



2006 LOCAL HOUSING ASSESSMENT

April 2007



Fordham Research Ltd, 57-59 Goldney Road, London, W9 2AR
T. 020 7289 3988 F. 020 7289 3309 E. info@fordhamresearch.com
www.fordhamresearch.com

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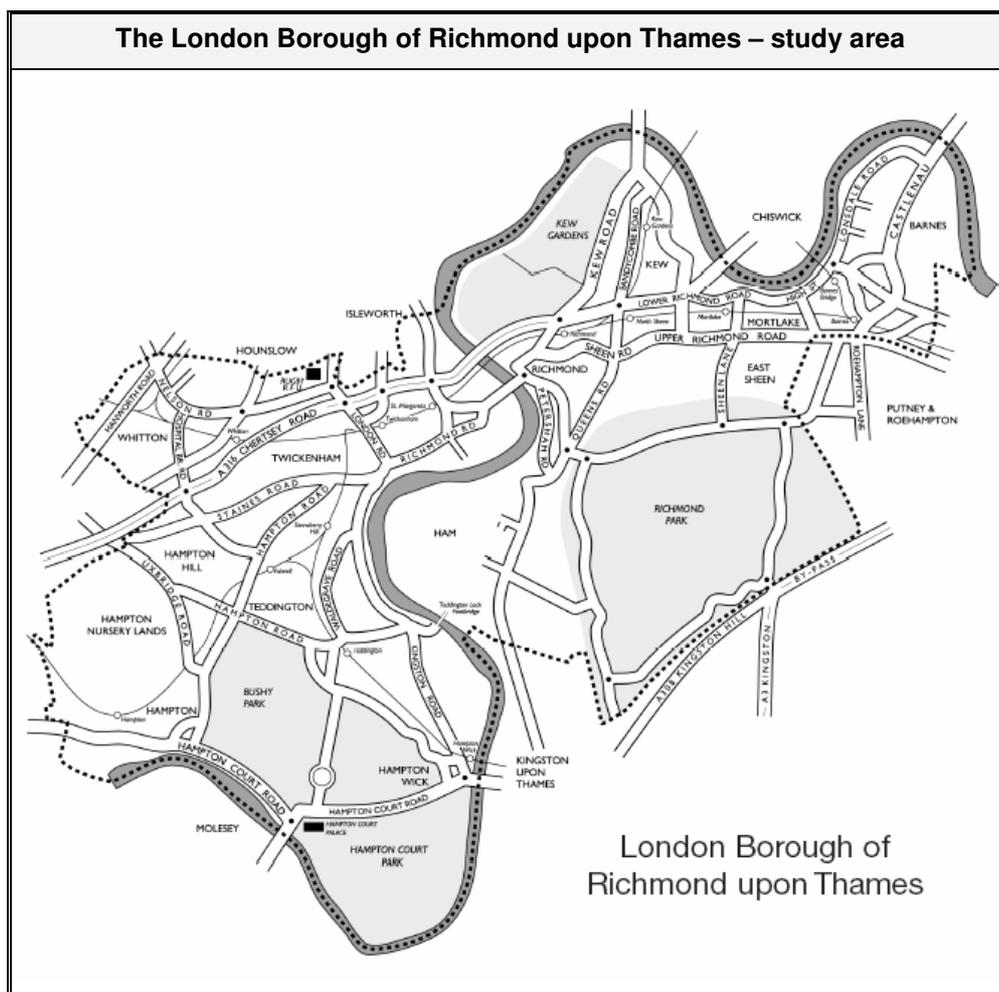
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EXECUTIVE SUMMARY

Context of the Study

Fordham Research were commissioned to carry out a Local Housing Assessment for the London Borough of Richmond upon Thames Council. The study was designed to assess the future requirements for both affordable and market housing. To do this the study drew on a number of sources of information. These included:

- A postal survey that achieved 2,661 responses
- Interviews with local estate and letting agents
- Review of secondary data (including Land Registry, Census, Housing Strategy Statistical Appendix (HSSA) and Regulatory and Statistical Returns (RSR) data)
- Review of the policy context



Survey and initial data

A major part of the study process was the completion of the primary data collection via postal questionnaires with local households. In total 2,661 households took part in the survey. The questionnaire covered a wide range of issues including questions about:

- Current housing circumstances
- Past moves
- Future housing intentions
- The requirements of newly forming households
- Income levels

Information from the questionnaire survey was used throughout the report (along with secondary information) to make estimates about the future housing requirements in the Borough.

Overall the survey estimated that around 71% of households are currently owner-occupiers with 12% living in the social rented sector and around 17% in the private rented sector.

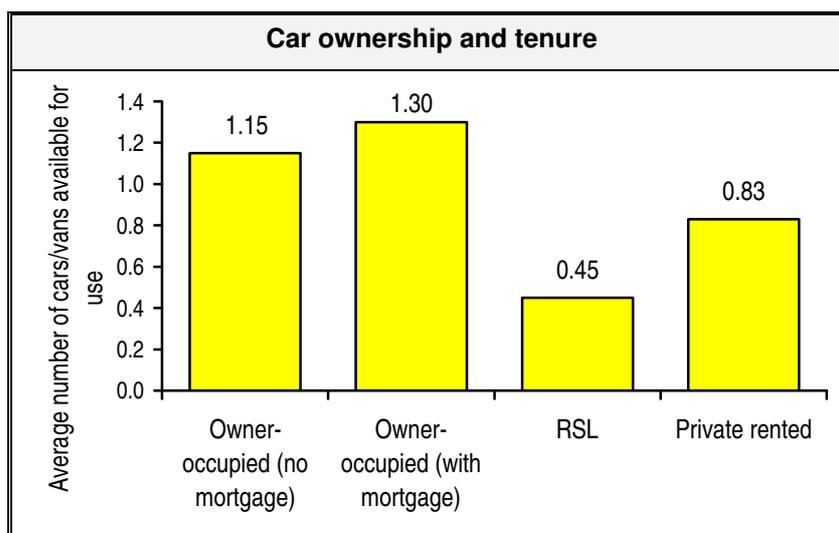
Number of households in each tenure group		
Tenure	Total number of households	% of households
Owner-occupied (no mortgage)	23,385	30.2%
Owner-occupied (with mortgage)*	31,767	41.0%
RSL	9,312	12.0%
Private rented	13,076	16.9%
TOTAL	77,540	100.0%

**includes shared ownership*

Source: Richmond upon Thames LHA 2006

The survey reported on a number of general characteristics of households in Richmond upon Thames. The study estimated that 61.8% of households live in houses or bungalows, whilst 38.2% live in flats. In addition the survey found that over a fifth of all households were solely comprised of pensioners.

The study also looked at car ownership (which is often used as an indication of wealth). The figure below shows car ownership in the Borough by tenure. It is clear that there are large differences between the different tenure groups with owner-occupiers (with mortgage) having a significantly greater level of car ownership than households in the social rented sector.

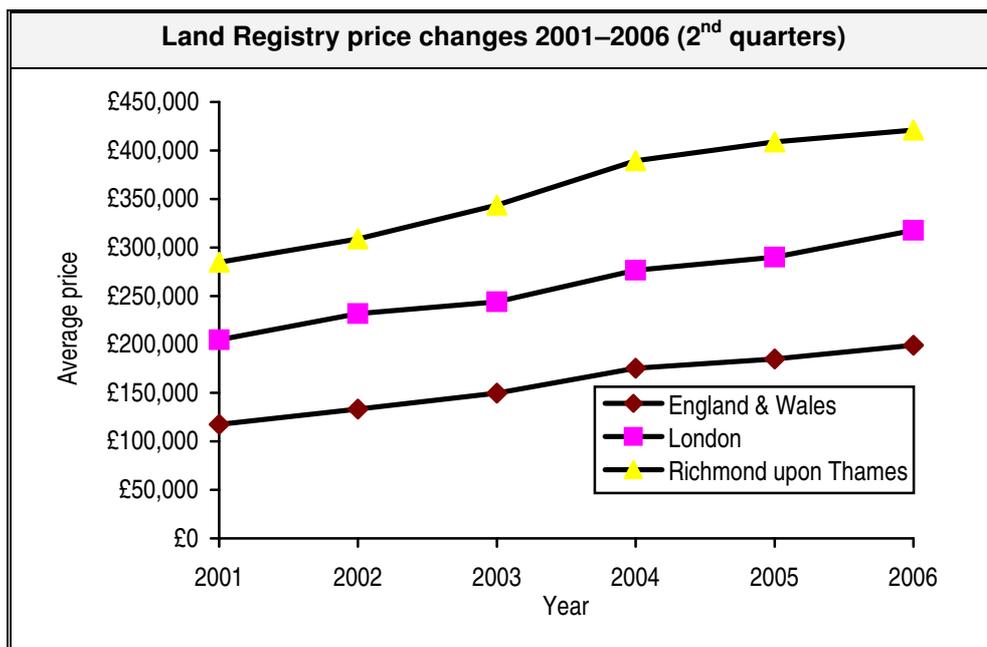


Source: Richmond upon Thames LHA 2006

The study also looked at past trends in household movement and future expectations. The broad findings were:

- An estimated 25.2% of households have lived in their current home for less than two years; over three-fifths of these moves were from outside the Borough.
- In terms of future household moves, the survey estimates that 19,983 existing and 8,452 potential households need or expect to move within the next two years. In both cases a higher proportion would like to move to owner-occupation than expect to do so.

One of the main sources of secondary information was the Land Registry. This data source suggested that property prices in the Borough are above both national and regional figures. The rate of increase in property prices in Richmond upon Thames however is lower than national and regional equivalents, principally because the base price is notably higher. Information from the Land Registry shows that between the 2nd Quarter of 2001 and the 2nd quarter of 2006 average property prices in England and Wales rose by 69.7%. For London the increase was 55.0% whilst for Richmond upon Thames the figure was 47.9%.



Source: Land Registry

A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the Borough. Overall, the survey suggested that prices started at around £198,000 for a one bedroom flat with private rental costs starting from around £710 per month.

Minimum property prices/rent in Richmond upon Thames		
Property size	Minimum price	Minimum rents (per month)
1 bedroom	£198,000	£710
2 bedrooms	£247,000	£950
3 bedrooms	£318,500	£1,100
4 bedrooms	£495,500	£1,615

Source: Fordham Research survey of estate agents 2006

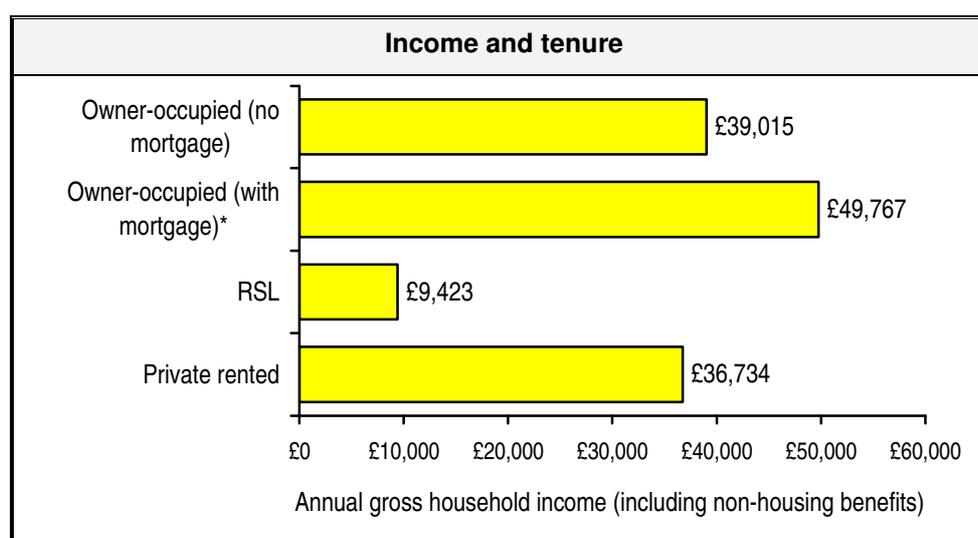
However, our analysis of the minimum and average property prices in the Borough showed that prices in Hampton and Hampton Hill were significantly cheaper than other parts of the Borough. For the purposes of calculating the appropriate prices for the assessment of affordability, it was felt that the average of prices observed in Hampton and Hampton Hill area should be applied to households in all parts of the Borough. They are shown in the table below.

Minimum property prices/rent in Richmond upon Thames – Hampton & Hampton Hill area only		
Property size	Minimum price	Minimum rents (per month)
1 bedroom	£190,000	£690
2 bedrooms	£240,500	£920
3 bedrooms	£295,000	£1,070
4 bedrooms	£375,000	£1,470

Source: Fordham Research survey of estate agents 2006

The information about minimum prices and rents was used along with financial information (including income, savings and equity levels) collected in the survey to make estimates of households' ability to afford market housing (without the need for subsidy).

The survey estimated average gross annual household income (including non-housing benefits) to be £39,481. There were, however, wide variations by tenure; with households living in social rented housing having particularly low income levels.



*includes shared ownership

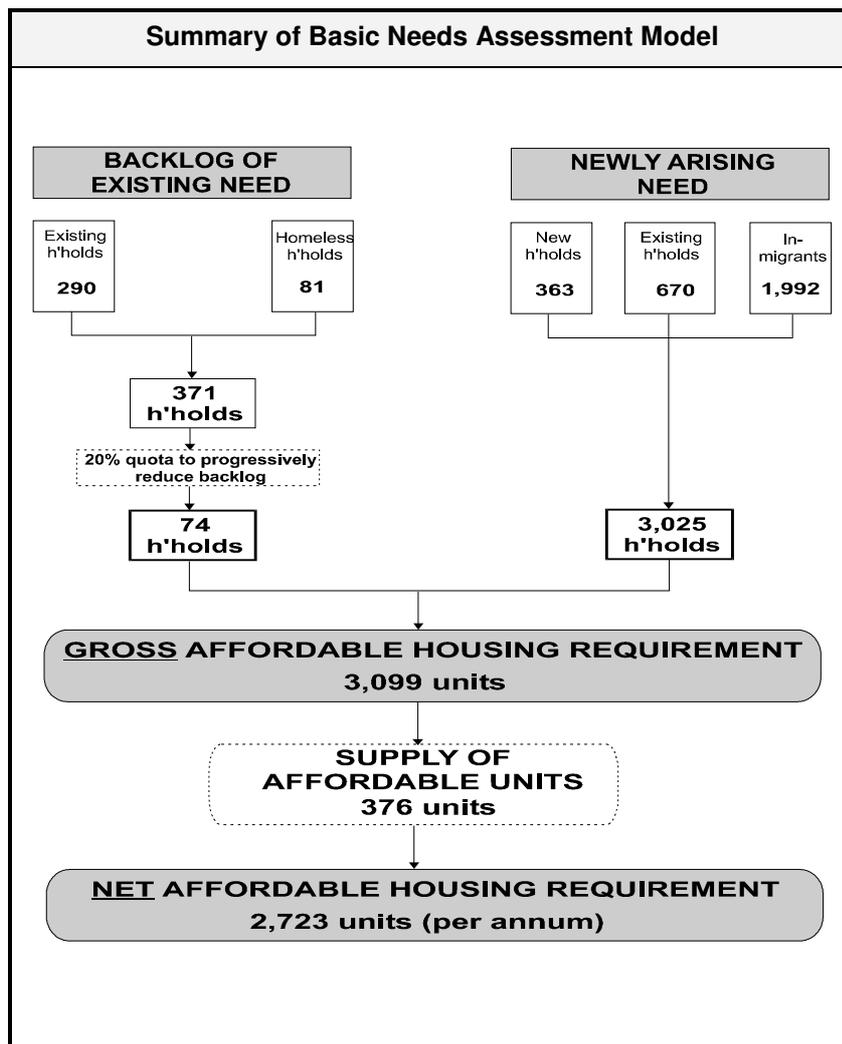
Source: Richmond upon Thames LHA 2006

The Guide model

As part of the study, an estimate of the need for affordable housing was made based on the 'Basic Needs Assessment Model' (BNAM). The BNAM is the main method for calculating affordable housing requirements suggested in Government guidance 'Local Housing Needs Assessment: A Guide to Good Practice' (DETR 2000).

The BNAM sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement

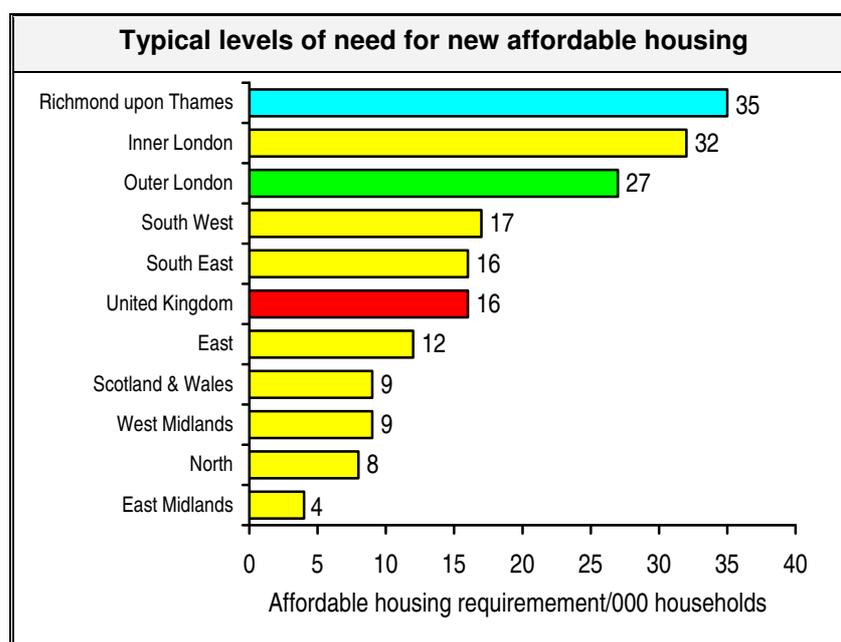


Source: Richmond upon Thames LHA 2006

Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the Borough of around 2,723 units per annum.

The data suggested that there is a shortfall of all sizes of accommodation with the largest shortfall being for one and two bedroom units. The shortage relative to supply is greatest for four or more bedroom properties. It is important to note that these figures are based on a strict bedroom standard and take no account of household size preferences or the priority of needs on the housing register.

Putting the results in context suggests that the affordable housing requirement in Richmond upon Thames is significantly above averages found in other Fordham Research assessments both nationally and regionally. The figure below shows the affordable housing requirement standardised as an annual rate per thousand households.



Source: Richmond upon Thames LHA 2006

Affordable housing target

The analysis suggests that any target of affordable housing would be perfectly justified in terms of the need. Given the high level of need for affordable housing in Richmond upon Thames identified in this study, we consider that, as has been used by other London authorities, a target of over 50% could be justified in line with the objectives of the London Plan, although we acknowledge that the Council is free to take a view on the particular level it wishes to set. The threshold adopted in Richmond Upon Thames' UDP (March 2005) is 10 dwellings/ 0.3 ha, which seems reasonable, although a lower threshold could be justified given the high level of housing need.

Further analysis suggests that shared ownership, based on the Borough-wide minimum cost of owner occupation with a 25% discount, is unaffordable for households deemed in housing need and will therefore meet almost none of the net need for affordable housing. For this reason, affordable housing should be provided in the form of social rented housing in order to be affordable to households in housing need.

However, almost all households who are able to afford to rent privately but are unable to afford owner occupation would be able to afford shared ownership housing. Shared ownership could therefore meet the potential demand for home-ownership from such households.

Broader Housing Market & Future Changes

In addition to concentrating on the need for affordable housing in isolation the study looked at housing requirements in the private sector market. The analysis began by looking at the differences between three broad housing sectors (owner-occupation, private rented and social rented). The survey data revealed large differences between the three main tenure groups in terms of stock profile (size of accommodation), turnover and receipt of housing benefit (or income support towards mortgage interest payments in the case of owner-occupiers). These figures are based on information collected in the survey, and on households those wishing to move in the next 2 years, therefore the figures will vary slightly from HSSA and CORE information.

Profile and turnover of stock and housing benefit claims by tenure			
Tenure	% of properties with less than three bedrooms	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied*	36.0%	8.4%	0.9%
Private rented	73.1%	32.4%	15.0%
Social rented	81.3%	9.7%	64.6%
ALL HOUSEHOLDS	47.7%	12.6%	10.9%

**includes shared ownership*

Source: Richmond upon Thames LHA 2006

Having studied the need for affordable housing using the Basic Needs Assessment Model, the study moved on to look at housing requirements across all tenures. A ‘Balancing Housing Markets’ (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are ‘balanced’ across tenure and property size. It is important to bear in mind that, unlike the BNAM, the BHM is a demand and aspiration driven model.

The inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to 'balance' figures to the estimated scale of new housing in the area. The table below shows the overall results of the BHM analysis.

Total shortfall or (surplus)					
Tenure	Size preference				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation*	(453)	(146)	258	795	454
Affordable housing	250	1,718	1,202	343	3,513
Private rented	(1,180)	(1,611)	(593)	(313)	(3,697)
TOTAL	(1,383)	(39)	867	825	270

*includes shared ownership

Source: Richmond upon Thames LHA 2006

A number of conclusions can be drawn from this analysis:

- i) In terms of the demand for affordable housing in the Borough it is clear that this is on-going. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two and three bedroom homes. The demand for larger units of affordable housing reflects the inability of market housing to cater for lower income larger households and a lack of supply.
- ii) Overall, the data shows only a small shortfall in the owner-occupied sector. In terms of size requirements, the information suggests that in the owner-occupied sector the main shortage is for three or more bedroom homes and there are surpluses of one and two bedroom properties. It is worth noting however, that household projections indicate that there will be an increasing proportion of one person households in Richmond upon Thames in the next fifteen years.
- iii) The model indicates that there is a large surplus in the private rented sector. In this sector all dwelling sizes show a surplus, since many households view this sector as an undesirable long term solution whilst the supply of private rented housing is likely to be large due to the temporary nature of the tenure.

The Needs of Particular groups

The study moved on from a consideration of future needs for additional housing to look at the needs of particular groups. The survey concentrated on the characteristics and requirements of households with support needs, older person households, key workers, Black and Minority Ethnic households and overcrowded households.

Households with support needs

Information from the survey on support needs groups can be of assistance to authorities drawing up their detailed Supporting People Strategies. Some 10.6% of all the Borough’s households (8,228) contain people with support needs. 'People with a Physically Disability' represent the largest category of support needs.

Type of Support Needs			
Category	Number of households	% of all households	% of support needs households
Frail elderly	2,029	2.6%	24.7%
People with a Physical Disability	3,471	4.5%	42.2%
People with Learning Disabilities	1,157	1.5%	14.1%
People with Mental Health Problems	2,755	3.6%	33.5%
People with a Sensory Disability	882	1.1%	10.7%
Other	1,027	1.3%	12.5%

Source: Richmond upon Thames LHA 2006

Support needs households in Richmond upon Thames are generally smaller than average for the Borough and are disproportionately made up of older persons only. Support needs households are more likely than households overall to be in unsuitable housing.

Support needs households in general stated a requirement for a wide range of adaptations and improvements to the home. The most commonly-sought improvements from the categories listed in the questionnaire were:

- Level access shower unit (1,851 households – 22.5% of all support needs households)
- Support services to home (1,667 households – 20.4% of all support needs households)
- Other alterations to bathroom/toilet (1,553 households – 18.9% of all support needs households)

Findings from the survey also suggested that there was potential for the Borough's 'care & repair' and 'staying put' schemes to be expanded.

Older person households

Older persons are defined as those of a pensionable age i.e. men aged 65 or older and women aged 60 or over. Some 20.4% of households in Richmond upon Thames contain older persons only, and a further 7.0% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns.

Although the majority of older person only households live in the private sector, it is interesting to note that a high proportion of RSL accommodation houses households with older people only (34.5%).

Key worker households

The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey therefore analysed such households (the definition being based on categories of employment and notably including public sector workers). Analysis of survey data indicates that there are an estimated 11,427 people in key worker occupations.

Key worker categories		
Category	Number of persons	% of key workers
Nurses and other clinical NHS staff	3,935	34.4%
Permanent teachers in state schools and in further education and sixth form colleges	3,396	29.7%
Metropolitan Police and British Transport Police officers	814	7.1%
Prison and probation officers	89	0.8%
London fire brigade employees (uniformed and control officers only)	0	0.0%
Local Authority staff who are planners, occupational therapists, speech and language therapists, educational psychologists, nursery nurses, clinical staff or social workers	1,489	13.0%
Local Authority staff who are youth workers, teaching assistants, librarians, environmental health officers, solicitors or lawyers	1,198	10.5%
Public transport workers (rail, underground, Tramlink and bus service workers excluding administrative staff and managers)	505	4.4%
TOTAL	11,427	100.0%

Source: Richmond upon Thames LHA 2006

The survey also estimated that 5,960 households are headed by a key worker; these households were subject to additional analysis. The main findings from further analysis of this group of households can be summarised as follows:

- Key worker households are slightly less likely to have moved in the last five years than non-key workers and are more likely to have moved from private rented accommodation than non-key workers
- Key worker households are less likely to want to move within the Borough and are less likely to want to buy their own home
- Key worker households have lower incomes than non-key worker households (in employment)

Black & Minority Ethnic households

Information was gathered in the survey to find out the ethnic origin of the head of household (and partner if applicable) for each sample household in the survey. The categories used on the survey forms were consistent with the 2001 Census. Due to the small sample size of some of the groups, some of the categories have been re-grouped, resulting in five different ethnic groups. The table below shows estimates of the number of households in each of the five ethnic groups.

Number of households in each ethnic group		
Ethnic group	Total number of households	% of households
White	72,233	93.2%
Mixed	932	1.2%
Asian or Asian British	2,375	3.1%
Black or Black British	705	0.9%
Any other ethnic group*	1,295	1.7%
Total	77,540	100.0%

**includes Chinese, Middle Eastern and any other ethnic group*

Source: Richmond upon Thames LHA 2006

The survey found that Asian or Asian British households have the highest average household size whilst Black and Black British households have the lowest average household size. Black and Black British households are also particularly likely to live in the social rented sector, whilst White and Asian or Asian British households are more likely than other groups to be living in owner occupied housing.

Overall more than 18% of the gross affordable housing requirement is from households headed by a BME member, which suggests that BME households are over-represented amongst households in need of affordable housing.

Overcrowding and under-occupation

Finally, the survey looked briefly at overcrowding and under-occupation, overcrowding having been shown as one of the most important reason for households to be living in unsuitable housing particularly for households with children (whom are generally more likely to be in unsuitable housing). The study suggested that 2.4% of all households are overcrowded and 34.4% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; the social rented sector the highest overcrowding.

Overcrowding and under-occupation					
Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	13,443	16,826	12,445	5,893	48,607
2 bedrooms	515	5,302	6,680	6,502	18,999
3 bedrooms	119	668	3,013	4,418	8,218
4+ bedrooms	43	65	355	1,252	1,715
TOTAL	14,120	22,861	22,493	18,065	77,540

KEY:  Overcrowded households  Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but currently be occupying a four bedroom property.

Source: Richmond upon Thames LHA 2006

Overcrowded households are far more likely to state that they need or expect to move than other households and tend to have low incomes.

Conclusions

The Local Housing Assessment in Richmond upon Thames provides a detailed analysis of housing requirement issues across the whole of the Borough. The study began by following the Basic Needs Assessment Model, which estimated a shortfall of 2,723 affordable dwellings per annum (for the next five years).

The study continued by looking at requirements in the whole housing market using a ‘Balancing Housing Markets’ methodology. This again suggested a significant requirement for additional affordable housing to be provided along with a requirement for two, three and four bedroom units in the owner-occupied sector.

In the light of the affordable housing requirement shown, it would be sensible to suggest that the Council will need to maximise the availability of affordable housing from all possible sources (including newbuild, acquisitions, conversions etc). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the survey.

SECTION A: CONTEXT OF THE STUDY

This report is the result of a Local Housing Assessment undertaken by Fordham Research on behalf of the London Borough of Richmond upon Thames Council. It provides an overview of the housing situation in Richmond upon Thames, calculating an estimate of affordable housing requirements and also looking at housing demand across all tenures and property sizes.

Data collection and analysis for the assessment of the affordable housing requirement has been implemented in line with DETR guidance, which was published in 2000 in an attempt to standardise the procedure for establishing the shortfall or surplus for affordable housing in an area. The guidance produced by the DETR outlines how Local Authorities' affordable housing policies should be evidenced via a housing needs assessment. This report contains a housing needs assessment but goes beyond the requirements of the DETR guidelines to analyse the wider market and household groups of interest within the Borough, which were suggested requirements for Local Housing Assessments in the PPS3 Consultation Paper of December 2005. The final version of PPS3 was published in November 2006 after the survey work for this report was completed; however the report still includes the principle outputs required within PPS3 for an understanding of the housing market.

The report is divided into five sections. The first sets the scene in Richmond upon Thames, pinpointing key issues within the Borough's housing sector, which are then addressed within the following chapters. The second section provides a summary of data collection techniques and outlines the range of information collection, explaining its importance for assessing housing need.

The third section works through the three stages of the model, as outlined by DETR guidance, in order to assess whether there is a shortfall or surplus of affordable housing in Richmond upon Thames. The fourth section considers the degree to which the housing market in Richmond upon Thames is in balance and the fifth considers housing requirements of specific groups.



1. Introduction

1.1 Introduction

This report contains a comprehensive assessment of housing need across all tenures in the London Borough of Richmond upon Thames. The main aims and objectives set out in the Council's brief for the project are as follows:

- Provide the evidence base for detailed housing policies in the Local Development Framework and accompanying Supplementary Planning Documents
- Inform the Council's revised Housing Strategy in 2007
- Inform local housing investment priorities for affordable housing
- Advise on the balance of the affordable housing programme in terms of size and tenure mix

1.2 Richmond upon Thames

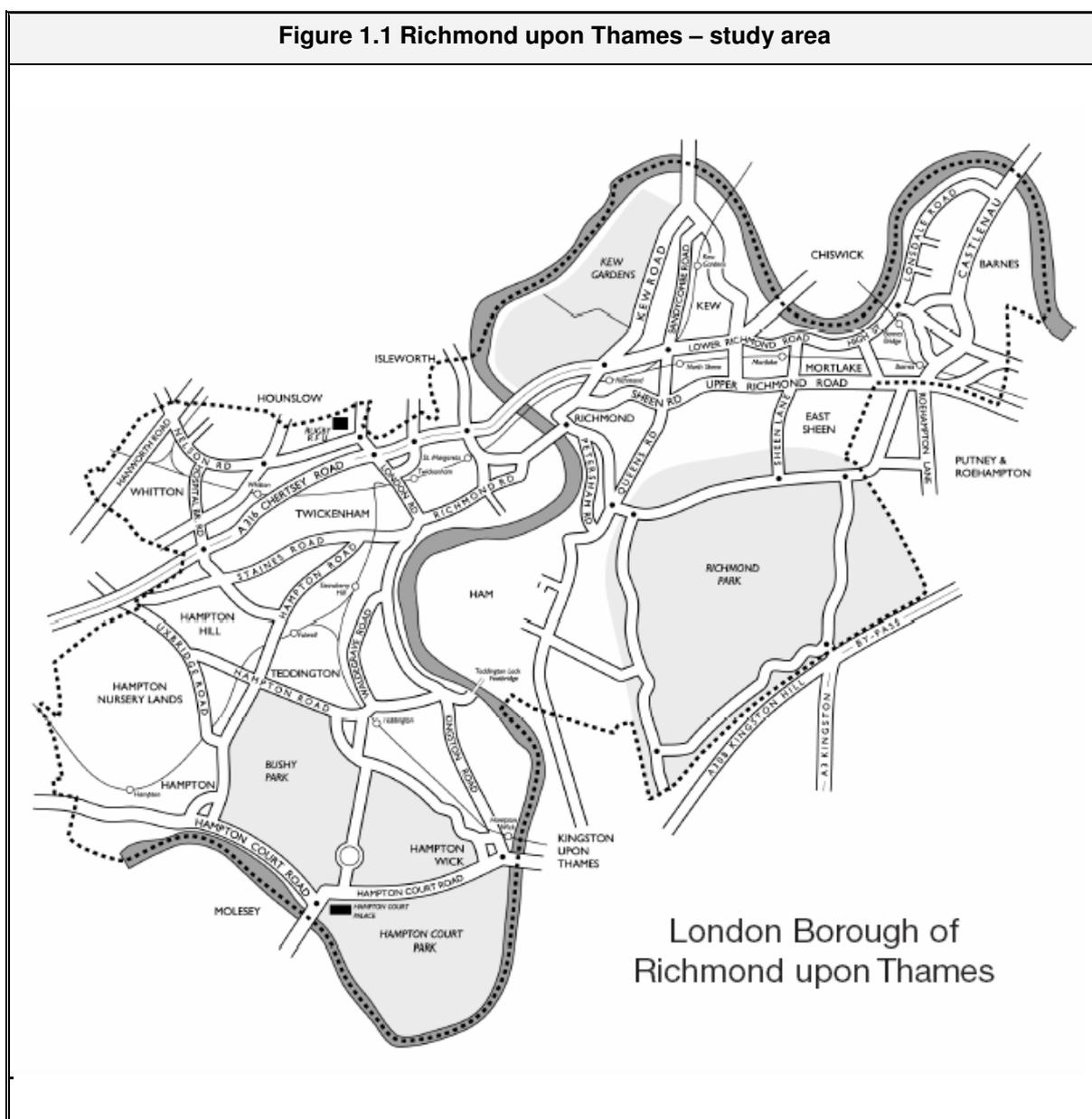
The London Borough of Richmond upon Thames is located in the south west of London and is bordered by the London Boroughs of Hammersmith and Fulham and Wandsworth to the east, Hounslow to the north west and Kingston upon Thames, Elmbridge and Spelthorne to the south and west.

Richmond upon Thames uniquely covers an area on both sides of the River Thames, and extends from Hampton to Kew and Barnes, and from Whitton to Petersham. The main centres are at Richmond, Twickenham, Teddington, East Sheen and Whitton. The Borough has good transport links; it is well served by rail and the Richmond branch of London Underground's District Line. It contains a number of attractions popular with visitors, including Kew Gardens, Hampton Court Palace, Richmond Park and the R.F.U. Stadium.

Richmond upon Thames is a prosperous Borough, with earnings above the average for London and unemployment below the regional average. The Annual Population Survey (2005) recorded an unemployment rate of 3.0% compared to a figure of 7.2% for the whole of London. The 2005 Annual Survey of Hours and Earnings estimates the average gross annual pay of full-time workers in Richmond upon Thames to be £49,894. The equivalent figure for London is £38,977. Richmond upon Thames also contains a well-qualified workforce. The 2001 Census found that Richmond upon Thames contained a lower proportion of people aged 16 to 74 with no qualifications than the average for London as a whole.

In mid-2005 the Borough had an estimated 186,300 residents. 9.0% of the Borough’s residents are non-White; Richmond upon Thames is therefore less ethnically diverse than London as a whole, where 28.9% of residents are non-White. According to the Indices of Multiple Deprivation (ODPM 2004), Richmond upon Thames was ranked 301st out of 354 local authorities in England (1 being the most deprived). Amongst the thirty two other London Boroughs it is ranked as the least deprived.

The figure below shows a map of the study area.



1.3 Household projections

A further topic of interest is to consider household projections. The most accurate projections available are those provided by the Greater London Authority (GLA). Projections are taken from a 2001 base and have been projected to 2031.

The table below shows household estimates for five year periods up to 2021. Also included is data for 2001 (the base date of the projections). Incremental changes are also shown for each five year period.

Table 1.1 Household projections: 2001-2021				
Date	No of households	Change	% change	Average household size
2001	76,588			2.24
2006	77,253	665	0.9%	2.25
2011	79,269	2,016	2.6%	2.21
2016	80,112	843	1.1%	2.19
2021	81,238	1,126	1.4%	2.17
TOTAL		4,650	6.1%	

Source: GLA households projections

The table above table indicates an increase in the number of households over the period. Overall the number of households is projected to reach 81,238 by 2021, an increase of 6.1% over 20 years. The projected household size however shows a decrease over the same time period.

1.4 Housing Strategy Statistical Appendix data

One further source of data that is of interest is the Housing Strategy Statistical Appendix (HSSA) data. This data source contains a significant amount of data about the local housing stock including the number of dwellings, vacancy rates, supply information and information about levels of affordable house building. For the purposes of this section we look briefly at the Housing Register (Section C).

The table below shows the number of households on the Housing Register from 2003 to 2006 (all data is as of 1st April). The data shows that in 2006 the Housing Register reached its highest point (5,726 households) and there is a clear upward trend since 2003.

This increase is partly due however to the change in allocations policy as a result of the Homelessness Act 2002 which allowed residents from outside the Borough to apply for housing. It is certainly the case however that the numbers on the Housing Register continue to represent a large proportion of households in the Borough, although the register does not form part of the Basic Needs Assessment Model

Table 1.3 Number on Housing Register 2003-2006	
Year	Number of households
2003	3,861
2004	4,868
2005	4,898
2006	5,726

Source: Richmond upon Thames HSSA

1.5 Property prices and income levels

Land Registry data for the second quarter of 2006 demonstrates that house prices in Richmond upon Thames have increased by 47.9% over the five year period from 2001: a lesser rate than observed both regionally and nationally, though the average house price at £420,952 is more than twice as high as the average for England and Wales, and about a third higher than the average for London.

Data from the 2005 Annual Survey of Hours and Earnings suggests that the average full-time wage of employed residents in the Borough is £49,894. Average prices are therefore more than eight times higher than average incomes. On the basis of this data alone it is clear that there is likely to be an issue of access to affordable housing for many households.

1.6 Summary

The Borough of Richmond upon Thames is located in south west London and is ranked as the least deprived Borough in London according to the 2004 Index of Multiple Deprivation.

Secondary data shows that the number of households on the Housing Register has been steadily rising. House prices in the area have also experienced a significant increase, to the extent where it is estimated that average house prices are more than eight times higher than the average income in the Borough.

2. Housing Needs Assessment - background

2.1 Introduction

The assessment closely follows guidance set out by the then Department for the Environment, Transport and the Regions in *'Local Housing Needs Assessment: A Guide to Good Practice'* (July 2000). It should be noted that throughout this report reference is made to the DETR Guidance. The main aspect of the DETR guide is its Basic Needs Assessment Model (BNAM) which is discussed further in this chapter.

In March 2005 a 'discussion draft' of a revision to the above guidance was published. In addition the Housing Markets Assessments Draft practice guidance published by the then Office of the Deputy Prime Minister (ODPM) in December 2005 provides advice on how housing need should be assessed. This report has taken account of some of the main changes proposed in the new guidance and several elements of the methodology, such as the affordability test and unsuitable housing categories, have been adjusted accordingly. It is unlikely that these will change when the new guidance is finalised. Additionally, the PPS (Planning Policy Statement) 3 Consultation Paper of December 2005 included suggested requirements for Local Housing Assessments (a more detailed discussion of which appears in Appendix A1). The promised final Strategic Housing Market Practice Guidance was not published until after the report was concluded and so this report pre-dates it.

The study also looks at housing requirements using our 'Balancing Housing Markets' methodology (BHM). This is a demand-led method which looks at potential housing shortages (and surpluses) across the whole housing market – including affordable housing. This requirement has been brought into focus as part of the Audit Commission's Comprehensive Performance Assessment (CPA). The CPA includes the requirement for local authorities to consider 'balancing housing markets'.

In carrying out this assessment using both the BNAM and the BHM we are able to cast some considerable light on the housing situation in Richmond upon Thames. The two methods are quite complementary. The BNAM looks predominantly at trend data whilst the BHM studies households' future aspirations, expectations and affordability.

The two methods taken together provide detail on certain crucial matters, such as the types of affordable housing which can meet housing need and suggested affordable housing policy responses (such as target and threshold levels).

2.2 Key points from the housing needs assessment guide

The basis for carrying out housing needs assessment has been standardised by the publication of the Guide (formally: *Local Housing Needs Assessment: A Guide to Good Practice – DETR Housing, July 2000*). Since the Guide provides the test of a good Housing Needs Assessment, it is important to summarise its key features. This section is devoted to that purpose.

(i) Introduction

This Guide, published in July 2000, has gone a long way to filling the gap which has been apparent ever since, in Circular 7/91, the Government told councils they could seek affordable housing provided that there was evidence of housing need (without defining ‘need’). There are still a number of detailed difficulties with the advice, but they are minor compared with the gaps that have been filled. The following summary focuses upon the key issues, and in particular those that affect affordable housing.

It should be noted that the ODPM published, in December 2005, a Housing Markets Assessments Draft practice guidance which provided advice on how housing need should be assessed. This report has taken account of some of the main changes proposed in the new guidance and several elements of the methodology. All future references in this report to the ‘DETR Guide’ refer to the current guidance, since the subsequent version published in March 2005 and the advice contained within the Housing Market Assessment Draft practice guidance December 2005 were both very much drafts.

(ii) Definition of housing need

The definition of housing need controls which households are defined as being in need, and indirectly affects what constitutes affordable housing. Affordable housing is, in principle, designed to address the identified housing need. The current Guide defines a household in housing need as one which is living in housing that is not suitable for its requirements and who cannot afford to resolve this unsuitability within the private sector housing market.

DETR Guide	<i>‘Housing need refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance’.</i> [Appendix 2 (page 116)]
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(iii) Procedure

An 18-stage procedure is set out in the Guide. This is aimed at producing an estimate of the net need for new affordable housing. Thus the Guide is very much geared to the requirements of planning for clear indications of the affordable housing requirement. The following table reproduces the stages from the key table of the Guide.

The table includes an element of in-migrant need (Stage 12). Out-migration is accounted for in Stage 2 of the model and also by implication at Stages 8/9. Additionally where a supply of affordable housing arises due to out-migrating households this is included as part of the calculations at Stage 14.

Table 2.1 Basic Needs Assessment Model: (from Table 2.1 of the Guide)
<i>Element and Stage in Calculation</i>
<i>B: BACKLOG OF EXISTING NEED</i>
1. Households living in unsuitable housing 2. <i>minus</i> cases where in-situ solution most appropriate 3. <i>times</i> proportion unable to afford to buy or rent in market 4. <i>plus</i> Backlog (non-households) 5. <i>equals</i> total Backlog need 6. <i>times</i> quota to progressively reduce backlog 7. <i>equals</i> annual need to reduce Backlog
<i>N: NEWLY ARISING NEED</i>
8. New household formation (gross, p.a.) 9. <i>times</i> proportion unable to buy or rent in market 10. <i>plus</i> ex-institutional population moving into community 11. <i>plus</i> existing households falling into need 12. <i>plus</i> in-migrant households unable to afford market housing 13. <i>equals</i> Newly arising need
<i>S: SUPPLY OF AFFORDABLE UNITS</i>
14. Supply of social relets p.a. 15. <i>minus</i> increased vacancies & units taken out of management 16. <i>plus</i> committed units of new affordable supply p.a. 17. <i>equals</i> affordable supply 18. Overall shortfall/surplus

(iv) Conclusions

The Guide provides a coherent definition of housing need, and a great deal of advice on how to implement it. This report has been prepared in accordance with the Guide. Throughout this report key methodological quotes from the guide are highlighted in boxes. This is to help the reader understand and to reinforce the reasoning behind the analysis carried out.

2.3 Key points from Balancing Housing Markets

As part of the Balancing the Housing Market component of the Comprehensive Performance Assessment conducted by the Audit Commission, each Council must assess the extent to which it understands its entire housing market, the extent to which it is taking appropriate actions to balance the housing market, and to demonstrate that it is adequately monitoring progress in achieving a balanced housing market.

The suggestion of ‘Balancing Housing Markets’, indeed, appears in the DETR guidance on Housing Needs Assessment (under the heading of ‘Gross Flows’).

DETR Guide	<i>‘A further development of the approach (the Basic Needs Assessment Model) together with demographic components is to try to build a model showing the gross annual flows of households between each of the main tenures within the Borough. Such a model would also show the flows of new and migrant households into the system and of dissolving and out-migrating households out of the system’.</i> [Appendix A7.4 (page 157)]
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Fordham Research has developed an innovative methodology to allow the information gathered in the housing needs assessment to be used as part of the diagnostic assessment the Council is required to undertake. A full chapter in the report is devoted to this analysis, which assesses the extent to which housing markets are balanced and suggests the directions the Council might take to approach a more balanced condition. This Balancing Housing Market methodology (an Adapted Gross Flows approach) shows exactly what shortages and surpluses exist and are likely to persist in the medium term according to size of dwelling and tenure in relation to the aspirations and affordability of would-be movers. Aspirations of households are determined by direct questions in the survey and are different from their assessed needs, as calculated during analysis with reference to the household size and composition.

Whilst one of the outputs of the BHM model is an estimate of the shortfall of affordable housing this should not be taken as an estimate of the absolute need for such housing. As the BHM is a demand and aspiration driven model (unlike the BNAM, which is mainly based on past trends and based on need as calculated with reference to a strict bedroom standard) there are inevitably some households who have a demand for affordable housing but under the BNAM would not be considered as needing such housing. Additionally as the bulk of the supply in the BHM is based on expected future household moves it is often the case that this model shows a lower supply level than the trend data of the BNAM (typically drawn from HSSA).

It is therefore common to find that the BHM shows a slightly higher estimate of the affordable requirement than the BNAM but this should not be taken as the survey's base estimate of the absolute requirement for affordable housing (which is measured using the DETR's Basic Needs Assessment Model). The BHM is however particularly useful at ascertaining what shortages exist in the private sector market and can help to guide councils in securing an appropriate mix of market housing on new housing developments.

The inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to 'balance' figures to the estimated household growth of an area.

2.4 Summary

Housing Needs Assessments have become, over the past decade, a standard requirement for local authorities across Britain. The publication of *Local Housing Needs Assessment: A Guide to Good Practice* by DETR in July 2000 has now standardised the form of such assessments. They are designed to underpin housing and planning strategies by providing relevant data for them. This report contains a full and robust housing needs assessment that can be used to evidence the Local Authority's affordable housing policies.

In addition to focussing on the need for affordable housing, this study addresses housing requirements across all housing tenures. This is with a view to producing information, which will assist policy making in relation to both housing and planning policy, as well as the Comprehensive Performance Assessment.

SECTION B: SURVEY AND INITIAL DATA

This section starts by giving a brief description of data collection and then moves on to outline the affordability assessments used in estimating the affordable housing requirement. The two crucial types of information required for these assessments are current market housing ‘entry-level’ prices and households’ financial information.

It is important to note that the data in some of the tables in this report may not necessarily add up to the totals presented, or alternatively some of the percentage figures may not sum to 100%. This is due to the rounding of the survey data during the analysis.



3. Data collection

3.1 Introduction

The primary data was collected using postal questionnaires. In total 2,661 postal questionnaires were returned. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of needs across the Borough and geographical breakdowns for the eighteen constituent wards.

Prior to analysis, data must be weighted in order to take account of any measurable bias. The procedure for this is presented in the following sections.

3.2 Base household figures and weighting procedures

Firstly, the total number of households is estimated. This is necessary in order to gross up the data to represent the entire household population. A number of different sources were consulted, primarily the Council's Housing Strategy Statistical Appendix (HSSA) (2005), the Council Tax Register and 2001 Census results. Using this information, the base household figure for Richmond upon Thames was estimated as follows:

Total number of households = 77,540

3.3 Base figures

The table below shows an estimate of the current tenure split in Richmond upon Thames along with the sample achieved in each group. The data shows that around 71% of households were owner occupiers with 12% in the social rented sector and around 17% in the private rented sector. The private rented sector includes those living in tied accommodation and those living in accommodation owned by relatives or friends.

Table 3.1 Number of households in each tenure group				
Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	23,385	30.2%	965	36.3%
Owner-occupied (with mortgage)*	31,767	41.0%	1,176	44.2%
RSL	9,312	12.0%	223	8.4%
Private rented	13,076	16.9%	297	11.2%
TOTAL	77,540	100.0%	2,661	100.0%

*includes shared ownership

Source: Richmond upon Thames LHA 2006

Survey data was weighted to match the suggested tenure profile shown above. An important aspect of preparing data for analysis is ‘weighting’ it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to ‘rebalance’ the data to correctly represent the population being analysed.

DETR Guide	<i>‘If inconsistencies are found between survey results and benchmark sources, there may be a case for re-weighting the data in-line with the distribution indicated by the benchmark source’. [Section 4.2 (page 54)]</i>
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Data was also weighted to be in line with the estimated number of households in each of various groups:

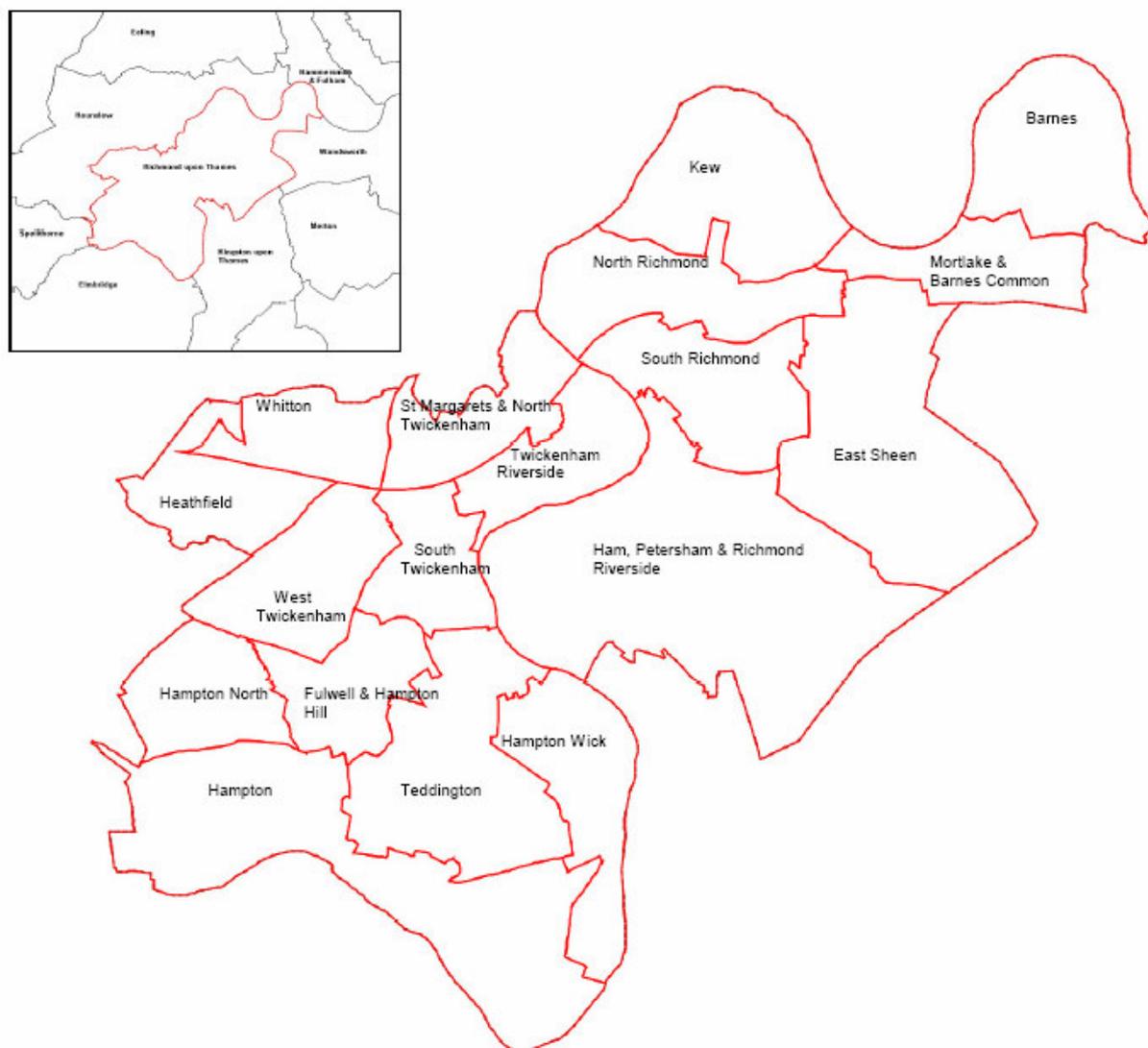
- Eighteen wards (from Council Tax Register)
- Number of people in household (2001 Census)
- Household type (2001 Census)
- Accommodation type (2001 Census)
- Car ownership (2001 Census)
- Ethnicity of the household head (2001 Census)

The estimated number of households and number of responses for each of these groups is shown in Appendix A3.

3.4 Wards

Sampling for the survey was such that results are statistically significant for each of the 18 wards in the Borough. The map below indicates the locations of the eighteen wards.

Figure 3.1 Richmond upon Thames wards



3.5 Stakeholder Consultation

As part of the Local Housing Assessment, key local stakeholders from a number of organisations were interviewed about a range of topics including homelessness, older persons housing and key worker housing. Views from the discussion have been recorded in Appendix A5. Additionally, a stakeholder event was held for developers in the area; the points raised at this event have been recorded in Appendix A6.

3.6 Summary

The Local Housing Assessment included a survey carried out on a random sample of households in the Richmond upon Thames Borough Council area. Data was collected using postal questionnaires providing a total sample of 2,661 households, which is sufficient data to allow reliable analysis of housing need in accordance with DETR guidance.

The survey data was grossed up to an estimated total of households and weighted according to key characteristics so as to be representative of the Borough's household population. In total it is estimated that there were 77,540 resident households at the time of the survey.

4. Current Housing in Richmond upon Thames

4.1 Introduction

This chapter sets out some of the main findings from the survey of local households. Throughout the analysis tabulations are made along with tenure (shown in the previous chapter).

4.2 Type of housing

The table below shows current accommodation types in the Borough. The table shows that 61.8% of households live in houses or bungalows, whilst 38.2% live in flats. The main house type in the Borough is terraced houses followed by purpose-built flats. Just 3.0% of all households stated that they were living in a bungalow (2,338 households).

Table 4.1 Dwelling type		
Dwelling type	Number of households	% of households
Detached house/bungalow*	7,099	9.2%
Semi-detached house/bungalow	19,200	24.8%
Terraced house/bungalow	21,651	27.9%
Purpose-built flat/maisonette	19,545	25.2%
Other flat/maisonette**	10,045	13.0%
TOTAL	77,540	100.0%

* Includes mobile homes

**Other flat/maisonette includes flats that are part of a converted or shared house and flats in a commercial building

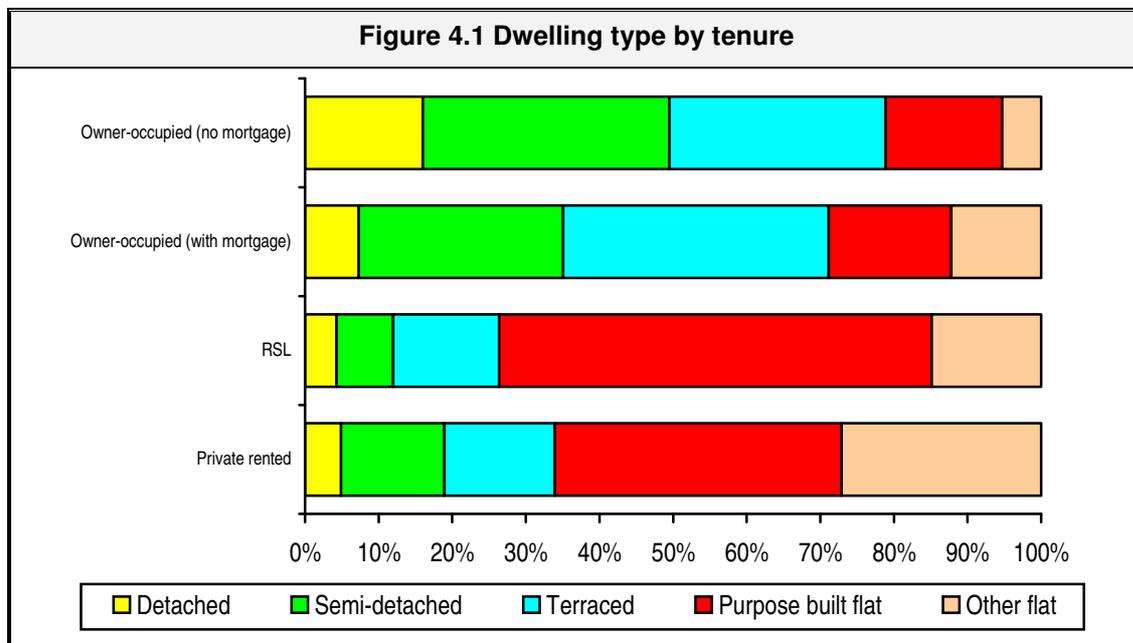
Source: Richmond upon Thames LHA 2006

By tenure a clear trend emerges with households living in owner-occupation particularly likely to live in houses/bungalows whilst social and private rented tenants are more likely to live in flats/maisonettes. The private rented sector contains a greater proportion of flats in converted houses and flats in commercial buildings whilst the social rented sector contains a greater proportion of purpose-built flats.

Tenure	Type of Dwelling					Total
	Detached	Semi-detached	Terraced	Purpose-built flat	Other flat	
Owner-occupied (no mortgage)	3,749	7,830	6,874	3,686	1,246	23,385
Owner-occupied (with mortgage)*	2,306	8,822	11,473	5,299	3,867	31,767
RSL	396	713	1,343	5,477	1,383	9,312
Private rented	647	1,836	1,961	5,082	3,550	13,076
TOTAL	7,098	19,201	21,651	19,544	10,046	77,540

*Includes shared ownership

Source: Richmond upon Thames LHA 2006



Source: Richmond upon Thames LHA 2006

4.3 Household type

The table below shows the household type breakdown in the Borough. The survey estimates that just over a fifth of households are pensioner only and that almost a quarter of households contain children (children are defined as persons under 16). The most common household type is two or more adults with no children. Only 2.8% of households are lone parent households.

Household type	Number of households	% of households
Single pensioner	10,719	13.8%
2 or more pensioners	5,073	6.5%
Single non-pensioner	16,906	21.8%
2 or more adults, no children	26,633	34.3%
Lone parent	2,153	2.8%
2+ adults, 1 child	7,273	9.4%
2+ adults, 2+ children	8,784	11.3%
TOTAL	77,540	100.0%

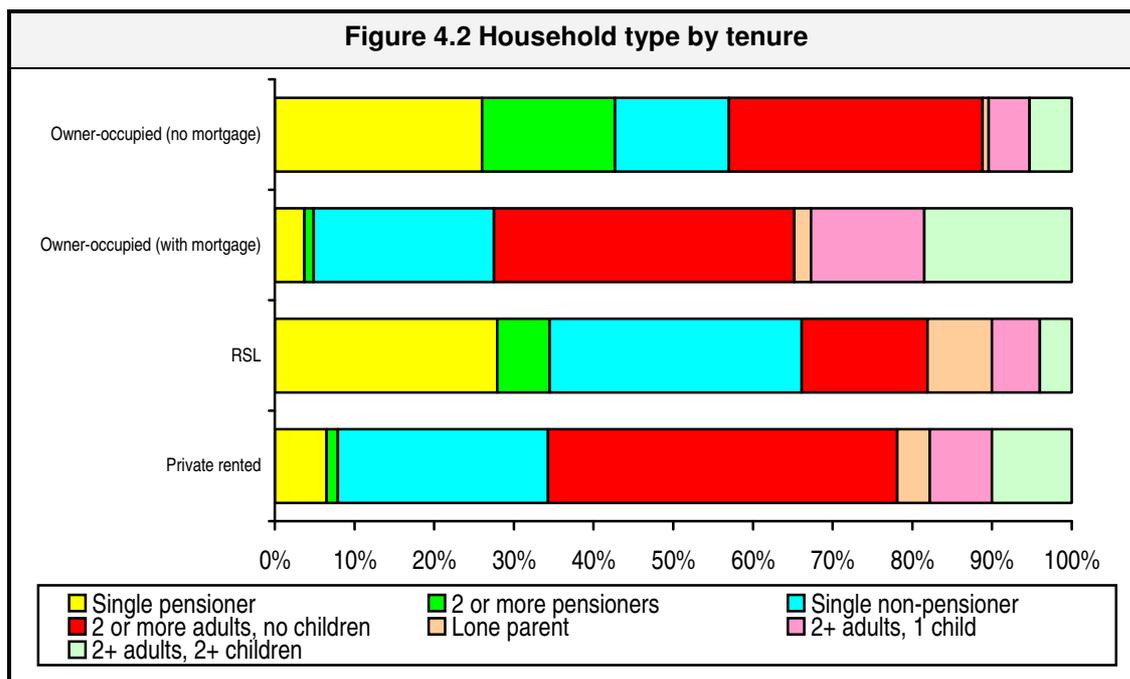
Source: Richmond upon Thames LHA 2006

The table and figure below show household type by tenure. As with dwelling type there are clear differences between the tenure groups. The owner-occupied (no mortgage) sector contains the largest proportion of pensioner households, although RSL accommodation is most likely to contain single pensioner households. The private rented sector contains the largest proportion of households that contain neither children nor pensioners. The owner-occupied (with mortgage) sector has the largest proportion of households with children.

Tenure	Household type							Total
	Single pensioner	2 or more pensioners	Single non-pensioner	2+ adults, no children	Lone parent	2+ adults, 1 child	2+ adults, 2+ children	
Owner-occupied (no mortgage)	6,079	3,913	3,341	7,448	183	1,192	1,229	23,385
Owner-occupied (with mortgage)*	1,186	368	7,170	11,981	679	4,504	5,879	31,767
RSL	2,600	612	2,946	1,475	751	557	370	9,311
Private rented	855	179	3,450	5,728	539	1,019	1,306	13,076
TOTAL	10,720	5,072	16,907	26,632	2,152	7,272	8,784	77,539

*Includes shared ownership

Source: Richmond upon Thames LHA 2006



Source: Richmond upon Thames LHA 2006

4.4 Car ownership

A further question asked in the Richmond upon Thames survey was car ownership/availability. Although not directly linked to housing, this is a useful variable as it can provide some indication of wealth. The table below shows the number of cars households have available for use by tenure.

Over half of all households in social rented housing have no access to a car or van, this compares with only 10.9% of owner-occupied (with mortgage) households. The average household has 1.08 cars; this figure varies from 0.45 in RSL accommodation to 1.30 for owner-occupiers with a mortgage.

Tenure	Number of cars/vans available for use				Average number of cars/vans
	0	1	2	3+	
Owner-occupied (no mortgage)	20.0%	51.0%	22.8%	6.2%	1.15
Owner-occupied (with mortgage)	10.9%	53.9%	29.5%	5.7%	1.30
RSL	59.9%	35.1%	4.4%	0.5%	0.45
Private rented	36.1%	46.6%	15.5%	1.9%	0.83
TOTAL	20.0%	51.0%	22.8%	6.2%	1.08

Source: Richmond upon Thames LHA 2006

The following table considers car ownership by ward. Households in St Margaret's/Twickenham are the least likely to have access to a car (nearly a third of households). The average number of cars per household is greatest in Whitton.

Table 4.6 Car ownership and ward					
Tenure	Number of cars/vans available for use				Average number of cars/vans
	0	1	2	3+	
Barnes	28.7%	39.5%	26.4%	5.3%	1.08
East Sheen	15.7%	55.1%	23.8%	5.4%	1.19
Fulwell/Hampton Hill	16.6%	51.2%	28.4%	3.8%	1.19
Ham/Petersham/Richmond	31.2%	47.3%	16.7%	4.8%	0.95
Hampton	16.0%	46.1%	32.0%	5.8%	1.28
Hampton North	26.3%	48.6%	21.1%	4.0%	1.03
Hampton Wick	22.1%	54.3%	21.6%	2.0%	1.03
Heathfield	21.5%	45.9%	18.3%	14.3%	1.26
Kew	25.4%	49.7%	20.4%	4.5%	1.04
Mortlake/Barnes Common	30.6%	47.5%	18.2%	3.7%	0.95
North Richmond	25.5%	52.2%	18.8%	3.4%	1.00
St Margarets/North Twickenham	32.4%	51.7%	13.3%	2.6%	0.86
South Richmond	15.9%	57.8%	23.2%	3.1%	1.14
South Twickenham	24.1%	50.5%	20.9%	4.5%	1.06
Teddington	21.9%	48.4%	25.6%	4.1%	1.12
Twickenham Riverside	29.1%	50.4%	17.7%	2.8%	0.94
West Twickenham	27.4%	42.8%	24.5%	5.3%	1.08
Whitton	10.2%	52.9%	32.1%	4.8%	1.31
TOTAL	23.8%	49.5%	22.1%	4.6%	1.08

Source: Richmond upon Thames LHA 2006

4.5 Commuting patterns

The survey indicates that some 55,410 households contain at least one employed member and 49,907 households are headed by someone in employment. The questionnaire looked at the place of work and method of travel of the employed household heads. The table below shows the place of work of the head of household, and shows that over a fifth work within the Borough of Richmond upon Thames (including those that work at home), around a third work elsewhere in London and 7.2% elsewhere in the South East.

Table 4.7 Place of work			
Place of work	Number of households	% of households	% of those in employment
Work mainly from home	4,818	6.2%	9.7%
In Richmond upon Thames	11,886	15.3%	23.8%
Elsewhere in London	26,293	33.9%	52.7%
Elsewhere in the South East	5,586	7.2%	11.2%
Elsewhere in the UK	154	0.2%	0.3%
Abroad	29	0.0%	0.1%
No fixed workplace	1,142	1.5%	2.3%
Not in employment	27,633	35.6%	-
TOTAL	77,540	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

The table below presents the five other Boroughs in London that household heads most commonly stated they worked in. The data shows that of the 26,293 heads of household that work elsewhere in London, 17.3% work in the City of Westminster, 15.8% work in the City of London and 14.3% work in Kensington & Chelsea.

Table 4.8 Place of work within London		
Borough of work (elsewhere in London)	Number of households	% of households
City of Westminster	4,539	17.3%
City of London	4,167	15.8%
Kensington & Chelsea	3,754	14.3%
Hounslow	3,667	13.9%
Hammersmith & Fulham	3,412	13.0%

Source: Richmond upon Thames LHA 2006

The table below shows the main method of transport used to get to work by employed household heads. The table shows that over a third of employed household heads travel to work by car, almost a fifth use the train and 11.4% use the tube as their main transport mode.

Transport mode	Number of households	% of households
Home	4,818	9.7%
on foot	3,950	7.9%
Bike	3,855	7.7%
Car	17,592	35.3%
Motorbike	874	1.8%
Tube	5,669	11.4%
Bus	2,892	5.8%
Train	9,785	19.6%
Other	471	0.9%
TOTAL	49,907	100.0%

Source: Richmond upon Thames LHA 2006

4.6 Past moves

An important part of the survey analysis concerns past household moves. This is for both existing and newly forming households and are important in terms of estimates of projected future needs (which are largely based on past trend information).

The table below sets out the number and proportion of households who have moved home within the past two years. The data suggests that 25.2% of households in Richmond upon Thames have moved home in the last two years. Most of these moves were made by existing households.

Type of moving household	Number of households	% of households
Newly forming households	4,174	5.4%
Existing households	15,339	19.8%
Non-movers	58,027	74.8%
TOTAL	77,540	100.0%

Source: Richmond upon Thames LHA 2006

This data can further be looked at in terms of trends in migration. The table below shows the locations of previous homes for both the newly forming and existing households. The table shows a considerable proportion of households moved from outside the Borough. In total 41.3% of moves were made from an address within the Borough. Existing households appear slightly less likely to have moved from outside the Borough than newly forming households. Newly forming households are more likely to have moved from elsewhere in the south east than existing households where as existing households are more likely to have moved from abroad.

Table 4.11 Location of previous home			
Location of previous home	Newly forming households	Existing household	TOTAL
Richmond upon Thames	39.7%	41.8%	41.3%
Elsewhere in London	38.7%	38.6%	38.6%
Elsewhere in the South East	14.3%	7.8%	9.2%
Elsewhere in the UK	4.0%	3.7%	3.8%
Abroad	3.3%	8.1%	7.1%
TOTAL	100.0%	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

The following two tables consider the type and size of dwelling obtained by households who have moved into Richmond from outside the Borough in the past two years. Nearly two-fifths of in-migrants households moved to two bedroom properties and over half moved into flats.

Table 4.12 In-migrant households: size of dwelling		
Dwelling size	Number of households	% of households
1 bedroom	2,986	26.1%
2 bedroom	4,493	39.3%
3 bedroom	2,573	22.5%
4+ bedroom	1,395	12.2%
TOTAL	11,447	100.0%

Source: Richmond upon Thames LHA 2006

Table 4.13 In-migrant households: dwelling type		
Dwelling type	Number of households	% of households
Detached house/bungalow	404	3.5%
Semi-detached house/bungalow	1,713	15.0%
Terraced house/bungalow	2,599	22.7%
Purpose-built flat/maisonette	3,932	34.3%
Other flat/maisonette	2,798	24.4%
TOTAL	11,447	100.0%

Source: Richmond upon Thames LHA 2006

For comparison the following two tables consider the type and size of dwelling obtained by households who have moved from elsewhere within the Borough in the past two years. The tables indicate that there is little difference in the type of accommodation obtained by internal movers and in-migrant households.

Table 4.14 Households moving internally: size of dwelling		
Dwelling size	Number of households	% of households
1 bedroom	2,138	26.5%
2 bedroom	3,427	42.5%
3 bedroom	1,423	17.6%
4+ bedroom	1,078	13.4%
TOTAL	8,066	100.0%

Source: Richmond upon Thames LHA 2006

Table 4.15 Households moving internally: dwelling type		
Dwelling type	Number of households	% of households
Detached house/bungalow	520	6.5%
Semi-detached house/bungalow	1,251	15.5%
Terraced house/bungalow	1,924	23.9%
Purpose-built flat/maisonette	2,647	32.8%
Other flat/maisonette	1,723	21.4%
TOTAL	8,066	100.0%

Source: Richmond upon Thames LHA 2006

The table below considers all households moving home within the last two years and shows households' past and current tenure. The table shows a relative lack of inter-tenure movement. The data suggests that 35.7% of newly forming households moved to owner-occupation with 45.0% moving to the private rented sector and the remaining 19.3% moving to the social rented sector.

Table 4.16 Previous and current tenure					
Tenure	Previous tenure				TOTAL
	Owner-occ'd*	Social rented	Private rented	Newly forming	
Owner-occupied (no mortgage)	1,006	28	220	274	1,528
Owner-occupied (with mortgage)*	4,229	61	2,210	1,218	7,718
RSL	48	650	297	804	1,799
Private rented	2,231	-	4,361	1,878	8,470
TOTAL	7,514	739	7,088	4,174	19,515

*Includes shared ownership

Source: Richmond upon Thames LHA 2006

Finally, we look at the reasons for households having moved home. The table below shows the reasons for households moving. The totals come to more than the total number of households moving home as each household was able to answer as many reasons as they felt were applicable. The main reason for households moving (aside from ‘other’) was ‘Previous home too small’ followed by ‘to move to a better environment’. These reasons can be seen to be the local drivers for households that have moved to a new home in Richmond upon Thames in the last two years. ‘Other’ reasons for moving home included work related factors e.g. a transfer, and to move to owner occupation.

Table 4.17 Reasons for moving home		
Reason for moving	Number of households	% of households
Previous home was too small	5,473	28.1%
To move to a better environment	4,573	23.4%
To live closer to employment or other essential facilities	3,647	18.7%
To live independently	2,451	12.6%
To move to live with partner	2,166	11.1%
Relationship breakdown	1,781	9.1%
To move to cheaper accommodation	1,379	7.1%
Previous home was difficult to maintain/in poor condition	900	4.6%
Previous home was too big	875	4.5%
To move into a school catchment area	874	4.5%
Access problems (e.g. steps, stairs)	524	2.7%
Other*	6,027	30.9%

* Other reasons included moving job, to move to an owner-occupied property and to live closer to a family member.

Source: Richmond upon Thames LHA 2006

4.7 Future moves – existing households

In addition to looking at past moves, the survey questionnaire collected information about households' future needs, expectations and aspirations. This information is particularly important in the 'Balancing Housing Markets' exercise carried out later in this report.

The table below shows estimates of the number and proportion of households who need or expect to move home over the next two years by tenure. The data shows that around 25.8% of households state a need or likelihood of moving home over the next two years. Households living in the private rented sector are particularly likely to be future movers.

Table 4.18 Households who need or are likely to move in next two years by tenure			
Tenure	Number who need/likely to move	Total number of households	% need/likely to move
Owner-occupied (no mortgage)	2,721	23,385	11.6%
Owner-occupied (with mortgage)*	6,379	31,767	20.1%
RSL	2,108	9,312	22.6%
Private rented	8,775	13,076	67.1%
TOTAL	19,983	77,540	25.8%

**Includes shared ownership*

Source: Richmond upon Thames LHA 2006

Again we can look at the reasons for households moving. This is shown in the table below. Accommodation size is the main reason for households needing or expecting to move in the future. The most popular reason for a future move is 'home too small'. These reasons can be seen to be the local drivers for existing households in Richmond upon Thames that intend to move to a new home in the next two years.

Reason for moving	Number of households	% of households
Current home is too small	8,266	41.4%
To move to a better environment	3,944	19.7%
To move to cheaper accommodation	3,544	17.7%
To live closer to employment or other essential facilities	1,967	9.8%
To move to live with partner	1,575	7.9%
To live independently	1,037	5.2%
Access problems (e.g. steps, stairs)	948	4.7%
Current home is too big	881	4.4%
To move into a school catchment area	703	3.5%
Relationship breakdown	629	3.1%
Other	7,113	35.6%

Source: Richmond upon Thames LHA 2006

The survey moved on to look at where households would both like and expect to move to. The results of this analysis are shown in the table below. The table suggests that more households would like to live within Richmond upon Thames than expect to.

Location of next home	Like	Expect
Richmond upon Thames	69.3%	56.8%
Borough Council area	10.2%	18.0%
Elsewhere in London	12.3%	16.0%
Elsewhere in the South East	6.8%	6.9%
Abroad	1.3%	2.3%
TOTAL	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

Households were similarly asked about what tenure they would both like and need to move to, with the results shown below. The results suggest that over 80% of households would like to move to owner-occupation; however just over 60% say they expect this type of accommodation. More households say they expect to rent from a private landlord than would like to.

Tenure	Like	Expect
Buy own home	81.2%	62.5%
Council rented	6.5%	4.9%
RSL rented	3.7%	9.1%
Rent from a private landlord	3.5%	17.2%
Rent from a relative or friend of a household member	0.2%	0.5%
Tied	0.3%	0.4%
Shared ownership	1.7%	2.3%
House/flat share in the private rented sector	0.4%	1.1%
Other	2.6%	2.0%
TOTAL	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

The table below shows a cross-tabulation between current tenure and future tenure preference. The table shows that generally households would like to remain in the same tenure as they currently live in. The exception to this is the private rented sector. A majority of households in the private rented sector want to move to owner-occupation. It should be noted that for analytical purposes figures for tied and house/flat share are included in private rented whilst those for shared ownership are within owner-occupation.

Tenure	Tenure preference			TOTAL
	Owner-occupied*	Social rented	Private rented	
Owner-occupied (no mortgage)	2,497	65	159	2,721
Owner-occupied (with mortgage)*	6,018	57	304	6,379
RSL	611	1,261	236	2,108
Private rented	7,424	650	701	8,775
TOTAL	16,550	2,033	1,400	19,983

*Includes shared ownership

Source: Richmond upon Thames LHA 2006

4.8 Future moves – potential households

A similar analysis can be carried out for newly forming (potential) households. The survey estimates that there are 8,452 potential households who need or are likely to move over the next two years. The table below suggests that potential households are less likely to want to remain in the Borough than existing households; in total around half of potential households would like to remain in Richmond upon Thames. However, the number expecting to remain in the area is notably smaller.

Table 4.23 Where potential households would like and expect to move		
Location of next home	Like	Expect
Richmond upon Thames	50.3%	36.7%
Borough Council area		
Elsewhere in London	35.5%	44.6%
Elsewhere in the South East	5.0%	10.6%
Elsewhere in the UK	6.5%	6.4%
Abroad	2.7%	1.7%
TOTAL	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

In terms of tenure preferences and expectations, the table below shows some interesting results. In total an estimated 67.7% of potential households would like to move to owner-occupied accommodation, however, only 27.1% expect to secure such accommodation. Only 12.1% of potential households wish to move to private rented accommodation but almost 40% expect to move there.

Table 4.24 Housing tenure aspirations and expectations – potential households		
Tenure	Like	Expect
Buy own home	67.7%	27.1%
Council rented	7.9%	7.5%
RSL rented	3.2%	4.4%
Rent from a private landlord	12.1%	39.0%
Rent from friend/relative	0.2%	0.0%
Tied	0.0%	0.0%
Shared ownership	1.1%	4.0%
House/flat share	4.5%	12.5%
Other	3.3%	5.4%
TOTAL	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

4.9 Housing costs

The survey asked a series of questions about how much households currently pay for their housing. The table below shows estimates of the amount of rent/mortgage paid by households by tenure.

The table shows that households in the private rented sector and those buying with a mortgage have the highest housing costs. The average private tenant pays £1,092 per month, this compares with £349 for RSL tenants and £1,019 for owner occupiers. The table also shows the average monthly fuel costs of households. The survey indicates that owner-occupiers have the highest fuel costs at £58 per month and RSL tenants have the lowest fuel costs at £44 per month.

Table 4.25 Housing costs by tenure				
Monthly housing cost	Owner-occupied (with mortgage)*	RSL	Private rented	Total
None	0.0%	0.0%	2.7%	0.7%
Under £255	9.3%	20.8%	3.1%	9.8%
£256-£515	13.8%	74.1%	8.3%	22.9%
£516-£775	14.9%	3.9%	12.1%	12.4%
£776-£1,035	18.1%	1.2%	29.6%	18.0%
£1,036-£1,295	15.1%	0.0%	20.0%	13.7%
£1,296-£1,555	11.9%	0.0%	9.0%	9.2%
£1,556-£1,815	5.6%	0.0%	2.8%	3.9%
£1,816-£2,075	4.2%	0.0%	1.8%	2.9%
£2,076-£2,335	3.1%	0.0%	1.7%	2.2%
£2,336 or more	4.0%	0.0%	8.8%	4.5%
Total	100.0%	100.0%	100.0%	100.0%
Average cost	£1,019	£349	£1,092	£921
Average cost of fuel	£58.00	£44.12	£51.42	£54.02

*Includes shared ownership

Source: Richmond upon Thames LHA 2006

4.10 Summary

The household survey collected a significant amount of data about households' current circumstances. Some of the main findings were:

- In total 61.8% of households live in houses or bungalows, whilst 38.2% live in flats. Households living in rented housing are more likely to live in flats whilst those in owner-occupation are more likely to live in houses than other tenures.

- Just over a fifth of all households are ‘pensioner-only’ and almost a quarter contain children. The owner-occupied (with mortgage) sector has the largest proportion of households with children.
- Car ownership data suggests that there is an average of 1.08 cars per household in the Borough. There are however large differences by tenure with owner-occupiers (with mortgage) having an average of 1.30 cars per household. Over half of all households in social rented accommodation have no use of a car or van.
- Around a third of employed heads of households work in the Richmond upon Thames area, with the majority of the remainder working elsewhere in London.
- An estimated 25.2% of households have lived in their current home for less than two years; over three-fifths of these moves were from outside the Borough.
- In terms of future household moves, the survey estimates that 19,983 existing and 8,452 potential households need or expect to move within the next two years. In both cases a higher proportion would like to move to owner-occupation than expect to do so.

5. The local housing market

5.1 Introduction

This chapter sets out the results of an analysis of housing market prices and rents in Richmond upon Thames. Information was collected from two sources:

- Land Registry
- Survey of local estate and letting agents

Land registry information provides the context for the property price situation in Richmond upon Thames and then a sequence of analysis based on information collected from estate/letting agents leads to figures that show the minimum price/rent of housing for a range of dwelling sizes.

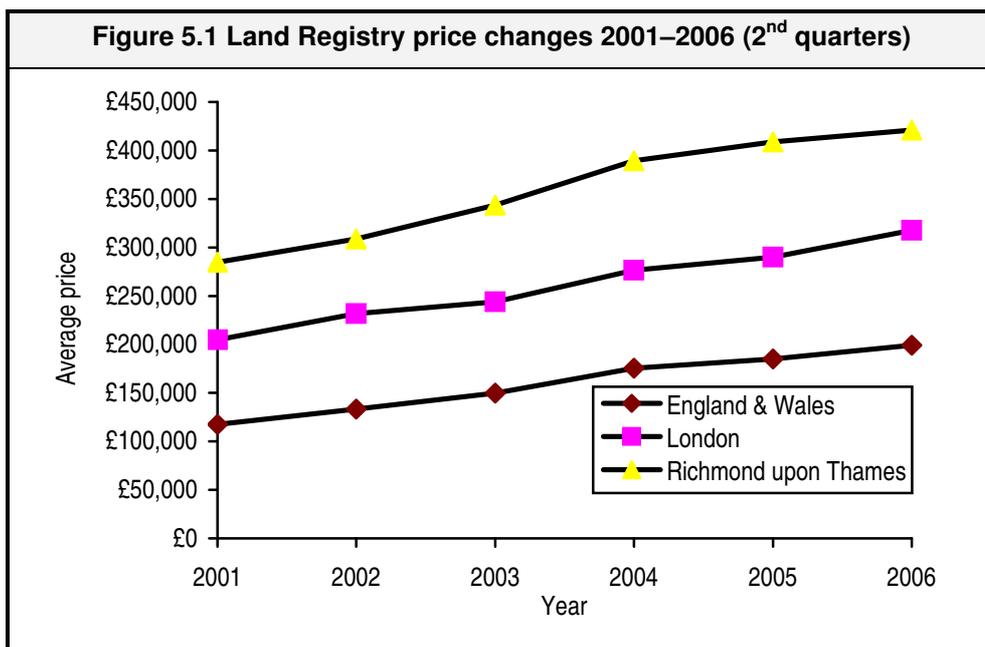
5.2 National, regional and local picture

Information from the Land Registry shows that between the 2nd Quarter of 2001 and the 2nd quarter of 2006 average property prices in England and Wales rose by 69.7%. For London the increase was 55.0% whilst for Richmond upon Thames the figure was 47.9%.

The table below shows average prices in the 2nd quarter of 2006 for each of England and Wales, London and Richmond upon Thames. The table shows that average prices in Richmond upon Thames are more than twice the average for England & Wales and also notably higher than the average for London.

Table 5.1 Land Registry average prices (2 nd Quarter 2006)		
Area	Average price	As % of E & W
England & Wales	£199,244	100.0%
London	£317,678	159.4%
Richmond upon Thames	£420,952	211.3%

Source: Land Registry



Source: Land Registry

The table below shows average property prices for the Borough for each dwelling type (from Land Registry data). This data is compared with regional price information. The volume of sales by type is also included for both areas.

Dwelling type	Richmond upon Thames		London	
	Average price	% of sales	Average price	% of sales
Detached	£836,305	5.6%	£600,218	4.3%
Semi-detached	£560,508	19.2%	£348,620	16.1%
Terraced	£447,738	35.8%	£336,077	31.4%
Flat/maisonette	£269,531	39.4%	£270,146	48.2%
All dwellings	£420,952	100.0%	£317,678	100.0%

Source: Land Registry

The largest volume of sales in the Borough was for flats (39.4%) with an average price of £269,531. The average price of all types of houses in Richmond upon Thames is significantly higher than the averages for London, although the price of flats/maisonettes is similar. Sales regionally show a higher proportion of flats/maisonettes.

5.3 Prices in adjoining areas

As the table below demonstrates, all of the local authorities around Richmond upon Thames have prices above the average for England and Wales. When compared with neighbouring Local Authority areas, Richmond upon Thames shows the third highest average price.

Table 5.3 Price levels in Richmond upon Thames and adjoining areas (2nd quarter 2006)	
Council area	% of England & Wales
Elmbridge	234.8%
Hammersmith & Fulham	227.4%
Richmond upon Thames	211.3%
Wandsworth	198.6%
Kingston	146.0%
Hounslow	144.2%
Spelthorne	122.7%

Source: Land Registry

5.4 Estate Agents' information

(i) Purchase prices

During August 2006 a total of 13 estate and letting agencies were contacted in order to obtain detailed information about the local housing market across the Richmond upon Thames area. Agents were contacted across the Borough in order to capture localised variations.

Average and minimum property prices were collected for a range of property sizes and tenures. Comments were also collected from the agents to describe the main features of the current market in Richmond upon Thames, a summary of which are presented below.

The estate agents identified that there is a great variety of housing in the Borough. There are many large, family-sized units as well as blocks of flats dating from the 1930s up to the present day. In Richmond itself the highest prices are found in the large, listed properties by The Green. It was stated by one agent, that the types and ages in the Borough range from anything from the era of Henry VIII up to modern day.

The agents all stated that the sales prices had been rising steadily in the Borough over the last year. However, a few also mentioned that the Bank of England interest rate rise in August 2006 will start to affect this, and they believe that the prices will begin to level off. Many agents stated that there is a substantial variation in prices across the Borough, with some identifying the Hampton Hill area as the cheapest in the Borough, at about 15-20% below average prices. Ex-local authority homes are also identified as being the cheapest in the area.

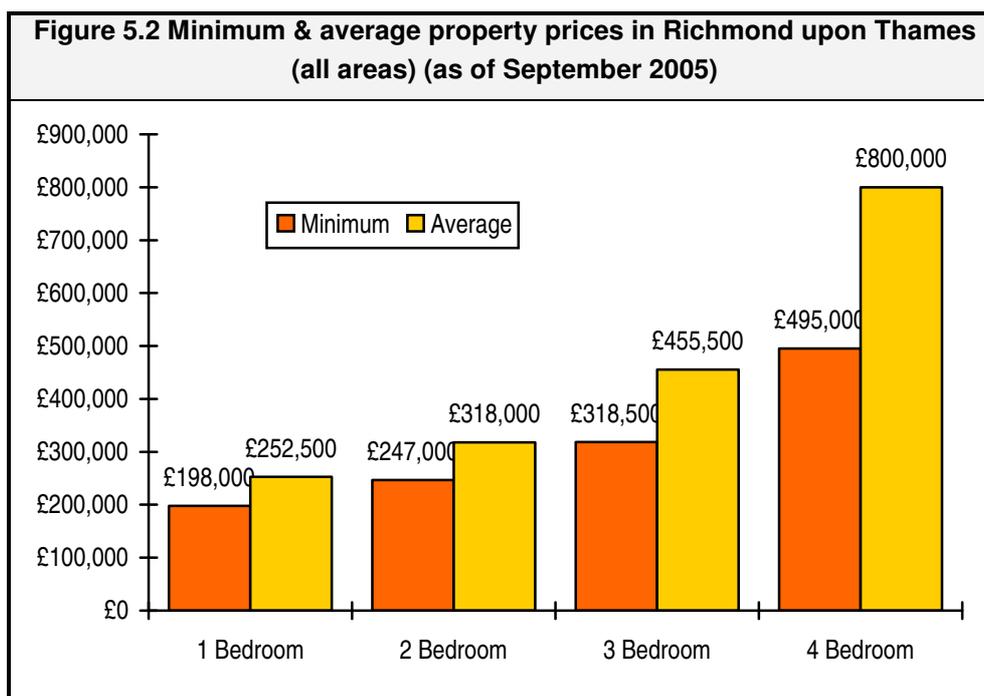
In terms of rental properties, prices have remained stable over the past year. Many agents stated that there is a reasonable proportion of buy to let properties in the area, and these tend to be smaller one or two bedroom properties. However, Teddington has been identified as an area with large, family-sized houses and these are being put up for corporate lets as households move abroad for work.

A majority of the agents also identified that most landlords do not take tenants on housing benefit, so believed that such households would have trouble securing this type of accommodation in the area. Although, one agent did believe that this is a product of prejudice on the landlord's behalf, and many perceive those on housing benefit and asylum seekers as being in the same category.

One agent also identified that private landlords tend to go for one of two strategies. These are either setting the price at the maximum end of the market in the attempt to gain a large amount of money from shorter contracts, or setting the price at the lower end for a longer period of time, hoping to get reliable tenants. It was stated that landlords did not tend to go for anything in between.

The estate agents also commented that due to prices being high in the area, many property developers are trying to capitalise on this by buying one bed properties and turning them into small two bed properties. These have the same floorspace but sell for more money. This is having an effect on the market and boosting prices.

If we take averages of the prices identified by individual agents for each dwelling size and price level, the property price results are as presented in the figure below. The figure shows that estimated entry-level prices ranged from £198,000 for a one bedroom property up to £495,000 for four bedrooms. The minimum (entry-level) prices identified are the cheapest cost of housing that is in reasonable supply and not needing any major repair.



Source: Survey of Estate and Lettings Agents (2006)

(ii) Private rent levels

Average and minimum rents were also collected from agents and the results of this analysis are shown in table 5.4. Minimum monthly rents varied from £710 (one bed) to £1,615 (four beds) with average rents around 15-50% more expensive than this.

Table 5.4 Minimum and average private rents in Richmond upon Thames		
Property size	Minimum rent (monthly)	Average rent (monthly)
1 bedroom	£710	£890
2 bedrooms	£950	£1,095
3 bedrooms	£1,100	£1,670
4 bedrooms	£1,615	£2,150

Source: Survey of Estate and Lettings Agents (2006)

(iii) New build prices

Estate agents commented that there are few new build developments in the area, and so getting a new build property on their books was very rare. In particular, there are very few four bedroom new build properties so these prices have been estimated using experience and knowledge Fordham Research has gained by conducting many housing needs assessments.

Property size	Average price
1 bedroom	£287,500
2 bedrooms	£350,000
3 bedrooms	£500,000
4 bedrooms	£810,000

Source: Survey of Estate and Lettings Agents (2006)

(iv) Shared ownership costs

Shared ownership schemes are well established in England and Richmond upon Thames already contains a number of shared ownership properties. Shared ownership allows residents to buy part of their home and pay rent on the remaining value to the agency managing the scheme – usually an RSL.

Shared ownership costs are based on the Borough-wide minimum cost of owner occupation with a 25% discount, since the Council feel that this most closely represents the shared ownership products available in the Borough. Weekly shared ownership costs are based on a 50% equity share; it is assumed that 3% rent would be paid on the unsold equity. The table below shows that weekly shared ownership costs range from £156 for a one bedroom property to £390 for a property with 4 bedrooms.

Property size	Full price	Equity bought	Weekly mortgage cost	Weekly rent paid on retained equity	Total weekly cost
1 bedroom	£148,500	£74,250	£113	£43	£156
2 bedrooms	£185,250	£92,625	£141	£53	£194
3 bedrooms	£238,875	£119,438	£182	£69	£251
4+ bedrooms	£371,250	£185,625	£283	£107	£390

Source: Survey of Estate and Lettings Agents (2006)

5.5 Appropriate price level for the affordability test

Having established minimum and average prices in each of the four size categories it is necessary to decide what price level is the most appropriate to use for assessing whether or not a household is able to access the housing market. It is necessary to consider two aspects:

- The appropriate measure of price (e.g. minimum or average prices/costs)
- How to deal with a situation where price variations have been identified within the Council area

On the first point, we use the minimum prices collected in the estate agents survey, since these have been designed to represent the ‘entry level’ into the housing market. For consistency we will also use minimum private rental costs as part of the affordability test.

DETR Guide	<p><i>‘The most commonly used affordability test involves comparing estimated incomes of unsuitably housed households against ‘entry level’ house prices.’ [Section 4.3 (page 57)]</i></p> <p><i>‘...approaches which compare maximum prices payable against average house prices are certainly questionable.’ [Section 4.3 (page 57)]</i></p>
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A key issue in deciding the appropriate price assumptions to use in assessing overall Borough-wide affordability is whether a household that could afford market priced housing by moving a reasonable distance should be assessed as being in housing need. In this case the term ‘reasonable distance’ is taken to mean ‘within the Borough boundary’ and it is recognised that some households would therefore need to move from their current locality to afford private sector housing. However, a clear geographical distinction was apparent during the estate agent interviews, with property prices in Richmond itself being the highest, and prices in Hampton and Hampton Hill significantly cheaper than other parts of the Borough. Although property prices can still vary within different areas depending on, for example, location, for the purposes of calculating the appropriate prices for the assessment of affordability, it was felt that the average of prices observed in Hampton and Hampton Hill area should be applied to households in all parts of the Borough. They are shown in the table below.

Table 5.7 Minimum prices and rents in Richmond upon Thames: Hampton & Hampton Hill area only				
Property size	Minimum sale	Average sale	Minimum rent	Average rent
1 bedroom	£190,000	£239,500	£690	£870
2 bedrooms	£240,500	£306,000	£920	£1,070
3 bedrooms	£295,000	£428,500	£1,070	£1,605
4 bedrooms	£375,000	£781,000	£1,470	£1,775

Source: Survey of Estate and Lettings Agents (2006)

5.6 Summary

An analysis of the local housing market is a crucial step in any housing study. In this report information was drawn from both the Land Registry and local estate/letting agents to provide the context for local property prices/rents. Some of the main findings of the analysis are:

- Average prices in Richmond upon Thames rose by 47.9% in the period 2001 to 2006. This is below the rate of increase observed regionally and nationally, although is achieved from a much higher base.
- The average property price in Richmond upon Thames in the 2nd quarter 2006 was above the average figure for London.
- The largest volume of sales in the Borough was for flats (39.4%) with an average price of £269,531
- The estate agent survey suggested that minimum prices ranged from £198,000 for a one bedroom property rising to £495,000 for a four bedroom property.
- Minimum rents ranged from £710 to £1,615 per month depending on size.
- The Hampton and Hampton Hill area is significantly cheaper for private sector accommodation than other parts of the Borough, therefore the prices in this area will be applied to households in all parts of the Borough when it comes to testing affordability.

6. Financial information and affordability

6.1 Introduction

The previous chapter studied the local housing market. The results from that chapter are brought together with household financial information to make an assessment of affordability for each individual household. The issue of affordability is crucial in assessing both backlog and newly arising need in the Council area.

Having set out the financial information collected in the survey the section continues by concentrating on the methodology behind the assessment of affordability.

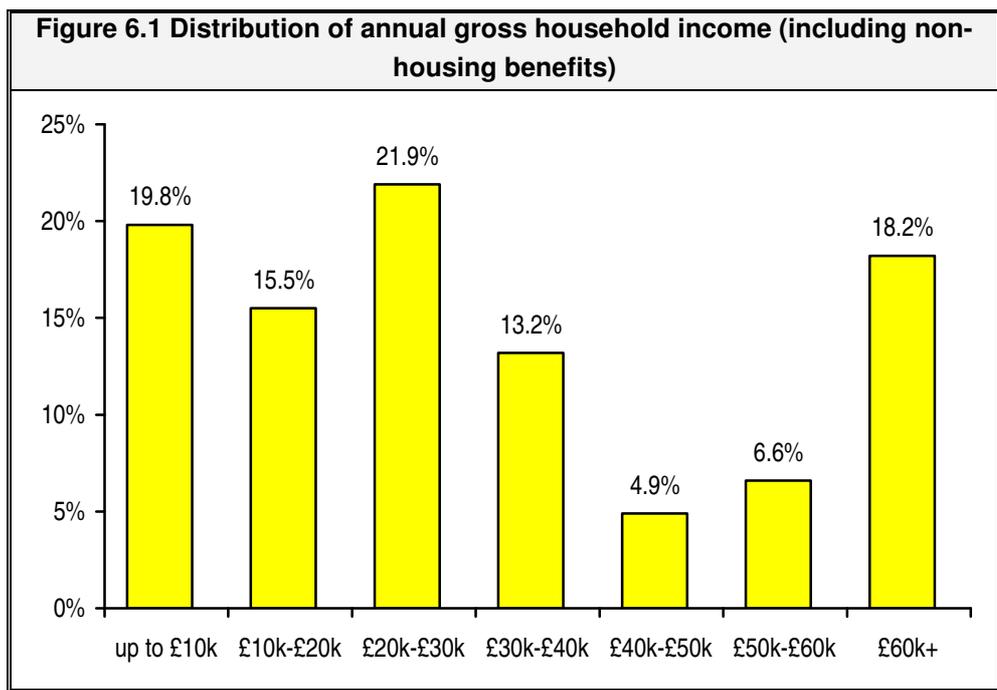
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'An accurate estimate of household income is one of the most important pieces of information that has to be obtained from a housing needs survey'. [Section 3.6 (page 39)]

To complete an accurate assessment of affordability, the survey collected information regarding household's gross earned income (including benefits), savings and equity levels as well as the income of potential households.

6.2 Household income

The response to the survey income question was good with 85.8% of respondents answering this question. Survey results for household income in Richmond upon Thames estimate the average gross income level (crucial for the assessment of affordability) to be £39,481 per annum. The median income is noticeably lower than the mean (at £25,723 per annum). The figure below shows the distribution of income in the Borough.

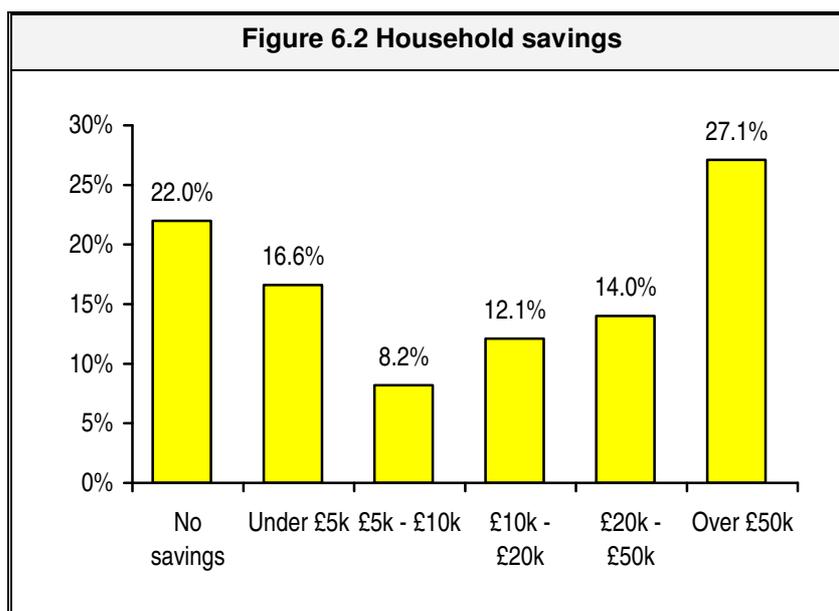


Source: Richmond upon Thames LHA 2006

6.3 Household Savings and Equity

The response to the survey savings question was also good with 85.0% of respondents answering this question. The average household has £51,791 in savings (median of £12,076). The figure below shows the distribution of savings in the Borough.

An estimated 38.6% of households had less than £5,000 in savings whilst 27.1% had savings of over £50,000. Households with no savings also include those in debt.



Source: Richmond upon Thames LHA 2006

The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner occupier groups together (with and without mortgages) the average amount of equity was estimated to be £361,629 (median of £326,515). It is estimated that 0.3% of owner-occupiers (140 households) are in negative equity.

6.4 Household characteristics and income

The table below shows average income, savings and equity by tenure; median figures are provided for comparison in table 6.2. As might be expected, the households with the lowest average incomes (and savings) are those in the social rented sector. Whilst owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage, this group contains many older people who are not working but have redeemed their mortgages. These households therefore have much higher levels of savings and equity.

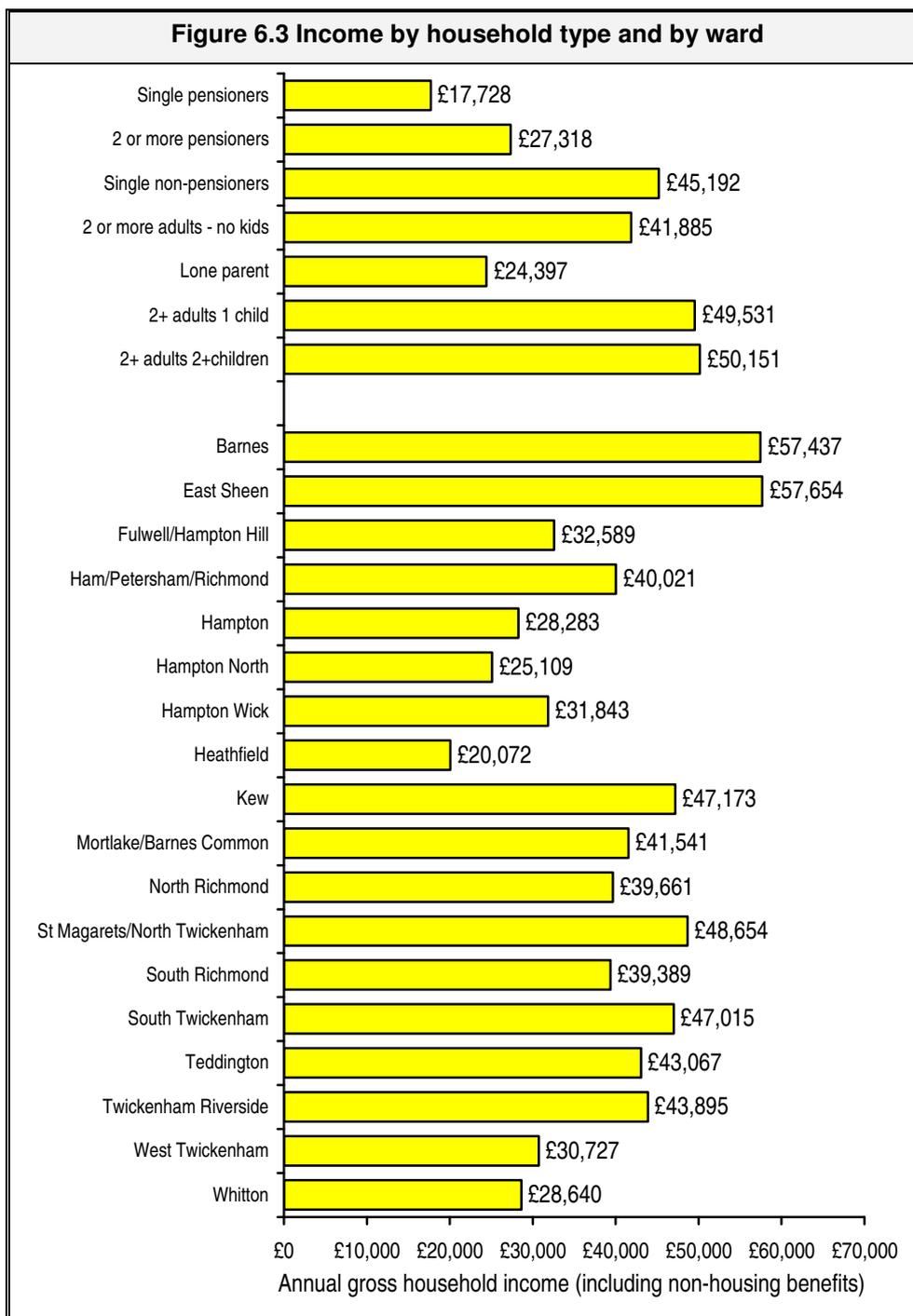
Table 6.1 Financial information by tenure (mean figures)			
Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£39,015	£98,542	£449,745
Owner-occupied (with mortgage)	£49,767	£38,559	£296,762
RSL	£9,423	£5,150	-
Private rented	£36,734	£33,545	-
AVERAGE	£39,481	£51,791	£361,629

Source: Richmond upon Thames LHA 2006

Table 6.2 Financial information by tenure (median figures)			
Tenure	Median annual gross household income	Median savings	Median equity
Owner-occupied (no mortgage)	£24,501	£58,262	£423,290
Owner-occupied (with mortgage)	£33,520	£10,689	£241,786
RSL	£6,251	£389	
Private rented	£25,819	£5,098	
AVERAGE	£25,723	£12,076	£326,515

Source: Richmond upon Thames LHA 2006

The figure below looks at income levels by household type and ward. Single pensioner and lone parent households show average incomes considerably below the Borough average. All non-pensioner household groups with two or more adults and children show average incomes above the Borough average. By ward it is clear that significant differences exist. The highest average income is estimated to be in East Sheen at £57,654 per annum, the lowest being in Heathfield at £20,072 per annum.



Source: Richmond upon Thames LHA 2006

6.5 The income of potential households

The Local Housing Assessment also collected data on the income of potential households (namely persons who currently live as part of another household). Survey results for Richmond upon Thames estimate the average gross income level of the 14,571 potential households in the Borough to be £14,840 per annum. The median income is slightly lower than the mean (at £12,516 per annum).

The survey also asked whether potential households were likely to receive any financial assistance upon moving to help them purchase a home beyond their own income and savings. The data indicates that 36.8% of potential households are expected to receive some form of additional assistance, which equates to 5,369 households. The average amount of assistance that these 5,369 potential households would expect to receive is £20,580 (median of £16,365).

6.6 Assessing affordability – existing households

All households were tested for their ability to afford either a mortgage or private rented housing in the local area. These two measures were then combined to estimate households unable to afford either form of private sector housing. The general methodology and results are presented below.

(i) Mortgage affordability

The definition of mortgage affordability is shown below:

Mortgage affordability: A household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.

The mortgage requirement is based on taking the level of savings and any equity away from the estimated property price and then checking the income level of the household in relation to the likely amount of mortgage remaining. Income from housing related benefits is not included in the affordability calculation. A worked example of the mortgage affordability test is shown below:

A household containing a couple with one child would require, at minimum, a two bedroom property. The minimum cost of such a property in Richmond upon Thames is estimated to be £240,500. If the couple have £10,000 in savings then they would require a gross household income of £79,483 ((£240,500-£10,000) divided by 2.9) if both adults were in employment or £65,857 ((£240,500-£10,000) divided by 3.5) if one person is in employment.

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'A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the household income for dual income households.' [Paragraph 6.17 March 2005 Discussion Draft Guidance]

(ii) Private rental affordability

The definition of private rental affordability is shown below:

Private rental affordability: A household is unable to afford private rented housing if renting privately would take up more than 25% of its gross household income (excluding housing benefits).

A worked example of the rental affordability test is shown below:

A household containing a couple with no children will require at minimum a one bedroom property. The minimum weekly rental for this is £159. This means that the household must have a weekly gross income of at least £636 ($£159 \div 0.25$) to be able to afford the property.

(iii) Combined affordability

It is important to assess the numbers who cannot afford either of the above options. This is the measure of combined affordability, which is defined below:

Combined affordability:

A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income.

This combined affordability measure will be used to assess affordability in the Basic Needs Assessment Model. It is worth briefly noting the affordability of local households. The table below shows affordability by tenure. The table shows that of all households in the Borough, 30.3% are unable to afford entry-level market housing (if they were to move home now). The differences by tenure are substantial. In total over 96% of social and almost two-thirds of private tenants are unable to afford. These figures compare with 11.2% of all owner-occupiers. As stated in Chapter 5, the entry-level market housing costs are from the Hampton and Hampton Hill areas, which have been applied to the Borough as a whole.

Table 6.2 Affordability and tenure			
Tenure	Affordability		
	Unable to afford entry-level market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	629	23,385	2.7%
Owner-occupied (with mortgage)	5,540	31,767	17.4%
RSL	9,011	9,312	96.8%
Private rented	8,348	13,076	63.8%
TOTAL	23,528	77,540	30.3%

Source: Richmond upon Thames LHA 2006

Richmond upon Thames Borough Council also wishes to examine the theoretical ability of non-owning households in the Borough to become first-time buyers. The table below shows the affordability of owner-occupation for RSL and private rented tenants as well as those resident in shared ownership accommodation. The table shows that almost all social rented tenants would be unable to afford owner occupation whilst less than 20% of private rented households are likely to be able to move to owner-occupation if they were to move home now within the Borough. Around a third of shared ownership residents would be able to afford to become ownert-occupiers.

Table 6.3 Affordability of owner-occupation for potential first-time buyers (existing households)			
Tenure	Affordability		
	Unable to afford owner occupation	Number of h'holds	% of h'holds unable to afford
RSL	9,176	9,312	98.5%
Private rented	10,521	13,076	80.5%
Shared ownership	505	782	64.6%
TOTAL	20,202	23,170	87.2%

Source: Richmond upon Thames LHA 2006

(iv) Shared ownership affordability

The definition of shared ownership affordability is similar to the definition of private rental affordability and is shown below:

Private rental affordability: A household is unable to afford shared ownership housing if the shared ownership would take up more than 25% of its gross household income (excluding housing benefits).

A worked example of the shared ownership test is shown below:

A household containing a couple with no children will require at minimum a one bedroom property. The minimum weekly shared ownership cost for this is £156. This means that the household must have a weekly gross income of at least £624 ($£156 \div 0.25$) to be able to afford the property.

The table below shows shared ownership affordability by tenure. The table shows that of all households in the Borough, 30.2% are unable to afford shared ownership housing (if they were to move home now); this is only marginally more than are able to afford market housing. Again, the differences by tenure are marked.

Table 6.2 Shared ownership affordability and tenure			
Tenure	Affordability		
	Unable to afford shared ownership	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	629	23,385	2.7%
Owner-occupied (with mortgage)	4,933	30,984	15.9%
RSL	9,011	9,312	96.8%
Private rented	8,395	13,076	64.2%
Shared ownership	472	783	60.3%
TOTAL	23,441	77,540	30.2%

Source: Richmond upon Thames LHA 2006

6.7 Assessing affordability – potential households

The Housing Needs Assessment ascertained whether or not potential households would be able to access the private sector housing market by using two complementary methods. The first involved using information on the income of these households alongside the amount of financial assistance they expect to receive and using the affordability test described above to assess whether they will be able to afford market housing in the Borough. As a potential household's income is likely to fluctuate significantly over a few years, it is inappropriate to use this measure when considering the likely ability to afford of potential household's intending to move in more than one year's time. To assess households moving further in the future a second test is used based on asking the following question to the survey respondent:

'In your opinion, will they be able to afford suitable private sector housing in the Richmond upon Thames Borough Council area (this can either be rented (excluding the use of housing benefit) or bought?'

This would appear to be broadly in line with DETR guidance which says:

DETR Guide	<p><i>'It is difficult to estimate the incomes of future newly forming households. Unless potential household members are interviewed specifically, it is not practical to collect complete income data relating to this group through a housing needs survey. Even where the fieldwork includes concealed household interviews, there are doubts as to the value and reliability of any income data which might be collected.'</i> [Section 4.4 (page 62)]</p> <p><i>'One way around this problem is to substitute a subjective judgement about future housing prospects in place of a formal affordability test.'</i> [Section 4.4 (page 60)]</p>
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It should be noted that this approach is used when assessing the ability of potential households to afford market housing in the balancing housing markets assessment in Chapter 12. Future estimates of the needs from household formation are based on past trend information – an approach in line with the DETR guide.

It is worth briefly noting the affordability of potential households in Richmond upon Thames. The table below shows affordability by the tenure of the household they are currently living with. The table shows that of all potential households in the Borough, 67.0% are unable to afford market housing. The differences by tenure are substantial. Potential households currently resident in the private rented sector are most likely to be able to afford market housing. It is likely that these potential households are currently part of a house/flat share but would like to move to a separate property. These potential households are likely to be older than potential households in the other sectors who may well be living with their family.

Table 6.4 Affordability of potential households and tenure			
Tenure of 'host' household	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	3,195	4,402	72.6%
Owner-occupied (with mortgage)	4,187	5,884	71.2%
RSL	941	1,224	76.9%
Private rented	1,446	3,060	47.3%
TOTAL	9,769	14,570	67.0%

Source: Richmond upon Thames LHA 2006

Again it is possible to consider the theoretical ability of potential households in the Borough to become first-time buyers. (Potential or concealed households are defined as households intending to move within the next 5 years who currently form part of an existing household). The table below shows the affordability of potential households by the tenure of the household they are currently living with. The table shows that almost all potential households would be unable to afford owner occupation if they were to move home now within the Borough.

Table 6.5 Affordability of owner-occupation for potential households			
Tenure of 'host' household	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	4,302	4,402	97.7%
Owner-occupied (with mortgage)	5,672	5,885	96.4%
RSL	1,225	1,225	100.0%
Private rented	3,060	3,060	100.0%
TOTAL	14,259	14,572	97.9%

Source: Richmond upon Thames LHA 2006

6.8 Summary

The collection of financial information is a fundamental part of any assessment of housing need. The survey estimates that mean annual gross household income (including non-housing benefits) in Richmond upon Thames is £39,481. The average conceals wide variations among different tenure groups with households in social rented housing showing average incomes significantly below the Borough average. The average income of potential households is estimated to be £14,840.

Having collected detailed information on the local housing market and the financial situation of households it is important to use appropriate affordability measures to assess their ability to afford market priced housing in Richmond upon Thames. A combined affordability test is used to assess whether they can afford to either buy or rent a property of a suitable size.

SECTION C: THE GUIDE MODEL

This section sets out calculation of the three key elements of the model outlined in Table 2.1 of the DETR Guide to Housing Needs Assessment and described in detail in Chapter Four of the Guide. The aim is to assess the level of housing need through estimating the net shortfall/surplus of affordable housing. The first step measures backlog of existing need, the second newly arising need and the third looks at current supply of affordable housing. The section finishes with a brief discussion of the implications for affordable housing policy and about the types of housing that might meet the affordable need.

The DETR Guide definition of housing need is given below.

DETR Guide	<i>'Housing need refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance'. [Section A2.2 (page 116)]</i>
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7. Backlog of existing need

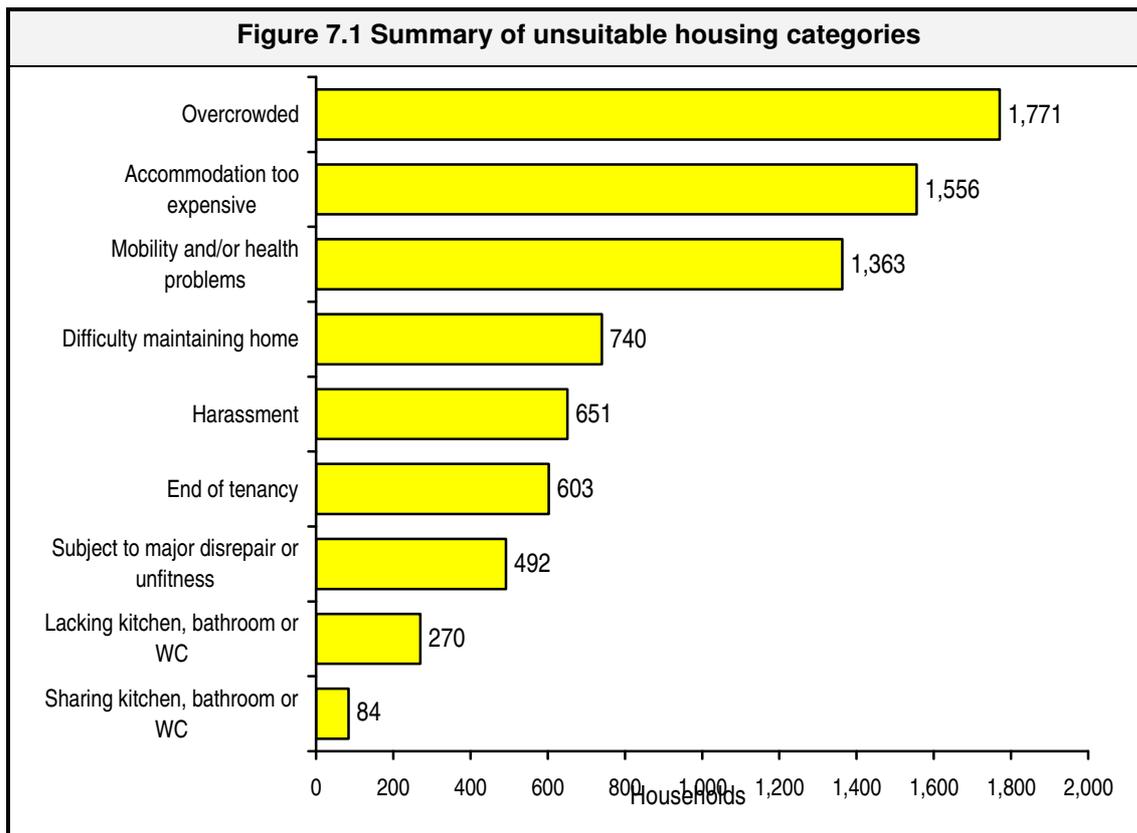
7.1 Introduction

This chapter of the report assesses the first part of the ‘Basic Needs Assessment Model’ – Backlog of Existing Need. This begins with an assessment of housing suitability and affordability and also considers backlog non-households (homeless households) before arriving at a total backlog need estimate.

7.2 Unsuitable housing

This section looks at households whose current accommodation is in some way unsuitable for their requirements. It is estimated that a total of 4,936 households are living in unsuitable housing. This represents 6.4% of all households in the Borough.

The figure below shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main reason for unsuitable housing is overcrowding, followed by the accommodation being too expensive.



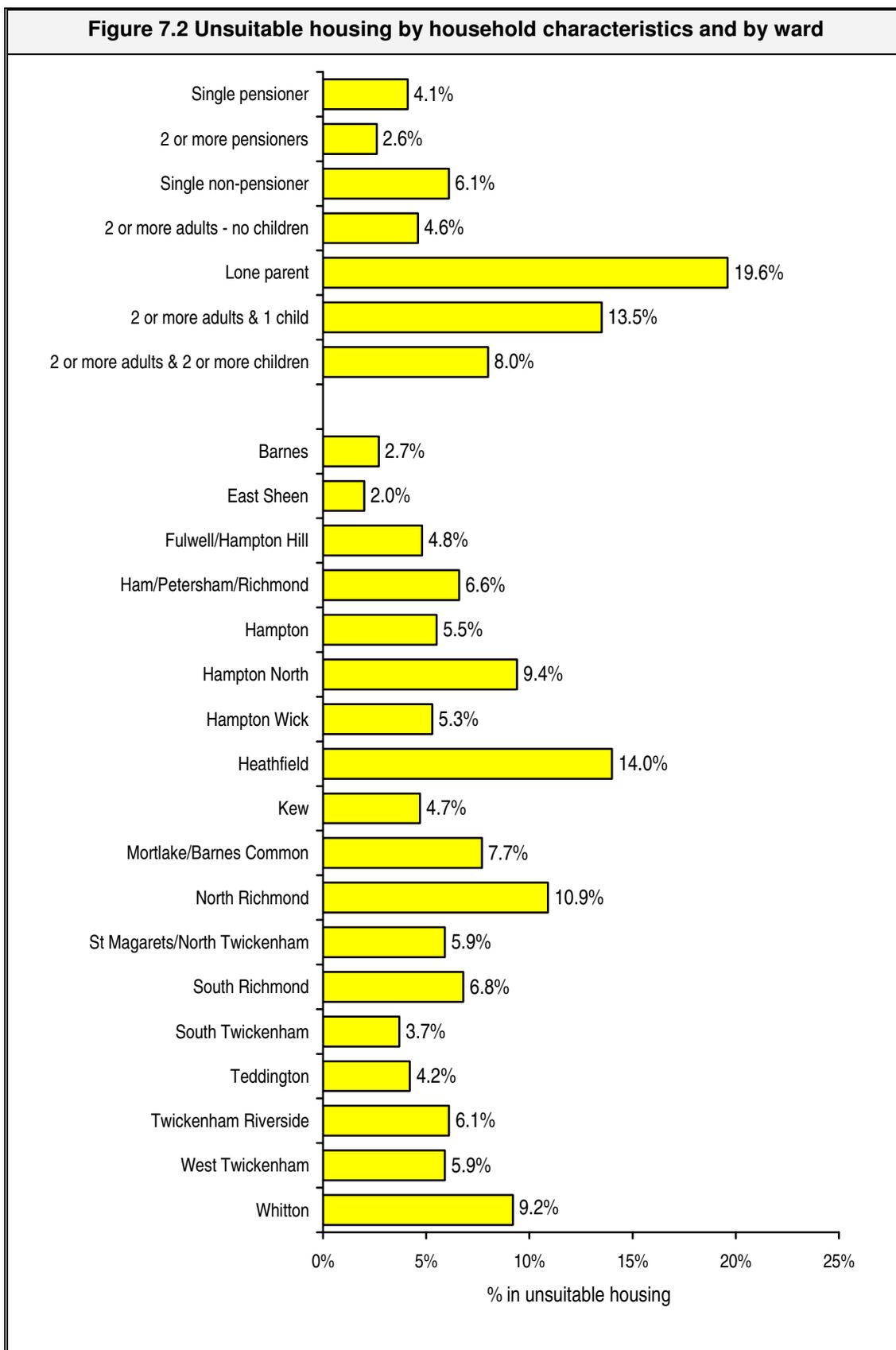
The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in rented accommodation are more likely to be in unsuitable housing than owner-occupiers. Some 20.1% of households in RSL accommodation and 11.1% of households in the private rented sector are estimated to be living in unsuitable housing. This compares with 2.1% and 3.5% of households in owner-occupied (no mortgage) and owner-occupied (with mortgage) tenures respectively.

Table 7.1 Unsuitable housing and tenure

Tenure	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Borough	% of total h'holds in unsuitable housing	% of those in unsuitable housing
Owner-occupied (no mortgage)	491	22,895	23,386	2.1%	9.9%
Owner-occupied (with mortgage)	1,127	30,640	31,767	3.5%	22.8%
RSL	1,873	7,439	9,312	20.1%	37.9%
Private rented	1,446	11,630	13,076	11.1%	29.3%
TOTAL	4,937	72,604	77,541	6.4%	100.0%

Source: Richmond upon Thames LHA 2006

The figure below shows the proportion of households living in unsuitable housing by household type and sub-area. The data shows that households with children are particularly likely to be in unsuitable housing. Households containing two or more pensioners showed the lowest levels of unsuitable housing. By sub-area there are also some significant differences. Levels of unsuitable housing vary from 2.0% in East Sheen to 14.0% in Heathfield.



Source: Richmond upon Thames LHA 2006

7.3 Migration and ‘in-situ’ solutions

The survey has highlighted that 4,936 households are in unsuitable housing. However it is most probable that some of the unsuitability can be resolved in the households’ current accommodation and also that some households would prefer to move from the Borough in order to resolve their housing problems.

The extent to which ‘in-situ’ solutions might be appropriate is assessed in the Housing Needs Assessment by asking respondents whether they thought they needed to move now. Any household that replied that it did need to move now was assumed not to have an in situ solution.

DETR Guide

‘The extent to which in situ solutions could be feasible can be examined by a survey...[using]...a judgement on whether the unsuitably housed main household intends to move. Where this is the case, it may be taken to indicate that an in situ solution is not appropriate’. [Section 4.3 (page 56)]

The survey data estimates that of the 4,936 households in unsuitable housing, 923 (or 18.7%) would need to move now to resolve their housing problems. Of the 923 households who need to move now, those that stated that they would be likely to move out of the Borough were excluded from further analysis. These amounted to 181, leaving a total of 742 who need to move within the Borough.

7.4 Affordability

Using the affordability methodology set out in Chapter Four it is estimated that there are 684 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to different accommodation within the Borough). This represents 0.9% of all existing households in the Borough. The results reveal that 92.2% of households living in unsuitable housing (and needing to move now within the Borough) cannot afford market housing (684/742).

The table below shows the tenure of the 684 households currently estimated to be in housing need. The results show that RSL tenants are most likely to be in housing need – 4.2% of households in the RSL sector are in housing need. Of all households in need, 57.5% currently live in social rented accommodation.

Table 7.2 Housing need and tenure					
Tenure	Housing need				
	In need	Not in need	Number of h'holds in Borough	% of total h'holds in need	% of those in need
Owner-occupied (no mortgage)	42	23,343	23,385	0.2%	6.2%
Owner-occupied (with mortgage)	105	31,662	31,767	0.3%	15.3%
RSL	394	8,918	9,312	4.2%	57.5%
Private rented	143	12,933	13,076	1.1%	20.9%
TOTAL	684	76,856	77,540	0.9%	100.0%

Source: Richmond upon Thames LHA 2006

7.5 Housing need and the need for affordable housing

There is a further issue relating to existing households in need. For households in social rented accommodation it is likely that a move will release a social rented home for re-letting and therefore there will be no requirement for additional affordable housing to be provided. It has been decided to remove all households in need currently living in social rented accommodation from the estimates of additional requirement. This reduces the backlog figure by 394 households to 290. This follows from advice in the DETR Guide:

DETR Guide	<i>'Where existing households are living in unsuitable housing, it is important to try to assess which of these could find solutions in situ or by moving within their current tenure'. [Section 4, Agenda for Action (page 68)]</i>
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The draft Housing Needs Assessment guidance published by the ODPM in 2005 goes further than this and adds a stage to the Basic Needs Assessment Model '*minus current occupiers of affordable housing in need*'. It is clear therefore that the removal of the 394 households in social rented accommodation is justified by current and future guidance.

It should be noted, that whilst households in social rented accommodation provide no net need for affordable housing local data shows that there is a mismatch between the size required and the size supplied by these households. This will be investigated further in chapter 10.

7.6 Homeless households (backlog (non-households))

The Housing Needs Assessment is a ‘snapshot’ survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of backlog need. To assess these numbers we have used information contained in the Council’s P1(E) Homeless returns.

The main source of information used is Section E6: Homeless households accommodated by your authority at the end of the quarter. The important point about this information is the note underneath. “*This should be a ‘snapshot’ of the numbers in accommodation on the last day of the quarter, not the numbers taking up accommodation during the quarter.*” This is important given the snapshot nature of the survey. Data compiled from the June 2006 P1(E) form is shown in the table below.

Table 7.3 Homeless households accommodated by authority at June 2006 (Section E6, P1(E) form)	
Category	Quarter ending 30/09/05
<u>Bed and breakfast</u>	<u>11</u>
<u>Other nightly paid</u>	<u>21</u>
<u>Hostel</u>	<u>49</u>
Private sector accommodation leased by authority	271
Private sector accommodation leased by RSLs	17
Directly with a private sector landlord	0
Within Council’s own stock	0
RSL stock on assured shorthold tenancies	7
Other	0
TOTAL	376

Source: Richmond upon Thames LHA 2006

Not all of the categories in the above table are added to our assessment of existing and potential households in need. This is because, in theory, they will be part of our sample for the Housing Needs Assessment. For example, households housed in private sector accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have decided there are three which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 376 homeless households in temporary accommodation, 81 will be counted as homeless for the purpose of the Housing Needs Assessment.

7.7 Total backlog need

Having been through a number of detailed stages in order to assess the backlog of need in Richmond upon Thames we shall now bring together all pieces of data to complete the ‘B: BACKLOG OF EXISTING NEED’ element of the Basic Needs Assessment model encouraged by the DETR. This is shown in the following section.

The table below summarises the first stage of the overall assessment of housing need as set out by the DETR. The data shows that there is an estimated backlog of 371 households in need (see stage 5). The final stage is to include a quota to progressively reduce this backlog. A reduction in the backlog of need of 20% per year has been assumed in Richmond upon Thames. The table therefore shows that the annual need to reduce backlog is 74 dwellings per annum.

DETR Guide	<i>‘It is also unrealistic to expect to meet all of any backlog in the planning period. It is recommended that all authorities apply a standard factor of 20% here for comparability (this implies eliminating the backlog over a 5 year strategy period). LA’s may then make policy judgements to determine the practical rate at which this backlog can be reduced’. [Section 2.4 (page 25)]</i>
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Table 7.4 Basic Needs Assessment Model – Stages 1 to 7		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
1. Backlog need existing households	Number of households currently living in unsuitable housing	4,936
2. <i>minus</i> cases where in-situ solution most appropriate	In situ (or outside the Borough) solution most appropriate for 4,194 households	Leaves 742
3. <i>times</i> proportion unable to afford to buy or rent in market	92.2% = 684 – also remove 394 social renting tenants	290
4. <i>plus</i> Backlog (non-households)	Homeless = 81	81
5. <i>equals</i> total Backlog need		371
6. <i>times</i> quota to progressively reduce backlog	Suggest 20% as in DETR report	20%
7. <i>equals</i> annual need to reduce Backlog		74

NB Elimination of the backlog over a five-year period is recommended in the Guide. However, the Council can make a policy decision to do so over a longer period.

Source: Richmond upon Thames LHA 2006

7.8 Summary

This chapter reported on the components contributing to the backlog need element of the needs assessment model. In total it is estimated that 684 existing households are in housing need. When looking further forward to the additional affordable housing requirements of these households we remove households currently living in social rented housing to produce a final figure of 290.

The final element of backlog need considered the needs arising from homeless households. This element made for 81 additional households in need.

Bringing together all the factors of the backlog of housing need (as defined by the DETR and followed by Fordham Research) it is estimated that there is an overall backlog of need of 371 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need of 74 dwellings to reduce the backlog need in Richmond upon Thames.

8. Newly arising need

8.1 Introduction

In addition to the Backlog of existing needs discussed so far in this report there will be newly arising need. This is split, as per DETR guidance, into three main categories (there is a fourth ‘ex-institutional’ population – results for this group have been include in the figures for new household formation). These are as follows:

1. New households formation (× proportion unable to buy or rent in market)
2. Existing households falling into need
3. In-migrant households unable to afford market housing

The guidance also suggests that each of these should be calculated on an annual basis. The following sections deal with each of these points in detail.

8.2 New household formation

The estimate of the number of newly forming households in need of affordable housing is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need, however household forecasts suggests this approach may result in an underestimation of this group. This method is consistent with comments in DETR Guidance:

DETR Guide	<p><i>‘A... reliable approach to this issue is to base the profile of new households on the characteristics of identified newly forming households in the recent past’.</i></p> <p><i>‘Stage 9 in the basic needs assessment model... involves estimating the proportion of newly forming households who will be unable to afford to access housing in the private market’.</i></p> <p><i>‘It is recommended that the primary basis for assessing the income and household type profile of new households is the profile of actual new households formed over the period preceding the survey’. [Section 4.4 (pages 61 & 62)]</i></p>
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The table below shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years (from within the Borough). The data excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing. Households in tied accommodation have also been excluded. An affordability test is then applied to the remaining households.

Table 8.1 Derivation of newly arising need from new household formation		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	19,513	
Minus moves from outside Borough	-11,447	8,066
Minus households NOT forming in previous move	-6,408	1,658
Minus households moving to owner-occupation	-629	1,029
Minus households moving to tied accommodation	-0	1,029
TOTAL APPLICABLE MOVES		1,029
Times proportion unable to afford		70.6%
ESTIMATE OF NEWLY ARISING NEED		726
ANNUAL ESTIMATE OF NEWLY ARISING NEED		363

Source: Richmond upon Thames LHA 2006

The table above shows that an estimated 1,029 households are newly formed within the Borough over the past two years (515 per annum). Of these it is estimated that 363 (per annum) are unable to afford market housing without some form of subsidy (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a ‘potentially in need’ move over the past two years). The annual estimate of the number of newly forming households falling into need is therefore 363 per annum.

8.3 Existing households falling into need

This is an estimate of the number of existing households currently living in Richmond upon Thames who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the Borough in the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move will be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim housing benefit or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).

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'The basic needs model also identifies two other ways [the second is the next section] in which new needs may arise in a locality. The first of these refers to existing households, previously satisfactorily housed, who fall into need during the period (per year, conventionally)'. [Section 4.4 (page 63)]

Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the social rented stock will be net zero. The data again excludes households moving to owner-occupation because these households at the time of the move (which is when we are interested in) could afford market housing whilst households moving to tied accommodation are also excluded.

Table 8.2 Derivation of Newly Arising Need from households currently living in the Borough		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	19,513	
Minus moves from outside Borough	-11,447	8,066
Minus households forming in previous move	-1,658	6,408
Minus households transferring within affordable housing	-485	5,923
Minus households moving to owner-occupation	-3,753	2,170
Minus households moving to tied accommodation	-48	2,122
TOTAL APPLICABLE MOVES	2,122	
Times proportion unable to afford	63.1%	
TOTAL IN NEED (2 years)	1,339	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	670	

Source: Richmond upon Thames LHA 2006

The table above shows that a total of 2,122 household moves are considered as potentially in need. Using the standard affordability test for existing households it is estimated that 63.1% of these households cannot afford market housing (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a 'potentially in need' move over the past two years). Therefore our estimate of the number of households falling into need within the Borough excluding transfers is 1,339 households ($2,122 \times 0.631$) over the two-year period. Annualised this is 670 households per annum.

It should be noted, that whilst households in social rented accommodation provide no net need for affordable housing local data shows that there is a mismatch between the size required and the size supplied by these households. This will be investigated further in chapter 10.

8.4 In-migrant households unable to afford market housing

This is the final element of newly arising need. Households falling into need in this group are households currently living outside Richmond upon Thames who are expected to move into the Borough but cannot afford suitable private sector housing. The basic information for this is similar to the above section except that it deals with households who are expected to move home to the Borough in the next two years (based on past move information) and these households' affordability.

This data does not exclude transfers as none of these households could have transferred within affordable housing stock in the Borough at the time of the move. Household formation is not an issue as none of these households could be double-counted because they do not currently live within the Borough. Household moving to owner-occupation and tied accommodation are again excluded from the analysis.

DETR Guide	<i>'Households moving into the Borough and requiring affordable housing can be identified by HN surveys, again using data on recent movers'. [Section 4.4 (page 63)]</i>
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The table below shows the derivation of the in-migrant element of newly arising need.

Table 8.3 Derivation of Newly Arising Need from households currently living outside the Borough		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	19,513	
Minus moves from within Borough	-5,066	11,447
Minus households moving to owner-occupation	-4,742	6,705
Minus households moving to tied accommodation	-295	6,410
TOTAL APPLICABLE MOVES	6,410	
Times proportion unable to afford	62.1%	
TOTAL IN NEED (2 years)	3,983	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	1,992	

Source: Richmond upon Thames LHA 2006

In total the table above shows that 6,410 ‘potentially in need’ moves took place in the past two years from outside the Borough. The survey data also shows us that 62.1% of these households cannot afford market housing (as with the main analysis of existing households in need the affordability test is based on the size requirements and financial situation of those households having made a ‘potentially in need’ move over the past two years). Therefore our estimate of the number of households falling into need from outside the Borough is 3,983 households (6,410 × 0.621) over the two-year period. Annualised this is 1,992 households per annum.

Further analysis of these 1,992 in-migrant households in need reveals that nearly 85% (1,675) reside in the private rented sector. This represents a quarter of all private rented sector households in the Borough. The table below shows the income distribution of in-migrant households in need and living in the private rented sector. The average income of these households is £18,819, which is approximately half the average for the Borough. The average amount of rent paid by these households per month is £1,109. In-migrant households in need and living in the private rented sector are more likely to be overcrowded than average – some 12.0% are overcrowded (further discussion of overcrowding appears in Chapter 17). The survey also indicates that 304 of the 1,675 in-migrant households in need and living in the private rented sector contain key workers.

Income band	Number of households	% of households
0- £10k	445	26.6%
£10-£20k	257	15.3%
£20-£30k	809	48.3%
£30-£40k	146	8.7%
£40-£50k	18	1.1%
TOTAL	1,675	100.0%

Source: Richmond upon Thames LHA 2006

Although the level of need from in-migrants may seem relatively high, it is not an unusual level in London. It should also be remembered that requirements from those households falling into need but moving out of the Borough will not have been included.

In reality, it is likely that in-migrant households in need, the majority of whom live in the private rented sector, will be a lower priority in terms of affordable housing provision, due to the Council’s statutory duty to re-house groups such as homeless households as a priority. Indeed, only 7.6% of in-migrant households in need are listed on the Council’s housing register.

8.5 Summary

The data from each of the above sources can now be put into the Basic Needs Assessment Model as is shown in the table below. It indicates that additional need will arise from a total of 3,025 households per annum.

Table 8.4 Basic Needs Assessment Model – Stages 8 to 13		
<i>N: NEWLY ARISING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
8. New household formation (gross, p.a.)		515
9. Times proportion unable to buy or rent in market	70.6% cannot afford market housing	Leaves 363
10. plus ex-institutional population moving into community	Included in 8/9 above	-
11. plus existing households falling into need		670
12. plus in-migrant households unable to afford market housing		1,992
13. equals Newly arising need	9+10+11+12	3,025

Source: Richmond upon Thames LHA 2006

9. Supply of affordable housing

9.1 Introduction

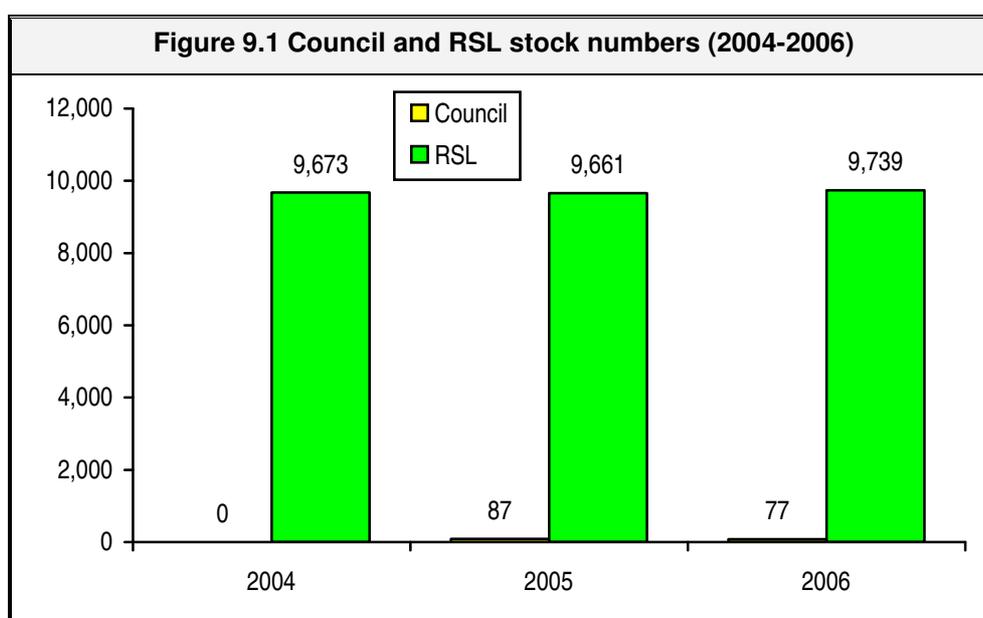
This chapter looks at current supply of affordable housing from both the Council and RSLs in the Borough. We shall begin by highlighting the general patterns of supply in the social rented stock over the past three years before making a judgement about which supply figures should feature as part of the needs assessment model.

DETR Guide

'The most important source of supply is typically relets of existing social housing. A basic projection should assume continuance of the same rate of net relets as in the last year or an average over the last 3 years'. [Section 2.4 (page 26)]

9.2 The Social Rented stock

We have studied information from the Council's Housing Strategy Statistical Appendix (HSSA) as well as Regulatory and Statistical Returns (RSR data) made to the Housing Corporation for three years (from 2004 to 2006 inclusive). The figure below shows the changing levels of stock for both the Council and RSLs within the Borough. The Council transferred its stock to the Richmond Housing Partnership (RHP) in 2000, which means that all social housing (with a few exceptions) is now provided by housing associations.



Source: HSSA and RSR data

It shows that there has been a small increase in social rented accommodation between 2003/04-2005/06 in Richmond upon Thames. Overall there has been a net increase of 143 properties from Richmond upon Thames Borough’s social housing stock (72 per annum).

9.3 The supply of affordable housing

(i) RSL stock

The table below shows an estimate of the supply of lettings from RSL stock (excluding RSL to RSL transfers) over the past 3 years, using HSSA and CORE data:

Table 9.2 Analysis of past housing supply – (RSL sector)				
	2003/04	2004/05	2005/06	Average
HSSA data	434	547	470	484
CORE data	414	400	426	413
AVERAGE	424	474	448	449

Source: HSSA and CORE data

The data in this table suggests that the supply of RSL lettings fluctuated over the three-year period. The average for the three-year period from both sources together is 449 per annum.

(ii) Estimate of lettings

The figures for RSL lettings show some variation over time. This makes it difficult to estimate future supply with any certainty. For the purposes of estimating future supply we have therefore used the average number of lettings over the three year period studied (the use of data for a three year period is consistent with Government guidance).

DETR Guide	<i>‘The most important source of supply is typically relets of existing social housing. A basic projection should assume continuance of the same rate of net relets as in the last year or an average over the last 3 years’. [Section 2.4 (page 26)]</i>
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Therefore our estimated future supply of lettings from the social rented sector overall will be 449.

9.4 New dwellings

From the estimated supply of affordable housing we also need to deduct lettings made to new dwellings. As one of the main purposes of the survey is to estimate any surplus or shortfall of affordable housing, it is important to avoid double-counting by not including likely future supply through additions to the stock from RSLs and the Local Authority (although these new properties will themselves in time produce some relets). This is also a view taken in DETR guidance.

DETR Guide	<i>'...it may be more helpful to combine committed and shortfall figures [shortfall including committed new provision] to obtain an overall affordable need estimate, which can then be related to overall planned housing requirements and provision'. [Section 2.4 (page 26)]</i>
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Table 9.3 Analysis of past provision of new affordable rented housing – Average for three years				
New affordable housing	2003/04	2004/05	2005/06	Average
Additional LA dwellings (HSSA)	0	0	0	0
Additional RSL dwellings (HSSA)	117	110	59	95
Additional RSL dwellings (CORE)	61	80	143	95

Source: HSSA and CORE data

The table above summarises information contained in the HSSA returns for 2004-2006 (Section N) and CORE data for the same period. The data indicates that there has been an annual average of 95 new affordable housing completions of social rented accommodation between 2003-04 and 2005-06. These are taken away from our estimate of lettings to provide a relet figure of 354 dwellings per annum (449-95). The figure of 354 represents a turnover of around 3.6% (based on the number of relets and the estimated number of social rented dwellings (i.e. 354/9,816).

9.5 Shared ownership supply

In most local authorities the amount of shared ownership available in the stock is fairly limited (as is the case in Richmond upon Thames). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.

Therefore we include an estimate of the number of shared ownership units that become available each year. Information from the Housing Corporation suggests that there are around 384 shared ownership units in the Borough, the Census estimated the figure to be 454, whilst the housing needs assessment data estimates 783. The average of these three figures is 540.

For the purposes of this analysis it is assumed that the turnover of shared ownership accommodation is roughly the same as found in the social rented sector. This is estimated at 3.6%. (The sample of households resident in shared ownership is too small to get an accurate estimate of turnover in the sector from the survey; however anecdotal evidence indicates that this figure of 3.6% could be a slight underestimation.) Hence we estimate that each year an average of 19 units of shared ownership tenure will become available to meet housing needs ($3.6\% \times 540$). Therefore, the estimate of supply becomes 373 per annum ($354+19$).

9.6 Vacant dwellings

As of April 2006, there were 167 vacant dwellings in the social rented stock, representing around 1.7% of all social rented stock in the Borough. This is considered to be an average vacancy rate and hence no adjustment needs to be made to the figures to take account of this.

DETR Guide

'The change in vacancies is a key factor in the net stock approach. The general principle is that there should be a target vacancy rate to allow normal movement in the housing stock. Typical recommended allowances would be 4 per cent for the private sector with 2 per cent being more appropriate for the social sector'. [Section 2.5 (page 28)]

9.7 Changes in the supply of affordable housing

This covers stages 15 and 16 of the *'Basic Needs Assessment Model'*. Stage 15 is *'minus increased vacancies & units taken out of management'*; Stage 16 is *'plus committed units of new affordable supply'*.

In the case of Stage 15, it would not be sensible to remove from the supply equation the number of properties taken out of management. It is much more sensible to estimate the likely reduction in relets as a result of such losses.

In the case of Stage 16 it seems more logical to exclude committed units as the purpose of the analysis is to show a surplus or shortfall of affordable housing. Including committed units might in some cases show a surplus of affordable housing where in fact the new housing is required to prevent a shortfall. However, we must remember that new affordable housing will in time produce additional relets (in the same way as relet opportunities are lost when dwellings are *'taken out of management'*).

HSSA and RSR data suggest that from April 2004 to April 2006 there has been a net increase of 143 properties from the Richmond upon Thames Borough's social housing stock (72 per annum).

Given an average turnover of around 3.6% this would equate to a net gain of around 3 letting opportunities per annum. Hence, on the basis of this information it is estimated that average future supply of affordable housing from re-lets and newbuild will be 376 units per annum (373+3).

9.8 Summary

The table below details the stages in arriving at an estimate of the 376 relets from the current stock of affordable housing per annum. Analysis of HSSA and CORE data (excluding transfers within the social rented stock) for 2005/2006 indicates an average supply of lettings of 449 per year. Taking account of lettings made to new dwellings the supply estimate is reduced by 95 units per annum. It is assumed that there would be no additional lettings from the vacant stock, whilst units taken out of management and committed units of new affordable supply will lead to a net gain of 3 dwellings per annum. Finally, we have included 19 'relets' from shared ownership dwellings, which increases supply to a total of 376. The second table shows how this fits into the Basic Needs Assessment model.

Table 9.4 Estimated future supply of affordable housing (per annum)	
Element of supply	Number of units
Average lettings per annum (excluding transfers)	449
Lettings in new housing	-95
'Relets' of shared ownership	+19
Additional lettings in vacant stock	+0
Letting opportunities lost through units taken out of management (Stage 15)	+3
Letting opportunities gained through additional stock (Stage 16)	+3
ESTIMATED SUPPLY OF AFFORDABLE HOUSING (PER ANNUM)	376

Source: Richmond upon Thames LHA 2006

Table 9.5 Basic Needs Assessment Model – Stages 14 to 17		
<i>S: SUPPLY OF AFFORDABLE UNITS</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
14. Supply of social relets p.a.	Excludes transfers within social rented stock and includes 'relets' of shared ownership	373
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	+3
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	376

Source: Richmond upon Thames LHA 2006

10. Basic needs assessment model

10.1 Introduction

The table on the following page shows the final figures in the '*Basic Needs Assessment Model*'. This brings together the three key elements that have been calculated in the preceding chapters, namely; the Backlog of Existing Need, Newly Arising Need and the Supply of Affordable Units. The overall output from these three analytical stages represents the estimated net affordable housing requirement across the Borough.

10.2 Total housing need

The backlog of existing need suggests a requirement for 74 units per year and the newly arising need a requirement for 3,025 units per annum. These two figures together total 3,099 units per annum. The total estimated supply to meet this need is 376 units per year. This therefore leaves a shortfall of 2,723 units per year.

Table 10.1 Basic Needs Assessment Model		
<i>B: BACKLOG OF EXISTING NEED</i>		
<i>Element</i>	<i>Notes</i>	<i>Final number</i>
1. Backlog need existing households	Number of households currently living in unsuitable housing	4,936
2. <i>minus</i> cases where in-situ solution most appropriate	In situ (or outside the Borough) solution most appropriate for 4,194 households	Leaves 742
3. <i>times</i> proportion unable to afford to buy or rent in market	92.2% = 684 – also remove 394 social renting tenants	290
4. <i>plus</i> Backlog (non-households)	Homeless = 81	81
5. <i>equals</i> total Backlog need		371
6. <i>times</i> quota to progressively reduce backlog	Suggest 20% as in DETR report	20%
7. <i>equals</i> annual need to reduce Backlog		74
<i>N: NEWLY ARISING NEED</i>		
8. New household formation (gross, p.a.)		515
9. <i>times</i> proportion unable to buy or rent in market	70.6% cannot afford market housing	Leaves 363
10. <i>plus</i> ex-institutional population moving into community	Included in 8/9 above	-
11. <i>plus</i> existing households falling into need		670
12. <i>plus</i> in-migrant households unable to afford market housing		1,992
13. <i>equals</i> Newly arising need	9+10+11+12	3,025
<i>S: SUPPLY OF AFFORDABLE UNITS</i>		
14. Supply of social relets p.a.	Excludes transfers within social rented stock and includes 'relets' of shared ownership	373
15. <i>minus</i> increased vacancies & units taken out of management	Letting opportunities lost	+3
16. <i>plus</i> committed units of new affordable supply p.a.	Letting opportunities gained	
17. <i>equals</i> affordable supply	14-15+16	376
18. Overall shortfall/surplus	74+3,025-376 (per annum)	2,723

NB Elimination of the backlog over a five-year period is recommended in the Guide. However, the Council can make a policy decision to do so over a longer period.

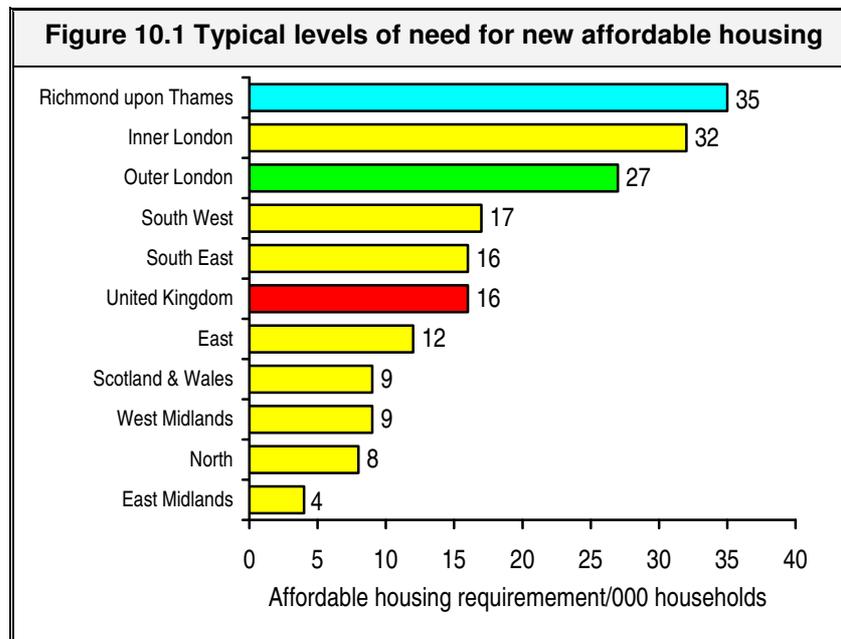
Source: Richmond upon Thames LHA 2006

10.3 The Richmond upon Thames situation in context

As Fordham Research has carried out about a hundred Borough-wide housing needs assessments since the DETR Guide was published in 2000, it is possible to provide reasonable indicative levels for the typical levels of affordable housing or shortage found across Britain.

In order to ‘standardise’ the levels of need/shortage for local authorities of widely varying scale, the shortfall/surplus of affordable housing has been divided by the numbers of thousands of households in the Council area.

The value for Richmond upon Thames is a shortfall of 35 per 1,000 (calculated as $(2,723/77,540) \times 1,000$). As can be seen, this figure is above the national average of a shortage of 16 and the averages for the Outer and Inner London.



Source: Fordham Research 2006

10.4 Size requirements and household type analysis

Overall the survey suggests a shortfall of affordable housing in the Borough. However, it is also important to look at what type of shortfalls exists within the current stock of affordable housing. This is recognised in the DETR guidance.

DETR Guide	<p><i>'Housing needs estimates and projections expressed as global figures for an entire local authority area are important, but they are far from being the whole story... it is important that local authorities consider the extent to which such outputs should be disaggregated by property size/type and also by sub-area.</i></p> <p><i>If this is not done, there is a danger that global figures will mask the true situation – for example, a surplus of smaller properties could act to offset a shortage of larger homes. In reality, of course, this offsetting could not occur, since the availability of smaller homes would be of no value to those needing family-size accommodation'. [Section 4.7 (pages 66-67)]</i></p>
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Hence this section looks at any mismatches between the need for affordable housing and the supply for different sizes of accommodation and at a sub-area level.

(i) Size requirement

Having estimated the net need for affordable housing in the Borough, it is useful to make suggestions about required property sizes. This is done through looking at past patterns. The number of bedrooms required by households in need is balanced against the number of bedrooms secured by those who have recently moved into affordable accommodation. The number of bedrooms required is based on the number of people in a household, taking account of co-habiting couples and children who could reasonably share.

This analysis is shown in the table below which indicates that there are shortfalls for all sizes of accommodation. The largest shortfall is for one and two bedroom units however, the shortage relative to supply is greatest for four bedroom properties where it is estimated that less than 2% of the need can be met. It should be noted that the results below are based on a strict bedroom standard (shown in the Glossary) and take no account of household size preferences or the priority of needs on the housing register. The breakdown of property sizes for the supply is taken from information on social rented relets provided by the Council. The proportions are then applied pro-rata to match the total supply figure.

Table 10.2 Net need for affordable housing by size () indicates a surplus				
Size required	Need	Supply	TOTAL	Supply as % of need
1 bedroom	1,707	216	1,491	12.6%
2 bedroom	866	105	762	12.1%
3 bedroom	366	53	313	14.4%
4+ bedroom	159	3	156	1.7%
TOTAL	3,099	376	2,723	12.1%

Source: Richmond upon Thames LHA 2006

Although households transferring within the affordable housing sector create no net need for affordable housing and were therefore excluded from the overall need estimate, it is important to consider the mismatch between the size requirements of these households and the size of dwellings provided by these households. Local data provided by the Council demonstrates a shortage of 3 and 4 bedroom properties.

Chapter 7 indicated there are 394 existing households in backlog need resident in the social rented sector (that would have their need met via a transfer within the social rented stock). To be consistent with the other backlog need figures it is necessary to apply a reduction of 20% to this figure, which results in an estimated 79 transfers per year. Chapter 8 indicated that there are 243 existing households that will fall into need within Richmond each year that are resident in the social rented sector (that would have their need met via a transfer within the social rented stock). These two figures sum to an estimated 322 households transferring within the social rented sector each year.

The table below shows the number of bedrooms required by these transferring households balanced against the number of bedrooms in the properties that they currently occupy to identify any mismatches that exist. The data indicates that households transferring within the within the social rented stock will create a surplus of one and two bedroom homes but a shortfall of three and four bedroom properties.

Table 10.3 Net need for affordable housing from households transferring by size () indicates a surplus			
Size required	Need	Supply	TOTAL
1 bedroom	206	217	(12)
2 bedroom	77	99	(22)
3 bedroom	34	5	29
4+ bedroom	4	0	4
TOTAL	322	322	0

Source: Richmond upon Thames LHA 2006

The table below sums the two previous tables together to show the size of homes needed by all households requiring affordable accommodation balanced against the likely supply of dwellings that will become available within the social rented stock each year.

Table 10.4 Net need for affordable housing from all households requiring affordable accommodation by size () indicates a surplus			
Size required	Need	Supply	TOTAL
1 bedroom	1,912	433	1,480
2 bedroom	944	204	740
3 bedroom	400	58	342
4+ bedroom	163	3	161
TOTAL	3,419	697	2,722

Source: Richmond upon Thames LHA 2006

(ii) Household type analysis of households in need

The table below gives a breakdown of households in need, by household type. The table shows that over 12% of lone parent households are in housing need compared to 0.5% of households containing two or more pensioners. Households with two or more adults make up nearly half of all households in need and single non-pensioner households comprise over a fifth of all households in need.

Table 10.5 Need requirement by household type					
Household type	In need	Not in need	Total number of h'holds	% of h'hold type in need	% of those in need
Single pensioners	134	10,585	10,719	1.3%	4.3%
2 or more pensioners	23	5,050	5,073	0.5%	0.7%
Single non-pensioners	687	16,219	16,906	4.1%	22.2%
2 or more adults - no children	1,478	25,155	26,633	5.5%	47.7%
Lone parent	265	1,888	2,153	12.3%	8.5%
2+ adults 1 child	321	6,952	7,273	4.4%	10.3%
2+ adults 2+children	191	8,593	8,784	2.2%	6.2%
Total	3,099	74,442	77,540	4.0%	100.0%

Source: Richmond upon Thames LHA 2006

10.5 Implications for affordable housing policy

Appendix A1 details the key features of current DCLG Affordable Housing policy, which is now the affordable housing section of the finalised PPS3 (published in November 2006).

The main implications for affordable housing policy are the choice of an appropriate percentage target, the site size threshold at which the eventual affordable housing policy will apply and the types of affordable housing best suited to meeting the need. Each is discussed below.

(i) Percentage target

The Guide to Housing Needs Assessments has its own proposals on how targets should be calculated (contained within Table 8.1 of the Guide). It is therefore worth pursuing the suggested DETR method to show the expected result. Given that the affordable housing requirement is 2,723 dwellings per annum and the proposed build rate for Richmond upon Thames is 270 per year (as documented in the London Plan), this suggests a target of 1009% (2,723/270).

Given this result, it is clear that at the general level, any target would be justified. In our view there is no real point in varying the target from site to site or from locality to locality; the target is only likely to be varied downwards as a result of this practice.

As the annual affordable housing requirement exceeds the level of supply of all new housing it is necessary to maximise the supply of affordable housing. The London Plan identifies that most London Boroughs should pursue an affordable housing target of 50%. Furthermore the London Plan states that where it is financially viable a target higher than 50% should be pursued.

We would advise the use of a Borough-wide percentage target. This form of target is the most easily understood and implemented. It applies to allocated and windfall sites where viability permits. It is almost impossible to justify any variation of targets, since the Council's housing needs problem is one for the Local Planning Authority and the Local Housing Authority as a whole. The question of how and where to meet the housing needs problem is a strategic one for the Council. Given the high level of need for affordable housing in Richmond upon Thames identified in this study, we consider that, as has been used by other London authorities, a target of over 50% could be justified in line with the objectives of the London Plan, although we acknowledge that the Council is free to take a view on the particular level it wishes to set.

(ii) Threshold site size

The usual threshold stipulated by PPS3 is 15 dwellings/ha, however if high levels of need can be demonstrated, a lower threshold can be adopted. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size. The threshold adopted in Richmond Upon Thames' UDP (March 2005) is 10 dwellings/ 0.3 ha, which seems reasonable, although a lower threshold could be justified given the high level of housing need.

(iii) Intermediate housing

Having considered the level of housing need in the Borough it is interesting to study what types of affordable housing might be most appropriate to meet this need. In principle there are two broad categories of housing which can be considered (intermediate housing and social rented).

Intermediate housing can be defined as housing (irrespective of tenure) priced between social rents and the market. Existing intermediate housing options suggest that this form of accommodation is usually only marginally cheaper than market housing.

Shared ownership costs are based on the Borough-wide minimum cost of owner occupation with a 25% discount (as shown in Chapter 5) since the Council feel that this most closely represents the shared ownership products available in the Borough. Weekly shared ownership costs are based on a 50% equity share; it is assumed that 3% rent would be paid on the unsold equity.

The table below shows our estimates of the minimum cost of self-contained market housing for rent (which represents the threshold for housing need) and estimated new social rent levels. The estimated cost of shared ownership housing is also presented.

Table 10.6 Basic information required for assessment of types of affordable housing required				
Size requirement	Social rent (£/week)*	Shared Ownership*** (£/week)	Entry level private rent** (£/week)	Entry level owner-occupation** (£/week)
1 bedroom	£75	£156	£159	£289
2 bedrooms	£84	£194	£212	£366
3 bedrooms	£97	£251	£247	£449
4+ bedrooms	£112	£390	£339	£571

* Source: CORE Data

** Source: Survey of Estate and Letting Agents 2006

*** Source: Derived from prices obtained in the Survey of Estate and Letting Agents 2006 using Council recommendations on shared ownership products available in the Borough

The table shows that the weekly cost of shared ownership costs are higher than the minimum weekly cost of private rented accommodation for 3 and 4 bedroom properties, and only marginally lower than the costs of private rent for 1 and 2 bedroom properties. For this reason, shared ownership is unaffordable for almost all households deemed in housing need; intermediate housing of this type will meet almost none of the net need for affordable housing.

However, if the Basic Needs Assessment model was based on a household's ability to afford only owner occupied housing rather than any form of market housing then the backlog and newly arising need would sum to a requirement for 3,953 units per annum. This means that there are 854 households that would be in need if they weren't able to access the private rented sector. It is possible to test the ability of these households to afford the target cost for intermediate housing. The survey indicates that 839 of the 854 households (98.2%) that are not in need that would like to access owner-occupation but cannot afford to do so would be able to afford intermediate housing.

10.6 A longer term view of the housing requirement

The main assessment of the requirement for additional affordable housing has been based on a five year time period (as required by DETR guidance, Section 2.4 (page 25)). It is however possible to extend this period further into the future. We have considered below what the requirement for additional affordable housing would be over a ten year period following the same approach as set out in the preceding chapters.

The annual estimates of newly arising need and supply are unchanged but the backlog of need has been divided by ten (rather than five as suggested in the Guide) to spread it over the ten year period. The table below summarises the results up to 2016 and indicates a shortfall of around 2,709 affordable homes per year. Assuming the level of supply remains the same over this period, the total requirement to 2016 would be around 27,090 additional affordable homes (i.e. 2,709 per year for the 10 years to 2016). These figures are however less robust than the estimated requirement over five years.

Table 10.7 Summary of Basic Needs Assessment Model (annual requirement to 2016)	
Element	Number of households
B. BACKLOG OF EXISTING NEED	
Annual need to reduce backlog	37
N. NEWLY ARISING NEED	
Newly Arising Need	3,025
S. SUPPLY OF AFFORDABLE UNITS	
Affordable supply	353
Overall shortfall/Surplus	2,709

Source: Richmond upon Thames LHA 2006

10.7 Summary

The Housing Needs Assessment in Richmond upon Thames followed guidance from The DETR in *'Local Housing Assessment: A Guide to Good Practice'*. This involved estimates of the 'Backlog of existing need', 'Newly arising need' and future supply to estimate the current surplus or shortfall of affordable housing in Richmond upon Thames. Using this model it is estimated that for the next five years there will be a shortfall of 2,723 affordable housing units per annum in the Borough.

As the annual affordable housing requirement exceeds the level of supply of all new housing it is necessary to maximise the supply of affordable housing. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size.

Further analysis suggests that shared ownership, based on the Borough-wide minimum cost of owner occupation with a 25% discount, is unaffordable for households deemed in housing need and will therefore meet almost none of the net need for affordable housing. For this reason, affordable housing should be provided in the form of social rented housing in order to be affordable to households in housing need.

However, almost all households who are able to afford to rent privately but are unable to afford owner occupation would be able to afford shared ownership housing. Shared ownership could therefore meet the potential demand for home-ownership from such households.

SECTION D: BROADER HOUSING MARKET & FUTURE CHANGES

The previous section focused exclusively on *housing need* and the requirement for affordable housing. However, in order to fully develop informed housing policies, Local Authorities are also interested in *housing demand* across all tenures. This section thus considers the broader housing market in Richmond upon Thames. First household characteristics are examined across all tenures; following on from that we consider the question of how far the housing market is ‘balanced’.

The DETR Guide definition of housing demand is given below.

DETR Guide	<i>‘Housing demand refers to the quantity and type/quality of housing which households wish to buy or rent and are able to afford. In other words, it takes account of both preferences and ability to pay. [Section A2.2 (page 116)]</i>
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11. Market housing

11.1 Introduction

Emphasis on analysis of the whole market as part of a Local Housing Assessment has been a theme of Government policy at least since the publication of PPG3 (2000).

PPG3 (2000) para 13

'Assessments of housing need which underpin local housing strategies and local plan policies are matters for local authorities to undertake in the light of their local circumstances. Local planning authorities should work jointly with housing departments to assess the range of needs for different types and sizes of housing across all tenures in their area'

This chapter considers some general issues surrounding supply and household characteristics within private sector tenures in Richmond upon Thames.

11.2 Owner-occupied sector

It is useful for the Council to have information concerning supply and turnover of market housing in order to inform planning control. In particular, councils will want to ensure that new developments meet demand with regard to dwelling size and type.

Data suggests that 71.2% of households in the Borough are owner-occupiers and that 57.6% of these have a mortgage. As was shown in Chapter 6, households in owner-occupied accommodation without a mortgage have lower average incomes than those with a mortgage, although it should be remembered that the former group contains many older people who are likely to be retired.

The table below shows the size profile of the owner-occupied stock in Richmond upon Thames. The data suggests that the majority of households have two or more bedrooms. Only 7.6% have one bedroom accommodation.

Table 11.1 Size of dwellings (number of bedrooms) in the owner-occupied stock		
Number of bedrooms	Households	% of households
1 bedroom	4,187	7.6%
2 bedrooms	15,666	28.4%
3 bedrooms	18,572	33.7%
4+ bedrooms	16,727	30.3%
TOTAL	55,152	100.0%

Source: Richmond upon Thames LHA 2006

The table below builds on this by looking at the turnover of owner-occupied stock within each size category over the last two years.

Table 11.2 Turnover of dwellings in the owner-occupied stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	1,160	4,187	13.9%
2 bedrooms	3,707	15,666	11.8%
3 bedrooms	2,510	18,572	6.8%
4+ bedrooms	1,867	16,727	5.6%
TOTAL	9,244	55,152	8.4%

Source: Richmond upon Thames LHA 2006

The recent mover data points to an overall turnover rate of 8.4%, although this will be a slight underestimation of total turnover for the dwellings concerned (given that there may have been multiple moves in the two-year period). Turnover of one bedroom dwellings is greater than for the other property size categories.

Finally, we can consider households claiming financial assistance with their housing costs (for mortgage interest payments). The data suggests that around 1.5% of households with a mortgage receive income support towards their mortgage payments (475 households). This figure represents 0.9% of all owners.

11.3 The private rented sector

The private rented sector is an important part of the housing spectrum in an area. In British conditions it is not often a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing.

The latter is not such a satisfactory stage, since the shortage of social rented housing may mean that households remain in it for much longer than is desirable which can create a disincentive for landlords to improve the property and result in these households living in housing that is not of high quality.

In more detail, and as a market sector, the private rented sector plays an important role. It meets the needs of:

- i) Business people who have short term reasons for staying in a place (e.g. for six months or a year, when it would not be worth the time and transactional cost of buying property)
- ii) Those planning entry to the owner occupied market but who have not had time either to find suitable property or accumulated a sufficient deposit to do so

At a different level, and due to the great expansion of Housing Benefit (HB) payments after the end of Council house-building programmes in the late 1980s, there has arisen in many parts of Britain a class of ‘benefit landlords’ who provide usually rather poor quality housing but in units which are available at below the ceiling set for HB. There is therefore a separate source of private tenants:

- iii) The needs of those who cannot obtain suitable affordable housing, and cannot afford market prices to rent or buy. With the aid of HB they may obtain short term housing in the private rented sector.

It is possible to find many parts of the country where the advertisements of flats to let are accompanied by stern warnings: ‘No DSS’ which means ‘no tenants on HB’. As a result, and where the HB driven demand is large enough, a market response has arisen. As the Guide implies, though, the quality of what is offered is unlikely to provide adequate long-term housing.

**DETR
Guide**

‘... the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long term accommodation of a reasonable standard.’ [Section 7.3 (page 96)]

The 2001 Census has revealed a considerable growth in the private rented sector over the past decade or so. This has been particularly driven by ‘buy to let’ mortgages, which allow purchasers a cheaper mortgage on account of the rental stream which will follow purchase.

Data suggests that Richmond upon Thames has a larger than average private rented sector (16.9% of households compared with around 10% nationally). The two tables below show the size of dwellings in the private rented sector and the relative turnover of stock. It is clear that the number of one and two bedroom properties is proportionately much larger in the private rented sector – 73.1% of all private rented stock is one or two bedroom, which compares with only 36.0% of the owner-occupied stock.

Overall, the data shows that turnover of stock is much higher in the private rented sector, which would be expected given the transitory nature of the tenure. The estimated annual turnover rate in the private rented sector is 32.4% compared to 8.4% in the owner-occupied sector.

Table 11.3 Size of dwellings (number of bedrooms) in the private rented stock		
Number of bedrooms	Households	% of households
1 bedroom	4,193	32.1%
2 bedrooms	5,358	41.0%
3 bedrooms	2,336	17.9%
4+ bedrooms	1,189	9.1%
TOTAL	13,076	100.0%

Source: Richmond upon Thames LHA 2006

Table 11.4 Turnover of dwellings in the private rented stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	2,740	4,192	32.7%
2 bedrooms	3,728	5,358	34.8%
3 bedrooms	1,396	2,336	29.9%
4+ bedrooms	605	1,189	25.4%
TOTAL	8,469	13,075	32.4%

Source: Richmond upon Thames LHA 2006

Additionally, survey data suggests that 15.0% of households (1,962 households) in the private rented sector are in receipt of housing benefit, this compares with 0.9% of all owners.

11.4 The social rented sector

It is of interest to briefly provide the same information as above for the social rented sector. The tables below show stock profile and turnover rates for all social rented housing in the Borough. The data shows that the social rented sector has relatively few four or more bedroom properties whilst 81.3% are one or two bedroom.

The turnover rate in the social rented stock is around 9.7% per annum, with the highest turnover for smaller properties.

Table 11.5 Size of dwellings (number of bedrooms) in the social rented stock		
Number of bedrooms	Households	% of households
1 bedroom	5,740	61.6%
2 bedrooms	1,838	19.7%
3 bedrooms	1,584	17.0%
4+ bedrooms	150	1.6%
TOTAL	9,312	100.0%

Source: Richmond upon Thames LHA 2006

Table 11.6 Turnover of dwellings in the social rented stock by size of dwelling (number of bedrooms)			
Number of bedrooms	Number moving in past two years	Number of households	Estimated annual turnover rate
1 bedroom	1,223	5,740	10.7%
2 bedrooms	485	1,838	13.2%
3 bedrooms	90	1,584	2.8%
4+ bedrooms	0	150	0.0%
TOTAL	1,798	9,312	9.7%

Source: Richmond upon Thames LHA 2006

The table below gives additional details about households living in one bedroom accommodation in the social rented sector. Over 80% were comprised of single people.

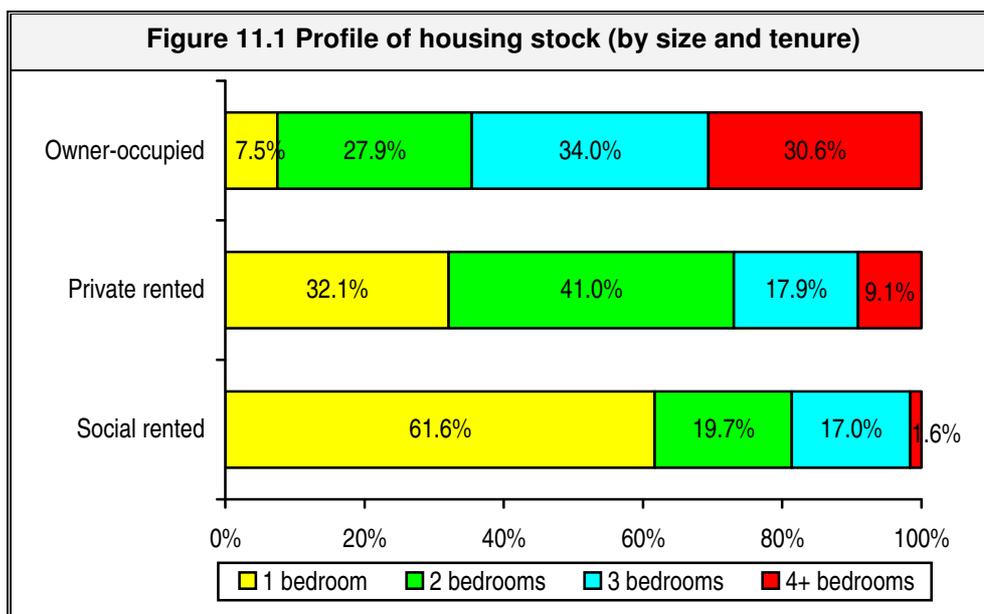
Table 11.7 Profile of households living in one-bedroom social rented dwellings		
Household type	Households	% of households
Single pensioners	1,937	33.7%
2 or more pensioners	343	6.0%
Single non-pensioners	2,736	47.7%
2 or more adults - no children	430	7.5%
Lone parent	126	2.2%
2+ adults 1 child	168	2.9%
2+ adults 2+children	5,740	100.0%
Total	1,937	33.7%

Source: Richmond upon Thames LHA 2006

Survey data also suggests that 64.6% of households in the social rented sector are in receipt of housing benefit.

11.5 Data comparisons

For ease of comparison it is useful to bring together the information from the above analysis. The figure below compares the profile of stock (by size) in each of the three main sectors. The figure makes it clear that there are large differences between the stock profiles in the different sectors. The social and private rented sectors are heavily biased towards smaller properties whilst the opposite is true in the owner-occupied sector.



Source: Richmond upon Thames LHA 2006

The table below summarises the position with regard to turnover of stock and the proportion of households claiming housing benefit (income support) towards housing costs. The table again clearly demonstrates the differences between the different tenures. The turnover of private rented stock is almost 4 times that in the owner-occupied sector whilst households in the social rented sector are significantly more likely to claim assistance with their housing costs than owners or private tenants.

Table 11.8 Turnover of stock and housing benefit claims by tenure		
Tenure	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied	8.4%	0.9%
Private rented	32.4%	15.0%
Social rented	9.7%	64.6%
TOTAL	12.6%	10.9%

Source: Richmond upon Thames LHA 2006

11.6 Summary

Emphasis on examination of the whole market as part of developing local Housing Strategies has been a theme of Government policy since the publication of PPG3 (2000). This suggests that the planning and housing departments should work together to understand local housing requirements across all tenures and size requirements.

Analysis of survey data suggests that the owner-occupied sector accounts for around 71.2% of the total housing stock and is dominated by three bedroom properties. Private rented properties make up 16.9% and are characterised by a larger proportion of one and two bedroom dwellings. The estimated annual turnover rate in the owner-occupied sector is around 8.4% which compares to 32.4% in the private rented sector.

12. Balancing housing markets

12.1 Introduction

A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. The notion has been brought into prominence by the work of the Audit Commission in assessing councils' performance (Comprehensive Performance Assessment (CPA) of local authorities).

The Audit Commission specification for assessing the balancing of housing markets (Audit Commission March 2003) sets out three broad questions for the assessment:

- i) How well does the Council understand its housing market and from its understanding has the Council developed the right proposals to help balance the housing market?
- ii) What are the Council's actions and what outcomes has it achieved in helping to balance housing markets?
- iii) How well does the Council monitor its progress and impact in helping to balance housing markets and how effectively does this feed into future strategy and plans?

This chapter outlines and applies a BHM analysis, which can assist the Council in fulfilling the above objectives. Data concerning supply and demand within different tenures allows a consideration of the extent to which the local housing market in Richmond upon Thames is balanced.

Whilst one of the outputs of the BHM model is an estimate of the shortfall of affordable housing, this should not be taken as an estimate of the absolute need for such housing. As the BHM is a demand and aspiration driven model (the BNAM being mainly based on past trends) there are inevitably some households who have a demand for affordable housing but under the BNAM would not be considered as needing such housing. Additionally as the bulk of the supply in the BHM is based on expected future household moves it is often the case that this model shows a lower supply level than the trend data of the BNAM (typically drawn from HSSA). Households included in the BHM analysis are those who are intending to move into or within the Borough within the next 2 years.

It is therefore common to find that the BHM shows a slightly higher estimate of the affordable requirement than the BNAM but this should not be taken as the survey's base estimate of the absolute requirement for affordable housing (which is measured using the DETR's Basic Needs Assessment Model). The BHM is however particularly useful at ascertaining what shortages exist in the private sector market and can help to guide councils in securing an appropriate mix of market housing on new housing developments.

The inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to 'balance' figures to the estimated household growth of an area.

Unlike the specific model followed in Section C, there is only very general guidance provided for a BHM analysis. The next subsection summarises our approach.

12.2 Procedure in outline

In overview, a BHM analysis assesses the aspirations of would-be movers in relation to total dwellings, broken down by property size and tenure. Growth is constrained by the projected future building rate for Richmond upon Thames from the updated London Plan target.

The steps involved are listed below:

- i) Total allocation of new dwellings to Borough
- ii) Numbers of households wishing/planning to move (both existing and newly forming)
- iii) Distinguish those who can afford their proposed moves from those who cannot
- iv) Patterns of in-migrant moves established from previous moves information
- v) Those who cannot afford their moves are allocated to affordable housing (in principle) as they cannot afford to rent or buy at market prices
- vi) The total of market and non-market moves is assessed in relation to the net extra number of dwellings required
- vii) This is assessed against the allowed total of new dwellings for the Borough. Where the net demand is greater than the total, this is noted, by tenure group
- viii) Where the total net demand is less than the allowed total newbuild, then the difference is assumed to be net in-migration, often of market purchasers

- ix) All figures are calculated on an annual basis from figures over a five year period

12.3 Why gross flows cannot predict tenure

The DETR Guide suggests a Gross Flow approach, which bases forecasts on past patterns, in order to carry out a BHM. However, given that market dynamics and socio-economic factors are always changing, past patterns are actually fairly limited as a predictor. Past (or even projected future) changes in the proportions of dwelling types and tenure groups are not indicative of what should happen in order to best meet housing requirements in the future. In the jargon, such data has no ‘normative’ value: it contains no element of judgement. This was noted by Fordham Research as long ago as 1993:

‘future variation in proportions of owner-occupiers, private renters etc should be considered as variables on which policy is to operate in seeking to meet housing need. In this sense it is not appropriate to use them as fixed variables’ (Wycombe Housing Needs Survey, Fordham Research 1993)

Examples of why unadjusted gross flows are not a satisfactory predictor are easy to cite:

- i) If in a local authority area over a period of time (say a year) nothing but four bedroom owner-occupied dwellings are built then the gross flows methodology would show that nothing but four bedroom owner-occupied homes are required in the future (even if there is a significant need for additional affordable housing).
- ii) On the other hand another local authority may have needed (and been able) to build a significant number of additional affordable units, the gross flows approach would indicate that the Local Authority still required large numbers of affordable housing units (which might not be the case).

12.4 Adapted Gross Flows (AGF)

The *Fordham* approach, therefore, adapts the notion of balance inherent in Gross Flows to take account of future housing aspirations and affordability as well as past trends. This revised approach has the advantage of not simply mirroring the past and also helps to avoid any ‘unbalancing’ actions which may have been at work.

At the most general level:

- Demands minus the supply should give a net change (increase usually) in number of dwellings/households

For the purpose of this test we have set the overall net increase in dwellings to 270. This is based on the required build rate from 2006/07 to 2016/17 as indicated in the updated London Plan targets.

Full details of the analysis are presented in Appendix A4. Set out below is a summary of the results.

12.5 Summary of data

The results of the analysis can be summarised as follows, prior to inputting into the final table:

Growth – 270 per annum

Demand

New households forming within the Borough – 2,270

In-migration – 1,221

Households moving within the Borough – 6,926

Total demand = 10,417

Supply

Household dissolution (through death) – 337

Out-migrant – 2,884

Households moving within the Borough – 6,926

Total supply = 10,147

The results of the calculations detailed in Appendix A4 are shown in the following table:

Table 12.1 Total shortfall or (surplus) based on preferred number of bedrooms					
Tenure	Size preference*				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	(453)	(146)	258	795	454
Affordable housing	250	1,718	1,202	343	3,513
Private rented	(1,180)	(1,611)	(593)	(313)	(3,697)
TOTAL	(1,383)	(39)	867	825	270

*Size profile based on stated size of accommodation required rather than the strict bedroom standard used to assess the size of accommodation required by households in need in chapter 10.

Source: Richmond upon Thames LHA 2006

A number of conclusions can be drawn from this analysis:

- i) In terms of the demand for affordable housing in the Borough it is clear that this is on-going. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two and three bedroom homes. The demand for larger units of affordable housing reflects the inability of market housing to cater for lower income larger households and a lack of supply.
- ii) Overall, the data shows only a small shortfall in the owner-occupied sector. In terms of size requirements, the information suggests that in the owner-occupied sector the main shortage is for three or more bedroom homes and there are surpluses of one and two bedroom properties. It is worth noting however, that household projections indicate that there will be an increasing proportion of one person households in Richmond upon Thames in the next fifteen years.
- iii) The model indicates that there is a large surplus in the private rented sector. In this sector all dwelling sizes show a surplus, since many households view this sector as an undesirable long term solution whilst the supply of private rented housing is likely to be large due to the temporary nature of the tenure.

It is of interest to compare the model based on households' preferred number of bedrooms in table 12.1 with the model based households' expected number of bedrooms on in table 12.2. The tables show that in general, households' would prefer a larger number of bedrooms than they would expect. The shortfall of smaller affordable dwellings shown in table 12.2 reflects the decreasing household size shown in the household projection in Chapter 1.

Table 12.2 Total shortfall or (surplus) based on expected number of bedrooms					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	(82)	100	256	179	454
Affordable housing	1,115	1,696	573	129	3,512
Private rented	(1,154)	(1,637)	(593)	(313)	(3,696)
TOTAL	(121)	160	237	(5)	270

Source: Richmond upon Thames LHA 2006

12.6 Implications of analysis

Analysis using the DETR ‘Basic Needs Assessment Model’ found that there is a shortage of affordable housing in Richmond upon Thames. The BHM assessment, which constrains growth according to planned development and then balances demand across all tenures, also produces this conclusion.

The Guide Model and the BHM analysis both find that an affordable housing target is justified in Richmond upon Thames. The more robust methodology of the Guide Model means that this provides a more accurate estimate of the total shortfall.

12.7 Summary

In addition to looking at the needs of households by closely following the DETR’s ‘Basic Needs Assessment Model’ the survey used a ‘demand’ based methodology to estimate the future demand for housing across all tenures.

Like the BNAM, the ‘demand’ based methodology suggested that there is a requirement for additional affordable housing in the Borough. This methodology also suggested that there will be a small shortfall of owner-occupied accommodation in the future and a large surplus of private rented homes.

SECTION E: THE NEEDS OF PARTICULAR GROUPS

This section addresses particular client groups that may have very specific housing requirements. Although such groups do not necessarily represent households in need as defined by the DETR Guide, it is important for the Council to have detailed information on them in order to inform specific policies and service provision.

For example, the frail elderly may not be in housing need in the sense of not being able to afford market housing, but many of them are liable to require extra care in the future, whether directly, or via aids and adaptations in the home.

This section covers the following groups:

- Households with support needs
- Older person households
- Key worker households
- Black and Minority Ethnic households

The section also features a chapter looking at the incidence of overcrowding and under-occupation amongst different groups of households in the Borough. The section finished with a chapter looking at the housing circumstances of student households.



13. Households with support needs

13.1 Introduction

Supporting People is a national policy initiative designed to secure a more co-ordinated approach to the provision of services to certain groups. There are groups that may, because of their condition or vulnerability, have requirements for specialised forms of housing provision, or else require support services in order to continue living an independent life in their existing home. The initiative seeks to co-ordinate the provision of individual services by housing, social services and health providers, and to produce a more unified basis for the allocation of the available funding.

Information collected through the survey enables us to identify the principal client groups who have special requirements of this kind. It is therefore possible to provide some guidance on their needs and requirements. The results will assist the Council to contribute towards ongoing work to develop and refine both the Council's Supporting People Strategy and the South West London Sub-region Supporting People Strategy.

Some support needs are very uncommon, while others are very numerous. The accuracy of each figure will of course vary according to the size of the group involved.

13.2 Supporting People: data coverage

Supporting People Strategies are being developed to cover every Council area in England, and parallel processes are under way in Wales and Scotland. The London Borough of Richmond upon Thames Council has in place a Supporting People Strategy and a comprehensive needs assessment. The survey looked at whether household members fell into one or more of a range of primary client groups. Whilst these represent the larger client groups covered in Supporting People Strategy, they are not exhaustive, and meaningful data on some other, smaller groups could not be delivered with the sample size used in the survey.

The groups covered were:

- Frail elderly
- People with a Physical Disability
- People with Learning Disabilities
- People with Mental Health Problems
- People with a Sensory Disability
- Others

Each person with a support need could respond to as many of the above categories as is applicable. This means that we can differentiate between households that have more than one person with a support need and those that have people with multiple support needs.

13.3 Supporting people groups: overview

Overall there are an estimated 8,228 households in Richmond upon Thames with one or more members in an identified support needs group. This represents 10.6% of all households, which is below the average Fordham Research have found nationally (13-14%). The table below shows the numbers of households with different types of support needs. The numbers of households in each category exceed the total number of support needs households because people can have more than one category of support need.

'People with a Physical Disability' are the predominant group. There are 3,471 households with a physically disabled household member. The next largest group is *'People with Mental Health Problem'*, with 2,755 households having a member in this category. These two categories represent 42.2% and 33.5% of all support needs households respectively.

Table 13.1 Type of Support Needs			
Category	Number of households (95% Confidence Interval)	% of all households	% of support needs households
Frail elderly	2,029 (1,559-2,499)	2.6%	24.7%
People with a Physical Disability	3,471 (2,862-4,080)	4.5%	42.2%
People with Learning Disabilities	1,157 (800-1,514)	1.5%	14.1%
People with Mental Health Problems	2,755 (2,210-3,300)	3.6%	33.5%
People with a Sensory Disability	882 (570-1,194)	1.1%	10.7%
Other	1,027 (690-1,364)	1.3%	12.5%

Source: Richmond upon Thames LHA 2006

In addition to the above information we are able to look at the number of people in each household with a support need and also households containing persons with multiple support needs. The results for these are shown below.

Table 13.2 Number of people with support needs		
	Households (95% Confidence Interval)	% of households
No people with support needs	69,312 (68,405-70,219)	89.4%
One person with support needs	7,460 (6,591-8,329)	9.6%
Two persons with support needs	656 (386-986)	0.8%
Three or more persons with support needs	112 (0-224)	0.1%
TOTAL	77,540	100.0%

Source: Richmond upon Thames LHA 2006

Table 13.3 Households with support needs		
	Households (95% Confidence Interval)	% of households
No people with support needs	69,312 (68,405-70,219)	89.4%
Members with a single support need	6,440 (5,627-7,253)	8.3%
Members with multiple support needs	1,788 (1,346-2,230)	2.3%
TOTAL	77,540	100.0%

Source: Richmond upon Thames LHA 2006

The two tables above show that the majority of support needs households (90.7%) contain one person with a support need and that the majority of households with a person with support needs do not have multiple support needs (78.3%). However, some 768 households in Richmond upon Thames are estimated to have two or more people with a support need whilst an estimated 1,788 households contain someone with multiple needs.

13.4 Characteristics of support needs households

The survey indicates that 827 support needs households (10.0%) currently reside in sheltered accommodation with the remainder living in normal residential accommodation.

The tables below show the characteristics of support needs households in terms of household size, age, tenure, sub-area and unsuitable housing.

Table 13.4 Size of support needs households					
Number of persons in household	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
One	4,488	23,137	27,625	16.2%	54.5%
Two	1,966	22,896	24,862	7.9%	23.9%
Three	863	10,118	10,981	7.9%	10.5%
Four	515	9,165	9,680	5.3%	6.3%
Five	269	2,909	3,178	8.5%	3.3%
Six or more	128	1,088	1,216	10.5%	1.6%
TOTAL	8,229	69,313	77,542	10.6%	100.0%

Source: Richmond upon Thames LHA 2006

The table above shows that households with support needs members are likely to be small, comprised of one or two persons. Support needs households are also more likely to contain older persons.

Table 13.5 Support needs households with and without older people					
Age group	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
No older people	4,114	52,209	56,323	7.3%	50.0%
Both older & non older people	814	4,611	5,425	15.0%	9.9%
Older people only	3,300	12,492	15,792	20.9%	40.1%
TOTAL	8,228	69,312	77,540	10.6%	100.0%

Source: Richmond upon Thames LHA 2006

As the table below shows, support needs households are also more likely to be living in social rented housing. Some 36.6% of RSL tenants contain a member with support needs, compared to 4.5% of owner-occupiers (with mortgage). Almost half of all support needs households, however are owner-occupiers.

Table 13.6 Support needs households and tenure					
Tenure	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
Owner-occupied (no mortgage)	2,583	20,802	23,385	11.0%	31.4%
Owner-occupied (with mortgage)	1,439	30,328	31,767	4.5%	17.5%
RSL	3,407	5,905	9,312	36.6%	41.4%
Private rented	799	12,277	13,076	6.1%	9.7%
TOTAL	8,228	69,312	77,540	10.6%	100.0%

Source: Richmond upon Thames LHA 2006

The table below shows the geographical distribution of support needs households. The data shows that households in Hampton North are most likely to have a support need, whilst the lowest level is shown in St Margarets/North Twickenham.

Table 13.7 Support needs households and ward					
Ward	Support needs households			% of total h'holds with support needs	% of those with a support need
	Support needs	No support needs	Number of h'holds		
Barnes	397	3,868	4,265	9.3%	4.8%
East Sheen	392	3,603	3,995	9.8%	4.8%
Fulwell/Hampton Hill	422	3,647	4,069	10.4%	5.1%
Ham/Petersham/Richmond	468	3,796	4,264	11.0%	5.7%
Hampton	337	3,710	4,047	8.3%	4.1%
Hampton North	830	3,178	4,008	20.7%	10.1%
Hampton Wick	443	3,780	4,223	10.5%	5.4%
Heathfield	595	3,241	3,836	15.5%	7.2%
Kew	513	4,260	4,773	10.7%	6.2%
Mortlake/Barnes Common	665	4,274	4,939	13.5%	8.1%
North Richmond	663	3,962	4,625	14.3%	8.1%
St Margarets/North Twickenham	228	4,879	5,107	4.5%	2.8%
South Richmond	385	3,459	3,844	10.0%	4.7%
South Twickenham	282	3,996	4,278	6.6%	3.4%
Teddington	398	4,159	4,557	8.7%	4.8%
Twickenham Riverside	347	4,392	4,739	7.3%	4.2%
West Twickenham	565	3,696	4,261	13.3%	6.9%
Whitton	298	3,410	3,708	8.0%	3.6%
TOTAL	8,228	69,312	77,540	10.6%	100.0%

Source: Richmond upon Thames LHA 2006

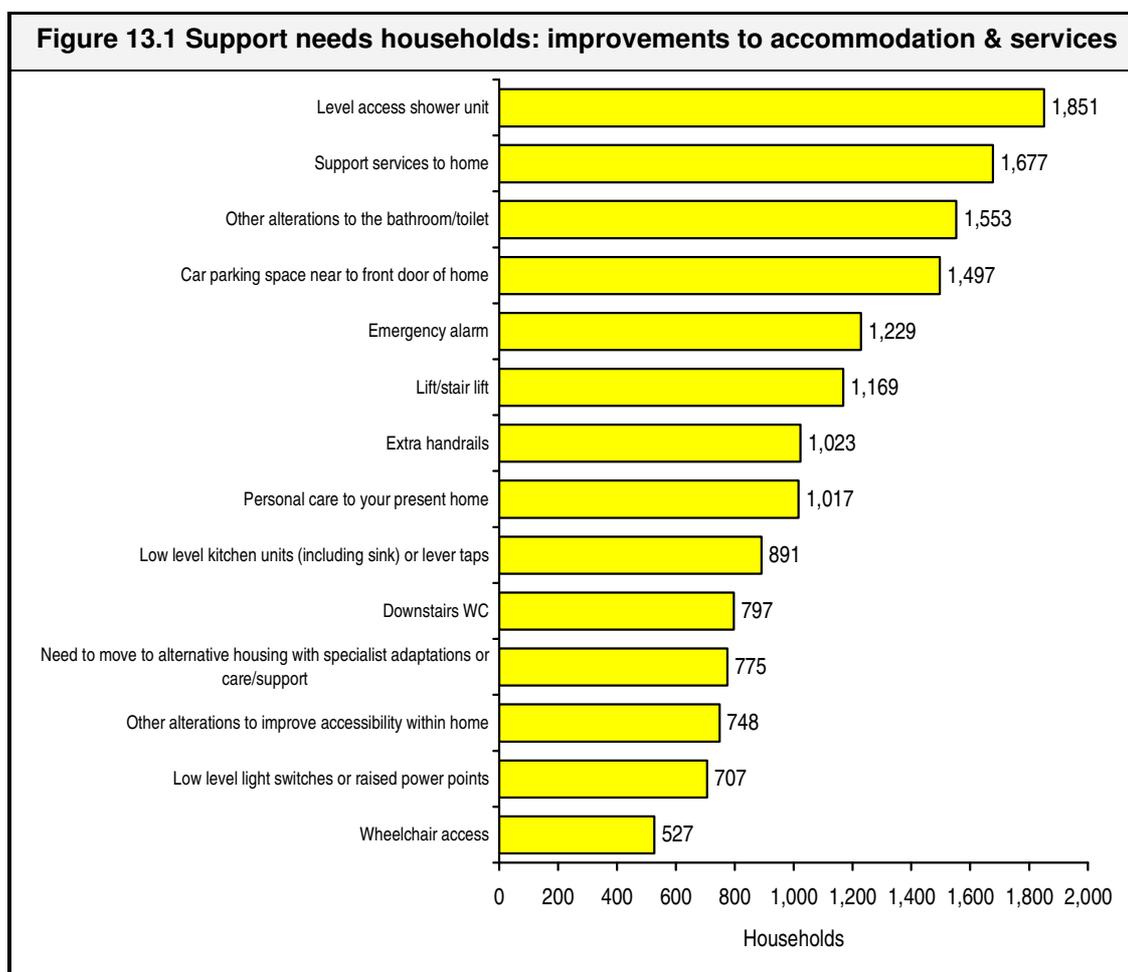
The table below indicates that support needs households are almost three times as likely to be living in unsuitable housing as non-support needs households. Some 14.0% of all support needs households are living in unsuitable housing, which compares with 5.8% of all households and 4.8% of all non-support needs households.

Table 13.8 Support needs households and unsuitable housing					
Support needs	Unsuitable housing			% of total h'holds in unsuitable housing	% of those in unsuitable housing
	In unsuitable housing	Not in unsuitable housing	Number of h'holds		
Support needs	1,153	7,075	8,228	14.0%	25.7%
No support needs	3,332	65,980	69,312	4.8%	74.3%
TOTAL	4,485	73,055	77,540	5.8%	100.0%

Source: Richmond upon Thames LHA 2006

13.5 Requirements of support needs households

Those households with a member with support needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in the figure below.



Source: Richmond upon Thames LHA 2006

The results show requirements for a wide range of adaptations and improvements across the support needs households. The most commonly-sought improvements needed were:

- Level access shower unit (1,851 households – 22.5% of all support needs households)
- Support services to home (1,667 households – 20.4% of all support needs households)
- Other alterations to bathroom/toilet (1,553 households – 18.9% of all support needs households)

It is worth noting that the survey recorded some 527 households as requiring wheelchair access to their home. Of these households 56.2% were owner-occupied households without a mortgage, 36.1% were owner-occupiers with a mortgage and 7.8% were RSL tenants.

13.6 Accommodation preferences

Some 41.8% of support needs households expressed a need or expectation to move within the next 5 years, equating to 3,442 households. The table below presents the type of property preferred by these support needs households that are likely/need to move in the next five years alongside the type of property they expect to move to.

Table 13.9 Dwelling type aspirations and expectations for support needs households		
Property type	Like	Expect
Detached	42.9%	14.4%
Semi-detached	24.2%	18.1%
Terraced house	6.5%	20.1%
Flat/ maisonette	26.4%	47.4%
Total	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

The table indicates that more support needs households would like to live in a detached house than would expect to, with the reverse true for a terraced property and a flat/maisonette.

The table below presents the type of accommodation preferred by these support needs households alongside the type of accommodation they expect to move to. The data indicates that some 15.2% of support needs households would like to move to a bungalow, but only 6.7% of these households expect to. A greater proportion of support needs households would like sheltered housing than expect it, whilst supported housing is expected by more households than would like it.

Accommodation type	Like	Expect
Residential care/nursing home	4.5%	4.5%
Extra care housing	2.3%	2.3%
Sheltered housing	7.6%	6.2%
Supported housing (support on site)	5.0%	6.5%
Supported housing (support in own home)	7.0%	6.7%
A bungalow	15.2%	6.7%
Ordinary residential accommodation	58.4%	67.0%
Total	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

13.7 Care & repair and staying put schemes

This analysis studies support needs households who have stated experiencing difficulty in maintaining their home. The results are shown in the table below and are split between owner-occupiers and tenants. The table clearly shows that support needs households are more likely than other households in the Borough to have problems with maintaining their homes.

Of all households with a problem or serious problem a total of 30.3% have support needs and 56.9% of these are owner-occupiers.

Household group	No problem		A problem/ serious problem		TOTAL	
	Number	%	Number	%	Number	%
Support needs – owner-occupied	3,167	78.8%	854	21.2%	4,021	100.0%
Support needs – tenants	3,559	84.6%	647	15.4%	4,206	100.0%
All support needs households	6,726	81.8%	1,501	18.2%	8,228	100.0%
All households	72,591	93.6%	4,949	6.4%	77,540	72,591

Source: Richmond upon Thames LHA 2006

The evidence of the tables above is that there is certainly some scope for expanding the 'staying put' or 'care and repair' schemes in the Borough. A total of 4,949 households state a problem with maintaining their homes – of these 1,501 are support needs households with an estimated 854 living in the owner-occupied sector.

13.8 Support needs households and the basic needs assessment model

In addition to the above it is possible to study how support needs households fit into the Basic Needs Assessment Model. The table below gives an estimate of how much of the housing need will be from support needs households and also an estimate of the likely supply to these households. The table shows there is an estimated net requirement of 398 dwellings per annum for support needs households.

Table 13.12 Basic Needs Assessment Model and size requirement (support needs households)			
Household group	Need	Supply	TOTAL
Support needs households	459	61	398
Non-support needs households	2,639	315	2,324
TOTAL	3,098	376	2,722

Source: Richmond upon Thames LHA 2006

13.9 Summary

Information from the survey on support needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 10.6% of all the Borough’s households (8,228) contain support needs members. ‘Physically disabled’ is the largest category with support needs. There are 3,471 households containing a ‘physically disabled’ person and a further 2,755 with household members who have a ‘mental health problem’.

Support needs households in Richmond upon Thames are generally smaller than average and are disproportionately made up of older persons only. Support needs households are more likely than households overall to be in unsuitable housing. Support needs households in general stated a requirement for a wide range of adaptations and improvements to the home. A level access shower unit and support services to the home are the most commonly required. Finally, the survey suggested there was scope for expanding the Borough’s ‘care & repair’ and ‘staying put’ schemes.

14. Older person households

14.1 Introduction

Data was collected in the survey with regard to the characteristics of households with older persons. This chapter looks at the general characteristics of older person households and details some additional survey findings about such households.

Older people are defined as those over the state pension eligibility age (currently 65 for men, 60 for women). For the purpose of this chapter, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

14.2 The older person population

Around a fifth of all households in Richmond upon Thames contain only older people (20.4%) and a further 7.0% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Table 14.1 Older person households		
Categories	Number of households	% of all households
Households without older persons	56,323	72.6%
Households with both older and non-older persons	5,425	7.0%
Households with older persons only	15,792	20.4%
TOTAL	77,540	100.0%

Source: Richmond upon Thames LHA 2006

14.3 Characteristics of older person households

The number of occupants in older person households is shown in the table below. The data suggests that almost all households containing older persons only are comprised of one or two persons only – there are only 72 older person households containing three or more people. Over two-thirds of all single person households are older person households.

Table 14.2 Size of older person only households					
Number of persons in household	Age group			% of total h'holds with older persons	% of those with older persons
	Older persons only	Other h'holds	Number of h'holds		
One	10,719	16,906	27,625	38.8%	67.9%
Two	5,001	19,861	24,862	20.1%	31.7%
Three	72	10,909	10,981	0.7%	0.5%
Four	0	9,679	9,679	0.0%	0.0%
Five	0	3,177	3,177	0.0%	0.0%
Six or more	0	1,216	1,216	0.0%	0.0%
TOTAL	15,792	61,748	77,540	20.4%	100.0%

Source: Richmond upon Thames LHA 2006

The table below shows the housing tenures of households with older persons. Almost three quarters of older person only households are owner-occupiers. The overwhelming majority of these do not have a mortgage. This finding suggests that the potential for equity release schemes in Richmond upon Thames is quite high.

Another significant finding is the relatively high proportion of RSL accommodation containing older people only (34.5%). This may have implications for future supply of specialised social rented accommodation.

Table 14.3 Older person only households and tenure					
Tenure	Age group			% with older persons	% of older person hhs
	Older persons only	Other house-holds	Total hhs		
Owner-occupied (no mortgage)	9,992	13,393	23,385	42.7%	63.3%
Owner-occupied (with mortgage)	1,554	30,213	31,767	4.9%	9.8%
RSL	3,213	6,099	9,312	34.5%	20.3%
Private rented	1,034	12,042	13,076	7.9%	6.5%
TOTAL	15,792	61,748	77,540	20.4%	100.0%

Source: Richmond upon Thames LHA 2006

The table below shows the geographical distribution of older person only households. Barnes has the highest proportion of older person only households (26.2%), whilst Kew has the lowest (12.3%).

Table 14.4 Older person only households and sub-area					
Sub-area	Age group				
	Older persons only	Other households	Total hhs	% with older persons	% of older person hhs
Barnes	1,119	3,147	4,266	26.2%	7.1%
East Sheen	1,028	2,966	3,994	25.7%	6.5%
Fulwell/Hampton Hill	720	3,348	4,068	17.7%	4.6%
Ham/Petersham/Richmond	902	3,362	4,264	21.2%	5.7%
Hampton	763	3,283	4,046	18.9%	4.8%
Hampton North	983	3,025	4,008	24.5%	6.2%
Hampton Wick	1,065	3,158	4,223	25.2%	6.7%
Heathfield	979	2,857	3,836	25.5%	6.2%
Kew	588	4,185	4,773	12.3%	3.7%
Mortlake/Barnes Common	1,053	3,885	4,938	21.3%	6.7%
North Richmond	809	3,816	4,625	17.5%	5.1%
St Margarets/North Twickenham	1,093	4,015	5,108	21.4%	6.9%
South Richmond	671	3,173	3,844	17.5%	4.2%
South Twickenham	614	3,664	4,278	14.4%	3.9%
Teddington	1,093	3,465	4,558	24.0%	6.9%
Twickenham Riverside	812	3,928	4,740	17.1%	5.1%
West Twickenham	676	3,585	4,261	15.9%	4.3%
Whitton	822	2,886	3,708	22.2%	5.2%
TOTAL	15,792	61,748	77,540	20.4%	100.0%

Source: Richmond upon Thames LHA 2006

14.4 Dwelling characteristics

The table below shows the type of accommodation that older person only households reside in. The data indicates that older person only households are more likely than non-older person households in Richmond upon Thames to be living in detached houses and purpose built flats and are less likely to be living in terraced houses and other flats.

Table 14.5 Type of accommodation by older person only households		
Dwelling type	% of older person households	% of non-older person households
Detached house/bungalow*	11.3%	8.6%
Semi-detached house/bungalow	24.9%	24.7%
Terraced house/bungalow	23.5%	29.0%
Purpose-built flat/maisonette	31.3%	23.6%
Other flat/maisonette**	8.9%	14.0%
TOTAL	100.0%	100.0%

* Includes mobile homes

**Other flat/maisonette includes flats that are part of a converted or shared house and flats in a commercial building

Source: Richmond upon Thames LHA 2006

The table below shows that older person only households are more likely than non-older person households in Richmond upon Thames to be living in a one bedroom property. However, the results also show that just 47.5% of all older person households are in three or four bedroom dwellings. Given that previous information has shown that all older person only households are comprised of almost entirely one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older households chose to move into suitable smaller units.

Table 14.6 Size of dwellings (number of bedrooms) for older person only households		
Number of bedrooms	% of older person households	% of non-older person households
1 bedroom	25.6%	16.3%
2 bedrooms	27.0%	30.1%
3 bedrooms	31.7%	28.3%
4+ bedrooms	15.8%	25.2%
TOTAL	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

This information can be further broken down by tenure (for older person households) and this is shown in the table below. The table indicates that whilst the majority of large (3+ bedroom) properties are in the owner-occupied sector there are also almost 500 properties in the social rented sector which may therefore present some opportunity to reduce under-occupation.

Tenure	Size of accommodation				TOTAL
	1 bed	2 bed	3 bed	4+ bed	
Owner-occupied (no mortgage)	1,017	2,727	3,960	2,288	9,992
Owner-occupied (with mortgage)	250	616	478	211	1,555
RSL	2,280	447	486	0	3,213
Private rented	490	467	76	0	1,033
TOTAL	4,037	4,257	5,000	2,499	15,793

Source: Richmond upon Thames LHA 2006

14.5 Accommodation preferences

Although just 3,225 older person only households (20.4%) expressed a need or expectation to move within the next 5 years it is of value to look at the type of accommodation preferred by these households.

The table below presents the type of property preferred by these older person only households that are likely/need to move in the next five years alongside the type of property they expect to move to. The table indicates that a greater number of older person only households would like to live in a detached house than would expect to, with the reverse true for flats/maisonettes. A flat/maisonette is however the dwelling type most commonly preferred.

Property type	Like	Expect
Detached	32.6%	18.1%
Semi-detached	9.2%	12.9%
Terraced house	11.7%	12.7%
Flat/ maisonette	46.5%	56.3%
Total	100.0%	16.6%

Source: Richmond upon Thames LHA 2006

The table below presents the type of accommodation preferred by these older person only households alongside the type of accommodation they expect to move to. The data indicates that 45.3% of older person only households would like housing with extra care, which is similar to the proportion of households that would expect it. Sheltered housing is the preferred housing that includes care provision. The data also shows a greater proportion of older person only households would like a bungalow than expect it, but ordinary residential accommodation is the preferred accommodation of almost two-fifths of older person only households.

Table 14.9 Accommodation type aspirations and expectations for older person only households		
Accommodation type	Like	Expect
Residential care/nursing home	8.6%	8.7%
Extra care housing	4.4%	5.3%
Sheltered housing	20.3%	18.4%
Supported housing (support on site)	6.2%	10.0%
Supported housing (support in own home)	5.8%	4.5%
A bungalow	16.9%	12.2%
Ordinary residential accommodation	37.8%	40.9%
Total	100.0%	100.0%

Source: Richmond upon Thames LHA 2006

14.6 Older person households and the basic needs assessment model

Some 3.6% of all older person only households (569 households) in Richmond upon Thames live in unsuitable housing. This figure is noticeably below the figure of 6.4% for all households.

In addition we can look at older persons needs using the basic needs assessment model. Following this method suggests that there is an annual need to provide accommodation for 157 older person households, further data suggests a supply to such households in the region of 61 units per annum. Therefore the BNAM suggests a small shortfall of affordable housing of 96 dwellings per annum for older person households.

14.7 Summary

Some 20.4% of households in Richmond upon Thames contain older persons only, and a further 7.0% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that a high proportion of RSL accommodation houses older people only (34.5%).

Older person households do not contribute significantly to the overall need for additional affordable housing, but may well have a significant impact on the future of social housing and the future need for sheltered housing and adaptations.

15. Key worker households

15.1 Introduction

The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey therefore analysed such households. For the purposes of analysis key workers were defined as people working in any one of 7 categories. These were:

- Nurses and other clinical NHS staff
- Permanent teachers in state schools and in further education and sixth form colleges
- Metropolitan Police and British Transport Police officers
- Prison and probation officers
- London fire brigade employees
- Local Authority staff (eg planners, occupational therapists, speech and language therapists, educational psychologists, nursery nurses, clinical staff, social workers, teaching assistants, librarians, environmental health officers, solicitors or lawyers)
- Public transport workers (rail, underground, Tramlink and bus service workers excluding administrative staff and managers)

The nature of this study means that the key workers identified within the survey are those that are resident in the Borough. The data, therefore, includes key workers resident in the Borough who work outside its boundaries and excludes key workers who work in Richmond upon Thames but live outside. The analysis of key workers concentrates on their current housing situation, future demands for housing and affordability.

15.2 Number of key workers

In total it is estimated that there are 11,427 key workers living in Richmond upon Thames. The table below shows the categories of key workers within the Borough. The main categories of key worker are education and health. It is of interest to note that the 2003 Standard Industrial Classification (SIC) showed there to be nearly 10,000 key workers working in the Borough. Key workers working in Richmond but living outside the Borough will however not be captured by the housing needs survey and will therefore not be included in the following analysis.

Table 15.1 Key worker categories		
Category	Number of persons	% of key workers
Nurses and other clinical NHS staff	3,935	34.4%
Permanent teachers in state schools and in further education and sixth form colleges	3,396	29.7%
Metropolitan Police and British Transport Police officers	814	7.1%
Prison and probation officers	89	0.8%
London fire brigade employees (uniformed and control officers only)	0	0.0%
Local Authority staff who are planners, occupational therapists, speech and language therapists, educational psychologists, nursery nurses, clinical staff or social workers	1,489	13.0%
Local Authority staff who are youth workers, teaching assistants, librarians, environmental health officers, solicitors or lawyers	1,198	10.5%
Public transport workers (rail, underground, Tramlink and bus service workers excluding administrative staff and managers)	505	4.4%
TOTAL	11,427	100.0%

Source: Richmond upon Thames LHA 2006

In total it is estimated that 5,960 households are headed by a key worker (head of household taken as survey respondent). These households are subject to further analysis in the sections below.

15.3 Housing characteristics of key worker households

The table below shows various household and housing characteristics of key worker households. The results indicate that the majority of key worker households (77.7%) are currently living in owner-occupied accommodation and are more likely to be owner-occupiers than non-key workers (70.6%). Key worker households are less likely than non-key worker households to be living in the social rented sector. The proportion of key worker households living in the private rented sector is lower than recorded for non-key worker households.

In terms of household composition key worker households are more likely than non-key workers to live in households with two or more adults with or without children. As a result key worker households have a greater requirement for properties with three or more bedrooms than non-key worker households, and a lower requirement for one bedroom dwellings.

In terms of the geographical location of key worker households the data reveals that such households are particularly likely to be living in Fulwell/Hampton Hill.

Table 15.2 Key worker households and housing/household characteristics				
Characteristic	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure				
Owner-occupied (no mortgage)	1,148	19.3%	22,237	31.1%
Owner-occupied (with mortgage)	3,483	58.4%	28,284	39.5%
RSL	601	10.1%	8,711	12.2%
Private rented	728	12.2%	12,347	17.2%
Household composition				
Single pensioners	222	3.7%	10,497	14.7%
2 or more pensioners	19	0.3%	5,054	7.1%
Single non-pensioners	1,691	28.4%	15,215	21.3%
2 or more adults – no children	2,605	43.7%	24,028	33.6%
Lone parent	212	3.6%	1,941	2.7%
2+ adults 1 child	497	8.3%	6,776	9.5%
2+ adults 2+ children	715	12.0%	8,069	11.3%
Ward				
Barnes	183	3.1%	4,083	5.7%
East Sheen	222	3.7%	3,772	5.3%
Fulwell/Hampton Hill	566	9.5%	3,502	4.9%
Ham/Petersham/Richmond	190	3.2%	4,074	5.7%
Hampton	199	3.3%	3,848	5.4%
Hampton North	320	5.4%	3,688	5.2%
Hampton Wick	341	5.7%	3,882	5.4%
Heathfield	369	6.2%	3,467	4.8%
Kew	349	5.9%	4,424	6.2%
Mortlake/Barnes Common	331	5.6%	4,608	6.4%
North Richmond	518	8.7%	4,108	5.7%
St Margarets/North Twickenham	315	5.3%	4,792	6.7%
South Richmond	278	4.7%	3,566	5.0%
South Twickenham	332	5.6%	3,946	5.5%
Teddington	429	7.2%	4,129	5.8%
Twickenham Riverside	266	4.5%	4,474	6.3%
West Twickenham	478	8.0%	3,783	5.3%
Whitton	276	4.6%	3,432	4.8%
Size requirement				
1 bedroom	948	15.9%	13,172	18.4%
2 bedrooms	1,606	26.9%	21,256	29.7%
3 bedrooms	2,064	34.6%	20,428	28.5%
4+ bedrooms	1,342	22.5%	16,724	23.4%
TOTAL	5,960	100.0%	71,580	100.0%

Source: Richmond upon Thames LHA 2006

The table below gives the average age of the household head for key worker households, by tenure. Private rented sector key worker households tend to have the youngest household head at aged 39.3 years.

Table 15.3 Key worker households: average age of household head by tenure	
Tenure	Average age of household head
Owner-occupied (no mortgage)	54.3
Owner-occupied (with mortgage)	45.4
RSL	45.6
Private rented	39.3
All households	46.4

Source: Richmond upon Thames LHA 2006

15.4 Previous household moves of key worker households

The table below indicates when key worker and non-key worker households moved to their current accommodation. The results indicate that key worker households were more likely than non-key worker households to have moved to their current accommodation within the last five years (44.7% of all key worker households compared with 43.5% of non-key workers).

Table 15.4 Key worker households and past moves				
When moved to present home	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Within the last year	832	14.0%	9,596	13.4%
1 to 2 years ago	672	11.3%	8,412	11.8%
2 to 5 years ago	1,156	19.4%	13,120	18.3%
Over 5 years ago	3,300	55.4%	40,451	56.5%
TOTAL	5,960	100.0%	71,579	100.0%

Source: Richmond upon Thames LHA 2006

Previous tenure and location information for households moving in the last five years is presented in the table below. The results show that 19.3% of key worker households moving in the last five years were newly forming households compared to 19.5% of non key worker households. Key worker households were more likely to have moved from private rented accommodation, whilst a greater proportion of non-key worker households had moved from owner occupied accommodation. In terms of location, the data suggests that key worker households are more likely to have been in-migrant households than non key workers.

Table 15.5 Previous tenure and location of households moving in last five years				
Characteristic	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure of previous home				
Owner-occupied	986	37.1%	13,939	44.8%
Social rented	281	10.6%	1,546	5.0%
Private rented	879	33.0%	9,581	30.8%
Newly forming household	514	19.3%	6,062	19.5%
Location of previous home				
In the London Borough of				
Richmond upon Thames	1,169	19.6%	14,612	20.4%
Elsewhere in London	1,197	20.1%	11,109	15.5%
Elsewhere in South East	131	2.2%	2,674	3.7%
Elsewhere in United Kingdom	116	1.9%	1,143	1.6%
Abroad	47	0.8%	1,592	2.2%
TOTAL	2,660	44.6%	31,130	43.5%

Source: Richmond upon Thames LHA 2006

15.5 Housing aspirations of key worker households

The survey also collected information on the future aspirations of households seeking to move within the next five years. The table below indicates that of the 5,960 key worker households a total of 21.6% need or are likely to move over the next two years. This figure is slightly higher, around 26.1%, for non-key worker households.

Table 15.6 Key worker households and future moves				
When need/likely to move	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Now	288	4.8%	3,112	4.3%
Within a year	369	6.2%	7,729	10.8%
1 to 2 years	630	10.6%	7,856	11.0%
2 to 5 years	1,347	22.6%	13,028	18.2%
No need/not likely to move	3,327	55.8%	39,855	55.7%
TOTAL	5,960	100.0%	71,580	100.0%

Source: Richmond upon Thames LHA 2006

The table indicates that 2,634 key worker households stated they were likely/needed to move within the next five years. Their housing preferences (in terms of tenure, location and size) are presented in the table below and are compared with results for all non-key worker households wanting to move within the next five years.

Table 15.7 Housing preferences of households seeking to move in the next five years				
Housing preferences	Key worker household		Not key worker household	
	Number of households	% of households	Number of households	% of households
Tenure				
Buy own home	2,135	81.1%	27,255	85.9%
Rent from the Council	152	5.8%	1,392	4.4%
Rent from a Housing Association	179	6.8%	945	3.0%
Rent from a private landlord	63	2.4%	1,106	3.5%
Shared Ownership	64	2.4%	364	1.1%
Other	41	1.6%	664	2.1%
Location				
In the London Borough of				
Richmond upon Thames	1,702	64.6%	22,048	69.5%
Elsewhere in London	295	11.2%	2,946	9.3%
Elsewhere in the South East	461	17.5%	4,116	13.0%
Elsewhere in the United Kingdom	152	5.8%	2,071	6.5%
Abroad	23	0.9%	545	1.7%
Stated size preference				
1 bedroom	594	22.6%	6,623	20.9%
2 bedrooms	745	28.3%	12,177	38.4%
3 bedrooms	853	32.4%	8,059	25.4%
4+ bedrooms	441	16.7%	4,866	15.3%
TOTAL	2,634	100.0%	31,725	100.0%

Source: Richmond upon Thames LHA 2006

The table indicates that owner-occupation is the preference for 81.1% of key worker households compared to 85.9% of non-key worker households. Key worker households are less likely than non-key worker households to want private rented accommodation but are more likely to want a social rented home. In terms of location it appears as if key worker households are more likely to want to move from the Borough (in particular elsewhere in the South East). Finally, in terms of stated size preferences, key worker households are more likely to seek three and four bedroom properties, and are less likely to seek two bedroom homes.

15.6 Income and affordability of key worker households

The table below shows a comparison of income and savings levels for key worker and non-key worker households. Median figures are shown in table 15.9 for comparative purposes.

The figure for non-key worker households has been split between depending on whether or not the head of household is in employment or not. The key worker households have been split by the number of people in employment in the household. Figures shown are for annual gross income (including non-housing benefits). The table suggests that generally key worker households have lower income levels than non-key worker households (those in employment). Key worker households also have a lower level of savings than non-key worker households.

Table 15.8 Income and savings levels of key worker households (mean figures)		
Category	Average annual gross household income (including non-housing benefits)	Average household savings
Key worker households with one person in employment	£32,959	£22,012
Key worker households with two people in employment	£45,152	£36,876
All non-key worker (in employment)	£48,417	£49,016
All other households (no-one working)	£19,544	£63,910
All households	£39,481	£51,791

Source: Richmond upon Thames LHA 2006

Table 15.9 Income and savings levels of key worker households (median figures)		
Category	Median annual gross household income (including non-housing benefits)	Median household savings
Key worker households with one person in employment	£30,554	£3,150
Key worker households with two people in employment	£33,513	£7,787
All non-key worker (in employment)	£33,508	£12,341
All other households (no-one working)	£11,251	£14,670
All households	£25,723	£12,076

Source: Richmond upon Thames LHA 2006

It is possible to consider the ability of key worker households to afford the various forms of owner-occupation in the Borough, the overwhelming preference of key worker households. This is presented in the table below for all key worker households and those key worker households that need/are likely to move in the next five years.

Table 15.10 Key worker households and ability to afford housing				
Category	All key worker households		Key workers moving in next five years	
	Number of households	% of households	Number of households	% of households
Social rent only	1,555	26.1%	919	34.9%
Afford shared ownership	305	5.1%	279	10.6%
Afford owner-occupation	4,101	68.8%	1,436	54.5%
Total	5,961	100.0%	2,634	100.0%

Source: Richmond upon Thames LHA 2006

The table indicates that just over two-thirds of all key worker households are able to afford owner-occupation in the Borough, with 5.1% suitable for a shared ownership property. In comparison 54.5% of key worker households moving in the next five years are afford owner-occupation with 10.6% suitable for a shared ownership property.

15.7 Key workers and the basic needs assessment model

In addition to the above it is possible to study how key worker households fit into the Basic Needs Assessment model. The table below gives an estimate of how much of the housing will be from key workers and also an estimate of the likely supply to these households. The table shows there is an estimated net need for 214 dwellings per annum for key worker households. This figure represents 7.9% of the total affordable requirement in the Borough.

Table 15.11 Basic Needs Assessment Model and key worker households			
Household category	Need	Supply	TOTAL
Key workers	272	58	214
Not key worker	2,827	318	2,509
TOTAL	3,099	376	2,723

Source: Richmond upon Thames LHA 2006

15.8 Summary

The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey therefore analysed such households (the definition being based on categories of employment and notably including public sector workers). Analysis of survey data indicates that there are an estimated 11,427 people in key worker occupations and 5,960 households are headed by a key worker. These households are more likely to be owner-occupiers than non key workers.

The main findings from further analysis of these groups of households can be summarised as follows:

- Key worker households are slightly less likely to have moved in the last five years than non-key workers and are more likely to have moved from private rented accommodation than non-key workers
- Key worker households are less likely to want to move within the Borough and are less likely to want to buy their own home
- Key worker households have lower incomes than non-key worker households (in employment)
- Around two-thirds of key worker households can afford owner-occupation in the Borough with shared ownership suitable for 5.1% of households. Looking only at those key worker households who need or are likely to move in the next five years we find that they are less likely to be able to afford owner-occupation but are more likely to be suitable for shared ownership accommodation.
- In terms of the need for affordable housing the study suggests that around 7.9% of the net affordable housing requirement comes from key worker households.

16. Ethnic minority households

16.1 Introduction

Information was gathered in the survey to find out the ethnic origin of the head of household (and partner if applicable) for each sample household in the survey. The categories used on the survey forms were consistent with those used in the 2001 Census. Due to the small sample size of some of the groups, some of the categories have been re-grouped, resulting in five different ethnic groups.

The table below shows estimates of the number of households in each of the five ethnic groups and the number of survey responses. For the analysis in this chapter, the ethnic group of the survey respondent is taken to represent the head of household.

Ethnic group	Total number of households	% of households	Number of returns	% of returns
White	72,233	93.2%	2,517	94.6%
Mixed	932	1.2%	38	1.4%
Asian or Asian British	2,375	3.1%	62	2.3%
Black or Black British	705	0.9%	15	0.6%
Any other ethnic group	1,295	1.7%	29	1.1%
Total	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

The above table shows that overall, Asian or Asian British households were slightly under-represented amongst survey respondents whereas White households were slightly over-represented. The survey estimates that 93.2% of households in the Borough are headed by a White person, 3.1% are headed by an Asian person, 0.9% by a Black person and 2.9% by a person that classified themselves as an other ethnic group (including Mixed). In total only 6.8% of households are headed by someone who describes themselves as non-white.

16.2 Household size

The number of persons in each household disaggregated by ethnic origin is shown in the table below.

Table 16.2 Household size and ethnicity								
Ethnic group	Number of persons in household						Total	Average HH size
	1	2	3	4	5	6 or more		
White	26,115	23,654	9,887	8,817	2,872	889	72,234	2.19
Mixed	423	208	115	76	63	45	930	2.23
Asian or Asian British	439	629	352	534	182	238	2,374	3.04
Black or Black British	233	141	175	127	29	0	705	2.40
Any other ethnic group	415	230	452	125	30	44	1,296	2.43
Total	27,625	24,862	10,981	9,679	3,176	1,216	77,539	2.22

Source: Richmond upon Thames LHA 2006

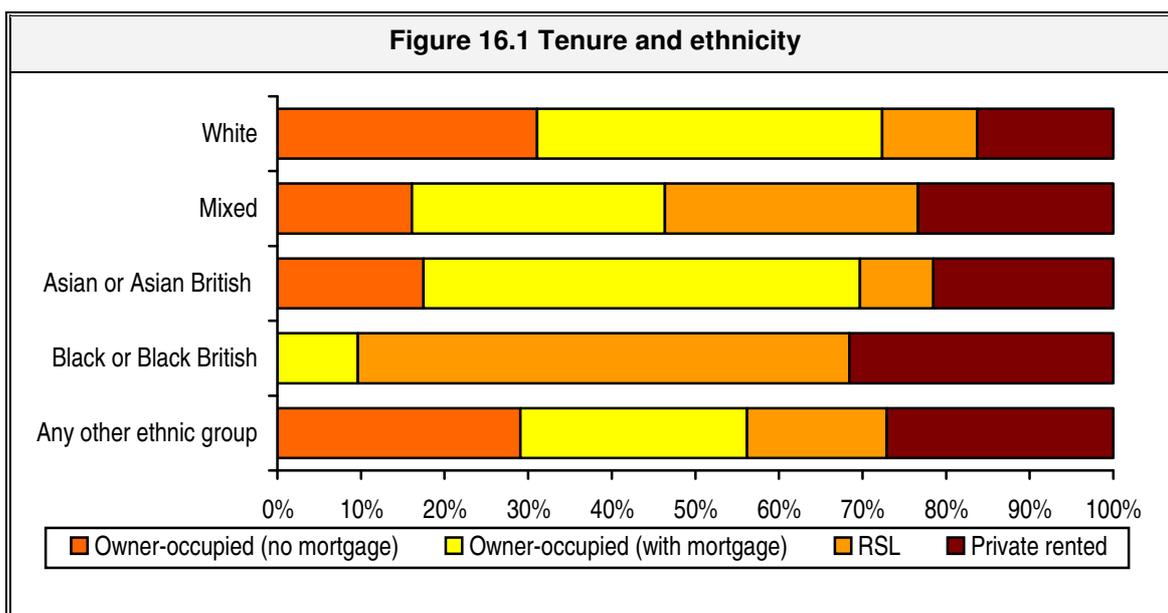
It can be observed that Asian or Asian British households have the highest average household size with an estimated 3.04 persons per household. In contrast White households have the lowest average household size at 2.19 persons per household. These figures compare with a Borough average of 2.22 persons per household.

16.3 Tenure

The table and figure below show ethnic group and tenure. The data shows that Black and Black British households are more likely than other groups to be living in social rented housing. Asian and Asian British and White households are most likely to be owner-occupiers.

Table 16.3 Tenure and ethnicity					
Ethnic group	Tenure				Total
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	RSL	Private rented	
White	22,444	29,825	8,191	11,773	72,233
Mixed	150	282	282	218	932
Asian or Asian British	415	1,241	209	511	2,376
Black or Black British	0	68	415	223	706
Any other ethnic group	376	351	216	351	1,294
Total	23,385	31,767	9,313	13,076	77,541

Source: Richmond upon Thames LHA 2006



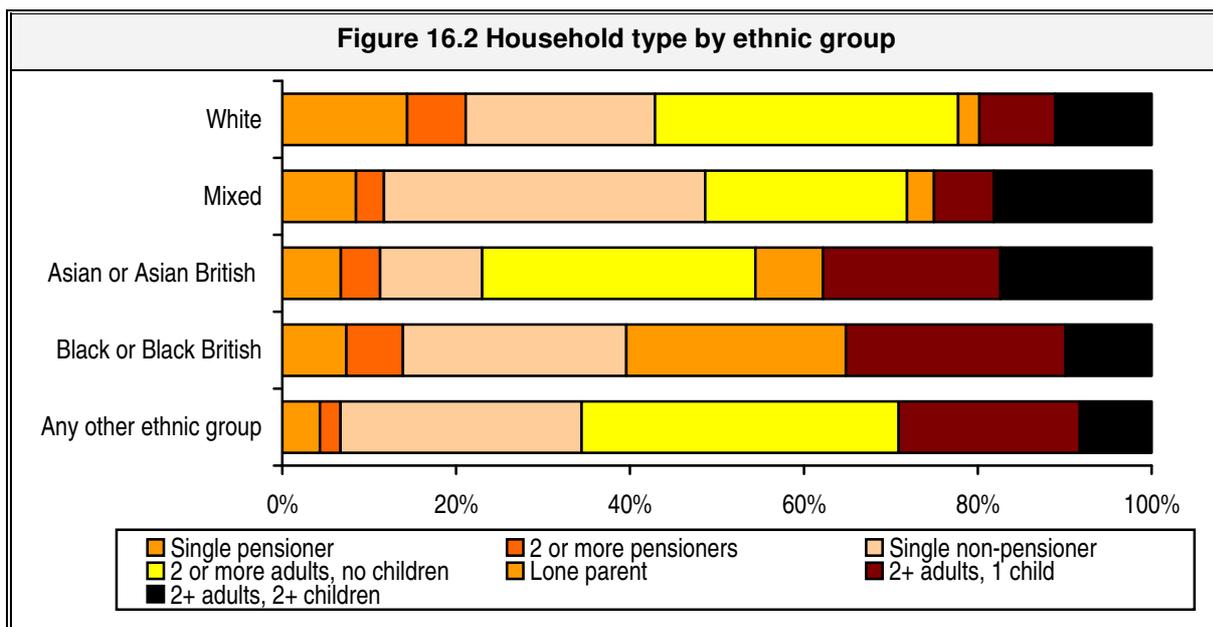
Source: Richmond upon Thames LHA 2006

16.4 Household type and special needs

The table below shows ethnic group and household type. The results clearly show that Black and Black British are the most likely group to be lone parents, whereas White households are most likely to be pensioner households. Black or Black British households are the group most likely to contain children and two or more adults.

Ethnic Group	Household Type							Total
	Single Pensioner	2 or more pensioners	Single non-pensioner	2 or more adults, no children	Lone parent	2+ adults, 1 or more children	2+ adults, 2+ children	
White	10,372	4,859	15,742	25,197	1,762	6,276	8,024	72,232
Mixed	79	30	344	216	29	64	169	931
Asian or Asian British	160	107	279	747	184	485	413	2,375
Black or Black British	52	46	181	0	178	178	70	705
Any other ethnic group	56	31	359	472	0	270	107	1,295
Total	10,719	5,073	16,905	26,632	2,153	7,273	8,783	77,538

Source: Richmond upon Thames LHA 2006



Source: Richmond upon Thames LHA 2006

The table below shows ethnic group by support needs. The results show that Black and Black households were the most likely to have support needs (around a quarter). Asian and Asian British households are the least likely to contain a person with support needs. Overall, over 90% of support needs households are headed by a White person.

Ethnic group	Support needs households				
	Support needs	No support needs	Number of h'holds	% of total h'holds with support needs	% of those with a support need
White	7,502	64,731	72,233	10.4%	91.2%
Mixed	211	721	932	22.6%	2.6%
Asian or Asian British	126	2,249	2,375	5.3%	1.5%
Black or Black British	179	526	705	25.4%	2.2%
Any other ethnic group	210	1,085	1,295	16.2%	2.6%
Total	8,228	69,312	77,540	10.6%	100.0%

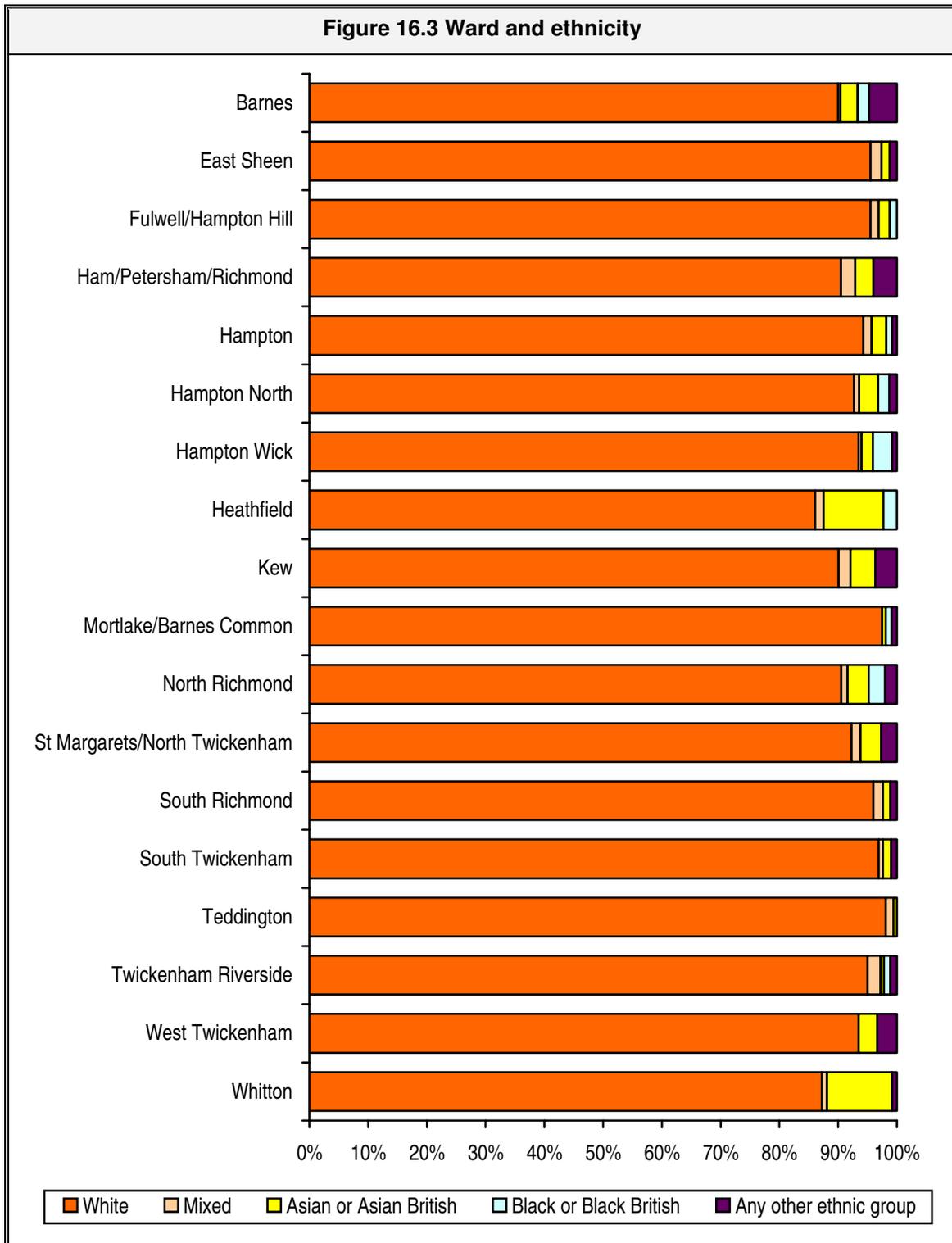
Source: Richmond upon Thames LHA 2006

16.5 Geographical location

The table below shows the geographical distribution of ethnic minority households. It is clear from the data that certain groups are more predominately located in certain areas. Asian and Asian British households are more likely to live in Heathfield, whilst White households are more likely than other households to live in Mortlake/Barnes Common.

Table 16.6 Ethnic group and ward						
Ward	Ethnic group					Total
	White	Mixed	Asian or Asian British	Black or Black British	Any other ethnic group	
Barnes	3,837	17	125	85	202	4,266
East Sheen	3,816	76	55	0	47	3,994
Fulwell/Hampton Hill	3,886	58	77	47	0	4,068
Ham/Petersham/Richmond	3,859	102	133	0	169	4,263
Hampton	3,818	55	101	42	31	4,047
Hampton North	3,717	37	128	76	51	4,009
Hampton Wick	3,948	21	79	140	35	4,223
Heathfield	3,303	54	391	89	0	3,837
Kew	4,301	97	199	0	175	4,772
Mortlake/Barnes Common	4,819	0	29	47	44	4,939
North Richmond	4,189	50	165	130	92	4,626
St Margarets/North Twickenham	4,712	77	178	0	140	5,107
South Richmond	3,689	62	51	0	41	3,843
South Twickenham	4,144	30	62	0	42	4,278
Teddington	4,471	61	26	0	0	4,558
Twickenham Riverside	4,504	102	30	50	54	4,740
West Twickenham	3,987	0	135	0	140	4,262
Whitton	3,235	32	411	0	31	3,709
TOTAL	72,235	931	2,375	706	1,294	77,541

Source: Richmond upon Thames LHA 2006



Source: Richmond upon Thames LHA 2006

16.6 Income and savings levels

The table below shows income levels for each ethnic category. The average income of all households in the Borough was estimated at £39,481. The table shows that there is noticeable difference between income levels of different ethnic groups with Other Ethnic group households recording the highest average income and Mixed households the lowest. Savings levels differ even more markedly with Other Ethnic group households recording average savings of £60,441 and Black and Black British households recording £5,124.

Ethnic group	Annual gross household income (including non-housing benefits)	Average household savings
White	£39,602	£53,467
Mixed	£20,616	£19,340
Asian or Asian British	£31,710	£22,713
Black or Black British	£22,100	£5,124
Any other ethnic group	£70,045	£60,441
All households	£39,481	£51,791

Source: Richmond upon Thames LHA 2006

16.7 Unsuitable housing

The table below shows how the incidence of unsuitable housing (as defined in Chapter 7) varies by ethnic group. The table shows that Black or Black British are most likely to be in unsuitable housing (over a third of households), whereas the White group are the least likely - only 5.6% of households. These figures compare to a Borough average of 6.4%.

Ethnic group	Unsuitable housing				
	In unsuitable housing	Not in unsuitable housing	Number of h'holds in Borough	% of total h'holds in unsuitable housing	% of those in unsuitable housing
White	4,034	68,199	72,233	5.6%	81.7%
Mixed	121	811	932	13.0%	2.5%
Asian or Asian British	365	2,010	2,375	15.4%	7.4%
Black or Black British	260	446	706	36.8%	5.3%
Any other ethnic group	156	1,139	1,295	12.0%	3.2%
Total	4,936	72,605	77,541	6.4%	100.0%

Source: Richmond upon Thames LHA 2006

16.8 BME households and the basic needs assessment model

It is possible to consider the ethnicity of households identified as being in need in the Basic Needs Assessment model. The table below gives an estimate of how much of the gross housing need will be from each ethnic group. Overall, more than 18% of the net affordable housing requirement is from households headed by a BME member, which suggests that BME households are over-represented amongst households in need of affordable housing.

Table 16.9 Basic Needs Assessment Model and ethnicity of households	
Ethnic group	Gross need
White	2,540
Mixed	56
Asian or Asian British	220
Black or Black British	216
Any other ethnic group	67
TOTAL	3,099

Source: Richmond upon Thames LHA 2006

16.9 Summary

The survey estimates that 93.2% of households in the Borough are headed by a White person, 3.1% are headed by an Asian person, 0.9% by a Black person and 2.9% by a person that classified themselves as an other ethnic group (including Mixed). In total only 6.8% of households are headed by someone who describes themselves as non-white.

The survey indicates that Asian or Asian British households have the highest average household size with an estimated 3.04 persons per household. In contrast Black and Black British households have the lowest average household size at 2.19 persons per household. Black and Black British households are also particularly likely to live in the social rented sector, whilst White and Asian or Asian British households are more likely than other groups to be living in owner occupied housing.

The survey showed considerable difference in both income and savings levels between the different groups. Overall more than 15% of the net affordable housing requirement is from households headed by a BME member, which suggests that BME households are over-represented amongst households in need of affordable housing.

17. Overcrowding and under-occupation

17.1 Introduction

This chapter briefly studies the extent of overcrowding and under-occupation of households living in each individual tenure group. The standards used to check for overcrowding/under-occupation were as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be over-crowded.
- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

17.2 Overcrowding and under-occupation

The table below shows a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households.

Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	13,443	16,826	12,445	5,893	48,607
2 bedrooms	515	5,302	6,680	6,502	18,999
3 bedrooms	119	668	3,013	4,418	8,218
4+ bedrooms	43	65	355	1,252	1,715
TOTAL	14,120	22,861	22,493	18,065	77,540

KEY:  Overcrowded households  Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

Source: Richmond upon Thames LHA 2006

The estimated number of overcrowded and under-occupied households is as follows:

- **Overcrowded:** 2.4% of households = 1,885 households
- **Under-occupied:** 34.4% of households = 26,644 households

17.3 Household characteristics

The figure below shows levels of overcrowding and under-occupation by various household characteristics. The figure shows some clear differences between different household groups.

In terms of tenure, the figure shows that owner-occupiers are most likely to be under-occupying dwellings and least likely to be overcrowded; this is particularly true for those with no mortgage. Social renting households are least likely to be under-occupied and most likely to be overcrowded.

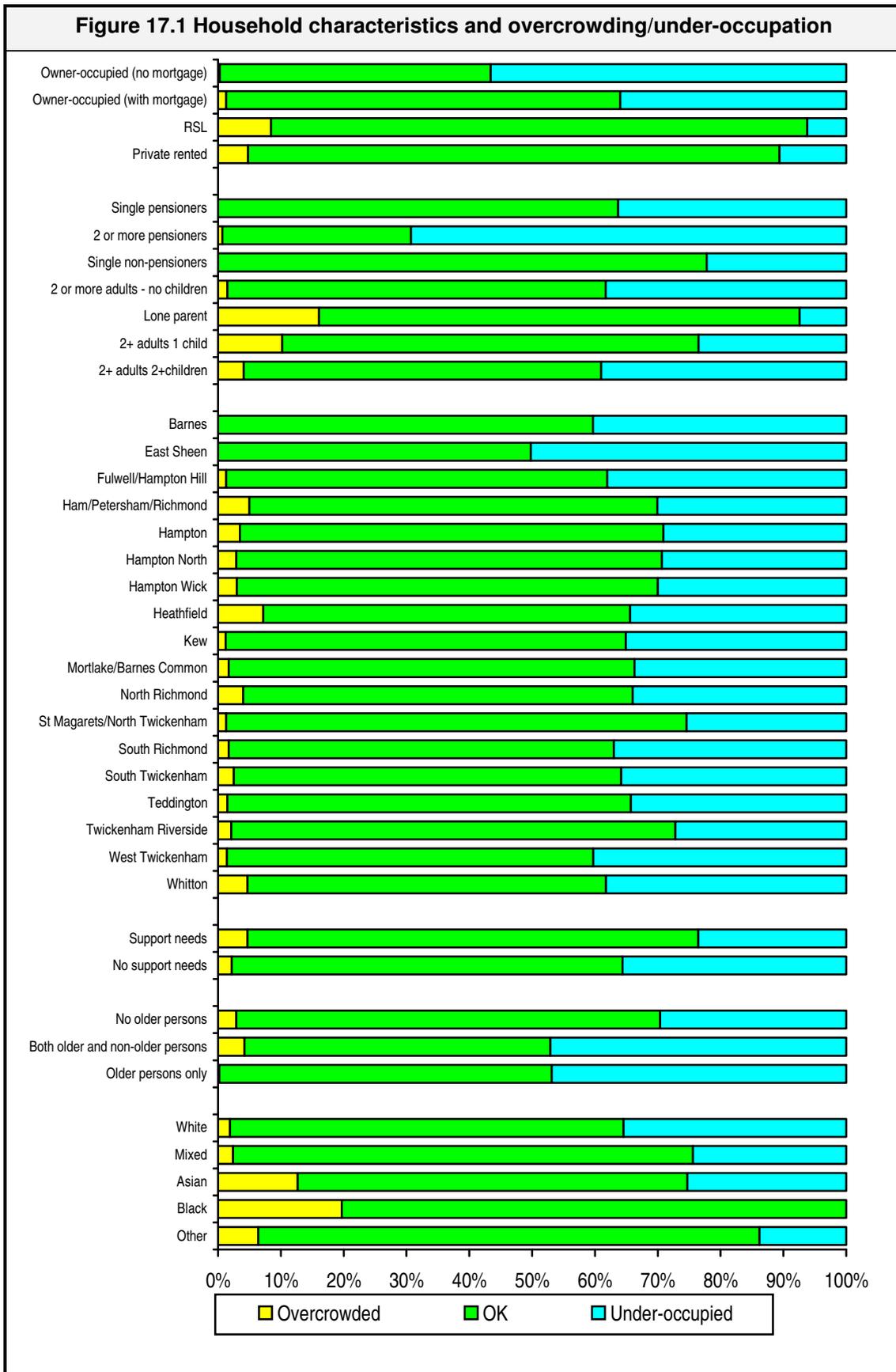
Household type analysis suggests that lone parent households have the highest rates of overcrowding. Lone parent households also display the lowest levels of under-occupation. Households containing two or more pensioners are most likely to be under-occupying.

By ward, East Sheen has the highest proportion of under-occupied dwellings (50.2%); and Heathfield the highest level of overcrowded dwellings (7.2%).

The data also shows that support needs households are more likely to be overcrowded and are less likely to under-occupy.

The age distribution confirms the household type analysis above (i.e. low overcrowding and high under-occupancy amongst pensioner households); though interestingly the data shows that overcrowding levels for households containing both older and non older persons and non older persons only are very similar.

By ethnicity, the data indicates that Black households are the most likely to be overcrowded, whilst White households are the least likely to be under-occupying.



Source: Richmond upon Thames LHA 2006

In addition to the above figure it is of use to consider the household types and tenure of those households under-occupying. This will give some indication of the scope for measures to reduce under-occupancy (particularly in the social rented sector). The table below shows this analysis.

Table 17.2 Under-occupation by household type and tenure					
Household type	Tenure				
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	RSL	Private rented	TOTAL
Single pensioner	3,157	409	243	76	3,885
2 or more pensioners	3,031	279	207	0	3,517
Single non-pensioner	1,406	1,923	87	339	3,755
2 or more adults, no children	4,343	5,163	44	642	10,192
Lone parent	58	102	0	0	160
2+ adults, 1 child	465	1,074	0	169	1,708
2+ adults, 2+ children	771	2,497	0	160	3,428
TOTAL	13,231	11,447	581	1,386	26,644

Source: Richmond upon Thames LHA 2006

The table shows that there are a significant number of pensioner households under-occupying in the owner-occupied (no mortgage) sector. Of all under-occupying households in the social rented sector, 83.3% contained pensioners only and none contained children

17.4 Income levels

The figure below shows the income levels of households who are overcrowded or under-occupied. The data shows that under-occupied households have the highest average household income (at £50,342). If these figures are adjusted depending on the number of persons in the households this trend is exacerbated. Overcrowded households have an average income per person of only £4,314; this figure rises to £22,715 for households who are under-occupying.

Table 17.3 Overcrowding/under-occupancy and income			
Overcrowded/under-occupied	Average gross annual income	Average number of persons in households	Average income per person
Overcrowded	£19,163	4.44	£4,314
Neither overcrowded nor under-occupied	£34,359	2.17	£15,854
Under-occupied	£50,342	2.22	£22,715
TOTAL	£39,481	2.24	£17,630

Source: Richmond upon Thames LHA 2006

17.5 Moving intentions of under-occupying households

Finally this section looks at any moving intentions of overcrowded and under-occupied households. The table below shows the number and proportion of households in each group who need or expect to move home within the next two years.

The analysis suggests that overcrowded households are most likely to need/expect to move. In total an estimated 55.6% of overcrowded households need or expect to move within the next two years, this compares with only 12.3% of households who currently under-occupy their dwelling.

Table 17.4 Moving intentions of overcrowded and under-occupying households			
Overcrowded/under-occupied	Number need/expect to move	Total h'holds	% needing/ expecting to move
Overcrowded	1,048	1,885	55.6%
Neither overcrowded nor under-occupied	15,649	49,011	31.9%
Under-occupied	3,287	26,645	12.3%
TOTAL	19,984	77,541	25.8%

Source: Richmond upon Thames LHA 2006

17.6 Summary

This brief chapter looked at overcrowding and under-occupation. The results suggest that 2.4% of all households are overcrowded and 34.4% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the social rented sector has the highest level of overcrowding.

Overcrowded households are far more likely to state that they need or expect to move than other households and tend to have low incomes.

GLOSSARY

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Housing of an adequate standard which is cheaper than that which is generally available in the local housing market. In theory this can comprise a combination of subsidised rented housing and subsidised low-cost home ownership (LCHO) including shared ownership.

Annual need

The combination of new needs arising per year plus an allowance to deal progressively with part of the backlog of need.

Average

The term 'average' when used in this report is taken to be a mean value unless otherwise stated.

Backlog of need

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Bedroom standard

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use to indicate deficiencies or excesses. Bedrooms include bed-sitters, boxrooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the Borough.

Grossing-up

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which 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).

Housing market area

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay.

Housing need

The situation in which households lack their own housing or are living in housing which is inadequate or unsuitable and who are unlikely to be able to meet their needs in the housing market without some assistance.

Housing Register

A database of all individuals or households who have applied to a LA or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may include not only people with general needs but people with support needs or requiring access because of special circumstances, including homelessness.

Intermediate Housing

Housing provided for households in work who are able to pay a social rent without relying on housing benefit, but unable to afford to buy at entry-level local house prices. This can typically be shared equity where a proportion of the property is bought and the other proportion is rented, normally from a RSL.

Migration

The movement of people between geographical areas, primarily defined in this context as local authority Boroughs. The rate of migration is usually measured as an annual number of households, living in the Borough at a point in time, who are not resident in that Borough one year earlier.

Net annual need

The difference between annual need and the expected annual supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing, together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard. (See 'Bedroom Standard' above).

Potential households

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation, rather than continuing to live with their 'host' household.

Random sample

A sample in which each member of the population has an equal chance of selection.

Relets

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Sample survey

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling frame

The complete list of addresses or other population units within the survey area which are the subject of the survey.

Social rented housing

Housing of an adequate standard which is provided to rent at below market cost for households in need by Local Authorities or Registered Social Landlords (RSLs).

Stratified sample

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics, based for example on sub-areas and applying a different sampling fraction to each sub-sector.

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost.

Appendix A1 Affordable housing policy

Planning Policy Statement 3 (PPS3) was published during the drafting process for the Local Housing Assessment report. PPS3 contains a number of key features, and some of them have a direct impact on the work to be carried in this report. In this section some key features are summarised:

- A. In para 11 is listed a set of key concepts, of which one is ‘*evidence-based policy approach*’. This is new, in that it clearly requires policy approaches to be rooted in the sort of analysis undertaken in this report.
- B. In para 22 of the PPS a much more detailed specification is set out for what the evidence base produced should yield:

‘based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

- (i) *the likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing*
- (ii) *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x %), single persons (y %), couples (z %)*
- (iii) *The size and type of affordable housing required’*

- C. The PPS is much more prescriptive on the detail of housing market demand, and on what developers should propose. In para 23 it says:

‘Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities’.

- D. Under the heading of ‘market housing’ (not ‘affordable housing’) the PPS says (para 26):

LPAs must plan for the full range of market housing. In particular, they should take account of the need to deliver low-cost market housing as part of the housing mix.

- E. Para 29 says, among other things, that there should be a general minimum threshold for affordable housing sites of 15, but that LPAs can set lower targets ‘*where viable and practicable*’.

This amounts to a considerable improvement in the focus of the work carried out in this report but does not fundamentally alter the nature of the analysis undertaken. The only change is a policy one, in that a target for low cost market housing can now be set within the overall market housing allocation.

Appendix A2 Further property price information

A2.1 Introduction

This Chapter provides further detail in support of the housing market analysis set out in Chapter 5. It contains information on prices obtained from the analysis of Land Registry property price data, and explains the methodology and approach used in our survey of local estate agents.

The estate agent survey is a key step in assessing minimum and average property prices in Richmond upon Thames but only provides limited information concerning price difference within the District, and doesn't shed light on the prices relative to other Local Authorities in the region.

We can look at the wider context of prices in the surrounding areas, and also the differences between areas within Richmond upon Thames, using information available from the Land Registry. This data is valuable in giving further background to the local housing market, although it does not displace the need for the estate agent information.

A2.2 Reasons for housing market study

The level of market prices and rents is a key factor in this study for two main reasons:

- (i) Market prices and rents indicate the cost of market housing in Richmond upon Thames. A major reason for government interest in prices is to address the needs of households that cannot afford this cost. Hence the existence of social rented housing and low-cost home ownership options, which represent partial ownership. Thus it is important to establish the entry levels to both home ownership and private renting.
- (ii) The price/rent information indicates the contours of the housing market in Richmond upon Thames. This is important for the Council when considering not only the level of subsidy required to produce new social rented and other non-market priced housing, but also the degree to which it should attempt to manage the new-build market in accordance with government guidance.

This chapter is devoted to identifying the first of the above elements: the cost of housing.

A2.3 Background to housing market analysis

As a preliminary to the present phase of the work it is desirable to draw attention to some key features of housing markets:

- (i) **Housing markets are quite complex.** Housing markets can be defined, at the larger scale, by such features as journey to work areas. In the case of free-standing market towns these may appear as fairly neat circular areas. In most of Britain, however, the high density of population means that housing market areas overlap.

In the extreme case of London, its market area extends for some purposes as far away as York, Milton Keynes, Bristol and the South Coast. At the same time there are well defined market areas within London (east v west; north v south of the river).

- (ii) **Property prices vary within market areas.** Depending on the attractiveness of the area, property prices may vary considerably within a few miles or even, in large cities, within a few hundred yards. This is due to the history of the area and the nature of the housing stock. These variations are important from the point of view of housing cost analysis, which underpins the study of subsidised forms of housing. It is important to know what the entry level costs of housing are. These can only be established by close study of detailed local price variations.

- (iii) **New build is only a small fraction of the market.** In almost all parts of Britain, new build is a small fraction of the total housing market. The majority of all sales and lettings are second-hand. The important point to note in this is that second-hand housing is normally much cheaper than new build. Only at the luxury end of the market is this not true. Thus entry level housing will normally be second-hand.

Although Government guidance refers to some forms of new build as ‘affordable’ very little new build is anything like as affordable as existing second-hand housing.

These features of the housing market are worth bearing in mind when considering the detailed evidence produced in the following subsections of this chapter.

A2.4 Government guidance on the study of housing markets

The Guide makes several references to market studies:

DETR Guide	<p><i>'The relevance of data on private sector housing costs stems primarily from the role of such data in facilitating analyses of affordability, which are central to most local housing needs assessment models. The essential feature of such models is that they measure the extent to which a given group of households can afford to meet their housing needs through the private market. Generally, most attention is focused on the price of properties for sale. However, some models also take account of private sector rent levels'. [Section 7.3 (page 94)]</i></p> <p><i>'Typically, local authorities can draw on two or three sources of house price information. These include; direct contacts with local estate agents; county-wide monitoring by county councils; local or regional data available in published or unpublished form from the major national mortgage lenders (particularly Halifax and Nationwide); and data from the Land Registry'. [Section 7.3 (page 95)]</i></p> <p><i>'An alternative approach to defining current threshold prices is to derive appropriate figures in consultation with local estate agents. Although it appears more subjective, this latter approach has a number of advantages. Firstly, it enables properties in poor condition to be screened out. Secondly, it is better able to reflect the whole market rather than being limited to the market share of the mortgage lender concerned. Lastly and most importantly, the properties can be specified in terms of size and type, matched to particular household types'. [Section 4.3 (page 58)]</i></p>
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These extracts say, in summary:

- (i) Housing market information is essential to the assessment of affordability.
- (ii) There are various secondary and primary sources for such information.
- (iii) There are some advantages to the primary data route: obtaining information directly from estate agents, since that reflects the true entry cost of housing, and is not particular to one mortgage source.

The best route to meeting these requirements is a combination of secondary data (the Land Registry, which covers all transactions) and estate agents survey.

In keeping with comments above, we concentrate upon price variations rather than the study of the whole market. This is because in terms of affordability of local housing, the important factor is its price, not its location relative to wider housing markets.

A2.5 The need for primary data

There are four main reasons why Land Registry data cannot be used to calculate prices for use in the affordability model. These are:

- i) The information can only usefully give a guide to average prices. For a Housing Needs Survey we take the view that it is necessary to estimate the minimum price for which dwellings in satisfactory condition are available.
- ii) No information is available about the condition of the dwellings whose price is being obtained. Clearly a property which needs major repairs is unlikely to be suitable for a first-time buyer with a limited budget, even if the initial price is relatively low.
- iii) A more serious limitation of this source is that records are kept by property type (i.e. detached, semi-detached, terraced, flat) and not in terms of the numbers of bedrooms. This information is, in our view, essential to provide an accurate assessment of need.
- iv) The Land Registry data cannot produce information about rental levels, which again ought really to be considered in carrying out a satisfactory analysis of affordability. There may be a small, but significant, number of households who cannot afford to buy market housing but who could afford suitable private rented housing. The affordability of such households cannot be adequately considered using only sale price information.

Despite these drawbacks the information available is certainly of interest to give some feel to the local context of property prices, and more specifically to provide comparison between prices in different areas.

A2.6 Estate agents survey: Methodology

The methodology employed to find purchase and rental prices takes the following steps:

- i) We establish the names and telephone numbers of local estate agents. This includes well known national estate agents as well as those operating specifically in the local area (allowing for good comparative measures of smaller and larger agencies). The estate agents selected are intended to be those dealing primarily with housing at the lower end of the market (e.g. not specialist agencies dealing with up-market properties)
- ii) These are then contacted by telephone and asked to give a brief overview of the housing market in the District - including highlighting areas of more and less expensive housing
- iii) The questioning takes a very simple form (this tends to improve efficiency without jeopardising results - people often lose interest when asked a series of detailed questions and quality of response is diminished). All agents are asked 'in their opinion'

‘What is the minimum and average price for a one bedroom dwelling in good condition (i.e. not needing any major repair) and with a reasonable supply (not one off properties occasionally coming onto the market)?’

- iv) This process is repeated for 2, 3 & 4 bedroom dwellings
- v) The same questions are then asked about private rented accommodation
- vi) Once several estate and letting agencies have been contacted, the results are tabulated and averages calculated to give an accurate estimation of minimum and average purchase and rental prices in the District. Any outlying values are removed from calculations.
- vii) The estimated purchase and rental prices are then inserted into the analysis to estimate the numbers able to afford a dwelling depending on the minimum number of bedrooms that the household requires.

A2.7 Land Registry data

The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas, and more highly disaggregated data postcode areas, and by four main dwelling types.

This data is thus very versatile, and can potentially provide a valuable picture of housing market behaviour in quite specific detail. However, an eye needs to be kept on the size of sample when using disaggregated data for smaller areas and/or periods.

We used the data to provide several useful views of the housing market in and around Richmond upon Thames. These are considered below.

A2.8 Comparing prices in neighbouring areas

The Land Registry data can be used to show how prices in Richmond upon Thames compared to those in nearby and adjoining local authority areas. The table below shows average sale prices for the Local Authorities adjoining Richmond upon Thames (from the most recent quarter available from the Land Registry).

Table A2.1 Average property prices by Local Authority (2nd quarter 2006)										
(number of sales in brackets)										
Property type	Richmond	Kingston	Wandsworth	Hounslow	Ealing	Merton	Spelthorne	Epsom & Ewell	Elmbridge	England & Wales
Detached	£836,305 (63)	£558,141 (79)	£1,475,429 (32)	£612,566 (19)	£873,799 (30)	£1,014,000 (31)	£351,006 (68)	£440,240 (98)	£880,918 (248)	£300,649 (56,238)
Semi-detached	£560,508 (216)	£321,546 (266)	£753,649 (113)	£332,887 (218)	£363,562 (244)	£424,625 (129)	£269,044 (162)	£295,623 (126)	£348,556 (224)	£180,170 (77,178)
Terraced	£447,738 (402)	£264,847 (205)	£499,461 (523)	£310,789 (263)	£307,296 (403)	£304,684 (414)	£217,349 (119)	£251,601 (77)	£296,638 (179)	£158,493 (88,301)
Flat/maisonette	£269,531 (443)	£207,350 (287)	£284,358 (1,160)	£225,169 (359)	£208,573 (504)	£218,969 (391)	£183,830 (132)	£213,145 (100)	£219,750 (182)	£185,703 (46,723)
Overall average	£290,833 (837)	£395,760 (1,828)	£287,289 (859)	£291,181 (1,181)	£291,181 (1,181)	£308,774 (965)	£244,457 (481)	£301,945 (401)	£467,751 (833)	£199,244 (268,436)

Source: Land Registry

The overall average price figures for each Boroughs (e.g. Richmond upon Thames at £290,833) show that in most Boroughs the property prices are notably more expensive than the England and Wales average of £199,244. There is a degree of variation amongst the prices in the area. Spelthorne has the lowest (£244,457) and Kingston upon Thames has the highest (£395,760) average price.

A2.9 Historical results for Richmond upon Thames

We will now examine in more detail information from the Land Registry for Richmond upon Thames. The table below shows data for sales over the last five years. The data for each case is the 4th quarter of the year.

Table A2.2 Average property prices in Richmond upon Thames – 2001 to 2006 (2nd quarters)						
(Number of sales in brackets)						
Property type	2000	2001	2002	2003	2004	2005
Detached	£605,072 (64)	£612,290 (61)	£818,610 (44)	£863,084 (94)	£859,476 (73)	£836,305 (63)
Semi-detached	£371,238 (280)	£403,678 (273)	£444,129 (206)	£483,046 (300)	£552,324 (209)	£560,508 (216)
Terraced	£293,592 (431)	£333,128 (552)	£374,045 (307)	£385,992 (482)	£402,674 (333)	£447,738 (402)
Flat/maisonette	£186,183 (493)	£215,419 (618)	£223,380 (424)	£271,819 (603)	£260,344 (410)	£269,531 (443)
OVERALL	£284,698 (1,268)	£308,889 (1,504)	£343,582 (981)	£389,451 (1,479)	£408,789 (1,025)	£420,952 (1,124)

Source: Land Registry)

The overall average sale price was roughly £12,000 higher in the 2nd quarter of 2006 than the 2nd quarter of 2005. Over the five year period prices have risen by an average of £136,254. The number of sales has remained more or less constant over the period.

A2.10 Differences within Richmond upon Thames

(i) General methodology

The general methodology is quite straightforward. We have drawn up a list of the main postcode sectors within the District, and mapped where these postcodes are. The table below gives a brief description of which postcodes apply to which areas of Richmond upon Thames.

It should be noted that the local authority boundaries are not always coterminous with postcodes. Therefore some properties in a postcode may be outside the area; in addition it is possible that some parts of the District are in a postcode zone that is predominantly located outside the Local Authority area, and are therefore excluded from analysis.

This means that the data by sub-area is only a guide to actual variations within Richmond upon Thames. Due to the sheer amount of postcodes in the council area this table shows approximations of postcode sectors.

Table A2.3 Approximate sub-areas and postcodes	
Area description	Postcode(s)
East	SW13 0, 9, 8, SW14 7, 8, TW9 4
Central	TW9 1, 2, 3, TW10 5, 6, 7, TW1 1, 2, 3, 4
West	TW2 5, 6, 7, TW11 0, 8, 9, TW12 1, 2, 3, KT1 4, KT8 9

Source: Richmond upon Thames LHA 2006

The table above shows 27 different postcode sectors in three different sub-areas.. This gives us the opportunity to compare prices across the Richmond upon Thames area.

(ii) Results by sub-area

In the table below, average property prices are shown for each type of property for each sub-area. It is necessary to bear in mind that in some areas the number of sales in some cells of the table are quite small and the average price shown may be less reliable as a consequence. Where the cells have no values, this is due to no properties of this type selling in the time-period, and therefore no average price can be ascertained.

Table A2.4 Average property prices by sub-area (2nd quarter 2006)			
(Number of sales in brackets)			
Property type	<i>East</i>	<i>Central</i>	<i>West</i>
Detached	£1,147,069 (12)	£894,857 (7)	£1,974,814 (11)
Semi-detached	£871,981 (48)	£715,936 (51)	£408,067 (106)
Terraced	£644,853 (91)	£528,052 (140)	£330,936 (176)
Flat/maisonette	£362,502 (104)	£289,105 (195)	£217,861 (161)
Average	£596,085 (255)	£440,406 (393)	£348,675 (454)

Source: Land Registry

The table demonstrates that highest property prices are to be found in East and the lowest prices to be found in the West area. In all areas flats/maisonettes had the largest proportion of sales, with the Central area having the greatest amount. This price distribution is consistent with primary data obtained from local agents presented in Chapter 5 of the report.

Appendix A3 Supporting information

A3.1 Non-response and missing data

Missing data is a feature of all housing surveys: mainly due to a respondent's refusal to answer a particular question (e.g. income). For all missing data in the survey imputation procedures were applied. In general, throughout the survey the level of missing data was minimal. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

Non-response can cause a number of problems:

- The sample size is effectively reduced so that applying the calculated weight will not give estimates for the whole population
- Variables which are derived from the combination of a number of responses each of which may be affected by item non-response (e.g. collecting both respondent and their partners income separately) may exhibit high levels of non-response
- If the amount of non-response substantially varies across sub-groups of the population this may lead to a bias of the results

To overcome these problems missing data was 'imputed'. Imputation involves substituting for the missing value, a value given by a suitably defined 'similar' household, where the definition of similar varies depending on the actual item being imputed.

The specific method used was to divide the sample into sub-groups based on relevant characteristics and then 'Probability Match' where a value selected from those with a similar predicted value was imputed. The main sub-groups used were tenure, household size and age of respondent.

A3.2 Weighting data

The survey data was weighted to estimated profiles of households based on various secondary sources of information. The tables below show the final estimates of the number of households in each group (for 6 different variables) along with the number of actual survey responses (data for tenure can be found in Chapter 3). Although in some cases it is clear that the proportion of survey responses is close to the ‘expected’ situation there are others where it is clear that the weighting of data was necessary to ensure that the results as presented are reflective of the household population of Richmond upon Thames.

Table A3.1 Accommodation type profile				
Accommodation type	Estimated households	% of households	Number of returns	% of returns
Detached house/bungalow	7,099	9.2%	267	10.0%
Semi-detached house/bungalow	19,200	24.8%	720	27.1%
Terraced house/bungalow	21,651	27.9%	820	30.8%
Purpose-built flat/maisonette	19,545	25.2%	614	23.1%
Other flat	10,045	13.0%	240	9.0%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Table A3.2 Car ownership				
Cars owned	Estimated households	% of households	Number of returns	% of returns
None	18,443	23.8%	515	19.4%
One	38,398	49.5%	1,384	52.0%
Two	17,137	22.1%	651	24.5%
Three or more	3,563	4.6%	111	4.2%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Table A3.3 Household type profile				
Household type	Estimated households	% of households	Number of returns	% of returns
Single pensioner	10,719	13.8%	373	14.0%
2 or more pensioners	5,073	6.5%	233	8.8%
Single non-pensioner	16,906	21.8%	490	18.4%
Other households	44,842	57.8%	1,565	58.8%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Table A3.4 Ward profile				
Ward	Estimated households	% of households	Number of returns	% of returns
Barnes	4,266	5.5%	149	5.6%
East Sheen	3,994	5.2%	147	5.5%
Fulwell/Hampton Hill	4,068	5.2%	173	6.5%
Ham/Petersham/Richmond	4,264	5.5%	144	5.4%
Hampton	4,047	5.2%	153	5.7%
Hampton North	4,008	5.2%	151	5.7%
Hampton Wick	4,223	5.4%	145	5.4%
Heathfield	3,836	4.9%	119	4.5%
Kew	4,773	6.2%	137	5.1%
Mortlake/Barnes Common	4,939	6.4%	143	5.4%
North Richmond	4,626	6.0%	138	5.2%
St Margarets/North Twickenham	5,107	6.6%	138	5.2%
South Richmond	3,844	5.0%	170	6.4%
South Twickenham	4,278	5.5%	166	6.2%
Teddington	4,558	5.9%	163	6.1%
Twickenham Riverside	4,740	6.1%	158	5.9%
West Twickenham	4,261	5.5%	138	5.2%
Whitton	3,708	4.8%	129	4.8%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Table A3.5 Household size				
Number of people in household	Estimated households	% of households	Number of returns	% of returns
One	27,625	35.6%	863	32.4%
Two	24,862	32.1%	871	32.7%
Three	10,981	14.2%	372	14.0%
Four	9,679	12.5%	401	15.1%
Five	3,177	4.1%	118	4.4%
Six or more	1,216	1.6%	36	1.4%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Table A3.6 Ethnicity profile				
Ethnicity of household head	Estimated households	% of households	Number of returns	% of returns
White	72,233	93.2%	2,517	94.6%
Mixed	932	1.2%	38	1.4%
Asian	2,375	3.1%	62	2.3%
Black	705	0.9%	15	0.6%
Other	1,295	1.7%	29	1.1%
TOTAL	77,540	100.0%	2,661	100.0%

Source: Richmond upon Thames LHA 2006

Appendix A4 Balancing housing market analysis

A4.1 Introduction

The following tables show the detailed analysis for the six components contributing to the Balancing Housing Market Analysis presented in Chapter 12 of this report.

A4.2 Analysis of Richmond upon Thames data

The first table shows an estimate of the housing requirements of potential households. The table is based on the number of potential households who need or expect to form over the next five years within the Borough along with estimates about affordability and stated size requirement. Any potential households who would both like and expect to move from the Borough are excluded from this analysis. Figures are annualised.

Table A4.1 Demand I: Household formation by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	35	381	75	52	542
Affordable housing	371	842	288	8	1,509
Private rented	100	120	0	0	219
TOTAL	505	1,343	363	60	2,270

Source: Richmond upon Thames LHA 2006

The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the Borough over the past five years (in terms of affordability and size/type of accommodation secured). The data is constrained so as to provide the 'balance' in the model (i.e. to keep the estimated household growth to 1,960 dwellings/households per annum). Figures are again annualised.

Table A4.2 Demand II: Demand from in-migrants by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	84	224	199	118	626
Affordable housing	161	124	53	14	352
Private rented	73	131	22	16	243
TOTAL	319	479	274	149	1,221

Source: Richmond upon Thames LHA 2006

The table below shows estimated future demand from existing households. The figures are based on what tenure and size of accommodation households would like or expect to move to in the future (next five years) along with considerations of affordability. Figures are again annualised.

Table A4.3 Demand III: Demand from existing households by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	67	1,094	1,252	1,487	3,900
Affordable housing	390	1,151	965	338	2,844
Private rented	46	121	15	0	182
TOTAL	503	2,366	2,232	1,825	6,926

Source: Richmond upon Thames LHA 2006

The table below is an overall summary of the demand situation and is calculated as the sum of the three previous tables.

Table A4.4 Demand IV: Total demand by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	557	1,945	1,524	1,040	5,067
Affordable housing	1,787	2,095	677	146	4,706
Private rented	245	346	37	16	645
TOTAL	2,589	4,387	2,239	1,202	10,417

Source: Richmond upon Thames LHA 2006

The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

Table A4.5 Supply I: Supply from household dissolution					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	27	65	82	22	195
Affordable housing	67	24	12	2	104
Private rented	12	23	3	1	38
TOTAL	105	112	97	24	337

Source: Richmond upon Thames LHA 2006

The table below shows an estimate of the supply of housing that would be released when households who would like and expect to move from the Borough do so. For example a household out-migrating from a four bedroom owner-occupied dwelling is assumed to free-up a four bedroom owner-occupied dwelling for use by another household. The data is annualised and based on moves over the next five years.

Table A4.6 Supply II: Supply from out-migrant households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	195	666	504	283	1,647
Affordable housing	186	60	60	0	305
Private rented	227	387	287	31	932
TOTAL	607	1,112	851	314	2,884

Source: Richmond upon Thames LHA 2006

The table below shows estimated future supply from existing households. As with the above data the figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation. Figures are annualised from data for five years.

Table A4.7 Supply III: Supply from existing households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	418	1,115	682	557	2,771
Affordable housing	421	316	33	16	785
Private rented	1,160	1,573	340	298	3,371
TOTAL	1,998	3,003	1,055	870	6,926

Source: Richmond upon Thames LHA 2006

The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and size group.

Table A4.8 Supply IV: Total supply					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	639	1,845	1,268	862	4,613
Affordable housing	673	399	105	17	1,193
Private rented	1,399	1,983	630	329	4,341
TOTAL	2,710	4,227	2,002	1,208	10,147

Source: Richmond upon Thames LHA 2006

Appendix A5 Stakeholder Consultation - Interviews

A5.1 Introduction

As part of the Local Housing Assessment for the London Borough of Richmond upon Thames, key local stakeholders were interviewed on a range of topics. Individuals were interviewed from the following organisations. Their views are their own and do not necessarily represent those of their organisation.

- Age Concern Richmond upon Thames– Information and Advice Service
- Twickenham Citizens Advice Bureau (CAB)
- EMAG (Ethnic Minorities Advocacy Group)
- Hestia Housing & Support
- Richmond upon Thames Churches Housing Trust
- Richmond Homes for Life Trust (RHLT)
- Richmond Housing Partnership (RHP)
- SPEAR (Single Persons Emergency Accommodation in Richmond)
- Supporting People (LB Richmond upon Thames)

A5.2 Homelessness

Street homelessness in the Borough has changed in the last few years to encompass a much wider variety of people with more diverse needs, increasingly so amongst young people. While the voluntary organisation SPEAR deals with individuals, some of which will find temporary shelter at their short stay hostel, the CAB mainly advises families already homeless or under threat of homelessness. In addition to the issue of shelter, it was noted that street homeless people often experience problems of social exclusion, unemployment and a range of physical, drug, alcohol or legal problems.

The CAB has particularly noted a problem following relationship breakdown where fathers request or are looking for accommodation with more than one bedroom so that children can stay at weekends, for example. However, as their children do not live with them permanently requests for this accommodation are not a priority, nor are larger homes considered affordable in the private sector, nullifying this as an alternative.

A significant factor considered to be contributing to homelessness in the Borough is the limited amount of social housing currently available or being developed. As such access to affordable accommodation for poorer households will persist in being a problem. One interviewee noted that while they recognised that social housing stock for rent is limited, further consideration does need to be given to the medical problems of applicants and the suitability of placements for parents with small children, especially in blocks of flats without a working lift.

A strong need has also been identified for the introduction of effective day services for homeless people in Richmond, which would help move them away from living on the street and its associated culture. As a proactive, and to a certain extent preventative measure, SPEAR is currently piloting a day time service. It is felt to be a definite success, but is also a financial stretch so permanent funding will need to be arranged if it is to become sustainable. The only other day centre that the SPEAR interviewee was aware of in the Borough is the Richmond MIND drop in service. Concern was also raised that a cohesive strategy has not been developed to enable homeless people to sustain independent living once accommodation has been found for them.

A5.3 Temporary accommodation for homeless people

SPEAR run a short term hostel with a capacity for 12 based on 2 people sharing a room. Although the Council deems this adequate to meet the needs of the rough sleeping population in the Borough, it is permanently full with referrals turned away daily. The issue of sharing rooms was specifically raised as a problem as those with higher support needs, including those with high level mental health problems, are more likely to clash with each other, and current drug users cannot share with non-drug users. Without the right support, placing these individuals in generic temporary accommodation does not work.

There is no long term hostel in the Borough, but it was considered that more supported accommodation rather than more hostels would actually be preferable, appropriate support enabling residents to bridge the gap between living in a hostel and sustaining a tenancy. Supporting People aim to specifically address the temporary housing needs of those with mental health problems, substance misuse problems and young people, who may find it especially difficult to cope with their situation. They intend to develop more schemes so that these three groups have accommodation and support funded by Supporting People to use for their temporary housing duty once they have been accepted as temporary homeless. They would have a two year stay, and then be placed in more specialised long term or general needs housing. It was noted that one particular developing RSL and a number of support providers have expressed an interest in becoming partners in this type of scheme.

It is widely recognised that there is a distinct lack of temporary accommodation available for clients across the board in the Borough, not only for those forced to sleep rough or with a substance misuse problem. The issue of B&Bs being used to temporarily accommodate homeless people, especially families, was widely raised as being inappropriate, particularly where men and women have to share bathrooms and for families with disabled children.

It was commented that the Local Authority could more effectively work with RSLs to find permanent accommodation for people on the homelessness list who are temporarily housed in B&Bs. It was suggested that an RSL could buy 2 and 3 bed houses, initially let on a temporary basis later becoming permanent, supported by a high rental stream. This was considered to be a cheaper option for the Local Authority in the long run rather than funding places in B&Bs, and that disposal proceeds could perhaps assist the purchases. Residents would gain from having a permanent home, only nominally “temporary”, and RSLs together with the Council would be helping to meet housing need.

A5.4 Impact of Right to Buy

It was considered that the scale of social housing stock that had been affordable to poorer families in the Borough had been reduced by the Right to Buy, which together with insufficient development of affordable housing will continue to be a serious factor leading to homelessness.

During the first 3 years since transfer of Council housing stock to RHP, the Partnership was losing 60 – 70 properties per year through Right to Buy, with a 5% loss projected after the first 5 years. This rate has now significantly reduced, with 30 – 40 properties lost in the 4th and 5th years after transfer and they now expect to lose about 25 properties per year. In contrast, Richmond Churches has lost only one property under the Right to Acquire post April 1997, so these types of schemes have had no impact on their stock levels. It is considered that property values are so high in the Borough that people are unable to buy there, even with the £16,000 discount available.

This situation has also been reflected in the purchasing of Richmond Churches’ Shared Ownership schemes. Since their development of Shared Ownership schemes from the mid-1980s, 35% of occupiers have stair-cased to 100% shared ownership. However, under their more recent schemes people seem to purchase a certain proportion and then stay with that level of equity, rather than buy 100% of the property. As such it was felt that Local Authorities and RSLs are able to address the right client group, maintaining their stock and resale of Shared Ownership properties.

A5.5 Older People Accommodation

Through their dealings with elderly clients, predominantly those over the age of 75, Age Concern noted that while some older people do want or need to move to sheltered housing, they may need help to organise the move. Moving to sheltered housing can also be seen as attractive because it offers general support to . The support provided by Social Services to the home focuses on assessments and providing care services, but was thought unable to provide social work support due to financial constraints. Whereas in sheltered housing the scheme manager is able to offer more general support.

Supporting People has in contrast identified the problem that for those who are over 55 or 60 there is an assumption being made that you move into sheltered housing. For some people this is the right move, they enjoy the community and social activities. However, it was considered that a lot of people are shoe horned into sheltered housing because of their age and hate it, they keep the door locked and never come out. They would prefer to be in their flat and have floating support a couple of times a week to check that everything is ok. As such these housing assumptions made on their behalf are not appropriate.

Supporting People funding in the Borough is not being targeted at creating more sheltered/warden assisted accommodation, planning only on increasing the extra care accommodation available for older people. Richmond Churches has recently completed de-sheltering some of their properties, whilst revising their management and care provided to tenants in sheltered accommodation. They have maintained their category 2 sheltered housing with wardens and converted some to category 1. This organisation does not currently have future plans for development of either extra care or residential care schemes in Richmond. Accommodation to meet the needs of the frail elderly and people with dementia is being met through a PFI initiative.

Another aspect of the debate surrounding housing for older people is whether there is a need or a demand for older people's specialised accommodation in the Borough. RHP disagrees with the Local Authority's assessment that, based on demographic projections for the Borough, older people are leaving the Borough and demand for older people's accommodation is decreasing.

RHP raise the question as to who is actually leaving the Borough and what is the remaining demand for. They argue that the older people leaving the Borough are owner-occupiers releasing their properties to other owner-occupiers. The people for whom RHP develop affordable housing and the people needing to rent in the social or private sector they note are not moving out of the Borough. They assert that the accommodation for older people in the social rented sector is not very good, it is mainly bedsits and many of these have shared bathing facilities. Therefore there is a perception of low demand because of the poor quality accommodation available. If good quality sheltered

accommodation were available, they argue that older people would be more likely to move out of their homes and make room for others to move in.

They further argue that there is demand for a different sort of accommodation for older people in the Borough, for those with high level support needs, emphasising the need to increase the use of smarter homes, with assistive technology for older people. Essentially there is a need for extra care units, as there is not enough move on accommodation from sheltered housing, with nowhere for older people to go before a residential home where with a higher level of support they could remain independent.

A5.6 Key Worker Housing/ Shared Ownership

Key Worker housing through shared ownership or rental only, where provided as new build properties, has run into difficulties in maintaining an appropriately affordable price. Little or no Housing Corporation grant made available to develop Key Worker housing in the Borough has meant that the rents charged need to cover the land value and development. However, it was noted that while wards neighbouring the Borough of Hounslow may have cheaper rents, they are not cheaper than Key Worker rents.

In addition to RHP's large scale new build Key Worker housing schemes, an alternative in addressing the problem of higher rents has been to reserve a proportion of properties for rent for Key Workers at the Butts Farm estate, which is just over the border in Hounslow. Previously known as a difficult estate, Key Workers seem to prefer to move there than to the new developments because the rents are cheaper. Demand is good and the 50 or so Key Worker households placed at Butts Farm in the last 5 years seem happy. Their presence has also produced a positive impact on the character of the estate.

Richmond Churches have encountered a similar problem in that low grant levels involved in actually developing their site which means that rents have to reflect that. Their first intermediate rent scheme for Key Workers, built on a Local Authority site, is coming through shortly. Rents are expected to be about 70% of private market rents, with a 2 bed set at about £147 per week, and £115 a week for a one bed.

Their difficulties in selling Shared Ownership Key Worker Living schemes in the last few years was thought to be more a problem of the provision for claw back in the lease rather than the cost of the properties. There had indeed been much interest in the schemes, however, they did not follow the more traditional approach to shared ownership where the resident is able to maintain the property in perpetuity. The fact that in the Key Worker Living schemes the property can be put up

for sale if the resident ceases to be a Key Worker, having to move out within 2 years or buy 100% of the property, was seen as an undesirable purchase by Key Workers.

A5.7 Supported Housing –Mental Health Problems

Supporting People commented that the main problem regarding housing for people with mental health problems is an assumption by housing providers that if a person has had a mental health problem they will always have one and that it will persist at the same level of severity. Subsequently there is a reluctance to let them go into general needs housing, so low level supported housing schemes with floating support are clogged up by people with mental health problems longer than they should be. This situation is made worse by the lack of suitable move on accommodation and general needs housing.

The experiences of Hestia Housing & Support are also one of a lack of appropriate and suitable move on a accommodation. It has been identified that at the end of the supported housing process, as in theory after being with them for 2 - 4 years, the organisation looks to move individuals into their own permanent homes, but there is a significant lack of move on accommodation. This then causes pressure to take on new clients with high support needs for which they do not have the space.

Other housing related problems highlighted were anti-social behaviour linked to deteriorating mental health, and linked to drug and alcohol abuse, which can quickly escalate if not nipped in the bud. General maintenance of accommodation regarding health and safety can also be problematic. Hestia Housing & Support try to be as supportive as possible of their clients, whilst balancing their duty to the landlords of the properties their clients are living in.

A5.8 Supported Housing – Learning Disabilities

Richmond Homes for Life Trust was established as a charity to provide supportive accommodation for people aged over 18 with learning disabilities. They have two registered care homes (one for 8 residents and the other for 4) and 2 supported living schemes (4 and 5 units). The registered care homes have 24 hour support, staff sleep in and a minimum of 2 members of staff are on shift at a time. One supported scheme has a resident living on site, providing up to 62 hours of back up support a week to tenants in individual flats with different support programmes. The other supported living scheme (4 units) has no support resident living on site, so 20 hours of support a week is provided externally to the scheme, with the support differing depending on each tenant's needs.

Based on the experiences of their homes, the preferred model for any future development is for separate flats or bedsits within a building so tenants have their independence but also close companions. Communal living in small group homes is more difficult as dynamics change when tenants change with compatibility becoming a key issue and leading to voids. The smaller supported living scheme with fewer hours of support had previously been a group home, but was changed to a supported living scheme which has been more successful.

Supporting People and RHLT identified a number of issues impeding the movement of people with learning disabilities away from family care to supportive accommodation. The issue was raised that individuals and families perceive finding the actual accommodation as a problem, assuming that houses or flats are not available. Instead from the charity's perspective the problem is not so much getting the accommodation but funding agreement for the support they need, because social services has a limited budget and have to choose who to provide services to.

There are significant issues for families supporting children with learning disabilities at home, especially where the family carer is older, there has been an expectation on them and that they put on themselves, to care as long as they can and that the Local Authority will only step in once they are no longer in the position to care for them. Carers need to be informed more about letting go, to see how the child can live an independent life, and families need to be supported in letting go.

There is also an assumption from users and their parents that they will have to go into a residential care home, rather than a supported scheme/independent living, because of the risks involved, described as a 'What if' mentality. It has also been recognised that in the last couple of years it is not the aspirations of people with learning disabilities that has determined support for them but the assumptions made by carers or care managers about what they would want. There has been a default setting that registered care is the only appropriate course of action, but for a lot of people independent living is more appropriate because it helps them to stretch themselves without going too far.

RHLT argue for the need to support families in understanding what supported living is about and what their children can gain from it. However, as well as spreading the good news stories they are realistic in the information they provide, demonstrating that where there are problems how they have been managed. It is important to inform carers that there can be equally difficult experiences involved in living in residential care homes. Supporting People are currently developing promotional materials to raise awareness amongst individuals with learning disabilities and their carers of potential housing options.

While it was thought that the two current RHLT residential care schemes will continue as they are, it was not thought that they will get support for any more registered care homes, so discussion now focuses on the potential for looking to change residential care stock to supported living schemes. The supported living schemes they have are a good model and work well, so they would look to replicate these in future development, though they are not planning to at the moment.

As regards their current funding, the RHLT residential care homes are covered partly through rent from residents' Income Support, and partly through Social Services' Community Care Fund. Although the Community Care Fund has an obligation to support them, their resources are shrinking, so RHLT may have to change the way they purchase support in the future. Regarding the supported living schemes, where there is a resident on site and more hours of support this is covered partly by Social Services, but more through tenants' contribution from Housing Benefit and Supporting People funds. Funding for the other scheme without a support resident on site comes entirely from Supporting People and tenant Housing Benefit contributions. It was considered that the two supported housing schemes they provide in Richmond are viewed as vital so do not expect support will be withdrawn, as they are good value for money.

A5.9 Ethnic Minorities

As an advocacy group providing support to victims of racial harassment, working with refugees and ethnic minorities, EMAG identified that the main housing problem experienced by their clients on estates is racial harassment. However, EMAG have a good relationship with Richmond Housing Partnership (most of their clients are RHP tenants), holding joint monthly meetings and generally it was felt that RHP are positive in addressing racial harassment. If the harassment continues they are asked if they want to move, RHP following appropriate criteria of moving the families to secured accommodation. In particular, the Afghani community is being targeted and the individual interviewed also noted that some Somali tenants are being harassed.

Areas for improvement in working with ethnic minorities included the suggestion that the Council and housing providers be trained to ask about medical problems and complete a separate form for housing applicants, not only when there is an obvious medical problem. It was further suggested that interpretation should be available at time of interview for housing, as people are not always able to bring someone with them to interpret. Even if they can bring someone to interpret, or have a reasonable understanding of English, it is important for the interviewer to probe rather than accept the tendency for the client to say yes automatically to every question, as a different answer is often subsequently provided.

It was also emphasised that when housing is allocated, to note that location is important where families or individuals have language difficulties, they prefer to live in a community area as this helps to make them feel more secure. Lack of access to their religious place of worship will also deter people from moving or being located in an alternative area. Need to be close to shopping, public transport.

Hestia Housing & Support, Supporting People and Richmond Homes for Life Trust were aware that few clients from ethnic minority communities were accessing their services, but they are working on how to identify barriers and address them.

A5.10 Local Authority Housing and Planning Strategies

It was noted that the Local Authority is clearly trying to develop larger family homes for social rent, which was felt to be a positive step towards proactively redressing an important issue. An under-provision of larger properties in Richmond has created pressure on this type of stock. Only in the last 3 years have Richmond Churches, for example, started to develop significant proportions of larger 2, 3 and 4 bed properties, in contrast to their previous emphasis on developing 1 and 2 bed properties in the Borough. Although the majority of 3 and 4 bed homes are still apartments rather than houses because of land use issues, they do tend to be at ground and first floor level, and where possible have private amenity space.

However, Richmond Churches' ability to compete on the open market is limited because land market value is high in the Borough. They have established schemes on a number of smaller sites, where the threshold had been reduced by DCLG to 10 units, and where market developers were less keen to then have to develop 50% affordable housing on these small sites. Richmond Churches are then able to pick up smaller sites to develop as social rent and affordable intermediate, though opportunities to compete are extremely rare. Their development at Mills Farm in 2005 was the last substantial site made available by the Local Authority to them, and development is more likely to progress otherwise through Section 106 agreements.

The problem was also raised in relation to the Local Authority's Planning Obligation Strategy, which requires contributions to the public realm for areas such as transport and education. It is felt that this has been an impediment to developing affordable housing, especially working against the development of larger family sized accommodation where the contribution demanded is greater. Where RSLs try to develop by themselves or in partnership with other developers, if land prices are high but property values are low, the planning contribution can mean that land values become depressed below their current use which is leading land owners to decide it is not worth selling their land for the development of affordable housing.

It was noted that the Local Authority have tried to understand the viability of an affordable housing scheme could be impaired by the planning contributions required, and are addressing this at a practical level through starting a negotiations process. In particular it was felt that the education contribution is unjustified, because properties would be built for Borough residents on a waiting list, rather than bringing new residents into the Borough. Affordable housing is a material consideration in its own right, and if providing a material benefit perhaps the Planning Obligation should not be required. The interviewee was aware that representations had been made by RSLs regarding the problem that contributions sought from the development of affordable housing are unrealistic.

A5.11 Partnership working

All the interviewees felt that their organisation had a good working relationship with the Council, but that they would like to build on this to proactively and creatively address the needs of their clients.

The Supporting People structure is thought to have been invaluable in terms of forcing people to work more in partnership with health and social care. This aspect of coordination happened previously on an ad hoc basis, and so it has been really useful to have this process formalised between planning, housing and social care, with things being far more joined up now.

Hestia Housing & Support, who have recently taken over the management of supported housing for Richmond Churches, hope to improve their relationships over the next few months with Supporting People and other support providers. The recently created quarterly Supporting People providers' forum was considered to be a useful way of enabling providers to become less insular and begin to work together more across the Borough.

The concern was raised, however, that while in other Local Authorities organising the Allocation Panel responsible for referring clients with mental health problems to social housing providers is a priority, this is not yet the case in Richmond.

Appendix A6 Stakeholder Consultation – Developers’ Event

A6.1 Introduction

The developer’s stakeholder event held was attended by four developers who worked in the sub-region. The developers all aimed to cover the full range of the housing market, targeting a range of buyers from first time buyers to retirement homes, to affordable housing. Individuals attended from the following organisations:

- Mansard Homes
- Michael Shanly Homes
- Chantry Estates
- Try Homes

A6.2 Key points

With regards to affordable housing, most reported that they provided under the current threshold, on average they would build 10-15% of their units as affordable housing. One developer worked with local RSLs, mainly as a result of s106.

The developers reported that there was an overall demand for most dwelling types and sizes, although there was a particular need for lower end and family accommodation in the area.

Developers explained that there was strong demand from older people downsizing in to smaller units especially new build. Whilst there was some supported accommodation type development in the area downsizing into unsupported housing was common.

Development opportunities were noted as limited and decisions were often down to site specific issues and the Council’s small dwelling policy.

Opinions varied about the degree of self containment of the housing market. There was certainly movement within the market, but affordability was seen as a barrier to people coming into the area. Young professionals were attracted to the area, the local schools attracted families. It was felt that the prospect of a good school meant parents could avoid expensive private school fees and have more money within their reach for more expensive housing.

The developers understood and accepted the affordable housing policy target of 40%, although concern was expressed over the small unit policy whereby 25% of the development has to be one bedroom units. The policy has led to discontent from local residents where flats are being built in areas that are predominantly houses. It was also pointed out that this issue was often solved by building self contained flats in the basements of larger houses, but these were often bought by the same buyer as the house therefore rendering the small units policy ineffective.

Although it was recorded earlier that there was a need for affordable family homes, the small units policy often worked to prohibit this. Due to the large size of family homes, it is sometimes difficult to fit the one bedroom units required on the site as well given the constraints of the site size and the two objectives are viewed as somewhat incompatible.

Other planning policies result in back-land development and small infill sites in residential areas being mainly available. The planning policies in place were fully understood but disliked as they were felt to be counter productive.

There was criticism of certain development control practices; namely the refusal rate (thought to be performance driven) and the failure to have different work streams for different types of residential application (new build/ conversion). Also because many schemes are objected to by residents and lack of delegation to officers, too many applications go to committee. One developer warned that many planning decisions were being made in Bristol rather than Richmond upon Thames.

When considering the possibility of the Council conforming to the London Plan target of 50% affordable housing, concerns were raised that any sites would become unviable for development in the area.

Developers were unaware of any shared ownership schemes that were active in Richmond upon Thames and believed that this would need a national lead to succeed. Lifetime Homes were built by all developers and their requirements well understood. These developments were often easier to get through planning, although it was noted that there needed to be a higher level of consistency in refusals and building regulations.

The developers welcomed green features in their housing, but interest in these issues varied greatly across planning departments and planning officers within the same local authority.

Developers said they would develop what they were allowed to provided it was economic to do so. They felt that the sites existed and were frustrated by the borough’s land allocation policies which should be urgently reviewed. The Council wanted to see sites preserved for local jobs. Developers argue that many sites are inappropriate for their intended use and should be developed for housing. They believed that mixed use schemes were the way forward believing that the sites could sustain their present number of jobs and provide much needed housing including affordable housing.

A6.3 Summary

The main issues that concerned developers in the area were the Council’s small units policy, and land allocation policies, which were reported as the main barriers to developing a wider range of market and affordable dwellings for Richmond.

It was believed that the combination of both these policies created difficulties in catering for the perceived need of the area. It was felt that there is a need for new family dwellings in Richmond, but a policy for small units in residential areas where land is available is not appropriate. Where appropriate land is available it is held by the authority under the guise of employment. Developers were frustrated that the land was there, but not available for development.

Appendix A7 Survey questionnaire

