the Government announced in January 2017 that responsibility for these projections would be passed to ONS with immediate effect.
- 2.12 The ONS are now working with only data from the 2001 Census onwards. Therefore, the 2018 based projection reflect only the changes in HRRs in Hounslow since 2001 and they project a much later and lower drop in household sizes.

Population and Household Projections for Affordable Housing Need

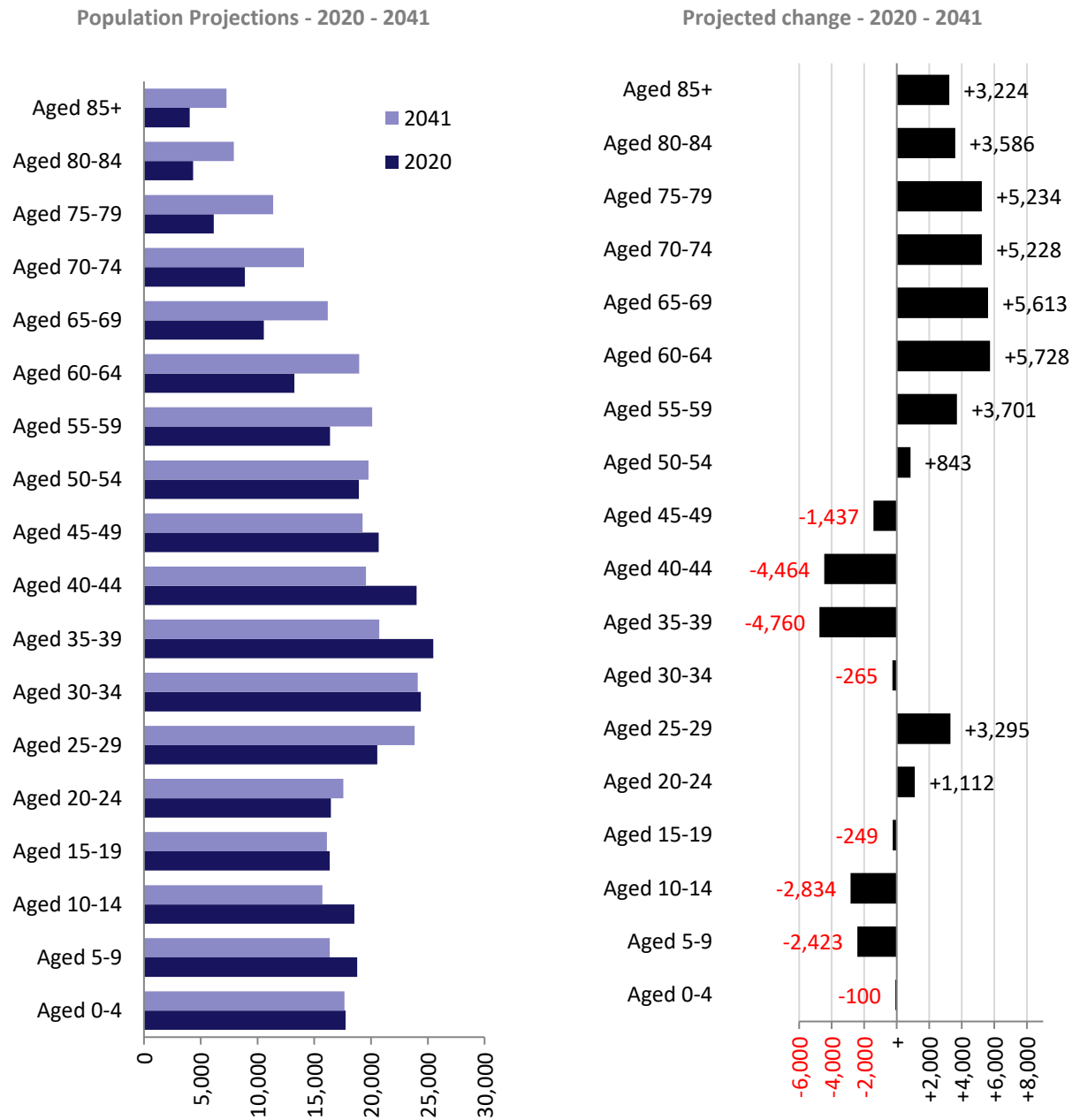
- 2.13 The demographic projections for this LHNA are based on the latest official projections and cover the 21-year period 2020-41, They are informed by the latest ONS mid-year estimates,⁴ and take account of the most up-to-date fertility and mortality rates and the latest migration trends. This yields a household growth over the period 2020-41 of 16,614 households which is then reconciled with the overall Hounslow dwelling figure in Chapter 5. Therefore, the modelling from this point onwards until Chapter 5 is underwritten by the most up to date demographic data.

Projected Population Age Profile

- 2.14 The overall population is projected to grow by 21,031 from 285,489 people to 306,519 people.
- 2.15 All of the growth is associated with the older population, with over 55s projected to increase by 32,312. This is a particularly important consideration when establishing the types of housing required and the need for housing specifically for older people.

⁴ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

Figure 10: Population projections 2020-41 by 5-year age cohort for Hounslow (Source: 2020 MYE adjusted ONS sub-national projections 2018)



Household Projections by Age

^{2.16} An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section, figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 11: Total projected households in Hounslow for 2020 and 2041 (Note: Figures may not sum due to rounding)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	1,900	13,800	24,300	22,800	17,900	11,100	6,800	2,900	101,500
2041	2,000	14,500	19,900	22,600	23,800	17,500	12,600	5,200	118,100
TOTAL CHANGE	+100	+800	-4,400	-200	+5,900	+6,300	+5,800	+2,300	+16,600

- 2.17 The table shows an overall increase of 16,600 households over the 21-year period 2020-41 with over 85% of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 21-year period.
- 2.18 It is important to consider household growth in relation to age cohorts. Figure 12 shows the projected number of households in each cohort, showing their age in both 2020 and 2041. Clearly, no household representatives are aged under 4 (in 2020), but children aged under 4 in 2020, or born before 2020, will be aged 15-24 in 2041, and thus will be potentially heads of a household.

Figure 12: Total projected households for 2020 and 2041 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2020	<4	4-13	14-23	24-33	34-43	44-53	54-63	64+	TOTAL
Age in 2041	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	-	-	1,700	12,600	23,300	22,900	18,400	22,600	101,500
2041	2,000	14,500	19,900	22,600	23,800	17,500	12,600	5,200	118,100
TOTAL CHANGE	+2,000	+14,500	+18,200	+10,000	+500	-5,500	-5,800	-17,400	+16,600

- 2.19 For example, there were 12,600 households aged 24-33 in 2020 and these same households would be aged 45-54 in 2041. The trend-based projection identified that the total number of households aged 45-54 in 2041 would be 22,600. The projection shows, an extra 10,000 households: partly due to new household formations and partly due to net migration.
- 2.20 Based on the cohort analysis, around 45,200 extra households will be formed over the 21-year period 2020-41 by those who will be aged under 55 in 2041. These extra households are offset against a reduction of 28,700 households aged 55 or over. Most of this reduction is due to household dissolution following death (although some is due to net migration).
- 2.21 Whilst the overall volume increase in households includes the impact of an older population, this has less impact on the housing market of Hounslow than in most local authorities due to the relative youth of population. Most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form and there are very high numbers of these households in Hounslow. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

- 2.22 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.

2.23 Figure 13 shows the household numbers and net change for Hounslow from 2021 to 2041 separated out by the age of the household representative person (HRP).

Figure 13: Total projected households for 2020 and 2041 and change by household type and age of household representative
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	Single person	470	3,420	6,050	5,670	4,460	2,760	1,690	1,890	26,400
2020	Couple without children	460	5,460	9,640	9,040	7,110	4,410	2,700	780	39,600
2020	Families with child(ren)	600	3,500	6,190	5,810	4,570	2,830	1,730	0	25,200
2020	Other households	370	1,370	2,430	2,280	1,790	1,110	680	190	10,200
2020	TOTAL	1,900	13,800	24,300	22,800	17,900	11,100	6,800	2,900	101,500
2041	Single person	530	3,670	5,010	5,700	5,810	4,120	2,650	3,420	30,900
2041	Couple without children	520	5,890	8,410	9,360	9,280	6,740	5,220	1,430	46,800
2041	Families with child(ren)	640	3,590	4,410	5,250	6,330	4,840	3,520	0	28,600
2041	Other households	360	1,370	2,050	2,300	2,370	1,750	1,220	330	11,800
2041	TOTAL	2,000	14,500	19,900	22,600	23,800	17,500	12,600	5,200	118,100
Change	Single person	+50	+250	-1,030	+30	+1,360	+1,360	+960	+1,530	+4,500
Change	Couple without children	+50	+430	-1,240	+320	+2,160	+2,340	+2,520	+660	+7,200
Change	Families with child(ren)	+40	+90	-1,780	-560	+1,760	+2,010	+1,780	+0	+3,300
Change	Other households	-10	+0	-370	+30	+580	+640	+540	+140	+1,500
Change	TOTAL	+100	+800	-4,400	-200	+5,900	+6,300	+5,800	+2,300	+16,600

2.24 In summary over the 21-year period:

- » Single person households are projected to increase by 4,500, but this includes a decrease of 1,030 with a household representative aged 25-34 years;
- » Families with dependent children make up only a 20% of the growth: an increase of 3,300 households. Many of these have household representative aged 55 years or more indicating the impact of multi-generational living with the older household representative living with a younger household with children;
- » Couples without dependent children are projected to rise by 7,200 households;
- » The increase in “Other” households represents 1,500 households.⁵

2.25 The final group of ‘Other’ households is very important because it implies that much of the projected household growth in Hounslow will be unrelated households, students and multi-generation households. This in turn implies that the demographic projections are assuming that there will be many larger households. This is a point we will return to in Chapter 5.

⁵ Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

3. Local Housing Market

Housing trends and cost of housing in Hounslow

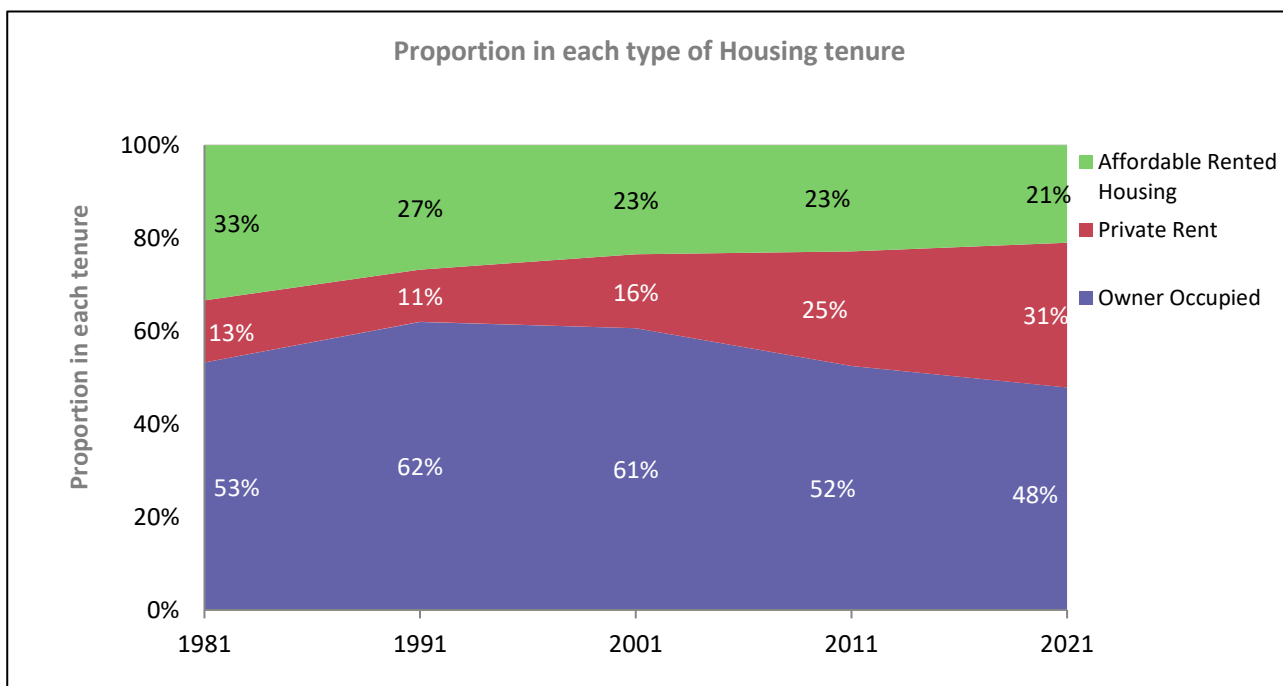
Introduction

- 3.1 This chapter explores the cost of housing in Hounslow and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and identify where and how people may fall into affordable housing need. This includes consideration of Social Rent, London Living Rent and First Homes and access to housing benefit for those in the rental sector as well as the potential impact of Help-to-Buy policies.

Housing Tenure Trends

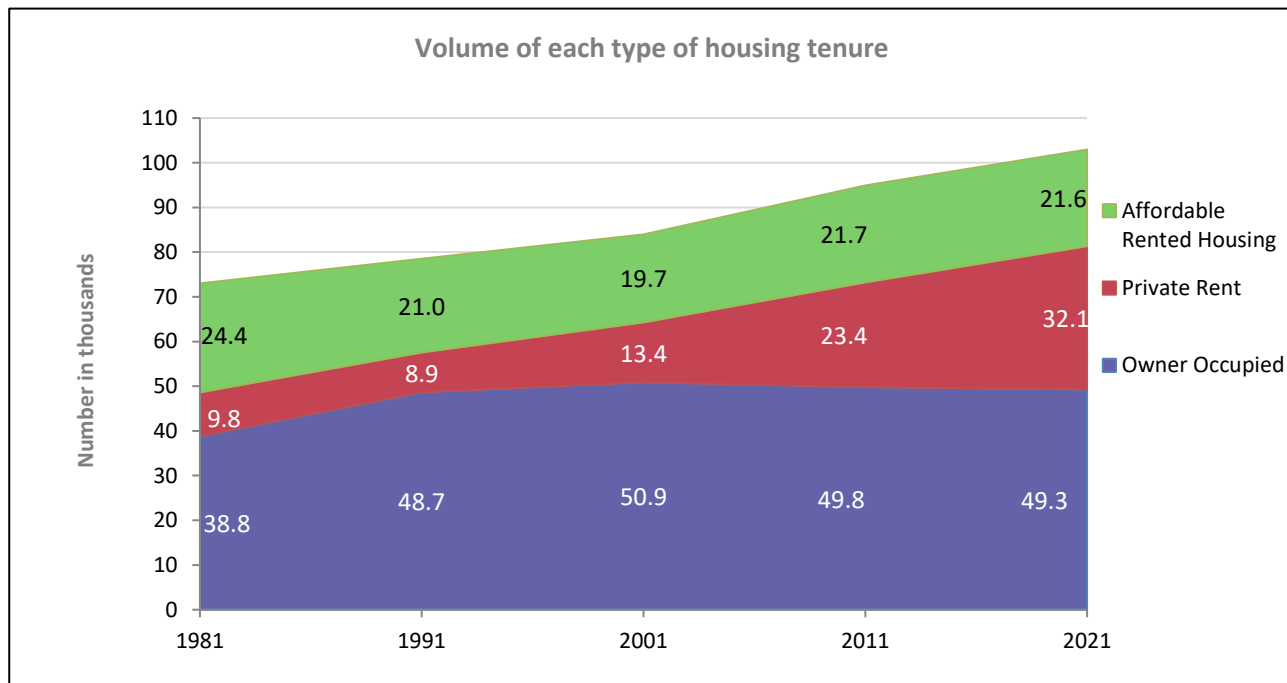
- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years. We would note the 2001 Census contained an under-estimate of housing numbers for many London Boroughs.
- 3.4 The chart below shows how the most notable change has been the decline in the proportion of people in affordable rented properties (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 25% to 18%). In contrast, private rent has seen a sharp growth. Between 1981 and 1991, there was a strong growth in owner occupiers, partly as a consequence of the introduction of Right to Buy policies. This peaked at 63% in Hounslow and is now falling sharply again to below 1981 levels.

Figure 14: Housing tenure trends for Hounslow (1981 – 2021). Source: UK Census of Population



3.5 During the same period the actual volume of housing in Hounslow has risen from 73,000 to 103,000 households. Importantly, the volume of households in affordable rented housing has only fallen whilst other forms of tenure have increased in volume.

Figure 15: Housing tenure trends for Hounslow (1981 - 2011)



3.6 The table below provides the detailed data for the period.

Figure 16: Number of Households in Hounslow by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	38,837	48,665	50,890	49,807	49,269	+9,828	+2,225	-1,083	-538
Private rent	9,775	8,858	13,375	23,413	32,074	-917	+4,517	+10,038	+8,661
Affordable Rented Housing	24,373	21,022	19,729	21,682	21,618	-3,351	-1,293	+1,953	-64
TOTAL	72,985	78,545	83,994	94,902	102,961	+5,560	+5,449	+10,908	+8,059

3.7 The growth in the private rented sector (PRS) in Hounslow is consistent with national trends. Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

Planning Practice Guidance, ID 67-002-20190722

3.8 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households, including those seeking affordable housing as a preference or need;
- » Recent reductions in incomes (in real terms);
- » Affordability of owner occupation reducing;
- » Changing Bank lending practices;
- » Pensions reform: pension drawdowns invested in BTL property.

3.9 The growth of the private rented sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.⁶ On this basis, the number of households renting privately could double again over the next twenty years.

3.10 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

⁶ <http://news.rla.org.uk/rpi-rent-revolution/>

- 3.11 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014⁷):

“The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating.” (paragraphs 4.152-154)

- 3.12 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 3.13 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁸ (including the Build to Rent investment scheme⁹). The Government published *“Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities”* in March 2012¹⁰, and the Foreword by the Minister stated:

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

- 3.14 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom Social Rented or Affordable Rented property. The private rented sector makes an important contribution towards providing affordable housing options.
- 3.15 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.16 The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes. These Starter Homes were intended to provide affordable housing for first time buyers. However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes¹¹.
- 3.17 The Government first consulted on First Homes ran from February to May 2020 indicating that they will be new build properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. In August 2020, MHCLG confirmed that they intended to proceed with

⁷ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

⁸ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁹ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

¹¹ <https://www.gov.uk/government/consultations/first-homes>

First Homes as an affordable housing product and published a consultation “*Changes to the current planning system*”, which included proposals on the detail of changes to planning policy to deliver First Homes. Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.

- 3.18 As discussed later in this report, there are many households residing in the private rented sector in Hounslow who aspire to home ownership and if affordable First Homes are provided for this group it would, potentially, reduce the size of the private rented sector. However, the funding for First Homes will be drawn from the same Section 106 funds which help to provide affordable rented homes such as Social Rent and Shared Ownership. Developers would be expected to provide a proportion all properties on larger new developments and sell these at a discount of at least 30%.
- 3.19 By taking part of the developer contributions funding for affordable homes into the First Homes scheme, this could reduce the supply of Social Rented or Shared Ownership homes. If this happens, then young households, for whom First Homes remain out of reach, will have few other options than to enter the private rented sector.
- 3.20 We would note that Mayor of London is currently not looking to progress First Homes in London. The current affordable housing programme in London assumes that the main affordable housing products delivered will be London Affordable Rent, London Living Rent and Shared Ownership.¹² In much of the rest of England it is anticipated that First Homes will displace funding for Shared Ownership, but this is currently not the case in London.

Housing Property Type Trends

- 3.21 A striking statistic relating to property type is shown in Figure 17. This shows that the 2021 Census found a smaller number of terraced properties than the 2011 Census.
- 3.22 A reduction in the number of terraced properties happens in some areas due to the conversion of houses to flats and this appears to have happened in Hounslow because there was also a large growth in the number of flats.

¹² [Affordable Homes Programme 2021-2026 - Funding Guidance \(london.gov.uk\)](https://www.london.gov.uk/press-releases/major/affordable-homes-programme-2021-2026-funding-guidance)

Figure 17: Number of Dwellings in Hounslow by Property Type 2011-2021 (Source: UK Census of Population)

	Number of Households		2011-2021
	2011	2021	
Detached	4,450	5,022	572
Semi-detached	28,005	29,477	1,472
Terraced	21,868	21,123	-745
Flat or maisonette (purpose built or converted house)	38,764	45,921	7,157
Caravan or other (including flats in converted commercial buildings)	1,324	1,418	94
TOTAL	94,411	102,961	8,550

Cost of Renting

3.23 When considering renting in Hounslow it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Hounslow. This includes:

- » Median and lower quartile private rent;
- » Local Housing Allowance (LHA) for Outer West London BRMA¹³;
- » Affordable Rent; based on average rents charged for existing dwellings; and
- » Social Rents.

3.24 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget.

3.25 Figure 18 sets out the median weekly rents for different property sizes in Hounslow together with the local housing allowances and the calculated affordable rent rates.

Figure 18: Weekly rent thresholds in Hounslow (Source: Valuation Office Agency 2021-22; SDR 2022)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Outer West London BRMA	Affordable Rent	Social Rent
1 bedroom	£264.48	£229.98	£212.88	£172.46	£119.86
2 bedrooms	£316.22	£287.47	£270.41	£210.85	£135.03
3 bedrooms	£379.47	£343.82	£322.19	£234.00	£145.28
4+ bedrooms	£459.96	£402.46	£379.73	£212.43	£160.35

3.26 Across all property sizes, the lower quartile private rent is higher than the maximum LHA in Hounslow and Social Rents are also always lower.

¹³ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

- 3.27 Affordable Rent is generally lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so).
- 3.28 Households claiming out-of-work benefits are subject to a cap of £384 per week for lone parents and couples or £257 per week for single people. This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

Income Needed to Rent Housing

- 3.29 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)¹⁴ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income” (page 42)*

- 3.30 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include only those households who cannot afford to access suitable housing in the market”* (ID 2a-024, emphasis added).
- 3.31 The English Housing Survey (EHS) 2015-16¹⁵ provides information about the percentage of gross household income that households currently spend on their housing costs¹⁶:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in affordable rented housing; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in affordable rented housing.
- 3.32 The EHS thus demonstrates that many households, in both private and affordable rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs.¹⁷ Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than

¹⁴ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

¹⁵ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

¹⁶ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

¹⁷ The London Plan uses a figure of up to 40% of gross income on housing costs, while London Living Rents are based upon setting rents at one third of average income in a ward.

the 41% average that households renting privately actually pay. We would also note that government policy has moved over the summer of 2022 towards the idea that the ability to cover rental costs should form part of the consideration for obtaining a mortgage. Therefore, the worry that paying a high share of income for rent will limit the ability to save for a deposit should be reduced if mortgage lenders can consider the current ability of household to meet their own rents.

3.33 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:

- » The median weekly rent recorded was £229.98;
- » Based on a 35% income multiplier, a weekly income of £657 would be needed which equates to a gross annual income of £34,286.

3.34 To rent the same property based on a 25% income multiplier would increase the gross income required to £47,836 per year whereas households with an annual income of £26,576 per year could afford the rent if 45% of their income was allocated to housing costs.

3.35 Figure 19 shows the gross household incomes needed to afford median and lower quartile private rent, Affordable Rent and Social Rent if 35% is spent on housing.

Figure 19: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Hounslow (Source: ORS based on Valuation Office Agency data October 2021 to September 2022)

HOUNSLOW	Private Rent Median	Private Rent Lower Quartile	Affordable Rent (SDR 2022)	Social Rent
1 bedroom	£39,429	£34,286	£25,711	£17,869
2 bedrooms	£47,143	£42,857	£31,434	£20,130
3 bedrooms	£56,571	£51,257	£34,885	£21,659
4+ bedrooms	£68,571	£60,000	£31,670	£23,905

3.36 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is *“housing that is too expensive compared to disposable income”* that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.37 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.

3.38 We should also consider the differing potential levels of housing benefit:

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

- 3.39 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing. Therefore, a key consideration in the ORS Model as to whether a household can afford market rents is whether they receive Housing Benefit or Universal Credit to assist with their housing costs. If a household is renting privately and does not receive housing benefit then they are covering their own rents. This can be taken as evidence that they can afford to cover their own rents and are unable to get government assistance with these.
- 3.40 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 20 sets out the incomes for housing benefit eligibility for different types of households.

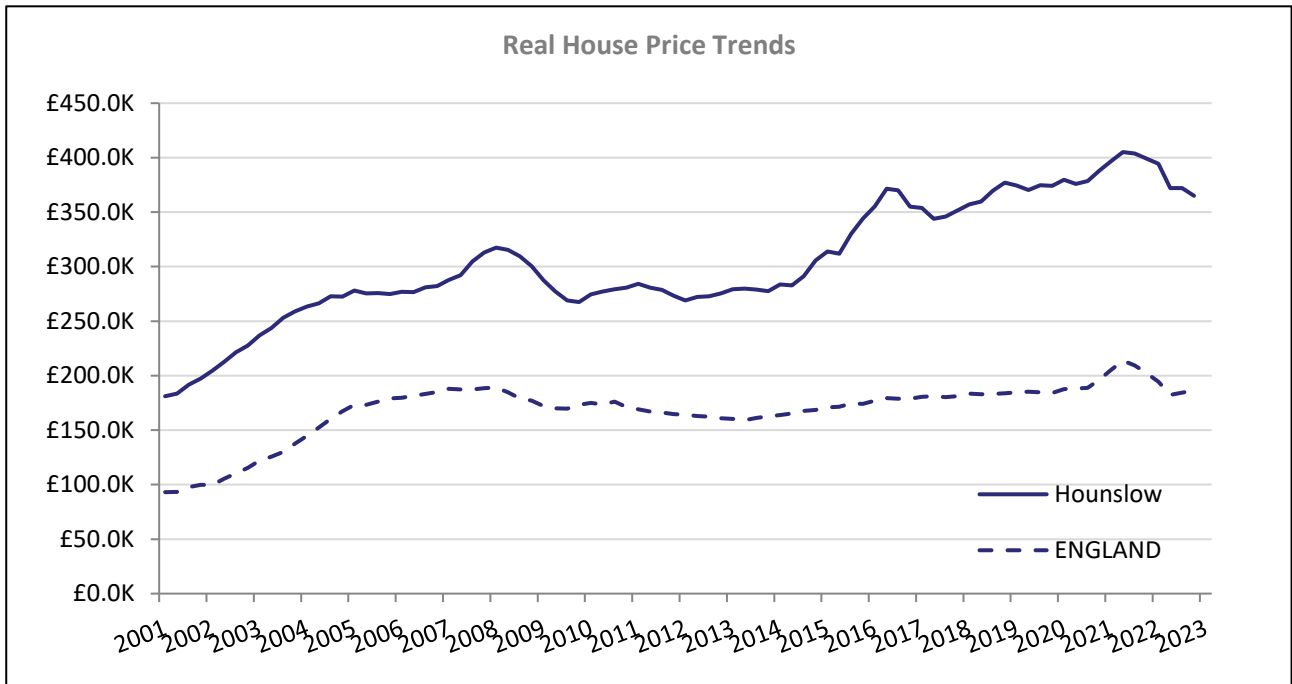
Figure 20: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on Department for Work and Pensions data)

Property type	Household type	OUTER WEST LONDON BRMA
ROOM ONLY	Single person aged 16-24	£12,258
ROOM ONLY	Single person aged 25-34	£13,051
1 BEDROOM PROPERTIES	Single person aged 35+	£20,903
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£21,655
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£23,082
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£29,012
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£32,503
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£31,191
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£34,681

Cost of Home Ownership

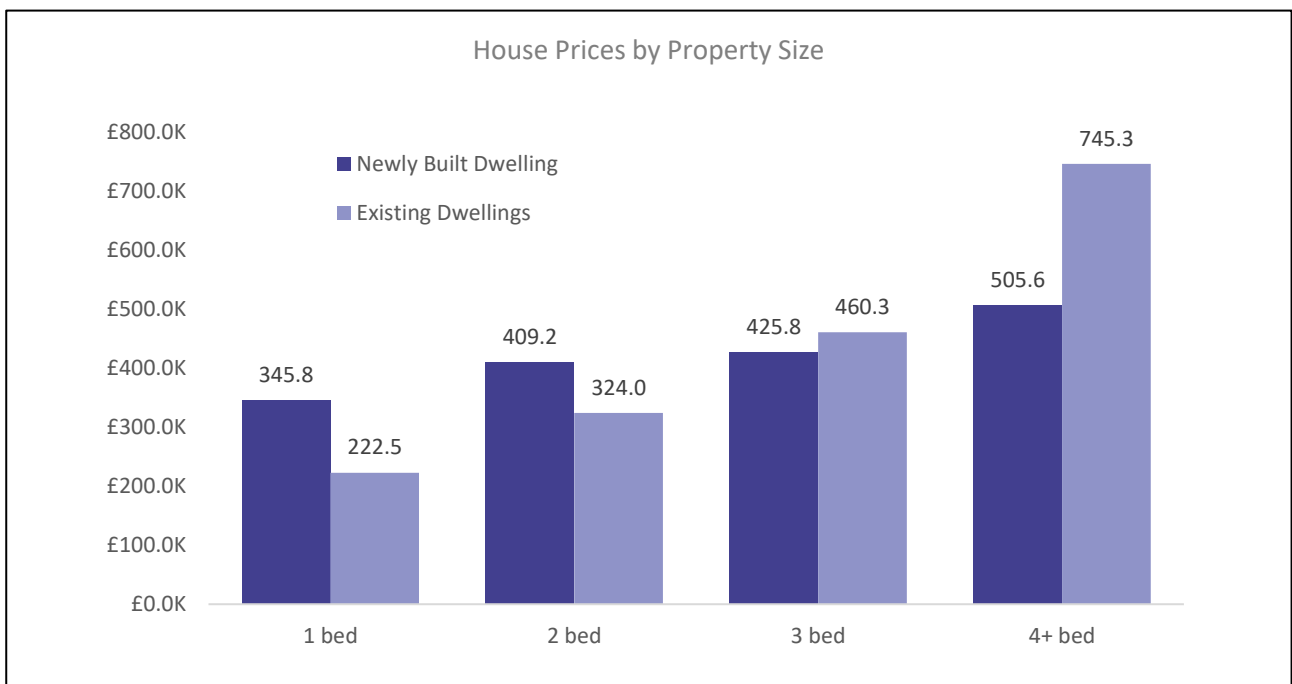
- 3.41 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2021) are shown in Figure 21. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.42 Real house prices in Hounslow, are both higher and increasingly divergent from England as a whole. Overall prices increased substantially in the period 2001-2008 (from £183,500 to £315,300 at 2023 values). Values then reduced from the beginning of 2008 and fell to a low of £267,600 in 2010 since then they grew steadily to £405,100 (Q3 2021), but have fallen sharply in the last 2 years as nominal house prices have been steady, but inflation has reduced real house prices.

Figure 21: Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England)



- 3.43 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 22 shows lower quartile house prices in Hounslow by bedroom size.
- 3.44 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, but this is not the case in Hounslow for properties with 3 bedrooms or more. Generally, larger existing dwellings sell for more than new build properties.

Figure 22: Lower quartile prices (adjusted by CPI) (2022) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



- 3.45 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character. In Hounslow, much of the new development is in the form of flats, while the existing stock includes a higher share of houses and these attract a premium.
- 3.46 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

Income Needed for Home Ownership

- 3.47 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 3.48 For example, if we consider a lower quartile 2-bedroom property costing £324,000 and assume the buyer could afford a deposit of 10%. The outstanding mortgage requirement would be £291,670. Using a typical income multiple of 3.5 we can calculate an income of £83,300 would be needed ($£83,300 \times 3.5 = £291,600$).¹⁸ If the buyer could only afford a 5% deposit then a larger mortgage and larger income would be needed. The scale of deposits required in Hounslow will rule out many households from being able to buy their own home.
- 3.49 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, the initial assumptions of a 10% deposit and a 3.5 x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to buy a home in the area.
- 3.50 Based on these assumptions, Figure 23 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing and newly built properties. When purchasing larger homes, households will typically have larger deposits available, often including equity from the sale of another property. On this basis, it is relatively artificial to consider incomes in isolation for larger properties.

¹⁸ At the time of writing the best available data shows an average mortgage to income ratio in London of 5.4 times, but given projected rising interest rates this ratio is unlikely to remain so high in the future.

Figure 23: Annual income needed for 1 and 2-bedroom properties at lower quartile prices (assuming 10% deposit and 3.5x mortgage multiplier) (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Identifying the Gap for Affordable Home Ownership

- 3.51 The NPPF encourages local authorities to widen opportunities for home ownership.
- 3.52 When identifying the need for Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 3.53 Figure 24 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Hounslow which emphasises that owner occupation is much less affordable.

Figure 24: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own a newly built dwelling with 10% deposit and 3.5x mortgage	£88,900	£105,200
Minimum income needed to own an existing dwelling with 10% deposit and 3.5x mortgage	£57,200	£83,300
Minimum income needed for median private rent to be less than 35% in Hounslow	£39,400	£47,100
Minimum income needed for lower quartile private rent to be less than 35% in Hounslow	£34,300	£42,900
Minimum income needed for affordable rent to be less than 35% in Hounslow	£25,700	£31,400
Minimum income needed for social rent to be less than 35% in Hounslow	£17,900	£20,100
Upper end of range of maximum income for Housing Benefit support in Hounslow	£23,100	£34,700
Lower end of range of maximum income for Housing Benefit support in Hounslow	£20,900	£29,000

3.54 There is large income gap between being able to afford market rent (£34,300) and being able to afford home ownership (£57,200) which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). The gap is equally wider for two-bedroom properties (£42,900 - £83,300).

3.55 AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

Low Cost Home Ownership

3.56 A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership.

3.57 Figure 25 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs base based on a 30-year repayment mortgage at 6.25% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

3.58 This calculation demonstrates that the weekly costs for shared ownership are higher than the equivalent median private rent for all property sizes. Figure 26 and Figure 27 repeat the calculation, but use 1.5% and 1% for retain equity to be paid each year. These make the weekly payment more affordable.

Figure 25: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Char	TOTAL
1 bedroom	£345,837	£138,335	£13,833	£178.13	£109.44	£10.00	£297.57
2 bedrooms	£409,241	£163,696	£16,370	£210.79	£129.50	£10.00	£350.29
3 bedrooms	£425,753	£170,301	£17,030	£219.29	£134.72	£10.00	£364.02
4+ bedrooms	£505,591	£202,236	£20,224	£260.41	£159.99	£10.00	£430.40

Figure 26: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Char	TOTAL
1 bedroom	£345,837	£138,335	£13,833	£178.13	£59.86	£10.00	£247.99
2 bedrooms	£409,241	£163,696	£16,370	£210.79	£70.83	£10.00	£291.62
3 bedrooms	£425,753	£170,301	£17,030	£219.29	£73.69	£10.00	£302.98
4+ bedrooms	£505,591	£202,236	£20,224	£260.41	£87.51	£10.00	£357.92

Figure 27: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.0% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Char	TOTAL
1 bedroom	£345,837	£138,335	£13,833	£178.13	£39.90	£10.00	£228.03
2 bedrooms	£409,241	£163,696	£16,370	£210.79	£47.22	£10.00	£268.01
3 bedrooms	£425,753	£170,301	£17,030	£219.29	£49.13	£10.00	£278.42
4+ bedrooms	£505,591	£202,236	£20,224	£260.41	£58.34	£10.00	£328.75

^{3.59} Figure 28 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This model uses a 6.25% interest rate for modelling purposes, if rates are lower in the future then shared ownership will be more affordable, conversely higher rates make it less affordable. As can be seen, only the lowest equity share on the larger properties proves to be marginally cheaper than paying the median market rent for the same size property.

Figure 28: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	25% Equity Share	30% Equity Share	35% Equity Share	40% Equity Share	45% Equity Share	50% Equity Share
1 bedroom	£345,837	£258.13	£271.27	£284.42	£297.57	£310.71	£323.86
2 bedrooms	£409,241	£303.62	£319.17	£334.73	£350.29	£365.84	£381.40
3 bedrooms	£425,753	£315.46	£331.65	£347.83	£364.02	£380.20	£396.38
4+ bedrooms	£505,591	£372.74	£391.96	£411.18	£430.40	£449.62	£468.84

^{3.60} Meanwhile, Figure 29 sets out the weekly costs associated with First Homes properties with different discounts, taking account of the differential full market prices and based on the following assumptions:

- » 50%, 60% and 70% of the market price purchased by the occupier;
- » 10% of the remaining equity purchased is available as a deposit; and
- » Mortgage costs base based on a 30-year repayment mortgage at 5.5% interest. The interest assumed for First Homes is lower than that for Shared Ownership because mortgage lenders incline to lend on a higher interest rate to Shared Ownership customers because of the complexity of having two owners.

Figure 29: Total weekly costs for First Homes with 50%, 60% and 70% Market Price (Note: Mortgage costs based on a 30-year repayment mortgage at 5.5% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	First Homes with 50% market price	First Homes with 60% market price	First Homes with 70% market price
1 bedroom	£345,837	£205.36	£246.43	£287.50
2 bedrooms	£409,241	£243.01	£291.61	£340.21
3 bedrooms	£425,753	£252.81	£303.37	£353.94
4+ bedrooms	£505,591	£300.22	£360.26	£420.31

- 3.61 We also considered the cost of a London Living Rent property. The estimated cost of London Living Rents in Hounslow is taken from the GLA data for 2019/20¹⁹. In terms of required annual income, these equate to a figures of between £32,000 and £43,000 depending upon the size of the property.

Figure 30: Total weekly costs for London Living Rent (Source: GLA London Living Rents 2022/23)

Total Weekly Cost £	London Living Rent
1 bedroom	£216.09
2 bedrooms	£236.53
3 bedrooms	£252.87
4+ bedrooms	£287.78

Income Needed for Other Types of Housing

- 3.62 Other housing options have been made available in Hounslow, thereby increasing the variety of products available, namely, Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2021(Glossary)

- 3.63 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 3.64 The National Planning Policy Framework states that affordable housing on Build to Rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given Build to Rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.65 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL²⁰ shows that the average Build to Rent option is 9.3% more expensive than the median rent. This therefore tends to lead to the affordable Build to Rent options being more expensive than Affordable Rent and are best considered as a form of Discount Market Rent aimed at households with incomes in the range of £35,000-£60,000.

Summary of Housing Costs

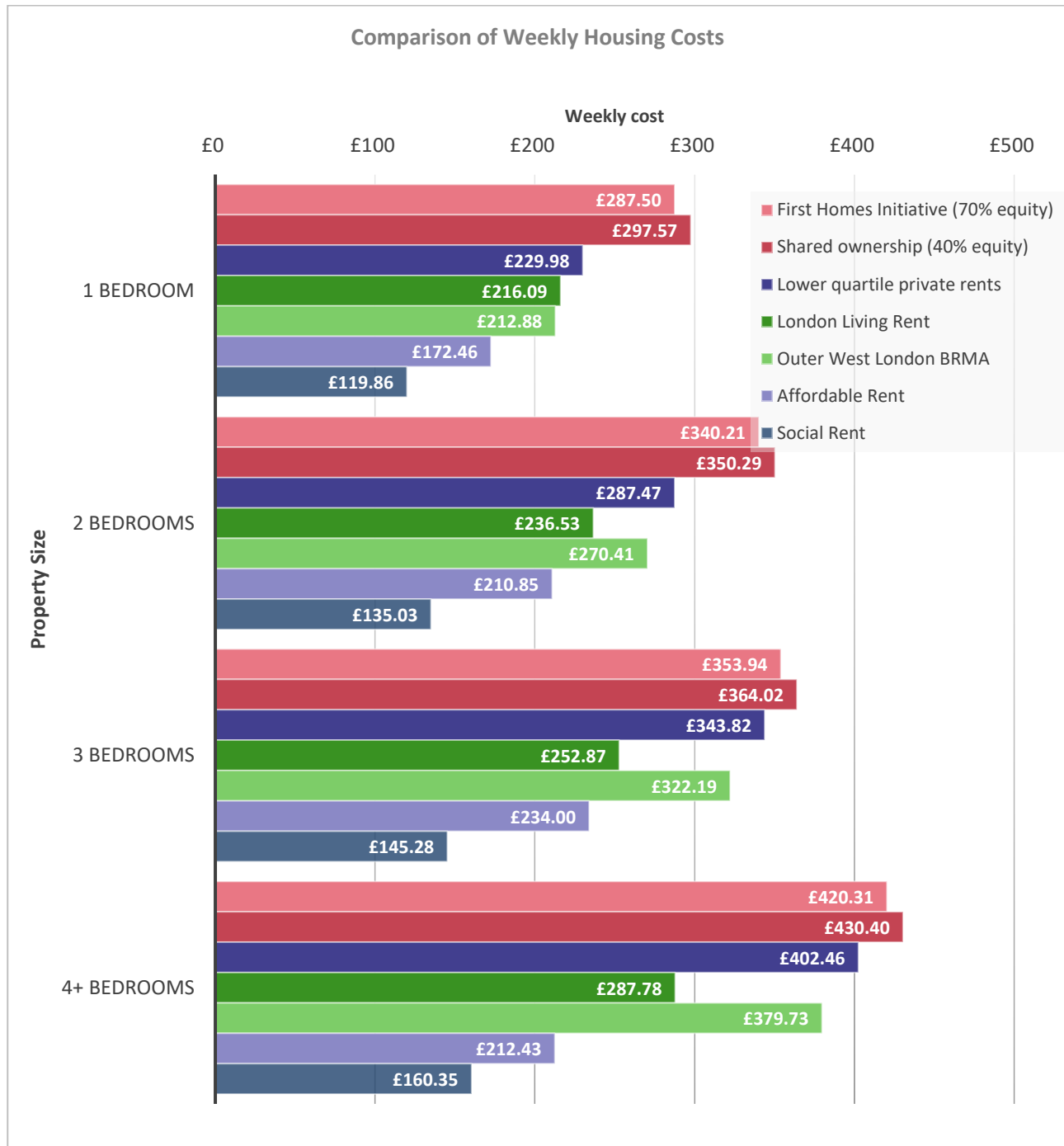
- 3.66 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 31 summarises these costs for each property size (all costs are adjusted to 2021 levels, using the most recent data available). Social Rent is significantly less expensive than any other tenure. It is found that shared

¹⁹ [London Living Rent | London City Hall](#)

²⁰ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

ownership with a 40% equity stake is more expensive than a First Homes property with a 70% equity stake. This is unsurprising due to the lack of a rental charge on First Homes properties. Across England as a whole it is now likely that First Homes will displace Shared Ownership, except for new build Housing Association properties which are likely to allow purchases of as little as 10% equity. However, in London, the London Living Rent scheme also provides affordable to own properties and this requires similar levels of income to First Homes properties without the need for an upfront large mortgage.

Figure 31: Comparison of weekly housing costs by property size (Source: Valuation Office Agency and Land Registry Price Paid Data)



Income Required for Housing Costs

^{3.67} The ORS housing model works through a combination of income, housing costs, benefit take-up and demographic change. This implies that there is not a direct relationship between someone's households income and their tenure requirements because different household types with the same income level may require different tenures. However, it is possible to consider the broad ranges for each of the housing products set out above to show the ranges of income we would expect to fall into each housing tenure. This is done in Figure 32. We would highlight the costs of Shared Ownership and First Homes. While Figure 31 shows that First Homes are on average cheaper than Shared Ownership properties, Figure 32 shows that a lower level of income is required for Shared Ownership. This is because it is assumed that around 19% of income is spent on a mortgage, but around 35% on rents. Therefore, a higher share of a households income is assumed to be spent on Shared Ownership, so it requires less income even though it is more expensive. This finding has been reported by many other local authorities.

Figure 32: Annual Income Required for Different Housing Products (Source: GLA London Living Rents 2021/22)

Number of Bedrooms	London Affordable Rent	London Living Rent	London Shared Ownership	First Homes
1 bedroom	Less than £34,000	£34,000-£54,000	£52,000-£90,000	£54,000-£90,000
2 bedrooms	Less than £37,000	£37,000-£60,000	£62,000-£90,000	£64,000-£90,000
3 bedrooms	Less than £39,000	£39,000-£60,000	£65,000-£90,000	£67,000-£90,000
4+ bedrooms	Less than £45,000	£45,000-£60,000	£76,000-£90,000	£80,000-£90,000

4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

4.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2023 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

Revised NPPF 2021, Annex 2

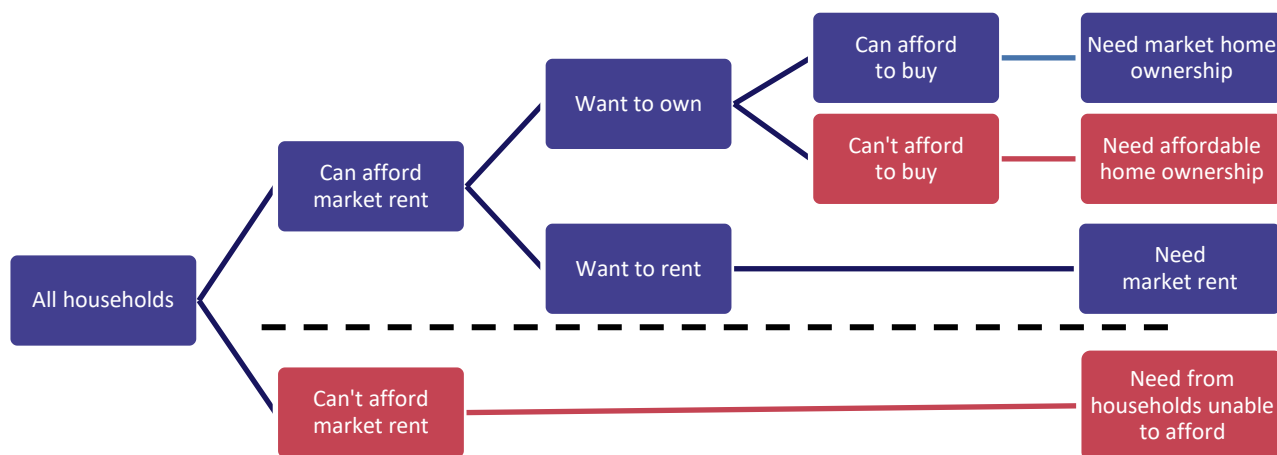
4.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “Housing needs of different groups” published on 22nd July 2019²¹, which covered:

- » Addressing the need for different types of housing;
- » Affordable housing;
- » Rural Housing.

4.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021.

4.4 Relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “those that cannot afford their own homes, either to rent, or to own, where that is their aspiration” [PPG ID 2a-020-20190220]. The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 33: Establishing the need for market and affordable housing



²¹ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

- 4.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

Assessing Affordable Housing Needs

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 34 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 34: Assessing affordability by household type and age (Source: Census 2011 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	50%	20%	25%	39%	45%	47%
Couple family with no dependent children	11%	3%	7%	15%	15%	25%
Couple family with 1 or more dependent children	28%	41%	56%	39%	24%	28%
Lone parent family with 1 or more dependent children	97%	96%	83%	73%	54%	62%
Other household type	23%	14%	18%	31%	28%	29%

Current Unmet Needs of Households Unable to Afford

- 4.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*

- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (February 2019), ID 2a-020-20190220

4.11 Households assumed to be unable to afford housing include:

- » All households that are currently **homeless**;
- » All those currently housed in **temporary accommodation**; and
- » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2020. The evidence is predominantly derived from data collected by Hounslow on homelessness or households otherwise unsuitably housed, but we also consider the needs of households who are overcrowded in both the social and private rented sector. Therefore, there is a very large overlap between those households considered to be in current need and the housing register in Hounslow.

4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Hounslow.

4.14 Concealed families are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).

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

4.16 The analysis does not count people occupying unsanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by

improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.

4.17 Figure 35 sets out the assessment of current affordable housing need for Hounslow.

Figure 35: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

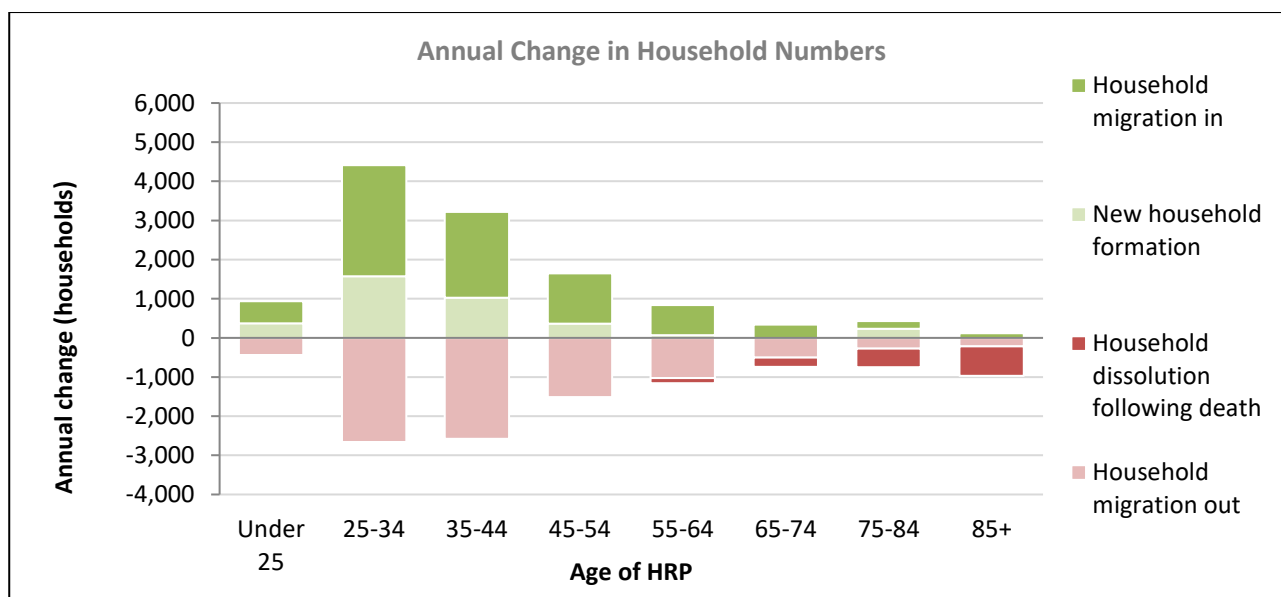
Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: DLUHC H-CLIK returns]	Currently in temporary emergency accommodation in communal establishments (Bed and breakfast or Hostels)	564		564	564
Homeless households in priority need [Source: DLUHC H-CLIK returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	119		119	
Homeless households in priority need [Source: DLUHC H-CLIK returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	90	90	0	
Homeless households in priority need [Source: DLUHC H-CLIK returns]	Households accepted as homeless but without temporary accommodation provided	0		0	0
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged under 55	1,936		1,936	1,936
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded private rented housing	4,648		4,648	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded social rented housing	3,406	3,406	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	1,985	182	1,803	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	33	3	30	
TOTAL	TOTAL	12,781	3,681	9,100	2,500

- 4.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 12,781 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.
- 4.19 Of these households, 3,681 currently occupy affordable housing that does not meet the current householders’ needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 4.20 There is, therefore, a net affordable housing need of 9,100 households (12,781 less 3,681 = 9,100). Providing the net affordable housing need for 9,100 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 6,600 households (9,100 less the 2,500 households which are housed outside the borough in temporary accommodation, are homeless or concealed and thus do not release dwellings). While the 2017 London SHMA sought to address the backlog of need over 25 years, for this study we treat this as a backlog of need to be addressed over 21 years at an annual rate of 433 households per annum.

Projected Future Need of Households Unable to Afford

- 4.21 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-021) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-024).
- 4.22 Figure 36 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 36: Annual change in household numbers 2020-41 in each age cohort by age of HRP in Hounslow (Source: ORS Housing Model)



- 4.23 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household.

Figure 37: Annual components of Household Growth 2020-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,725	2,005	720	26%
Households migrating in to the area	6,230	4,546	1,684	27%
All new households	8,955	6,551	2,403	27%

- 4.24 The ORS Model identifies 2,725 new households projected to form in Hounslow each year, of which 26% will be unable to afford their housing costs. This amounts to 720 households each year.
- 4.25 The model also considers new households migrating to the area. The projection is for 6,230 households per annum of which 27% (1,684 households) will be unable to afford their housing costs. It is completely normal for a London Borough to see more affordable housing need generated by households moving to the area than through local household formation. It should be remembered that households in affordable housing need will also leave the Borough, thus reducing need.
- 4.26 This results in a total of 2,403 new households in need of affordable housing. (Figure 37)

Figure 38: Annual components of Household Growth 2020-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,237	796	441	36%
Households migrating <u>out</u> of the area	6,926	5,033	1,893	27%
All households no longer present	8,163	5,829	2,334	29%

- 4.27 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 4.28 The model identifies 1,237 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however 441 of these are likely to have been unable to afford market housing and will mostly be living in affordable rented housing.
- 4.29 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 6,926 households will migrate out of the area each year, including 1,893 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.30 Altogether, there are 2,334 households who will vacate affordable dwellings or will no longer be waiting for a home (Figure 38).

Figure 39: Annual components of Household Growth 2020-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-544	544	100%
Existing households climbing out of need	-	350	-350	0%
Change in existing households	-	-194	194	-

4.31 PPG also identifies that it is important to estimate “*the number of existing households falling into need*” (ID 2a-021). Whilst established households that continue to live in Hounslow will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 544 established households will fall into need in Hounslow each year.

4.32 However, established households’ circumstances can also improve. This can be modelled using data such as age cohorts, and incomes over life stage. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

4.33 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 350 households will improve such that they become able to afford their housing costs having previously being unable to afford.

4.34 Therefore, considering the changing needs of existing households overall, **there is a net increase of 194 existing households needing affordable housing each year.** (Figure 39).

4.35 The following table (Figure 40) summarises the overall impact of:

- » New households adding to housing need;
- » The households no longer present reducing housing need; and
- » The changes in circumstances impacting existing households.

Figure 40: Annual components of Household Growth 2020-41 (Source: ORS Housing Model)

HOUNSLOW 2020-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	8,955	6,551	2,403
All households no longer present	8,163	5,829	2,334
Change in existing households	-	-194	194
Future affordable housing need 2020-41 (Annual average)	791	528	263
Future affordable housing need 2020-41 (21 Year change)	16,614	11,097	5,518

4.36 Overall reviewing the contribution of each element amounts to an additional 5,518 households needing affordable housing over the 21-year period 2020-41, or a rate of 263 per annum.

Needs of Households Aspiring to Homeownership

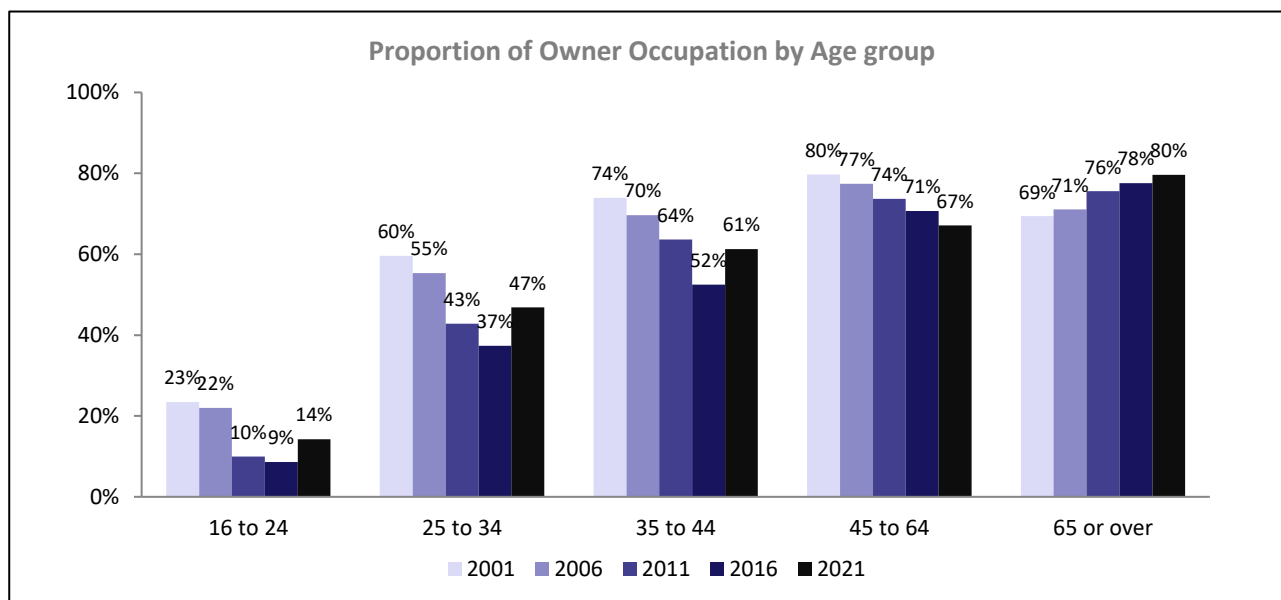
Home Ownership Trends

4.37 In London, the need for home affordable home ownership products is widely recognised due to the very high costs of outright home ownership. The Mayor of London has developed the London Living Rent scheme as one which initially sees households renting their property, but with the option to eventually start buying it in the future. This type of scheme is compatible with the need to affordable housing to own.

4.38 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period, the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.

4.39 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 41).

Figure 41: Percentage of Owner Occupiers by Age Group 2001-2021 (Source: English Housing Survey)



Establishing the number of households aspiring to home ownership

4.40 English Housing Survey data from 2013/14 shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. The English Housing Survey 2013/14 was the last time these questions were included in the survey, so no more recent data has been collected. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in affordable rented housing aspire to homeownership.

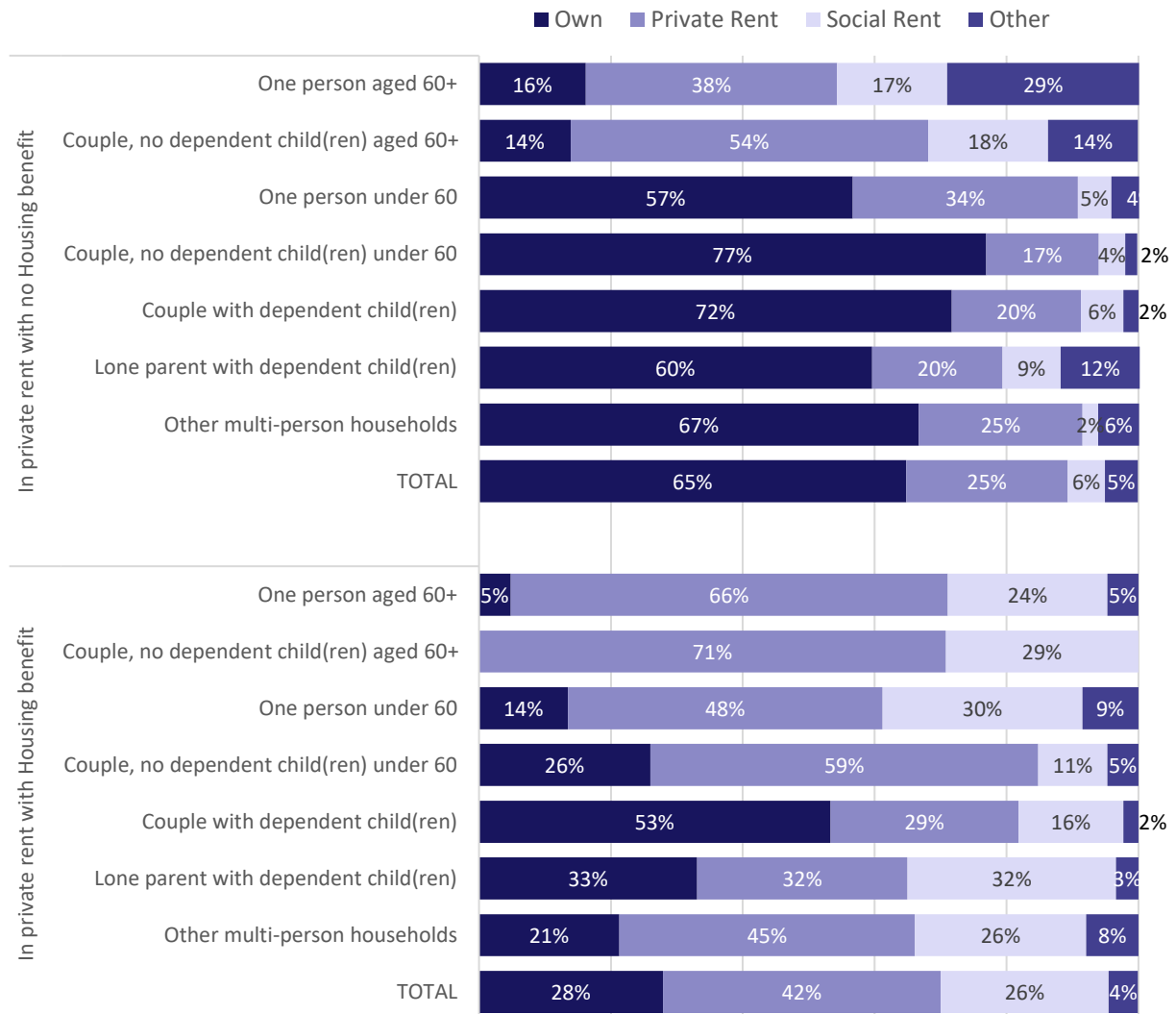
Figure 42: Long-term aspirations (Source: English Housing Survey 2021-22)

Current Tenure	Long-term Tenure Plan			
	Owner Occupier	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	97.1%	0.3%	0.5%	2.1%
Private rent	56.6%	29.2%	9.5%	4.7%
Social rent	21.1%	1.4%	74.2%	3.3%

- 4.41 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 4.42 The following chart (Figure 43) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 4.43 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 4.44 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 43: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector



Additional Need for Affordable Homeownership

- 4.45 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent, with the aspiration data from the EHS 2013-14, Figure 44 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

Figure 44: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	103	1033	1320	253	68	0	2777
Couple without children	299	3263	3178	935	193	27	7895
Families with child(ren)	124	652	0	0	0	0	776
Other households	16	610	653	181	81	0	1542
Total Volume	542	5,558	5,152	1,369	342	27	12,991
<i>Percentage of households</i>	4%	43%	40%	11%	3%	0%	4%

- 4.46 Based on this analysis, we can estimate that there is a total of around 12,991 households currently resident in Hounslow who cannot afford to own their own home but would aspire to do so. 47% of these households are aged 15-34 with the substantial majority (87%) aged under 45.
- 4.47 In addition to the current need, it is also important to consider new households that are projected to form over the period 2020-41. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 11,124 households that form over the 21-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 24,115 households who aspire to homeownership but who cannot afford to buy their own home over the period 2020-41, a net annual need of 1,148 per year. All of these households can potentially afford London Living Rents because they are cheaper than market rents.**
- 4.48 When identifying the need for Affordable Home Ownership (AHO) including First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

Identifying the Overall Affordable Housing Need

- 4.49 Figure 45 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 21-year period 2020-41. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options. We would also note that there is no double counting between those who cannot afford market rents and those who aspire to own. However, there is potential for some households who cannot afford market rents to also aspire to own because, as shown in Figure 31, it is possible that a product such as First Homes may have a lower weekly cost than lower quartile private rents.

Figure 45: Assessing total need for affordable housing in the Hounslow 2020-2041 (Source: ORS Housing Model)

HOUNSLOW 2020-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2020	9,100	12,991	22,91
Future housing need 2020-41	5,518	11,124	16,642
TOTAL HOUSING NEED	14,618	24,115	38,733

- 4.50 On this basis, we can conclude that the potential overall need for affordable housing for Hounslow would comprise a total 38,733 households over the 21-year period 2020-2041, equivalent to an average of 1,849 per annum. We would note immediately that this does not represent the final need for affordable housing in Hounslow for the reasons set out below.
- 4.51 The figure of 38,733 represents more than 100% of the overall household growth. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 4.52 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

Planning Practice Guidance, ID: 67-001-20190722

- 4.53 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established. It will be important for the local authorities to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing.
- 4.54 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent without the support of housing benefit. However, these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive smaller second-hand housing market (while remembering that there is a premium for second hand stock in Hounslow for larger properties). Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 4.55 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

a) a First Home must be discounted by a minimum of 30% against the market value;

b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,

c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.

Planning Practice Guidance, ID: 70-002-20210524

4.56 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

Planning Practice Guidance, ID: 70-004-20210524

- 4.57 Figure 22 shows that the current lower quartile new build prices for a 4-bedroom property in the Hounslow is around £505,600, so 70% of this price would be inside the cap limit. Therefore, we have not applied any caps on the discount applied to First Homes based upon the maximum £420,000 value. However, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. This shows the maximum number of households who could potentially afford First Homes, but if a 30% discount was applied, this number would fall. However, all households who could qualify for First Homes at a 50% discount could also potentially qualify for London Living Rent properties and Shared Ownership.
- 4.58 Given this context, Figure 46 identifies those households with income that would be insufficient to afford 50% of new build prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 31, First Homes are typically more affordable than shared ownership in the Hounslow, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has

been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.

^{4.59} Of the 24,115 households who can afford to rent but who aspire to homeownership, there would be 1,180 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 13,110 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 46). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 6,286 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 46: Affordable homeownership housing mix by household affordability 2020-2041 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of new build LQ	Households able to afford 50% of new build LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of new build LQ and have savings of £5,000 or more
1 bedroom	7,950	171	7,779	4,413	3,366	1,753	1,613
2 bedrooms	10,603	696	9,907	5,668	4,239	2,914	1,325
3 bedrooms	4,226	209	4,017	2,208	1,809	1,355	454
4+ bedrooms	1,336	103	1,233	821	412	264	148
TOTAL	24,115	1,180	22,935	13,110	9,825	6,286	3,539

^{4.60} On this basis, 3,539 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than a 15% of the total that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers.

^{4.61} Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 3,539 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 14,618 households unable to afford to rent or own market housing. Figure 47 provides a breakdown of the affordable housing on this basis.

Figure 47: Overall need for Affordable Housing 2020-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

HOUNSLOW	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	3,231	1,613	4,844
2 bedrooms	2,921	1,325	4,246
3 bedrooms	4,893	454	5,347
4+ bedrooms	3,572	148	3,720
TOTAL HOUSING NEED	14,618	3,539	18,157

- 4.62 This study identifies an overall affordable housing need from 18,157 households over the 21-year period 2020-41 (865 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. It is this figure, not the 38,733 set out in Figure 45, which represents the affordable housing need for households in Hounslow over the period 2020-41. This is then converted into a dwelling need in Chapter 5.
- 4.63 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Affordable Mix

- 4.64 Within the overall need of 18,157 affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing²². In order to profile affordability, income data from the English Housing Survey (2012-14) and ONS Survey of Personal Incomes (2014 and 2018) has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 4.65 As discussed in Chapter 3, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 19 identified the minimum annual income in the Hounslow needed to afford London Living Rents by property size (based on spending up to 35% of total income). This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford London Living Rents. Figure 48 presents the same data as Figure 47, but with those unable to afford disaggregated in this manner. The model looks at households affordability before housing benefit is added, so households who cannot afford Social Rent are assumed to be able to access housing benefit to assist with their housing costs. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 31 this is typically more affordable than shared ownership, but it is less flexible. Therefore, additional households may be able to access shared ownership as a means to home ownership. Figure 49 shows the disaggregated numbers as percentages of the total housing need for each tenure.
- 4.66 The most striking feature in the data is the overwhelming need for Social Rent. Households in this category are unable to cover their own housing costs in Social Rent and will instead require support through housing benefit or Universal Credit.

²² While this section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

Figure 48: Overall need for Affordable Housing 2020-41 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Able to afford Social Rent - unable to afford Affordable Rent	Able to afford Affordable Rent - unable to afford London Living Rent	Able to afford London Living Rent - unable to afford Private Rent	TOTAL
1 bedroom	2,677	196	67	291	3,231
2 bedrooms	2,271	325	78	248	2,921
3 bedrooms	3,550	746	121	475	4,893
4+ bedrooms	2,378	406	411	377	3,572
TOTAL HOUSING NEED	10,876	1,674	677	1,391	14,618

Figure 49: Overall need for Affordable Housing 2020-41 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size and shown as percentages of the total housing need for each tenure (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Able to afford Social Rent - unable to afford Affordable Rent	Able to afford Affordable Rent - unable to afford London Living Rent	Able to afford London Living Rent - unable to afford Private Rent	TOTAL
1 bedroom	25%	12%	10%	21%	22%
2 bedrooms	21%	19%	12%	18%	20%
3 bedrooms	33%	45%	18%	34%	33%
4+ bedrooms	22%	24%	61%	27%	24%
TOTAL HOUSING NEED	10,876	1,674	677	1,391	14,618

Future Policy on Housing Benefit in the Private Rented Sector

- ^{4.67} The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- ^{4.68} It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- ^{4.69} The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- ^{4.70} PPG (both the current version and the previous version) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that

households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.

^{4.71} Because it is well-established that housing need should be established leaving aside policy considerations,²³ then it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.

²³ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

5. Overall Housing Need

Local Housing Need

Establishing the Housing Target

- 5.1 The overall housing need for an area provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Planning Practice Guidance, ID 2a-001-20190220

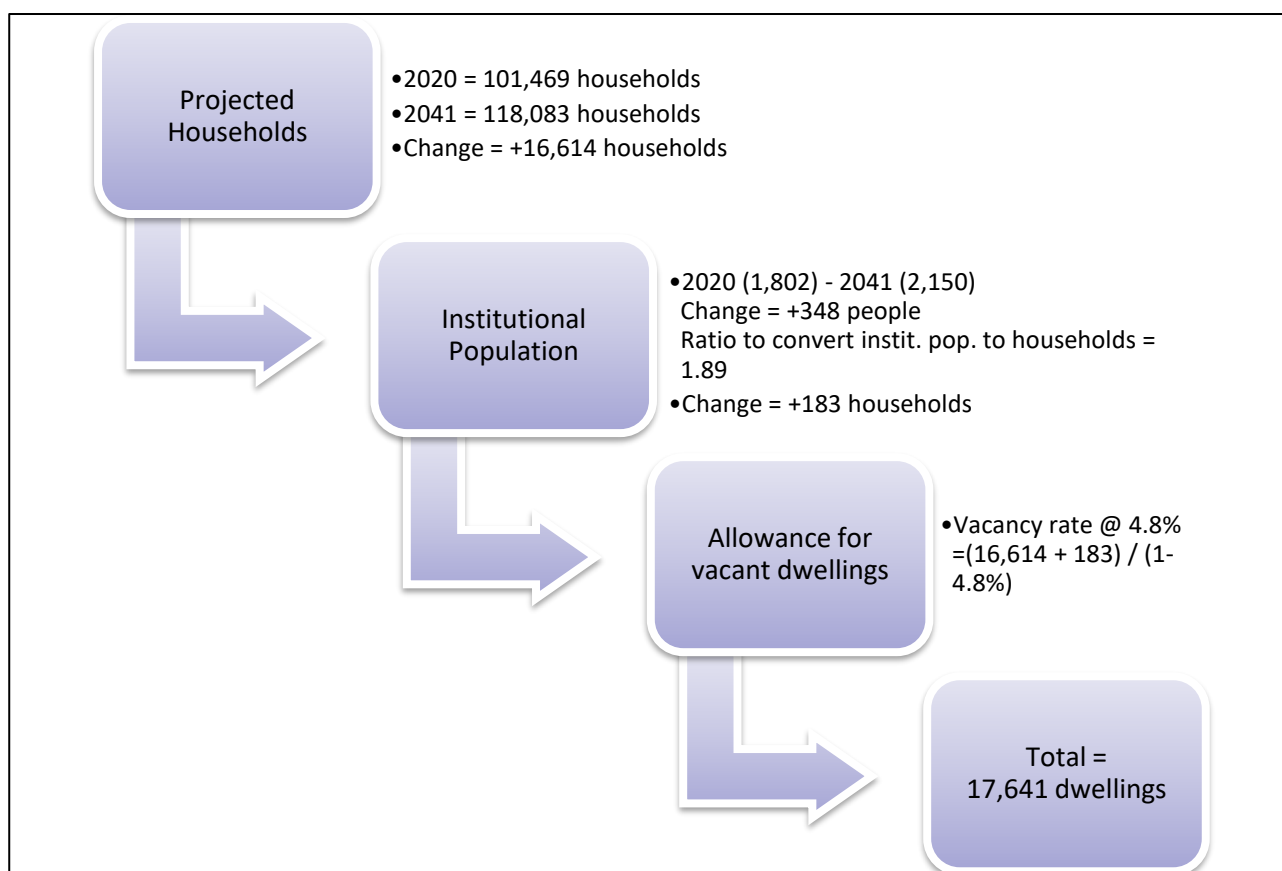
- 5.2 In the context of London, the Boroughs are required to be in conformity with the London Plan. As noted earlier, PPG allows local planning authorities to depart from the standard method LHN where there is an adopted spatial development strategy in place. On that basis, for Hounslow the dwelling delivery target is currently 27,160 over the period 2020-2041 this is reflected in the outputs set out in Figure 51.

Disaggregating the minimum Local Housing Need figure

- 5.3 The demographic projections for the LHNA set out in the previous chapters are based on the latest official projections (not the 2014 based CLG household projections) and cover the 21-year period 2020-41. They are informed by the latest ONS mid-year estimates,²⁴ and take account of the most up-to-date fertility and mortality rates and the latest migration trends.
- 5.4 These figures are for households, rather than dwellings. Figure 50 sets out the separate elements that will contribute to the dwelling need in the context of the number of households. These include:
- » Households growth over the 21-year plan period calculated on trend-based projections;
 - » Institutional population growth over the 21-year plan period needing communal accommodation;
 - » Dwellings without a usually resident household (either vacant homes or second homes).

²⁴ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

Figure 50: Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)



- 5.5 At this point in our reporting we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
- 5.6 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 16,797. However, if we assume that just under 4.8%²⁵ of dwellings will be unoccupied at any one time this means that a total of 17,641 dwellings are required.
- 5.7 Whilst recent trends provide the starting point to understand housing need in Hounslow, Figure 9 shows that average household sizes have been growing in the area. This in turn is reflected in fewer younger households forming, which suggests that not all housing needs are being met in Hounslow in the current demographic trends. To address this issue the model aligns household growth with the wider need for housing through varying a key assumption:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. The reason for choosing 2001 is that was a point in time with much lower housing market pressures, with lower house prices, higher household formation rates and a lower use of temporary accommodation..

²⁵ Based on 2011 Census data at a local authority level

- 5.8 The underlying demographic growth for Hounslow has been identified as requiring 17,641 dwellings across the 21-year period. However, to return the rate of household formations back to 2001 levels would require a further 9,521 dwellings²⁶. All of these dwellings will be required for people who would be resident in Hounslow within the demographic trends household projections, but they would not be separate households. Any of the households who cannot afford market housing have already been counted within Figure 40, so this figure does not add to the overall need for affordable housing for those who cannot afford market rents. However, it does add to the need for housing in general and also to the number of households who would otherwise be private renters, but who aspire to own, so the figures report below for this category are slightly higher than those shown in Figure 47.
- 5.9 This then leaves a total need for 27,160 dwellings, which can be said to represent the overall housing needs for Hounslow based upon recent demographic trends and allowing all pent-up demand to form as separate households.



Size and Tenure Mix based Upon Overall Housing Needs

- 5.10 Figure 51 provides a breakdown of the need for 27,160 dwellings between market and affordable housing on this basis. Figure 51 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 47. These affordable homes are subtracted from the overall dwelling need calculated above.
- 5.11 An allowance for C2 provision has been made within the total housing need of 27,160 equivalent to 193 dwellings that would be counted against the minimum housing target; which represents 348 bedspaces. The London Plan contains targets for Class C2 units, but this is a build target, not a modelled need for the area. These are all considered to be market housing need because they are typically not provided as affordable housing. If any are provided as affordable housing then they can count as part of the affordable, not market delivery.
- 5.12 The figures allow for all dwellings for households who cannot afford market housing, namely 11,105 who require Social Rent. It is also the case that Affordable Rent is now no longer supported by the GLA, so schemes will no longer be developed, but potentially any Affordable Rent properties could help to meet the Social Rent need.
- 5.13 In terms of affordable home ownership, we have included all households who potentially can afford London Living Rents but cannot afford private rents and also those who can afford private rents but who aspire to own and have a realistic prospect of doing so through schemes such as First Homes. As the First Homes scheme is now proceeding, it is likely to absorb much of the Section 106 payments currently used for shared

²⁶ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

ownership at an England-wide level, but this may not apply in London who have developed their own Shared Ownership product. However, it is also likely that most new Housing Association properties will contain the option to become shared ownership properties and it is also the case in London that the London Living Rent scheme will continue to meet the definition of affordable home ownership and many more households in the private rented sector in Hounslow can potentially afford London Living Rents if they were available.

- 5.14 The market housing figure contains both market rent and owned occupied dwellings. As noted above, the figures indicate that if there is not an improvement in affordability for home ownership, market rent will grow by around 11,142 dwellings for those who aspire to own (Figure 45), plus further potential growth from student households and also from households receiving housing benefit in the private rented sector if insufficient affordable to rent housing is supplied. The number of owner occupiers in Hounslow fell between 2011 and 2021 by 583 (Figure 16) and unless affordability improves this trend will continue.

Figure 51 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,733	269	1,985	4,987	941	5,928
2 bedrooms	2,319	412	1,836	4,567	2,125	6,692
3 bedrooms	3,626	886	1,219	5,731	4,846	10,577
4+ bedrooms	2,427	835	511	3,773	0	3,773
C2 Dwellings	-	-	-	-	193	193
TOTAL	11,105	2,402	5,551	19,058	8,105	27,160
1 bedroom	10.1%	1.0%	7.3%	18.4%	3.5%	21.8%
2 bedrooms	8.5%	1.5%	6.8%	16.8%	7.8%	24.6%
3 bedrooms	13.4%	3.3%	4.5%	21.1%	17.8%	38.9%
4+ bedrooms	8.9%	3.1%	1.9%	13.9%	0.0%	13.9%
C2 Dwellings	-	-	-	-	0.7%	0.7%
TOTAL	40.9%	8.8%	20.4%	70.2%	29.8%	100.0%

- 5.15 The most significant finding in Figure 51 is that the need for affordable to rent housing is 13,517 dwellings and the need for affordable to own is 5,551 (London Living Rent + Aspiring to Affordable Home Ownership). This gives an almost exact 70:30 split between affordable to rent and affordable to own housing products on the basis that London Living Rent is counted as an affordable to own product in the London Plan. The 70:30 split is in line with the London requirements for Boroughs; the London Plan states at Policy H6 Affordable Housing Tenure that the split of affordable housing tenures should be:

a minimum of 30 per cent low-cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes

a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared ownership

the remaining 40 per cent to be determined by the borough as low-cost rented homes or intermediate products (defined in Part A1 and Part A2) based on identified need.

- 5.16 We would note that the level of affordable housing need set out in Figure 51 is higher both numerically and as a percentage of the overall housing need than that set out in Figure 5 from the Hounslow SHMA 2018. There are two key factors which explain this change. Firstly, the total volume of households is lower in this study as growth is tied to capacity, so that increases the percentage share required for affordable housing. It is also the case that the definition of affordable housing has changed and more households are now considered in need. The figure of 13,517 dwellings required for affordable to rent is closely, but not exactly, comparable to the need for affordable housing if 13,800 dwellings set out in Figure 5.

Policy Implications for Affordable Housing Need

- 5.17 This document represents a technical analysis for the housing needs of Hounslow. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
- 5.18 In terms of affordable housing need, Figure 51 shows a need for 70% of all dwelling to be affordable. This figure is likely to be undeliverable. This is typical for London where affordable housing need is very high, but that should not rule out seeking to put policies in place to meet as much need as possible. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs in Hounslow, including the needs of those who are currently housed outside of the borough. Therefore, a 70% target represents an aspirational goal which will then require to be tested against borough and site viability for each scheme. However, the figures show a very large potential need for affordable housing to rent, while there is also a clear market for London Living Rent and potentially First Homes and Shared Ownership.
- 5.19 As noted in Chapter 3, the Mayor of London is not currently seeking to progress First Homes as a policy in London for the foreseeable future. The needs for those who are potentially seeking First Homes overlaps with the need for Shared Ownership, so their needs could be met within existing policies in London. First Homes would not meet needs which are not already addressed in policy in London and in general they slightly reduce viability when compared with the delivery of Shared Ownership properties.
- 5.20 The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes.

Housing for Older People

- 5.21 The UK population is ageing, and people can expect to live longer healthier lives than previous generations, so the older population living in England is forecast to grow significantly over the next 20 years. Given this context, PPG recognises the importance of providing housing for older people.
- 5.22 These national trends are also evident across local areas, and the following section considers the evidence for the Hounslow.

Older People in Hounslow

- 5.23 The 2021 Census identified a total of around 34,000 persons aged 65 or over resident in the local authority area at that time (Figure 52). This included around 14,500 persons aged 75 or over. Most residents were living in households, but 547 were recorded as living in communal establishments (mainly residential care or nursing care). There were a total of around 21,100 household representatives aged 65 or over, of which over 46% lived as single person households.

Figure 52: Resident population and living arrangements of population aged 65+ living in Hounslow by age and population aged 75+ (Source: 2021 Census)

	Aged 65-74	Aged 75-84	Aged 85+	Total Aged 65+	Total Aged 75+
RESIDENT POPULATION					
Household population	19,362	10,308	3,736	33,406	14,044
Communal Establishment population	111	181	255	547	436
Total Resident Population	19,473	10,489	3,991	33,953	14,480
HOUSEHOLD POPULATION					
Living as a single person household	4,619	3,291	1,724	9,634	5,015
Living in a couple household	5,284	1,109	171	6,564	1,280
Living in other types of household	9,459	5,908	1,841	17,208	7,749
Total Household Population	19,362	10,308	3,736	33,406	14,044
HOUSEHOLD REPRESENTATIVES					
Single person household representative	4,619	3,291	1,724	9,634	5,015
Couple household representative	4,753	2,581	757	8,091	3,338
Other household representative	1,897	1,039	417	3,353	1,456
Total Household Representatives	11,269	6,911	2,898	21,078	9,809

- 5.24 Whilst the proportion of residents living in communal establishments represented only 1.6% of the overall population aged 65 or over, the proportion was markedly higher for older age groups: 4.7% of those aged 85 to 89 and 9.6% of those aged 90 or over (Figure 53).
- 5.25 The proportion of residents living as single person households was also notably higher for older age groups, with more than a third of all household residents aged 75 or over (29.8%) and nearly half of those aged 85 or over (46.1%) identified as living alone. The overall household representative rates ranged from 0.563 for those aged 65 to 69 (i.e. for every 1,000 persons in the household population, 563 represented a household) up to 0.776 for those aged 85 or over (Figure 54).

Figure 53: Resident population living in communal establishments by age (Source: 2021 Census)

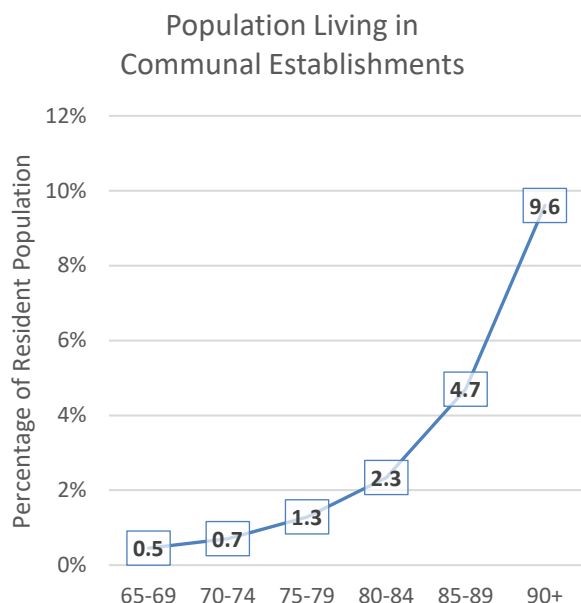
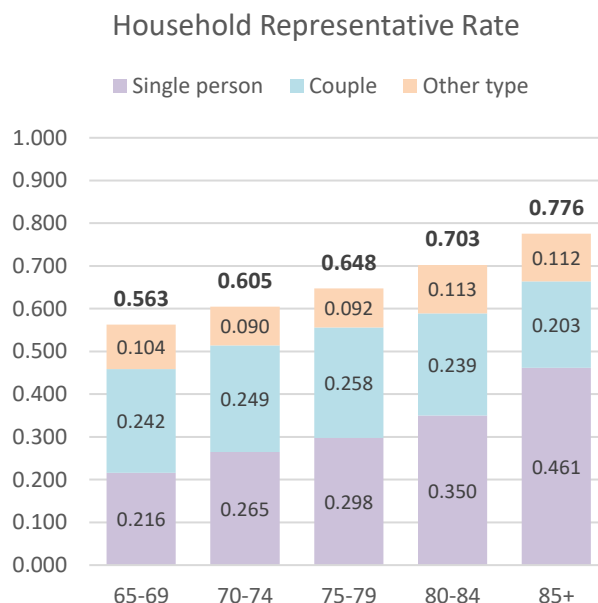


Figure 54: Household representative rates by age and household type (Source: 2021 Census)



5.26 Figure 55 identifies the type of dwellings occupied by households aged 75 or over based on 2021 Census data. Around 7,000 households were owner occupiers (70.9%), 650 rented privately (6.8%) and 2,200 lived in social rented homes (22.2%). Over half of owner occupiers aged 75 or over had three bedrooms (54.1%) and a further fifth having four bedrooms or more (20.1%). In contrast, only a quarter of those in social rent had three bedrooms or more (24.2%) with a half living in a single bedroom property (49.7%).

5.27 The Census does not provide details about specialist older person housing, but information about this stock is maintained by the Elderly Accommodation Counsel (EAC).²⁷ Based on estimates for Hounslow, there is a stock of 1,132 rented units (typically managed by Registered Social Landlords) and 293 units that are owned.

Figure 55: Existing dwelling stock in the London Borough of Hounslow occupied by households aged 75+ (Source: 2021 Census; Specialist Housing Person Housing based on data published by EAC for 2024)

Hounslow	Owner occupied	Private rent	Social rent	TOTAL
DWELLINGS OCCUPIED BY HOUSEHOLDS AGED 75+				
1 bedroom	352	282	1,083	1,717
2 bedrooms	1,435	213	567	2,215
3 bedrooms	3,765	136	476	4,377
4 or more bedrooms	1,406	40	52	1,498
Total Households	6,958	671	2,178	9,807
SPECIALIST OLDER PERSON HOUSING UNITS				
Housing with Support	293	0	1,132	1,425
Housing with Care	0	0	209	0
Total Specialist Older Person Housing Units	293	0	1,341	1,634

²⁷ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC data is based on the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". This includes Extra Care, assisted living, and other forms of 'housing with care' but other forms of specialist older person housing may not be included within this definition.

- 5.28 It is notable that the number of rented units (1,341 homes) is only marginally lower than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census (1,650 households).
- 5.29 The owner-occupied stock of specialist older person housing (293 homes) represents around 16% of all one- and two-bedroom dwellings occupied by owner occupiers aged 75 or over. Nevertheless, as many older owner occupiers live in properties with three bedrooms or more, the specialist older person housing stock represents only 4% of households when considering all owner occupiers aged 75 or over.

Identifying the Need for Specialist Older Person Housing

- 5.30 National Planning Practice Guidance for “*Housing for older and disabled people*” was published in June 2019. This states [ID 63-004-20190626]:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.

- 5.31 The Housing Learning and Improvement Network (LIN) has published a number of different online toolkits that have provided standardised rates for estimating demand for specialist older person housing products. These have been based on applying prevalence rates per 1,000 people aged 75 or over, as summarised in Figure 56.^{28, 29} The table also presents baseline rates from a model developed by Sheffield Hallam University Centre for Regional Economic and Social Research (CRESR).³⁰
- 5.32 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but there is limited detail about the derivation of the figures published by the Housing LIN.
- 5.33 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- “...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions.”* (page 44)
- 5.34 Similarly, the SHOP resource pack acknowledged that the framework simply provides a baseline, which extrapolates “*...crude estimates of future demand from existing data*” (page 36) and the 2016 Review acknowledged that the Housing in Later Life report had “*suggested a large increase in leasehold housing for older people which were not substantiated at the time*” (page 4).
- 5.35 In contrast, the baseline rates for the CRESR model were established based on:
- “the level and composition of supply of age-exclusive housing, specialist housing, and care beds across the 100 English local authorities with the highest overall provision of each broad type of older person housing per 1,000 older people (aged 75 years or older).”* (page 26)

²⁸ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

²⁹ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

³⁰ <https://www.shu.ac.uk/centre-regional-economic-social-research/projects/all-projects/older-peoples-housing-care-and-support-needs-in-greater-cambridge-2017-2036>

Figure 56: Benchmark Figures for Specialist Older Person Housing

Form of Provision <i>Demand per 1,000 persons aged 75+</i>	More Choice, Greater Voice Toolkit	Housing in Later Life SHOP Resource Pack	SHOP@ National Benchmark	Housing LIN Review Proposals	Sheffield Hallam CRESR Model
	2008	2011	2016	2016	2017
Housing with Support: Retirement Living or Sheltered Housing	125	180	100	100	153.2
Housing with Care: Extra Care or Enhanced Sheltered	45	65	14	35 "Proactive" rate	19.5
Sub-total	170	245	114	135	172.7
Residential care	65	-	43	40	110.8
Nursing care	45	-	45	45	
Sub-total	110	-	88	85	110.8
OVERALL TOTAL	280	-	202	220	283.5

- 5.36 The Housing LIN states that the More Choice, Greater Voice Toolkit and SHOP Resource Pack are both now out-of-date and remain published only as an 'archived' resource for public policy interest purposes. The more recent SHOP@ analysis tool is provided through the Housing LIN consultancy services, where target prevalence rates are established based on local circumstances.
- 5.37 The Housing LIN 2016 Review identified the following benchmarks for tenure mix based on the relative affluence or deprivation of the local authority area (Figure 57). Given that the English indices of deprivation ranked Hounslow in the upper quartile of all local authorities,³¹ the relevant tenure mix benchmark would be that proposed for the "Most Affluent" areas.

Figure 57: Proposed tenure mix for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

SHOP@ MARKET SPLIT 2035 OPTIONS - DEPRIVATION/AFFLUENCE SPLIT								
	Most Deprived		Deprived		Affluent		Most Affluent	
	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold
Sheltered, Age Exclusive	80	20	67	33	50	50	33	67
Housing with Care	75	25	50	50	33	67	25	75
Split based on quantiles of ONS deprivation index								
It can be expected that the % of public sector sheltered, age exclusive accommodation will retain a higher % than housing with care as there already exists a substantial level of current service provision.								

³¹ <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

- 5.38 In contrast, the CRESR Model determined the tenure mix for each type of housing based on the proportion of residents aged 75 or over living in owner occupation. Given that the proportion for Hounslow, the “Above median” benchmark applies.

Figure 58: Tenure splits for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

		Proportion of 75 years and over in owner occupation	
		Above median	Below median
Age-exclusive	Rented	84	92
	Owner	16	8
Sheltered	Rented	69	84
	Owner	31	16
Enhanced sheltered	Rented	47	55
	Owner	53	45
Extra care	Rented	71	87
	Owner	29	13

- 5.39 Nevertheless, it is important to recognise that the CRESR Model is based on the mix of current provision, which may not reflect the most appropriate distribution when planning for additional provision.

“These tenure splits reflect current provision, which is significantly skewed towards social rented provision. If there is a desire to expand the provision of older people’s housing beyond current levels, this is likely to require disproportionate increases in ownership forms of supply. This is in part due to demand being focused on these ownership forms, particularly in areas with high levels of existing older homeowners.”

Reviewing the Existing Stock of Specialist Older Person Housing

- 5.40 As previously noted, the 2021 Census identified a total of around 14,500 persons aged 75 or over resident in the Hounslow at that time (Figure 52) and data published by the Elderly Accommodation Counsel (EAC) identifies that there is an overall stock of nearly 1,634 specialist older person housing units across the area (Figure 55). On this basis, we can determine that the current provision of stock in the area equates to around 116 dwellings per 1000 persons aged 75 or over.
- 5.41 Figure 59 compares the rates for the different types of specialist housing for sale and rent with the suggested target benchmark rates from the Housing LIN Review and the baseline rates from the CRESR Model. This suggests that the owned stock is currently below, and the rented stock is above with the respective benchmark rates suggested by the Housing LIN. In contrast, baseline rates from the CRESR Model suggest that the existing owned stock and rented stock are both lower than would be expected (based on the 100 English local authorities with the highest overall provision).

Figure 59: Existing Specialist Older Person Housing for the London Borough of Hounslow

Form of Provision	Existing Supply			Housing LIN 2016 Review		CRESR Model	
	Number of dwellings	Percentage	Rate per 1000 persons aged 75+	Benchmark rates	Supply-Demand balance	Benchmark rates	Supply-Demand balance
Housing with Support	1,425	-	101	100.0	1	153.2	-52
Owned	293	21%	21	33.0	-12	24.5	-4
Rented	1,132	79%	81	67.0	14	128.7	-48
Housing with Care	209	-	15	35.0	-20	19.5	-5
Owned	0	0%	0	17.5	-18	17.0	-17
Rented	209	100%	15	17.5	-3	2.5	12
TOTAL	1,634	-	116	135	-19	172.7	-56
Owned	293	18%	21	50.5	-30	41.5	-21
Rented	1341	82%	95	84.5	11	131.2	-36

- 5.42 Figure 55 previously established that the existing owner-occupied stock of specialist older person housing represented only 4% of owner occupiers aged 75 or over living in the area. Nevertheless, the CRESR Model identifies that the current rate (21 per 1000) is lower than the average for the 100 English local authorities with most provision based on actual stock (42 per 1000). The current rate is lower than the benchmark from the Housing LIN Review (51 per 1000) which suggests a need for 731 units across the local area and yields a shortfall of 440 units. On this basis, the current owner-occupied stock would need to increase by more than half in order to meet the needs of existing residents, without taking account of any future growth in the older population.
- 5.43 Whilst this conclusion may seem extreme, this number of homes would still only be equivalent to around 10.5% of the owner occupier households aged 75 or over, so it is not an entirely implausible outcome. However, in the same way as the Housing LIN Review acknowledged that the Housing in Later Life report had suggested an increased figure that had not been substantiated, it is unclear what evidence actually supports the rates for leasehold housing that were used by the More Choice, Greater Voice Toolkit to which the 2016 Review reverted. Given this context, there may be some justification for an increase to the current rates of owner-occupied provision. However, as the rates are already amongst the highest of all local areas nationally across England, it seems unlikely that this would be as high as suggested by the Housing LIN benchmark.
- 5.44 With regard to specialist older person housing for rent, it was previously noted that the existing stock was only marginally lower than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census. Therefore, it is perhaps not surprising that the current rate (96 per 1000) is higher than the Housing LIN benchmark (84.5 per 1000) suggesting sufficient rented stock in the Hounslow. Despite this, the current rate is lower than the benchmark from the CRESR Model (131.2 per 1000) due to many other local areas having much higher rates of provision.
- 5.45 When considering the different types of specialist older person rented housing, it is apparent that the benchmark rates of Housing with Care (17 per 1000) are comparable with the existing stock (15 per 1000), and the differences relate primarily to Housing with Support. Although the CRESR Model suggests there could be a substantial shortfall, the Housing LIN benchmark rates suggest a small surplus in this area, which on balance would seem to be more credible.

Establishing the Future Need for Specialist Older Person Housing

- 5.46 The population projections underlying the Local Housing Need figure for the Hounslow show a substantial increase in the older population over the period 2021-2041 with an additional 11,250 persons and 7,600 households resident in the local area. The figures are slightly different from those set out from the Census 2021 because the population modelling used in the LHNA relates to mid-year, not Census population, so there is around 3 months difference in the 2021 data. The data also relates to 20 years, not the 21 years of the LHNA modelling.

Figure 60: Projected population aged 75+ (Source: LHNA modelling, ORS)

	Total population 2020	Total population 2041	20-year change 2020-2041
RESIDENT POPULATION			
Household population	14,084	25,026	+10,942
Communal Establishment population	437	763	+326
Total Resident Population	14,520	25,789	+11,268
HOUSEHOLD POPULATION			
Living as a single person household	3,581	6,373	+2,792
Living in a couple or another type of household	10,502	18,653	+8,150
Total Household Population	14,084	25,026	+10,942
HOUSEHOLD REPRESENTATIVES			
Single person household representative	3,581	6,373	+2,792
Couple household representative	4,819	8,632	+3,813
Other household representative	1,263	2,264	+1,000
Total Household Representatives	9,663	17,268	+7,605

- 5.47 It is important to recognise that many of these extra residents will be aged 85 or over and likely to have increasingly complex care and support needs, including dementia, but also mental health needs and frailty related needs. It will therefore be necessary to consider the associated changes in the profile of housing need.
- 5.48 The household projections assume that the population aged 75 or over living in communal establishments will remain constant as a proportion for each 5-year age group, based on the rates identified by the 2021 Census (Figure 53). On this basis, it is projected that an additional 326 residents will need bedspaces to be provided in residential or nursing care homes in Hounslow over the 20-year period 2021-2041. We would note that the figure set out in Figure 50 of 348 bedspaces relates to 2020-2041, so is consistent with 2021-2041 being a figure of 326 bedspaces.
- 5.49 Figure 61 considers the need for specialist older person housing for older households in Hounslow over the 20-year period 2021-2041. This uses the baseline rates previously established based on existing supply (Figure 59) and considers appropriate target rates taking account of the range of different benchmarks identified by the toolkits.
- » The target rates are based on the average of (i) the baseline rate for the local authority, and (ii) the mid-point of the benchmark range; except for Affordable Housing with Support (which excludes the CRESR Model rate from the benchmark range, as it appears too high) and Affordable Housing with Care (which excludes the Housing LIN rate from the benchmark range, as it appears too low) as neither of these benchmarks seem appropriate for the local area.

- » Based on the identified target rates, the projected number of residents aged 75 or over at the end of the 20-year period in 2041 (Figure 60) is used to establish the overall gross need.
- » The existing supply is then offset to identify the housing need for the 20-year period 2021-2041.

5.50 On this basis, there would be a need to provide an additional 1,455 specialist older person housing units in Hounslow (equivalent to an average of 73 dwellings per year) of which 63% would need to be provided as affordable housing. The need for specialist older person housing represents 6% of the overall housing need identified for Hounslow.

Figure 61: Modelled Need for Specialist Older Person Housing in the London Borough of Hounslow 2020-2041

Form of Provision	Existing supply	Baseline rate per 1000 persons aged 75+	Benchmark range per 1000 persons aged 75+	Target rate per 1000 persons aged 75+	Gross need in 2041	Housing need 2020-2041
Market Housing	293	21	-	34	837	544
Housing with Care	0	0	17-17.5	9	216	216
Housing with Support	293	21	25-33	25	621	328
Affordable Housing	1,341	95	-	90	2,252	911
Housing with Care	209	15	17.5	16	405	196
Housing with Support	1,132	81	67	74	1,847	715
TOTAL	1,634	116	-	123	3,089	1,455
<i>Housing with Care</i>	<i>209</i>	<i>15</i>	-	<i>25</i>	<i>621</i>	<i>412</i>
<i>Housing with Support</i>	<i>1,425</i>	<i>101</i>	-	<i>99</i>	<i>2,468</i>	<i>1,043</i>

5.51 This analysis assumes a continuation of current types of housing although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

5.52 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market.

- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current need;
- » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
- » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs; and
- » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service.

Studio Apartments and Co-Housing including Purpose Built Shared Living

5.53 A studio apartment can be defined as:

“an apartment with only one room, a bathroom, and a kitchen area”³²

5.54 Figure 51 identifies a need for around 900 market 1-bedroom properties in Hounslow over the period 2020-41. However, this assumes that there is continuation of household formation trends in the Borough which will see the majority of these small market dwellings being identified for older person households.

5.55 Many areas are seeing a fall in young single person households caused by many recent graduates not forming their own household immediately, but instead sharing properties with other young adults. The increasing pressures for social housing and rising private rents have seen fewer young households living on their own and more living in HMO type accommodation.

5.56 The demographic data for Hounslow shows that while the number of persons aged 25-29 years is projected to rise by 3,300 (Figure 10), single person households aged 25-34 years are projected to rise by 250 in the period to 2041 (Figure 13, reproduced below as Figure 62). At the same time, the number of ‘Other’ households headed by someone aged 25-34 years is projected remain constant. Therefore the projections suggest that the problems seen in many areas are not expected in Hounslow.

Figure 62: Total projected households for 2020 and 2041 and change by household type and age of household representative
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2020	Single person	470	3,420	6,050	5,670	4,460	2,760	1,690	1,890	26,400
2020	Couple without children	460	5,460	9,640	9,040	7,110	4,410	2,700	780	39,600
2020	Families with child(ren)	600	3,500	6,190	5,810	4,570	2,830	1,730	0	25,200
2020	Other households	370	1,370	2,430	2,280	1,790	1,110	680	190	10,200
2020	TOTAL	1,900	13,800	24,300	22,800	17,900	11,100	6,800	2,900	101,500
2041	Single person	530	3,670	5,010	5,700	5,810	4,120	2,650	3,420	30,900
2041	Couple without children	520	5,890	8,410	9,360	9,280	6,740	5,220	1,430	46,800
2041	Families with child(ren)	640	3,590	4,410	5,250	6,330	4,840	3,520	0	28,600
2041	Other households	360	1,370	2,050	2,300	2,370	1,750	1,220	330	11,800
2041	TOTAL	2,000	14,500	19,900	22,600	23,800	17,500	12,600	5,200	118,100
Change	Single person	+50	+250	-1,030	+30	+1,360	+1,360	+960	+1,530	+4,500
Change	Couple without children	+50	+430	-1,240	+320	+2,160	+2,340	+2,520	+660	+7,200
Change	Families with child(ren)	+40	+90	-1,780	-560	+1,760	+2,010	+1,780	+0	+3,300
Change	Other households	-10	+0	-370	+30	+580	+640	+540	+140	+1,500
Change	TOTAL	+100	+800	-4,400	-200	+5,900	+6,300	+5,800	+2,300	+16,600

5.57 One type of dwelling which may be seen as addressing the issue of low household formation among young households across other parts of London is shared housing-with small purpose-built units with shared amenity spaces such as high-quality purpose-built co-housing rather than traditional HMOs. A succinct definition of co-housing is:

³² <https://dictionary.cambridge.org/dictionary/english/studio-apartment>

“Co-housing, a generic term, covers various forms of housing, owned and rented, that are developed and/or owned and/or managed by their residents as a distinct community”³³

5.58 While more specifically, the definition of co-housing that we are using here is:

“the practice of living with other people in a group of homes that include some shared facilities”³⁴

5.59 This study works to the definition above so as to be clear what is meant by the term co-housing without tying it in to any particular model. Nevertheless, co-housing or co-living can involve a greater level of community involvement:

“Co-living is a type of intentional community providing shared housing for people with shared intentions. This may simply be coming together for activities such as meals and discussion in the common living areas, yet may extend to shared workspace and collective endeavours such as living more sustainably”³⁵.

5.60 However, the London Plan Guidance on Large-scale Purpose-built Shared Living (LSPBSL), January 2022 notes that purpose built shared living is not considered a long term option for most people:

“LSPBSL provides accommodation for single person households who choose not to live in self-contained houses, flat shares, or HMOs and may use this product on a transition basis until they find suitable long-term housing. Whilst LSPBSL provides an additional housing option for some people, due to the unique offer of this type of accommodation, it does not meet minimum housing standards and is not therefore considered to meet the ongoing needs of most single person households in London.”³⁶

5.61 While across much of London, household formation rates for younger single persons are falling, Hounslow is projected to see a rise in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. As such, we anticipate little role for LSPBSL in Hounslow.

Student Housing

5.62 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

Planning Practice Guidance, ID 2a-017-20190220

³³ http://www.cih.org/resources/PDF/Wales%20Events/older_peoples_housing/Jon%20Stevens.pdf

³⁴ <https://dictionary.cambridge.org/dictionary/english/co-living>

³⁵ <https://en.wikipedia.org/wiki/Coliving>

³⁶ [Large-scale Purpose-built Shared Living LPG | London City Hall](#)

- 5.63 The University of West London has a campus in Hounslow (Brentford) and accommodation in Ealing and in Hammersmith and Fulham.
- 5.64 The nature of the transport network in London implies that students can study in one borough, but live elsewhere. As discussed earlier, the 2021 Census shows a lack of students at term-time addresses. The 2011 Census showed 1,357 all student private rented households. A further 752 people lived in communal education establishments such as university halls; purpose built student accommodation PBSA.
- 5.65 In the London Plan, Policy H15 considers the need for Purpose-built student accommodation (PBSA). The Plan identifies an annual need for 3,500 units of PBSA, but does not allocate borough benchmarks or targets. The Plan states that the need will vary with changes in higher education provider' estates.

4.15.2 The overall strategic requirement for PBSA in London has been established through the work of the Mayor's Academic Forum, and a requirement for 3,500 PBSA bed spaces to be provided annually over the Plan period has been identified.⁷⁸ Meeting the requirement for PBSA should not undermine policy to secure mixed and inclusive neighbourhoods.

4.15.3 The strategic need for PBSA is not broken down into borough-level targets as the location of this need will vary over the Plan period with changes in higher education providers' estate and expansion plans, availability of appropriate sites, and changes in Government policy that affect their growth and funding.

London Plan, March 2021

- 5.66 It will be necessary to consider how the supply of any *additional* student bedspaces will be counted within the overall housing supply. The Greater London SHMA 2017 assumes that 2.5 additional bedspaces equates to the provision of 1 additional dwelling, which is in line with the Housing Delivery Test guidance, and there would appear to be no reason to diverge from this for Hounslow.

People Wishing to Build their Own Homes

- 5.67 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

February 2021 Policy Update

- 5.68 In February 2021 the Government updated Planning Practice Guidance in the form of self-build and custom housebuilding³⁷. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

The [Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

[Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#)

[Self-build and Custom Housebuilding Regulations 2016](#)

[Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#)

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- 5.69 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan, where the property is already designed but before construction has started, cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 5.70 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. However, it is also

³⁷ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/self-build-and-custom-housebuilding)

likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.

- 5.71 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance
Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance
Paragraph: 023 Reference ID: 57-023-20210208

- 5.72 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.

- 5.73 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the [housing and economic development needs guidance](#)), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Guidance

Paragraph: 011 Reference ID: 57-011-20210208

- 5.74 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

- 5.75 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.³⁸ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.

³⁸ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](#)

- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Evidence for Hounslow

- 5.76 Hounslow have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding registers.
- 5.77 Figure 63 shows that as of October 2022, Hounslow had not consistently provided enough self and custom housebuilding plots to meet the needs if the measure of comparing the number on the register against CIL exemptions issued is used.

Figure 63: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020	Oct 2020- Oct 2021	Oct 2021- Oct 2022
New applicants on the register	215	127	24	2	28	76	43
CIL monitoring – number of new self and custom housebuilding exemptions issued	*	0	0	0	3	10	6

- 5.78 There are several concerns around counting CIL exemptions as a measure of plot delivery. Not all CIL exemptions transfer to successful development, though it is noted that some local planning authorities use this information as a means to monitor delivery of self-build plots, given it is the most accessible data that can be used to monitor this. Self-build exemptions also apply to those extending or re-building their home, so careful monitoring and discounting of unrepresentative applications is required.

Future Need for Self-build and Custom Housebuilding

- 5.79 As highlighted above, in the most recent year Hounslow provided insufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register based on the commonly used method of comparing applicants on the Register against CIL exemptions.
- 5.80 However, the self-build and custom housebuilding register clearly has the potential to under-estimate demand for plots in Hounslow. In common with other urban areas, Hounslow has limited land availability combined with a high level of housing need which together contribute to making the delivery of self-build plots difficult, especially when combined with the need to balance the delivery of self-build with general needs housing and to optimise the delivery of housing overall to meet the overall London housing need.
- 5.81 More information could be gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Hounslow through permissions granted and followed by the Hounslow methodology to identify the need for plots that are likely to be delivered.

Essential Local Workers

5.82 Annex 2 of the Revised NPPF also includes the needs of essential local workers:

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

NPPF – Annex 2

5.83 It is notable that the definition provided by the revised NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.

5.84 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.

Boat dwellers

5.85 Provisions set out in the Housing and Planning Act now include a duty (under Section 8 of the 1985 Housing Act that covers the requirement for a periodical review of housing needs) for local authorities to consider the needs of people residing in, or resorting to, their district with respect to the provision of sites on which caravans can be stationed, *or places on inland waterways where houseboats can be moored*. Draft Guidance³⁹ relating to this section of the Act has been published that sets out how the assessment should be completed. A robust assessment of the needs of boat dwellers requires a detailed study, usually including interviews with households living on boats in the local authority area in question. This LHNA did not include carrying out a Boat Dwellers Accommodation Assessment, but houseboats paying Council Tax can give an indication of the scale of need for moorings.

5.86 Council Tax is due on permanent residential moorings used exclusively by a single boat, rather than the boat itself; households on live-aboard boats on a permanent residential mooring are due for Council Tax⁴⁰. The Valuation Office Agency provided ORS with records of the number of houseboats in the Council Tax Valuation Lists as at 30 November 2022 following a Freedom of Information request. The marinas pay Council Tax as a business, which covers the moored boats on those marinas and would not be counted in the VOA registrations.

5.87 There were 135 houseboats recorded for Council Tax in LB Hounslow as at November 2022.

5.88 The Thames is the most significant waterway route in to and out of London and connects the Capital with the canal network through Birmingham, Oxford and Reading. Non-Council Tax paying boats will include hire or owned leisure craft, continuous cruisers and possibly some households living permanently on boats in Hounslow without paying Council Tax. Continuous cruisers are households who live on boats permanently but are not settled in one place for most of the year; nationally, many of these would like permanent

³⁹ "Draft guidance to local housing authorities on the periodical review of housing needs for caravans and houseboats." (March 2016)

⁴⁰ This is a summary overview of the position. The details of Council Tax implications for residential boats can be found here: [Council Tax Manual - Council Tax: practice notes - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/council-tax-manual-council-tax-practice-notes-guidance)

moorings and some of those would likely be looking for moorings within Hounslow. In contrast, most live-aboard households with a permanent residential mooring tend to remain static for a large part of the year, only travelling for holidays. There are a number of marinas off the Thames through Hounslow.

- 5.89 The number of Council Tax registrations suggests that there will be a significant number of households living permanently on boats in Hounslow, other than on marinas and continuous cruisers. It may be possible for continuous cruisers to remain within the Hounslow area permanently as long as they move to another part of the River each fortnight. There are rules on how far the boat must move, but these rules vary locally⁴¹.
- 5.90 In conclusion we can say that while the evidence is for 135 residential boats moored on permanent moorings, there are likely to be significant numbers of leisure boats and continuous cruisers travelling through Hounslow. There may be some continuous cruisers living permanently within Hounslow and some of those continuous cruisers are looking for permanent moorings in the Borough. It is likely that some permanent and some visiting moorings are needed. It is not possible to quantify the need for moorings, but from the available evidence we would suggest the role of additional mooring in meeting housing needs in Hounslow is likely to be small and note that any additional permanent moorings would form part of the existing OAN, not be an addition to it.

Young and Working Age Adults

- 5.91 In addition to specific schemes for specialist older person housing, Hounslow Council report an increasing demand for specialist housing for young and working age residents who have complex health and social care needs. The types of specialist housing that can meet this demand varies and can range from wheelchair accessible ground-level accommodation to extra care housing. By providing more appropriate housing solutions to meet this demand, Hounslow can help prevent, reduce, or delay the need for more intensive and expensive supported living or residential care accommodation for these working age adults.

⁴¹ [633-guidance-for-boaters-without-a-home-mooring.pdf \(canalrivertrust.org.uk\)](https://www.canalrivertrust.org.uk/633-guidance-for-boaters-without-a-home-mooring.pdf)

Appendix A: Glossary

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012.

Affordable Rent is a type of low cost rented housing, targeted at the same groups as Social Rent, but with rents set at a maximum of 80% of market rents.

Affordable rented housing is provided by social landlords and rented for less than would be paid if renting privately and included both Affordable Rent and Social Rent.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the LHNA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”⁴².

A Dwelling as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: “the proportion of people in each age group and household type who are the ‘head’ of a household”⁴³.

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

⁴² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁴³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » An entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » A house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » A converted house which contains one or more flats which are not wholly self-contained (i.e. The flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » A building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of affordable rented housing, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or Shared ownership is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority Boroughs, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social Rented housing is housing where the landlord is a Registered Provider, usually the Council or a housing association, and where social rents are charged. These rents are significantly lower than market rents, and set in accordance with a formula set by Government.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leasehold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NPPF	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

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