

London Borough of Hammersmith and Fulham  
Draft Local Plan

**Background paper: Housing Policy**

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# Introduction

## 1. Background

- 1.1 The draft Local Plan seeks to meet the demand for housing in H&F and aims to exceed the London Plan (FALP 2014) housing target of 10,312 additional homes, between 2015 and 2025. In allocating sites for housing, the Local Plan aims to significantly increase the supply of housing, to create more mixed and balanced communities, and to provide housing that meets the needs of households that currently cannot afford market housing in the borough.
- 1.2 This paper explains the background to this strategy and how it has had regard to the council's draft Corporate Plan and draft Housing Strategy, to the Mayor of London's London Plan and Further Alterations to the London Plan (FALP) and to the London Housing Strategy (June 2014); also how it is consistent with the National Planning Policy Framework and other government guidance.

## 2.0 National Planning Policy Framework

- 2.1 Government policy with regard to planning for housing is set out in the National Planning Policy Framework (NPPF) (March 2012) and in the National Planning Practice Guidance (March 2014). The NPPF states that *"the purpose of the planning system is to contribute to the achievement of sustainable development"* (Para.6). It is one of the core planning principles of the NPPF (paragraph 17) that planning should "proactively drive and support sustainable economic development" to deliver the homes, businesses and industrial units that the country needs. "Every effort," it says, "should be made objectively to identify and then meet the housing, business and other development needs of the area."
- 2.2 The NPPF includes guidance *"to boost significantly the supply of housing"* (para.47). It continues saying that, when plan making, councils should use "their evidence base" to ensure that their local plans meet the "full, objectively assessed need for market and affordable housing... as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period."
- 2.3 Local Planning Authorities (LPAs) need to demonstrate a five-year supply of deliverable housing sites (para.49). It also should deliver *"a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities"* (para.50).
- 2.4 The NPPF (para.51) states that local planning authorities "should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate."
- 2.5 The NPPF defines affordable housing as "Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."

- 2.6 In relation to plan-making LPAs are expected to have a clear understanding of housing needs in their area. They are expected to prepare a Strategic Housing Market Assessment which should identify the scale and mix of housing and range of tenures the local population is likely to need over the plan period. Also to prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.

### **National Planning Practice Guidance**

- 2.7 National Planning Practice Guidance supports and informs the NPPF. The guidance states that the *“Need for housing ...refers to scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.”*
- 2.8 The guidance advises that affordable housing need should be calculated by estimating the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

## **3. Regional Policy: London Plan (2011) and Draft Further Alterations to the London Plan (2014)**

- 3.1 The London Plan is a part of boroughs’ development plans and boroughs’ DPDs have to be in general conformity with the London Plan. The key housing policies that H&F DPDs need to be in general conformity with are:
- To seek to achieve and exceed the target of 615 additional homes a year in H&F (Policy 3.3);
  - To identify and seek to enable development capacity to be brought forward including realising brownfield capacity, such as in Opportunity Areas and by town centre renewal, mixed use redevelopment, especially of surplus commercial capacity and surplus public land;
  - To set an overall target for the amount of affordable housing provision needed over the plan period in their areas based on an assessment of housing need and a realistic assessment of supply.
  - Ensure a range of housing choice, including specialist housing;
- 3.2 The Mayor of London published Housing Supplementary Planning Guidance (SPG) (Nov 2012) which gives more detailed guidance on the implementation of the London Plan policies.
- 3.3 The Draft Further Alterations to the London Plan (FALP) was published for consultation in January 2014 and was subject to Examination from Sept 2014. The Inspector’s report was published in December 2014.
- 3.4 The FALP is supported by the 2013 London Strategic Housing Market Assessment (SHMA) which sets out estimates of London’s current and future housing requirements. The London SHMA is based on significantly higher population and household projections than the London Plan 2011<sup>i</sup>. The number of households in London is

expected to grow from 3.28 million in 2011 to 4.26 million in 2036, a 30% increase. For Hammersmith and Fulham the number of households is projected to increase from 80,589 in 2011 to 84,280 in 2036, an increase of approximately 150 households a year.

- 3.5 The FALP is also supported by the London Strategic Housing Land Availability Assessment (SHLAA) which identifies London's housing capacity and forms the foundation for the significantly increased borough annual monitoring housing targets. In response to the projected increase in London's population and households and the backlog of households in some form of housing need, the FALP has significantly increased borough's annual monitoring housing targets. The annual average housing provision monitoring target for H&F is 1,031 dwellings from all sources of supply housing targets.
- 3.6 FALP Policy 3.3 states that "Boroughs should seek to achieve and exceed the relevant minimum borough housing annual average target in Table 3.1 and, if a target beyond 2025 is required, boroughs should roll forward and seek to exceed that in Table 3.1 until it is replaced by a revised London Plan target."
- 3.7 The FALP includes stronger policy support for the Private Rented Sector to address housing needs and increase housing delivery. It also includes a new indicative annualised benchmarks to inform local targets for specialist housing for older people. H&F's benchmark figure is 60 dwellings a year, of which 45 should be for private sale and 15 intermediate sale.
- 3.8 Policy 3.11 seeks to maximise affordable housing provision and to ensure an average of at least 17,000 more affordable homes per year in London, approximately 40% of all new dwellings. 60% of the affordable housing provision should be for social and affordable rent and 40% for intermediate rent or sale. Priority should be accorded to provision of affordable family housing.
- 3.9 The FALP defines the income range for intermediate housing as being above social rent and up to £66,000 and for family sized homes up to £80,000. The figures are updated annually.
- 4. Homes for London: London Housing Strategy (June 2014)**
  - 4.1 The Mayor's London Housing Strategy (June 2014) states in the Foreword that housing *"supply above all else is central to London's housing needs. With increased supply come opportunities to address affordability.."* The overriding aims of the strategy are to increase the supply of housing of all tenures and to ensure that these homes better support London's continued economic success. The Strategy notes that "The economic case for providing adequate housing for those on modest incomes, who drive the London economy and therefore the national economy is compelling. If these essential workers cannot afford to live in the capital, it impacts not just on London, but on the nation's economic growth and competitiveness."
  - 4.2 Housing Strategy aims to double house-building every year for the next 20 years. It recognises that achieving overall housing numbers is not enough. Equally important is ensuring that these homes are fit to meet the range of Londoners' needs and aspirations - for larger homes, for supported homes, and for both social rented and

intermediate homes.

## **5. Housing in H&F**

5.1 The draft Local Plan housing policies have been developed within the context of government and London wide guidance and the council's emerging Corporate Plan and Housing Strategies. The draft Corporate Plan includes 8 key priorities:

- Giving more power to local communities
- Delivering social inclusion
- Delivering affordable homes
- Improving local health and adult social care provision
- Building a stronger local economy with more jobs for local people
- Ensuring a safer, greener borough
- Providing the best start for young people
- Delivering greater efficiencies in public spending

5.2 The vision statement of the draft Housing Strategy 2014 includes 3 themes:

- Regenerating Places & Increasing Affordable Housing Supply
- Meeting Housing Need and Aspiration
- Excellent Housing Services for All

5.3 Within these three themes the following priorities are relevant for the Local Plan:

- Securing Affordable Housing for the Future: Stock Options for Council Housing and its Residents
- Delivering Mixed Tenure Housing in the Regeneration Opportunity Areas
- Working with Affordable Housing Providers: A new approach to small and medium site delivery
- Delivering more choice for affordable ownership and rented housing
- Meeting Older People's Housing Needs
- Meeting the Housing Needs of Disabled People, including those with Learning Disabilities
- Improving the Private Rented Sector

5.4 The following sections outline the characteristics of the housing stock and housing requirements.

## **6. Existing Housing**

6.1 The 2011 census shows Hammersmith and Fulham with a population of 182,493. This is a 10.4% increase on the 2001 census. This increase is lower than the increase for both West London, which had a population increase of 14.9% for the same period and Greater London which had a population increase of 14%.

6.2 The 2011 Census estimated that there were 84,214 household spaces in H&F. 80,590 consisted of at least one usual resident (95.7%); this is the same level as in England as a whole but lower than the London average of 96.4%. The number of household spaces occupied by usual residents in the Borough had increased by 5,152, from 75,438 households in 2001 (6.8% increase).

6.3 The average household size in H&F in 2011 was 2.26 persons, a slight increase on 2001 figures (2.19 persons). This is the 6<sup>th</sup> lowest average size of any local authority in London.

- 6.4 Since 2001 there has been a significant fall in the number and proportion of owner occupiers in the borough. The number of households in owner occupation in 2001 was 32,451 (44%) but by 2011 it had fallen to 27,397 (35.6%). In addition 1257 households (1.6%) were reported to have shared ownership, an increase from 706 households (0.94%) in 2001.
- 6.5 The numbers of households renting from the council or from a housing association has increased slightly from 24,630 in 2001 to 25,133 in 2011. However the proportion of households renting from these two landlords has fallen from 32.5% to 31.1%.
- 6.6 The number of households renting from private landlords or other forms of renting, such as living rent free has increased significantly from 17,651 (23.4%) in 2001 to 26,803 (33.2%) in 2011. The significant increase in the numbers of households renting reflects the very high cost of owner occupation compared to household incomes in H&F and the very limited availability of social/affordable rented housing
- 6.7 In the three years since the 2011 Census there has been approximately 2000 additional dwellings completed (Table 1). There has been a small net loss of social rented housing and 15 additional affordable rent dwellings completed. The market housing will include both housing for owner occupation and for private renting. The new student housing will all be for private renting.

**Table 1: Housing Completions (net)**

Year	Market	Intermediate		Social/Affordable Rented		Total
		Shared Ownership	Other	Social Rent	Affordable Rent	
2011/12	391	0	81	0		472
2012/13	305	0	102	24		431
2013/14	1078*	38	52	-28	15	1155
<b>Total 2011-14</b>	1774	38	235	-4	15	2058

Note: Includes 606 units of self- contained student housing

## **7. Market Housing - Owner Occupation**

- 7.1 House prices in Hammersmith and Fulham are very high when compared to other parts of the country. House prices have been increasing steadily since 2009. In September 2014 the average price for a property was £795k, over 1.7 times higher than the average price for London as a whole. The average price for a flat was over £618k and over £1.2 million for a terraced house. House prices have increased at a much faster rate than flat prices.
- 7.2 There was a 16% increase in the number of properties sold in the borough between 2009/10 and 2012/13. This equates to 33 sales for every 1000 households in the borough, the eighth highest rate for all London boroughs. Properties also sell quickly

in Hammersmith and Fulham, an average of 4.2 weeks, the 6<sup>th</sup> shortest length of time in London and on average homes sold for over 95% of their asking price.

- 7.3 The lower quartile house prices, which can be used as a proxy for “entry level” housing, have been rising steadily in Hammersmith and Fulham. DCLG figures show that in Q2 in 2013, the lower quartile house price in Hammersmith and Fulham was £360,000. This is the fifth highest in London, behind Kensington and Chelsea, Westminster, City of London, and Camden.
- 7.4 Since the 5 year low point caused by recession in Q2 2009 lower quartile house prices have risen by 35% in Hammersmith and Fulham compared to a 22% increase in Inner London. In the same period England saw a 5% increase.
- 7.5 Affordability can be measured using the ratio between the lower quartile income and lower quartile house prices. The ratio for Hammersmith and Fulham rose steadily between 1997 and 2009 when it dropped due to the recession. Since 2009 the ratio has increased again and in 2013 the lower quartile house price was 14.8 times the rate of the lower quartile income.
- 7.6 Using the 3.5x earnings as a measure of affordability and the current lower quartile house price for the borough (£360,000), a household would need an income of £103,000 to purchase an ‘entry level’ property in the borough.
- 7.7 In addition to the need for a very high household income to purchase a property in the borough, households also need a significant savings for a deposit in order to be able to get a mortgage.
- 7.8 These high house prices relative to earnings and the need for high deposits means that the majority of younger households – typically first time buyers – cannot afford to buy in Hammersmith and Fulham. In 2007, 44% of first time buyers in London received financial assistance (from family or other sources) in order to purchase. In 2008, only 30% of younger working households (under 40 age group) could afford to buy, but for families in the same age group this figure fell to 5% (Evaluating requirements for market and affordable housing: NHPAU Feb 2010)

## **8. Market Housing - Private Rented Housing**

- 8.1 In Hammersmith and Fulham about 30% of households living in private rented housing are one person households (compared to 37% one person households in the borough) and 32% of households in the private rented sector consist of shared households (with unrelated adults sharing), compared to 11.6% among owner occupiers and 5.2% in the affordable/social rented sector.
- 8.2 Average monthly rents in the private rented sector are also high, particularly when compared to household incomes. The average rent across all types of properties in the borough is over £1892 per month the 6<sup>th</sup> highest in London and twice the average for England as a whole. Between 2010/11 and 2013/14, the average (mean) rent has increased by over 30%, and the lower quartile rent has increased by almost 47%.

The lower quartile rent for a one bedroom property has increased from £953 in 2010/11 to £1,148 in 2012/13, an increase of 20%.

- 8.3 Average annual household income of residents in the borough is only 1.89 times higher than average private sector rents; this is the second lowest ratio of all local authorities in the country, only Westminster has a lower ratio. For people who work in the borough, the ratio is even lower with annual income only 1.65 times higher than annual rents, indicating that people who work in the borough tend to earn less than people who live in the borough.
- 8.4 The private rented sector is characterised by high levels of mobility and over 56% of the household reference person in private rented housing was under 35 years of age in 2011, compared to 32% for the borough. The private rented sector provides housing of relatively easy access (and exit) for young and mobile households, such as young professional singles, couples and students. Some households occupy private rented housing through choice for at least a period of their lives and there are other households who cannot afford owner occupation and are unable to access social housing. The median length of a private tenancy is 1.7 years, whereas it is almost 8 years for social tenants and owner occupiers on average move only every 12 years. Of private tenants, 80% have lived in the same tenancy for five years or less. The scale of mobility in the private rented sector is indicated by the fact that 40% of private tenants have moved at least once in the previous year (English Housing Survey 2007–08, CLG). Most of this high private rented sector mobility is driven by tenant choice rather than landlord push. <sup>ii</sup>
- 8.5 Households who cannot afford private sector rents are supported by the payment of housing benefit or through private sector leasing. There are currently over 3,600 claimants of housing benefit living in the private rented sector; this represents just under 14% of all households in the private rented sector. The average weekly (eligible) rent of these claimants in private rented housing is just under £400 per week.
- 8.6 Almost three quarters of these households consist of single adults (54%) and lone parents (20%). Both of these proportions are significantly higher than those in the private rented sector overall (regardless of receipt of benefits).

### **Quality of Private Rented Housing**

- 8.7 Private rented housing has higher levels of unfitness when compared to other tenures in the borough. The 2004 private sector stock condition survey showed that private rented dwellings had the highest level of unfitness (7.8%) whilst owner-occupier dwellings (with mortgage) showed the lowest level (2.3%). An estimated 43.6% of all unfit dwellings in the borough were private rented. The most common reasons for unfitness were disrepair (43.2%), food preparation (35.2%) and bath/shower (34.3%) but all were below the national average of 45.5%, 39.4% and 20.9% respectively. Generally, unfitness is associated with the age of the property, the survey found no evidence of unfitness in post-1964 stock. An estimated 89.6% of unfit dwellings date from before 1919.



## **9. Intermediate Affordable Housing**

- 9.1 In 2001 there was only about 700 households living in shared ownership housing in the borough, less than 1% of all households. The 2011 Census shows that this number has increased to 1,257 or 1.6% of all households have a shared ownership dwelling. Since 2001, over 1400 additional intermediate affordable dwellings have been completed, mostly as part of new build schemes. Some of these dwellings have been shared ownership but others have been other forms of equity share, discount market and discount rent schemes. These latter tenures are likely to have been recorded as owner occupied housing in the 2011 Census.
- 9.2 In September 2013, there were 5588 'live' applications (main applicant only) on H&F's Home Buy register. Of those households who have registered an interest to purchase, 70% of the main applicants are registered as living in the borough. Of the remainder 1256 (22%) work in Hammersmith and Fulham. The majority of non-resident applicants currently live in Ealing, Wandsworth, Hounslow, RBKC, Brent and Westminster. The average household income of all current applicants is £35,715. 1813 (32%) of applications are from key workers whose average household income is £37,166. This compares to £35,017 for non-key workers.

## **10. Social Rented Housing**

- 10.1 Hammersmith and Fulham council manage a housing stock of 17,170 units. These are made up of 12,388 council tenancies, 4616 leasehold, and 166 freeholds. The residential stock is overwhelmingly flatted accommodation and predominantly situated in medium or high rise blocks. Nearly half of the stock dates from before the Second World War and includes a significant number of acquired street properties, many of which have been converted into flats. The stock achieved a 100% decency level in March 2013.
- 10.2 35% of Hammersmith and Fulham's Housing Stock is one bedroom properties. This is a higher proportion than both West London and London. There is a lower proportion of two and three bedroom properties in Hammersmith and Fulham compared to West and Greater London.
- 10.3 In addition to council owned housing, there were 12,450 (15.4%) households renting from housing associations in 2011, giving a total of 31% of households renting from a social landlord
- 10.4 Social rented housing is particularly concentrated in the north and east of the borough, where some output areas (SOAs) have in excess of 50% social rented housing (Map1). Most of these output areas are also the areas with the highest levels of deprivation (Map 2).

## **11. Assessment of Housing Need**

- 11.1 The GLA household projection (central projection) estimates an average annual household growth in London of 39,500 additional households. Taking account of the under-supply of new housing when compared to requirements in recent years and the proportion of vacant homes remaining the same, the housing requirement for London is estimated to be 48,850 additional homes a year.

- 11.2 The same household projection for Hammersmith and Fulham estimates that the number of households will increase by approximately 150 households a year, with total households rising from 80,589 in 2011 to 84,280 in 2036. These household estimates have not been influenced by under-supply of new housing in the last 10 to 15 years as housing completions have kept pace with the projected increases in households in the borough.
- 11.3 Market signals as discussed above indicate that Hammersmith and Fulham needs to build more homes than 150 to meet projected household growth.
- 11.4 The Further Alterations to the London Plan (FALP) based on the SHLAA (2013) has allocated a significantly higher housing target – 1031 – additional dwellings pa to Hammersmith and Fulham than would be required to meet projected household growth.

## **12. Affordable Housing Need**

- 12.1 The H&F Housing Market Assessment has estimated the need for social/affordable rented housing. Currently, the waiting time for social/affordable rented housing is about 5 years for a three or four bedroom home and 3.5 years for a two bedroom home. There is currently estimated to be nearly 3,200 households in need or will be in need of social/affordable rented housing over the next 10 years.
- 12.2 If the estimated supply of social rented housing from local authority and housing association relets is 615 pa, there needs to be at least 260 additional social/affordable rented homes a year to clear the backlog of need and to meet newly arising need over the next 10 years.
- 12.3 In relation to intermediate affordable homes, it is estimated that of the 2,282 households in housing need forming each year approximately 1540 households would be able to afford and be eligible for intermediate housing. Taking into account the households already registered on the Home Buy register and the supply of intermediate housing, it is estimated that there is a need for 1875 additional intermediate homes pa.
- 12.3 The estimated need for affordable housing exceeds the FALP housing targets. To require 100% of new housing as affordable housing would not be financially viable and would not meet the NPPF requirement to significantly boost the supply of housing. Much of the affordable housing, particularly the need for intermediate housing will be met by the private rented sector. This is clearly what has been happening, as is demonstrated by the significant increase in private rented homes in the borough between 2001 and 2011.

## **13. Specialist Housing Requirements**

- 13.1 The H&F Housing Market Assessment looks at the need for specialist housing in the borough and at the factors influencing this need, including the estimated increase in the population of the over 85 age group. In the 2014-2025 period, the numbers of people in this age group is expected to increase by 820 by 2025, equivalent to 38%.
- 13.2 Hammersmith and Fulham offers a range of housing options and care packages for older people, including over 1,400 sheltered housing dwellings (about 1.8% of the total

dwelling stock). However the sheltered housing stock is not well suited to meeting the higher level of care needs of people in the over 85 age group, as some of the housing does not have lift access and cannot accommodate wheelchair access.

13.3 In addition to general needs housing, sheltered housing and specialist residential and nursing provision in the borough, there is also other specialist provision for residents with learning difficulties and supported housing for vulnerable single homeless people.

13.4 Currently, the specialist provision for residents with learning difficulties includes:

- 65 residential care home bedspaces in borough,
- 6 beds in residential respite,
- 3 nursing beds
- 28 beds in general needs with additional support.
- access to 55 supporting people quota of general needs.

13.5 Supported Housing provision for vulnerable single homeless (currently excluding learning disability provision) includes:

- over 350 beds of a range of high level and medium supported housing and step down provision across client groups including substance misuse, young people, mental health, offenders, domestic violence and refugees.
- access to 55 bed supporting people quota of general needs housing.

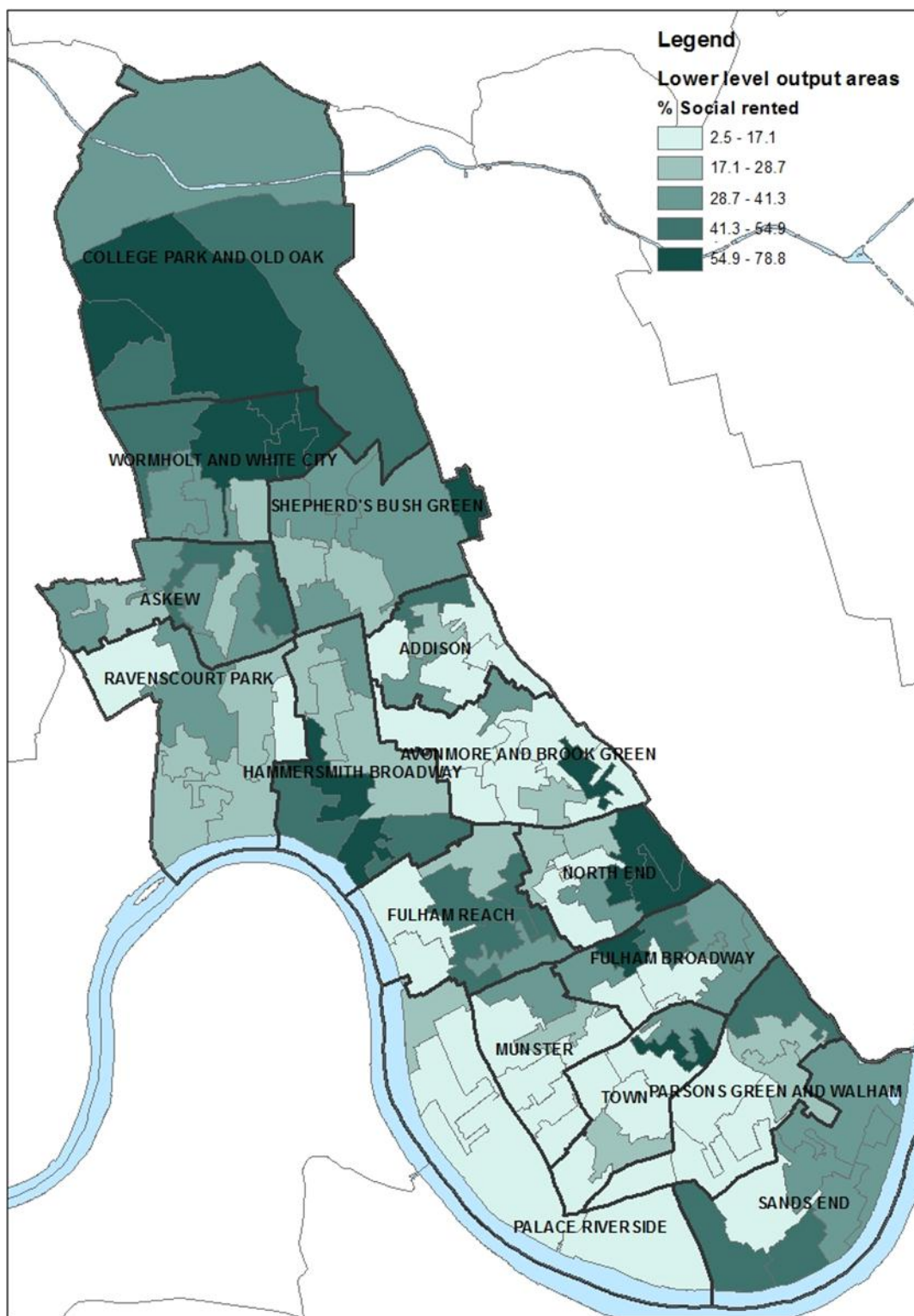
## 14. Student Accommodation

14.1 The 2011 census showed that there were 1,213 students living alone; this is an increase from 576 in 2001 (+111%). The numbers living in an all student household also increased from 2,133 in 2001 to 4,470 in 2011 (+110%). Since 2011 over 1500 additional purpose built units of student accommodation have been completed, are under construction or have been approved in Hammersmith and Fulham.

### Accommodation of all full time students aged 4 and over, 2001 and 2011

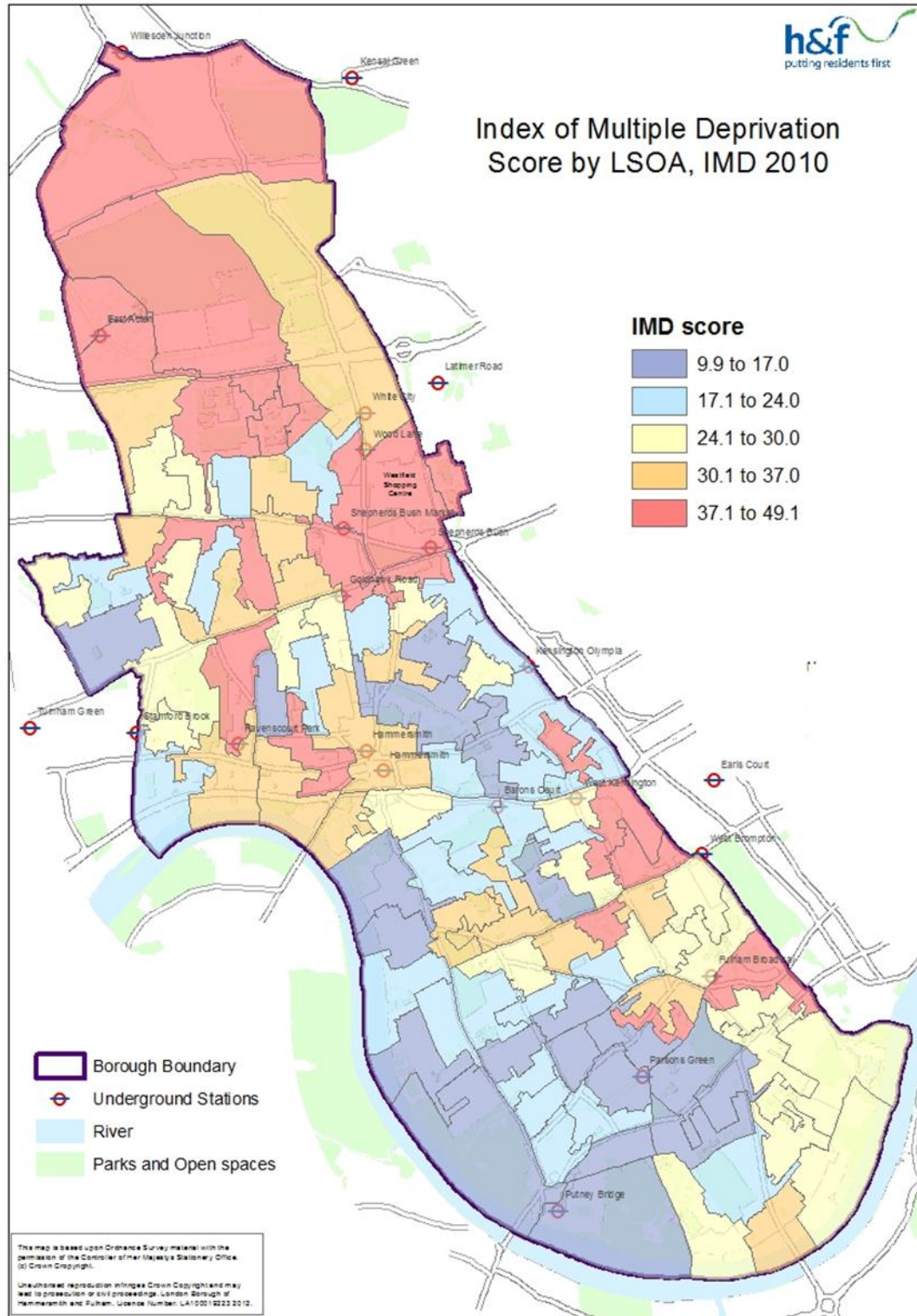
	2001	2011
All categories: Student accommodation	31,102	35,895
Living with parents	23,969	24,807
Living in a communal establishment: Total	450	588
Living in a communal establishment: University (for example halls of residence)	178	324
Living in a communal establishment: Other	274	264
Living in all student household	2,133	4,470
Student living alone	576	1,213
Living in other household type	4,424	4,817

**Map 1: Proportion of households by output area living in social housing**



Source: 2011 Census

**Map 2: IMD scores at a local level in Hammersmith and Fulham**



Source: IMD 2010

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<sup>i</sup> GLA 2013 Round of Demographic Projections

Household projections, Central Trend-based population scenario, extrapolated household formation

<sup>ii</sup> The UK private rented sector as a source of affordable accommodation

Michael Ball University of Reading November 2010