

London Borough of Hammersmith and Fulham
Proposed Submission Local Plan

Housing Background Paper:

February 2017

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1. Background:

- 1.1. The Proposed Submission Local Plan seeks to meet the demand for housing in Hammersmith and Fulham and aims to exceed the London Plan (2016) housing target of 1,031 additional homes per year over the plan period. 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 Housing Strategy, to the Mayor of London's London Plan (2016), the London Housing Strategy (June 2014) and also how it is consistent with the National Planning Policy Framework, the National Planning Policy Guidance and other government guidance. The paper sets out the legislative context and then secondly the relevant demographic conditions of the borough and the strategy for meeting the housing target.

2. National Planning Policy Framework:

- 2.1. National Planning Policy Framework (NPPF) sets out the Government Policy regarding planning for housing. The NPPF states that "the purpose of the planning system is to contribute to the achievement of sustainable development" (Paragraph 6). One of the core planning principles of the NPPF (Paragraph 17) is 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. Local Planning Authorities (LPA's) need to demonstrate a five-year supply of deliverable housing sites (Paragraph 49). It also should deliver a "wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities" (Paragraph 50).
- 2.3. Paragraph 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".
- 2.4. The NPPF defines affordable housing as "social rented, affordable rented and intermediate housing, provided to eligible households or for the subsidy to be recycled for alternative affordable provision".
- 2.5. In relation to plan making, LPA's are expected to have a clear understanding of housing needs in their area. Paragraph 47 of the NPPF states that LPA's are expected to prepare a Strategic Housing Market

Assessment (SHMA) 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 (SHLAA) 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. The last SHLAA was conducted in 2013, by the Greater London Authority for the preparation of a revised London Plan.

- 2.6. A new SHLAA is currently underway across London which will provide future targets for the London boroughs. In the absence of new targets, the council has adopted the target of 1,031 that is identified in the London Plan 2016.

3. Housing and Planning Act

- 3.1. The Housing and Planning Act was enacted in May 2016. This Act includes new legislation on Starter Homes, Voluntary Right to Buy, Pay to Stay, Deregulatory Measures and changes to the planning system. The next stage for the Housing Act is to add the details through regulations.

4. National Planning Practice Guidance:

- 4.1. Alongside the NPPF, the National Planning Practice Guidance supports and provides further information for LPA's. In relation to housing, 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 identifying the scale of housing supply necessary to meet that demand."
- 4.2. 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.

5. How Many Homes:

- 5.1. 'How Many Homes' the companion guide from the Local Housing Requirements Assessment Working Group summarises the national context for Housing in England. It says that the delivery of the range and type of housing needed does not fall solely to the planning system. Our future housing needs will be delivered through a combination of new housing and making the best use of our existing housing stock in both the public and private sectors and homes currently not in use. The guide states that local authorities need to take a corporate approach to planning for housing, as well as working with key partners including Registered Providers and the development industry.

6. Regional Policy: London Plan (2016):

- 6.1. The London Plan is a part of boroughs Development Plans and boroughs DPD's have to be in general conformity with the London Plan. The key housing policies DPD's need to be in general conformity with are:
- To seek to achieve and exceed the target of 1,031 additional homes a year in Hammersmith and Fulham (Table 3.1, London Plan);
 - 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.
- 6.2. The London Plan is supported by the 2013 SHMA which sets out estimates of London's current and future housing requirements. The number of households in London is expected to grow from 3.28 million in 2011 to 4.26 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.
- 6.3. The London Plan is also supported by the 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 Annual Monitoring housing targets. The annual average housing provision monitoring target for Hammersmith and Fulham is 1,031 dwellings from all sources of supply housing targets.
- 6.4. The London Plan Policy 3.3 states that "Boroughs should seek to achieve and exceed the relevant minimum borough housing annual average housing 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". The Local Plan period exceeds the London Plan housing targets therefore the Local Plan will be updated in accordance with the London Plan, when appropriate.
- 6.5. The London Plan includes stronger policy support for the Private Rented Sector to address housing needs and increase housing delivery. It also includes new indicative annualised benchmarks to inform local targets for specialist housing for older people. Hammersmith and Fulham's benchmark figure is 60 dwellings a year, of which 45 should be for private sale and 15 intermediate sale.
- 6.6. Policy 3.11 of the London Plan 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 immediate rent and sale. Priority should be according to provision of affordable family housing.

- 6.7. The London Plan defines the income range for intermediate as being above social rent and up to £66,000 and for family sized homes up to £80,000. The figures are updated annually.

7. Homes for London: London Housing Strategy (June 2014):

- 7.1. The Mayor's London Housing Strategy (June 2014) states in the Forward 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."
- 7.2. The 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 Londoner's needs and aspirations – for larger homes, for supported homes, and for social rented and intermediate homes.

8. Housing in Hammersmith and Fulham:

- 8.1. The Proposed Submission Local Plan housing policies have been developed within the context of government and London policy and guidance.
- 8.2. The vision statement of the Council's Housing Strategy 2015 includes 3 themes:
- Regeneration Places and Increasing Affordable housing supply
 - Meeting housing need and aspiration
 - Excellent Housing Services for All
- 8.3. 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: A new approach to small and medium site delivery
 - Delivering more choice for affordable ownership and rented housing
 - Meeting older peoples Housing needs

- Meeting the housing needs of disabled people, including those with Learning disabilities
- Improving the Private Rented Sector.

8.4. The following sections outline the characteristics of the housing stock and housing requirements in Hammersmith and Fulham.

9. Existing Housing:

- 9.1. 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 has a population increase of 14.9% for the same period and Greater London which had a population increase of 14%.
- 9.2. The 2011 census estimated 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).
- 9.3. 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 6th lowest average size of any local authority in London.
- 9.4. 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 to 1257 households (1.6%) were reported to have shared ownership, an increase from 706 households (0.94%) in 2001.
- 9.5. The numbers of households renting from the council or from housing associated 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%.
- 9.6. 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 Hammersmith and Fulham and the very limited availability of social/ affordable rented housing.
- 9.7. 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	Affordable Housing
2011/2012	474	79
2012/2013	422	111
2013/2014	1155	98
2014/2015	1147	148
2015/2016	1072	67
Total	4270	503

Source: London Borough of Hammersmith and Fulham Policy

10. Market Housing-Owner Occupation:

- 10.1. 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 March 2016 the average price for a property was £767k, over 1.6 times higher than the average price for London as a whole. The average price for a flat was over £667K, over £1.1 million for a terraced house and £1.3m for a detached house. House prices have increased at a much faster rate than flat prices.
- 10.2. 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 in all London Boroughs. Properties also sell quickly in Hammersmith and Fulham, an average of 4.2 weeks, the 6th shortest length of time in London and on average homes sold for over 95% of their asking price.
- 10.3. 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 the second quarter 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.
- 10.4. Since the five year low point caused by recession in quarter two of 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.
- 10.5. 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.
- 10.6. Using the 3.5 x 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.

- 10.7. In addition to the need for a very high household income to purchase a property in the borough, households also need significant savings for a deposit to be able to get a mortgage.
- 10.8. These high house prices relative to earnings and the need for higher 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).

11. Market Housing – Private Rented Housing

- 11.1. In Hammersmith and Fulham about 39% of households living in private rented sector are one person households and 27.5% of households in the private rented sector consists of shared households (with unrelated adults sharing), compared to 11.6% among owner occupiers and 5.2% in the affordable/ social rented sector.
- 11.2. 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 £1,886 per month the 8th highest in London and twice the average for England as a whole. Between 2010/2011 and 2013/2014, the average (mean) rent has increased by over 30%, and the lower quartile rent has increased by almost 47%. The lower quartile of rent for a one bedroom property has increased from £953 in 2010/2011 to £1,148 in 2012/2013, an increase of 20%.
- 11.3. Average annual household income of residents in the borough is only 1.91 times higher than average private sector rents; this is the ninth lowest ratio of all local authorities in the country. 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.
- 11.4. 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% of the borough. The private rented sector provides housing of relative easy access (and exit) for young and mobile households, such as young professional single people, couples, and students. Some households occupy private rented sector 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 12 years. Of private tenant, 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 2007-2008, CLG). Most of this high private rented sector mobility is driven by tenant choice rather than landlord push.¹

- 11.5. Households who cannot afford private sector rents are supported by the payment of housing benefit or through private sector leasing. There are currently over 3,200 claimants of housing benefit living in the private rented sector. The average weekly (eligible) rent of these claimants in private rented housing is just under £400 per week.
- 11.6. Almost three quarters of these households consists of single adults (54%) and lone parent (20%). Both these proportions are significantly higher than those in the private rented sector overall (regardless of receipt of benefits).

12. Intermediate Affordable Housing

- 12.1. 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 1257 of 1.6% of all households have a shared ownership dwelling. Since 2001, over 1,400 additional intermediate affordable dwellings have been shared ownership but have been other forms of equity share, discount market and discount rent scheme. These latter tenures are likely to have been recorded as owner occupied housing in the 2011 Census.
- 12.2. As of the 15th September 2016 there were 9077 'live' applications (main applicant only) on the 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-residential applicants currently live in Ealing, Wandsworth, Hounslow, RBKC, Brent and Westminster. The average household income of all applicants is £35,715.00. 1813 (32%) of applications are from key workers whose average household income is £37,166. This compares to £35,017 for non-key workers.

13. Social Rented Housing

- 13.1. Hammersmith and Fulham council manage a housing stock of 17,126 units. These are made up of 12,292 council tenancies, 4670 leasehold, and 164 freeholds. The residential stock is overwhelming flatted accommodation and predominantly situated in medium or high rise blocks.

¹ The UK Private Rented Sector as a source of affordable accommodation. Michael ball, University of Reading, November 2010.

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.

- 13.2. 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.
- 13.3. In addition to council owned housing, there was 12,450 (15.4%) households renting from housing associations in 2011, giving a total of 31% of householders renting from a social landlord.
- 13.4. Social rented housing is particularly concentrated in the north east of the borough, where some output areas (SOA's) have in excess of 50% social rented housing (Map 1). Most of these output areas are also the areas with the highest levels of deprivation (Map 2).

14. Assessment of Housing Need

- 14.1. 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.
- 14.2. From 2015 to 2025 there is expected to be an increase of 8, 441 households in the borough based on the trend projections, which include the characteristics of the borough and the local housing market. Therefore, 844 additional homes will be needed per year over the next 10 years.
- 14.3. The London Plan (2016) based on the SHLAA (2013) has allocated a higher housing target -1031- additional dwellings pa to Hammersmith and Fulham than would be required to meet projected household growth.

15. Affordable Housing Need

- 15.1. 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 1900 households in need or will be in need of social/ affordable rented housing over the next 10 years. This equates to an estimated need of 283 units per year, if the existing and new demand is to be met.
- 15.2. In relation to intermediate affordable homes, it is estimated that of the 2282 households in housing need forming each year approximately 1529

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 2104 additional intermediate homes pa.

- 15.3. The estimated need for affordable housing exceeds the London Plan 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 homes in the borough between 2001 and 2011.

Table 1 - Housing Trajectory

16. Specialist Housing Requirements

- 16.1. 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 70+ age group. It is suggested that, the numbers of people in this age group is expected to increase by more than double.
- 16.2. 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.
- 16.3. 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.

16.4. 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.

16.5. 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.

17. Student Accommodation

17.1. 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.

18. Conclusion

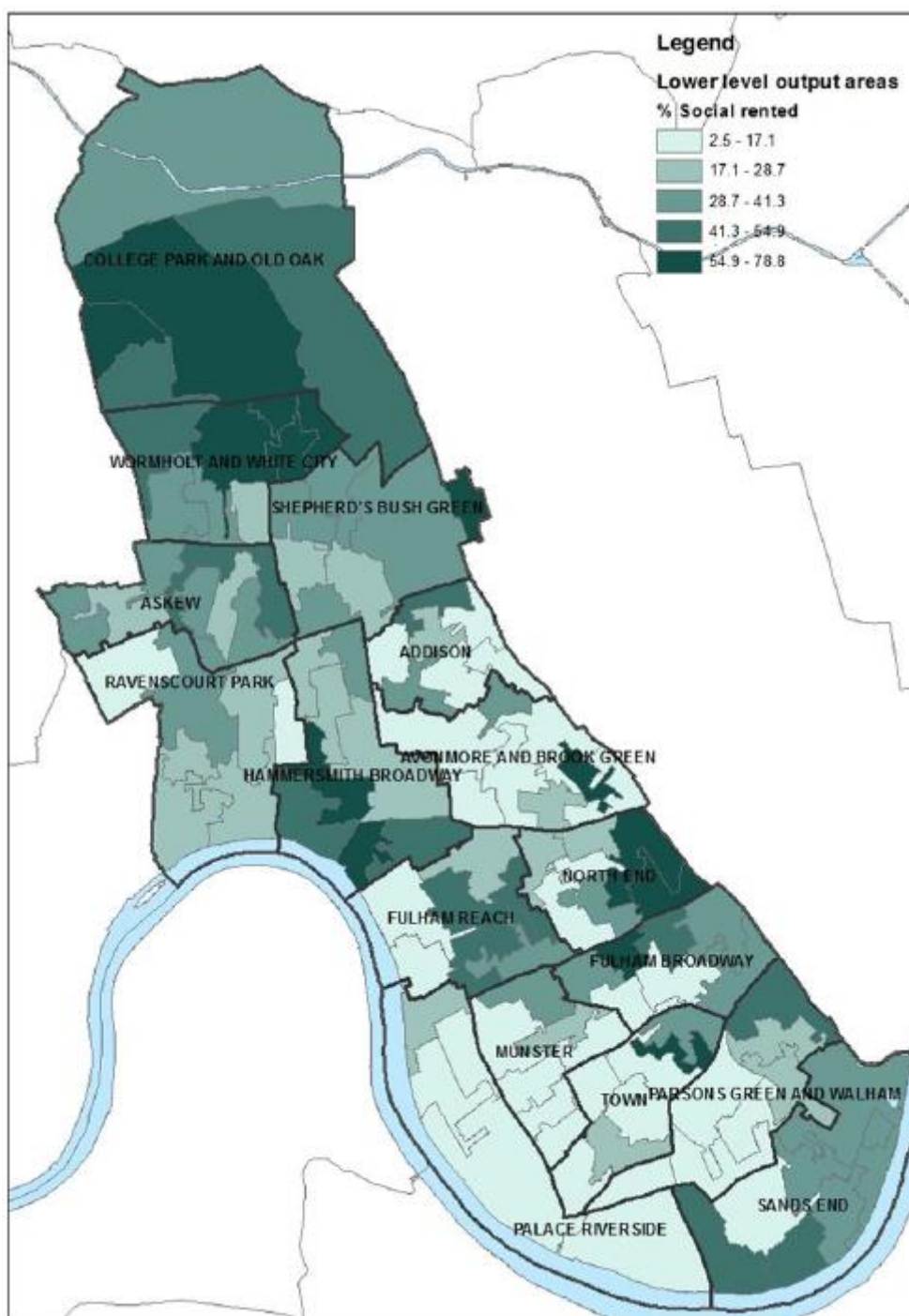
18.1 The Local Plan policies have been based on the findings from the Strategic Housing Market Assessment. In order to meet these needs, the Housing Trajectory has been prepared that sets out how and where housing will be delivered.

Table 3: 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

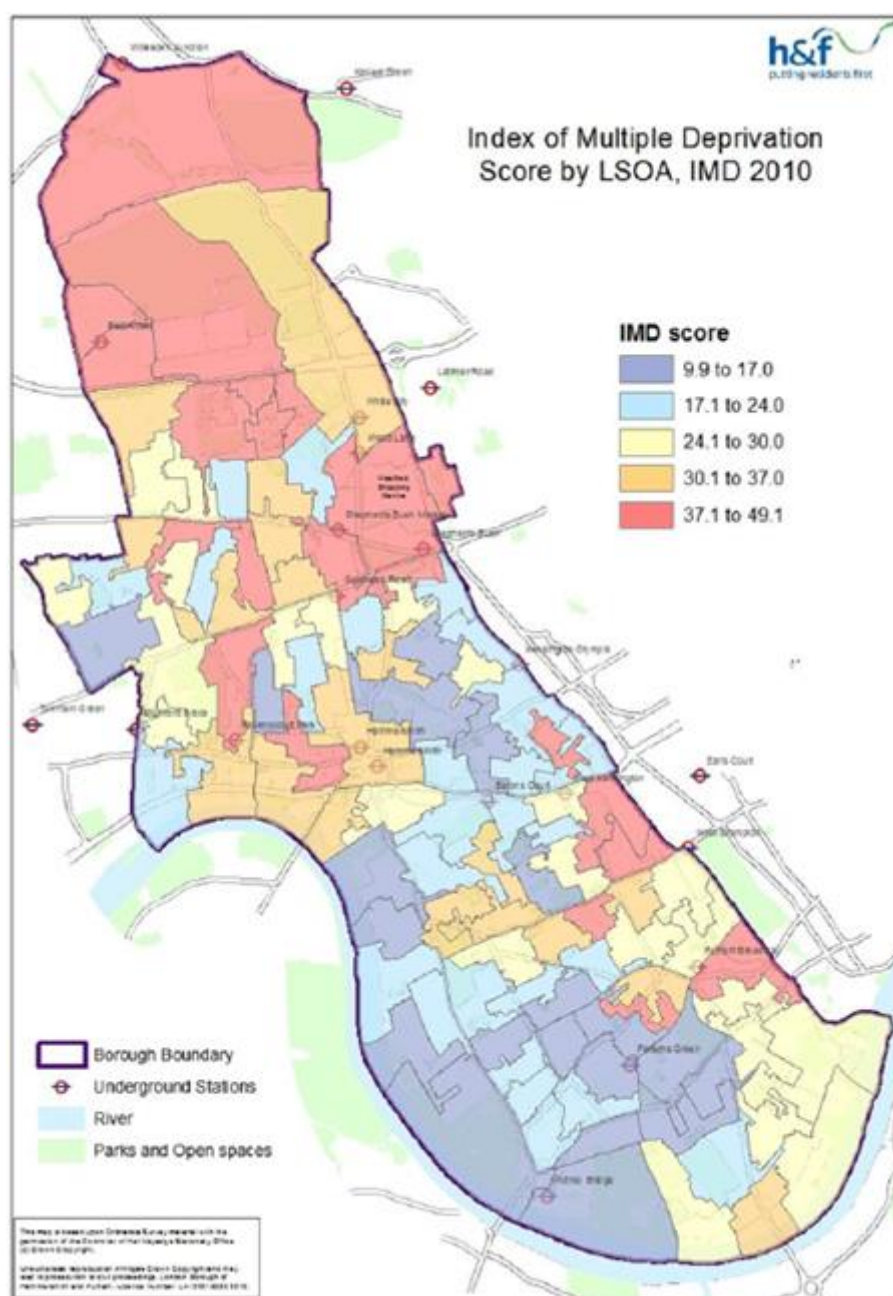
Source: London borough of Hammersmith and Fulham.

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