

London Borough of Lewisham

Strategic Housing Market Assessment 2019

London Borough of Lewisham Council

Final Report

October 2019

Main Contact: Dr Michael Bullock
Email: michael.bullock@arc4.co.uk
Telephone: 0800 612 9133
Website: [arc4 Website](#)



Table of Contents

Executive Summary	10
Introduction	10
The findings from the study provide an up-to-date, robust and defensible evidence base for policy development, in accordance with Government policy and guidance. ...	10
Housing market context.....	10
Dwelling need, type and mix	12
1. Introduction	16
Background and objectives.....	16
Government policy and guidance	16
Definitions.....	17
Geography.....	19
Research methodology	21
Report structure.....	22
2. Policy and strategic review	23
Introduction	23
National context.....	23
Strategic context	24
Local context	25
Lewisham Corporate Strategy 2018-2022	25
Concluding comments	26
3. Understanding the housing market dynamics	27
Introduction	27
House price trends.....	27
Relative affordability.....	34
Household migration	35
Travel to work trends.....	36
Housing development (past and planned)	36
A qualitative perspective on housing market dynamics and drivers.....	38
Concluding comments	42
4. Housing stock review.....	43
Introduction	43
Estimates of current dwellings in terms of size, type, condition, tenure.....	43
Owner-occupied sector.....	54
Private rented sector	56
Affordable sector	62
Relative affordability of housing tenure options and defining genuinely affordable housing.....	63
Concluding comments	79

5.	Housing need in the Borough of Lewisham	81
	Introduction	81
	Establishing housing need using the standard methodology	81
	Potential adjustments to the evidence base	85
	Concluding comments	86
6.	The need for different types of housing	87
	Introduction	87
	Affordable Housing Needs Assessment	88
	Tenure split	90
	Identifying the need for different types of housing	91
	Housing for older people	92
	People with disabilities	96
	Benefit claimants - disability living allowance (DLA) by disabling condition	98
	Recommendations for optional accessible building standards	99
	The private rented sector	101
	Demand for self and custom housebuilding	101
	Houses in multiple occupation	103
	Homeless and previously homeless households	103
	Key workers	104
	Gypsy and Travellers	104
	Armed forces personnel	104
	Black, Minority, Ethnic Households	104
	Overcrowding/under-occupancy	107
	Students in Lewisham	108
	Concluding comments	112
7.	Dwelling type and mix	113
	Introduction	113
	Concluding comments	118
8.	Conclusion: policy and strategic issues	119
	The borough context	119
	Future housing need	120
	Type and mix of housing needed in the future	120
	Meeting the needs of different groups including older people and those with disabilities	121
	Final comments	122
	Introduction to Technical Appendices	123
	Technical Appendix A: Policy review	124
	Introduction	124
	2010-2015 (Coalition Government)	125
	2015-2016 (Conservative Government under David Cameron)	126

Post EU-Referendum (Theresa May Administration)	128
Technical Appendix B: Housing need calculations.....	134
Introduction	134
Stage 1: Current households in affordable housing need	136
Stage 2: Newly-arising affordable need.....	137
Stage 3: Affordable housing supply	138
Stage 4: Estimate of annual housing need.....	140
Total gross and net imbalance	141
Technical Appendix C: Stakeholder survey	142
Priorities.....	142
The current and future housing market in Lewisham and housing market drivers.....	144
Open-market housing: the owner-occupied and private rented sectors.....	144
New housing provision	147
Affordable housing.....	148
Specialist Housing	150
Technical Appendix D: In depth analysis of the private rented sector in Lewisham	152
1. Introduction	155
2. The size of the sector	157
3. The performance of the market	161
New properties coming onto the market	161
4. Property type and bed size	164
5. Rent levels.....	167
6. Affordability	176
7. Time to let property.....	180
8. Rental yields.....	183
9. Concluding comments	184
Appendix E: Glossary of terms	186

List of Tables

Table ES1	Summary of dwelling mix by broad tenure group based on annual need	13
Table 3.1	Comparative house price change 2000-2018 with neighbouring local authority areas, London, the South East and England	29
Table 3.2	Lower quartile and median price change 2000-2018 across the Borough of Lewisham	30
Table 3.3	Median price change by ward 2007-2018	31
Table 3.4	Relative affordability of lower quartile prices by local authority area	34
Table 3.5	Relative affordability of median prices by local authority area	35
Table 3.6	Origin of moving households	35
Table 3.7	Dwelling completions 2007/08 to 2017/18.....	37

Table 3.8	Recent trends in newbuild prices compared with all property sales	38
Table 4.1	Dwelling stock by ward	43
Table 4.2	Dwelling stock by sub-area	44
Table 4.3	Dwelling stock comparison with other areas	44
Table 4.4	Property type and size of occupied dwellings across the Borough of Lewisham	45
Table 4.5	Age of dwelling.....	49
Table 4.6	Dwelling stock condition in England and Lewisham estimates	50
Table 4.7	Housing tenure by ward (%)	52
Table 4.8	Housing tenure by sub-area (%).....	52
Table 4.9	Lewisham tenure profile and comparator areas	54
Table 4.10	Comparative lower quartile rental price 2010-2018.....	57
Table 4.11	Comparative median rental price 2010-2018.....	57
Table 4.12	Summary of tenure, price assumptions and data sources	65
Table 4.13	Cost of alternative tenures by ward	67
Table 4.14	Household income required for alternative tenure options (based on 35% for income for rents and 3.5x income multiple for buying)	68
Table 4.15	Household income required for alternative tenure options (based on 35% for income for rents and 5x income multiple for buying)	69
Table 4.16	Impact of alternative deposits on income required for open market properties.....	70
Table 4.17	Lower quartile rents, household incomes and what could be afforded	73
Table 4.18	Median rents, household incomes and what could be afforded	73
Table 4.19	Market Rents, actual household incomes and what could be afforded	74
Table 4.20	Lower quartile house prices compared with lower quartile household income buying capacity	75
Table 4.21	Median house prices compared with median household income buying capacity	75
Table 4.22	Lower quartile house prices compared with lower quartile household incomes.....	76
Table 4.23	Affordability of intermediate tenure options	78
Table 4.24	Genuinely affordable rents and purchase prices by ward.....	80
Table 5.1	Household change under alternative household projections	82
Table 5.2	Affordability ratios and market signals uplift	82
Table 5.3	Components of the dwelling need calculation for Borough of Lewisham	83
Table 6.1	Reason for housing need (%)	88
Table 6.2	Affordable Needs Assessment Summary for the Borough of Lewisham.....	89
Table 6.3	Affordable need by number of bedrooms.....	90
Table 6.4	Affordability of affordable tenure options	90
Table 6.5	Family housing choices	92
Table 6.6	Older person housing choices.....	93

Table 6.7	Categories of older person accommodation	94
Table 6.8	Analysis of future need for specialist older person accommodation.....	95
Table 6.9	Likely level of property adaptation in Lewisham and future need for adaptations in the home.....	96
Table 6.10	Long-term health problem or disability.....	97
Table 6.11	Estimate of the number of people with a particular disability.....	98
Table 6.12	DLA claimants by age group.....	98
Table 6.13	DLA claimants by disabling condition	99
Table 6.14	Summary of accessible housing standards	100
Table 6.15	Homeless decisions and acceptances 2013/14 to 2016/17	104
Table 6.16	Under / Over Occupancy by household composition.....	108
Table 7.1	Age groups, household type and dwelling types used	114
Table 7.2	Illustration of the relationship between dwelling type/size and household type by age group (15 to 24-year age group used)	114
Table 7.3A	Change in number of households by age group 2020-2039.....	115
Table 7.3A	Change in number of households by age group 2020-2039.....	116
Table 7.3B	Change in number of households by age group 2018-2033.....	116
Table 7.4	Impact of change in households by age group on dwellings occupied 2020-2039	116
Table 7.5	Overall dwelling mix based on range of housing need.....	117
Table 7.6	Summary of dwelling mix by broad tenure group based on annual need	117
Table 7.7	Stock profile by number of bedrooms 2017	118
Table B1	CLG Needs Assessment Summary for Lewisham.....	135
Table B2	Breakdown of needs factors	136
Table B3	Homeless decisions and acceptances 2013/14 to 2016/17	137
Table B.4	Net annual affordable housing imbalance by property size 2017/18 to 2021/22	141
Table C.1	Ranking of priorities by stakeholders	142
Table 2.1	Size of PRS by ward	157
Table 2.2	Median sales price in 2017 by ward	160
Table 3.1	Properties coming to market 2015-17.....	162
Table 4.1	No of properties on market by property type 2015-2017.....	164
Table 4.2	Proportion of apartments and houses in each Ward (2017).....	164
Table 4.3	No of properties coming to market by property size 2015-2017.....	166
Table 5.1	Average rent levels for all property let by ward 2015-2017	168
Table 5.2	Average rent levels for apartments let by ward 2015-2017.....	169
Table 5.3	Average rent levels for houses let by ward 2015-2017.....	170
Table 6.1	Properties within LHA by bed size 2015-2017	176
Table 6.2	Affordability by Ward.....	178
Table 7.1	Average Time to let by property type 2017.....	180

Table 7.2	Time to let by ward 2015-2017.....	182
Table 8.1	Rental yields.....	183

List of Figures

Figure 3.1	Median house price trends 2000 to 2018: the Borough of Lewisham, London Boroughs and England	28
Figure 3.2	Dwelling completions compared with the annual target.....	37
Figure 4.1	Property type by ward	46
Figure 4.2	Number of bedrooms by ward	47
Figure 4.3	Borough of Lewisham: tenure profile of occupied dwellings.....	51
Figure 4.4	Property tenure by ward	53
Figure 4.5	Borough of Lewisham household income and housing costs	71
Figure 6.1	Explanation of optional accessibility standard M4(2)	100
Figure 6.2	Explanation of optional accessibility standard M4(3)	101
Figure 6.3	BAME household composition.....	106
Figure 6.4	BAME occupancy rating.....	107
Figure 6.5	Number of enrolments at Goldsmiths University by domicile, 2012/13 to 2016/17. Source: HESA	110
Figure 6.6	Number of enrolments at The University of Greenwich by domicile, 2012/13 to 2016/17. Source: HESA	111
Chart 2.1	Median property values in wards with higher than average levels of PRS compared to the median in Lewisham 2017	160
Chart 4.1	The percentage of properties coming onto the market by bed size 2015-2017	166
Chart 5.1	The rent levels and change for apartments and houses in Lewisham since 2010	167
Chart 5.2	Rent change by property type 2014-2016.....	170
Chart 6.1	Percentage of properties within LHA levels	177
Chart 7.1	The time to let property by size 2017	181

List of Maps

Map 1.1	The Borough of Lewisham geographical context	19
Map 1.2	Wards and Sub-areas within the Borough of Lewisham	21
Map 3.1	Lower quartile house prices 2018 by super output area.....	32
Map 3.2	Median house prices 2018 by lower super output area.....	33
Map 4.1	Predominant dwelling type and size.....	48
Map 4.2	2017 median rents across Lewisham by ward.....	58
Map 2.1	The percentage of PRS in each ward	158
Map 2.2	The location of PRS in each ward.....	159

Map 3.2	The percentage of the market rented units coming onto the market 2015-2017	163
Map 4.1	Percentage of apartments in each Ward 2017	165
Map 5.1	Median rent levels – Flats 2017	171
Map 5.2	Median rent levels – Houses 2017	172
Map 5.3	Median rent - All properties 2017	173
Map 5.4	Rent change for apartments 2015-2017	174
Map 5.5	Rent change for houses 2015-2017	175
Map 6.1	The percentage of income to be spent on rent to afford a median rent for a house	179

Please note that in this report some of the tables include rounded figures. This can result in some column or row totals not adding up to 100 or to the anticipated row or column 'total' due to the use of rounded decimal figures. We include this description here as it covers all tables and associated textual commentary included. If tables or figures are to be used in-house then we recommend the addition of a similarly worded statement being included as a note to each table used.

This report takes into account the particular instructions and requirements of our client. It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party. arc⁴ Limited accepts no responsibility or liability for, and makes no representation or warranty with respect to, the accuracy or completeness of any third party information (including data) that is contained in this document.

*Registered Address: arc4, 41 Clarendon Road, Sale Manchester M33 2DY
Email: contact@arc4.co.uk [arc4 Website](#)
arc4 Limited Registered in England & Wales 6205180 VAT Registration No: 909 9814 77
Directors - Helen Brzozowski – Michael Bullock*

Executive Summary

Introduction

The Borough of Lewisham Strategic Housing Market Assessment (SHMA) 2019 provides the latest available evidence to help to shape the future planning and housing policies of the area. The study will help inform the production of the Council's Local Plan and other strategies. It considers the affordable housing needs of households, the aspirations/expectations of those households moving in the market, and the need for particular types of dwelling by virtue of age or disability. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area.

The SHMA 2019 comprises of:

- a review of existing (secondary) data;
- information provided by the local authority;
- stakeholder consultation;
- and interviews with estate and letting agents.

The findings from the study provide an up-to-date, robust and defensible evidence base for policy development, in accordance with Government policy and guidance.

Please note that the plan period is 2020 to 2040. Where possible, data are presented for this time period. Some data have a base date of 2018. The 2014-based MHCLG household projections have been used to calculate future housing need in accordance with Planning Policy Guidance (PPG) although projections only run to 2039.

Housing market context

House prices

Median house prices in the Borough of Lewisham have been consistently lower than those for the London region, but above those for England as a whole¹.

However, overall, median prices increased from £99,995 in 2000 to £412,250 in 2018, an increase of 312%. The rate of growth in the borough has been significantly higher than that experienced across neighbouring boroughs and the London boroughs as a whole (+233%).

Based on a comparison of house prices and household incomes, Lewisham has a median ratio of 13.94 and a lower quartile ratio of 15.16, which are considerably less affordable than the London wide, South East and England averages.

Dwelling stock

This 2019 study assumes a total of 125,990 dwellings² across the Borough of Lewisham. According to MHCLG there are around 2,182 vacant dwellings³ with an estimated low vacancy

¹ Land Registry Price Paid Data

² 2017 Council Tax

³ MHCLG Vacant Dwellings Table 615

rate of around 1.7%. The number of households is estimated to be higher than the total number of dwellings. According to the 2014-based MHCLG household projections, there are around 134,147 households in the borough in 2018.

Overall:

- 57.7% of all properties in Lewisham are flats, apartments or maisonettes. 41.9% of properties are houses (of which 32.8% are terraced, 7.8% are semi-detached and 1.3% are detached houses) and 0.4% are bungalows⁴;
- 26.4% of properties have one bedroom, 33.0% have two bedrooms, 30.4% have three bedrooms and 10.1% have four bedrooms⁵;
- 56.8% of properties were built before the end of the Second World War (37.3% pre-1919 and 19.5% in the period 1919-44)⁶; and
- 43.9% of properties are owner-occupied, 31.0% are affordable (social/affordable rented or shared ownership) and 25.1% are private rented (or tied accommodation)⁷.
- Whilst the stock profile of Lewisham is similar to that of London as a whole, the proportion of detached and semi-detached properties is slightly lower and terraced housing is slightly higher in Lewisham. There are also proportionately more households in affordable housing in Lewisham than London as a whole.

Demographic drivers

The population of the borough is estimated to be 307,100 in 2018⁸ and this is projected to increase by 18.6% to 364,200 by the end of the Local Plan Period in 2040⁹.

Over the next few decades, there will be a marked increase in the number and proportion of residents in the 40-59 and in 60-74 and 75+ age groups. The number of people across the borough aged 65 or over is projected to increase significantly during the Plan Period, from 28,500 in 2018 to 50,400 by 2040 (a 76.8% increase)¹⁰. The 75-84 age group is projected to increase by 82.8% from 9,300 to 17,000; and the 85+ age group by 63.2% from 3,800 to 6,200 over the period to 2040.

Economic drivers and the affordability of housing

Across the borough, 68.6% of Household Reference People are economically active, a further 15.1% are retired from work, 5.2% unemployed and 11.1% other economically inactive¹¹.

⁴ VOA/Council Tax 2017 data

⁵ VOA/Council Tax 2017 data

⁶ Valuation Office Agency (VOA) 2016

⁷ ONS 2011 Census

⁸ ONS 2016-based Subnational Population Projections

⁹ ONS 2016-based Subnational Population Projections

¹⁰ ONS 2016-based Subnational population projections

, ¹¹ ONS 2011 census

According to the latest earnings data¹², lower quartile earnings were £23,869 (compared with £20,667 across England) and median earnings were £32,266 (compared with £29,085 across England).

The relative affordability of alternative tenures has been analysed and overall a household income of at least £17,426 is required for social rent (excluding housing benefit), at least £27,099 for London Affordable Rent and at least £22,152 for London Living Rent. In terms of open market options, a minimum income of £18,857 is needed for entry-level market renting (lower quartile price in cheapest ward and assumes 35% of income is spent on rent) and the borough average income needed is £34,320. For entry-level open market purchase the minimum income needed is £71,646 (lower quartile in cheapest ward and assumes a 3.5x income multiple) and the borough average income needed is £82,286.

The analysis shows that market prices, rents and incomes change significantly across Lewisham's wards. However, even households on median incomes will find it difficult to afford lower quartile open market prices. They will be unable to become homeowners unless they can provide a substantial deposit. Households on lower quartile and median incomes will also find intermediate products unaffordable. This analysis clearly demonstrates that social and affordable renting remains the most affordable tenure options available to households. It raises serious concerns over relative affordability of accommodation within the Borough, and particularly for the key workers and wage earners considered.

Dwelling need, type and mix

Regarding the future need for housing, the SHMA has considered existing policies and the standard method to calculate housing need as set out in latest Planning Practice Guidance.

The London Plan 2016 is the spatial development strategy for this borough and has been adopted within the last five years. It has established a 10 year net annual target of 1,385 dwellings across the Borough of Lewisham. The Draft New London Plan 2017 is a material consideration in planning decisions and this has increased the net annual dwelling target to 2,117.

The new standard method for calculating future housing need considers demographic projections and an adjustment for affordability. This identifies a need for 3,584 dwellings each year over the period 2020-2030 and applying the need over the plan period (2020-2040) identifies a total need for 71,680 dwellings. Under the standard method, the need figure is capped at 40% above the average annual housing requirement figure set out in existing policies. Therefore, for the Borough of Lewisham, the minimum housing need is capped at **1,939 each year** (40% above the 1,385 target in the 2016 London Plan) or **2,964 each year** (40% above the 2,117 target in the 2017 draft London Plan).

Table ES1 summarises the overall mix of dwellings appropriate for Lewisham. The SHMA recommends:

- There is a need to provide 50% affordable housing on qualifying newbuild schemes;

¹² Annual Survey of Hours and Earnings 2017

- If the Council is minded to adopt the approach taken in Policy H7 of the Draft London Plan, then all of the remaining 40% to be determined at the borough level should be social/affordable rent, creating a 70% rented and 30% intermediate tenure split. The Council could consider whether a more bespoke borough-level tenure split of 85% social/affordable rent: 15% intermediate is more appropriate. This is based on the evidence of relative affordability of housing tenure options (as set out in paragraphs 4.72- 4.90 of the SHMA report and the recommendations made in paragraph 4.98 and Table 6.4.
- There is a need to provide a mix of sizes of housing units, including family-sized accommodation to be provided as part of affordable provision, within newbuild schemes

Table ES1 Summary of dwelling mix by broad tenure group based on annual need

Number of bedrooms	% new dwelling stock	Overall mix	Market (50% of development)		Affordable (50% of development)	
			No.	%	No.	%
Smaller 1 and 2-bedroom	38.3	1136	248	16.7	888	59.9
3-bedroom	42.3	1254	848	57.2	406	27.4
4-bedroom	19.4	574	386	26.0	188	12.7
Base (London Plan Target)	100.0	2964	1482	100.0	1482	100.0

The SHMA assesses a range of housing needs arising from different sections of the community, and provides a range of recommendations as detailed below, which should inform the emerging policies in the Local Plan.

Topic/Theme	Main finding/recommendation
Families	<p>There is expected to be an increase of around 5,900 families living in the borough over the period 2020-39. There are also disparities between different tenures with only 25.9% private rented stock and 28.6% of affordable housing stock being 3 and 4 bedroom properties, compared to 59.7% in owner occupied stock.</p> <p>It will be important for family sized accommodation to be provided as part of the overall mix of housing, and in particular to be provided as part of affordable provision, on new build schemes.</p>
Specialist housing for older people	<p>The number of older person households is expected to increase by around 25,100 over the period 2020-39. Nationally, there are particular aspirations across this group for bungalows, flats and smaller houses. Widening the choice in alternative housing options for older people would help the overall operation of the housing market and provide the ability of households to trade up into properties released by older people.</p> <p>Given the demographic changes taking place and the ageing population, delivering an appropriate range of new dwellings for older people needs to be a strategic priority for the Council, equivalent to about 110 units per year.</p>

Topic/Theme	Main finding/recommendation
Accessible housing	<p>Around 13,803 residents (6.1%) were in fair or bad/very bad health. The daily activities of around 38,400 (14.1%) were limited by their health. Around 53,900 residents had a disability in 2018 and this is expected to increase to around 66,100 by 2033 (and increase of 22.6%). Not all residents with a disability will require alternative housing or significant support in the home.</p> <p>To meet the accessibility needs of most current and future residents, 10% of housing should be built to the M4(3) wheelchair accessible standard</p>
Self-build housing	<p>There is significant evidence of demand for self and custom build plots according to the self and custom build register however, based upon a snapshot of weekly planning applications, there is no evidence that self and custom build plots are being supplied by the market.</p> <p>The Council should ensure that the needs of self- and custom-house builders are accommodated</p>
HMOs	<p>Given the unaffordability of housing to those households with lower quartile or median incomes, growth in HMOs is expected to continue. HMOs have a place in the market in that they form an alternative, more affordable form of housing.</p> <p>Whilst recognising the need for HMOs, careful consideration will need to be given to ensure that new HMOs contribute to a beneficial mix and balance of uses within an area, do not result in the loss of family occupation, an overconcentration of HMOs or adverse impacts on amenity, are located in areas of good transport accessibility and are well-designed and well managed.</p>
BAME Groups	<p>BAME groups are more likely to be social renters (38.1%) compared with all households (31.1%). BAME groups are also disproportionately affected by overcrowding, with 17.1% compared to 12.1% of all households, due to the low proportion of family homes within the affordable stock and the uneven distribution of such housing across the borough.</p> <p>A mix of tenures with a focus on social rented family sized properties will help to address the needs of BAME groups.</p>
Overcrowded households	<p>Overcrowding is a major issue in the borough. There are around 8,200 more households than there are dwellings and according to the 2011 Census around 14,000 households (12.1%) were overcrowded. This mismatch of dwelling type and size verses actual occupancy is a key driver of affordable housing need.</p> <p>To help overcome overcrowding, free up suitable sized housing and allow movement in the housing market, there is a need to provide a mix in the size of housing to be built on new development sites.</p>

Topic/Theme	Main finding/recommendation
Student housing	<p data-bbox="451 241 1401 584">There is a significant student population in Lewisham that is partly housed in the private rented sector. The future housing requirements for this group is uncertain due to global economic issues and Brexit. Whilst pressure on the private rented sector from students has been mitigated by purpose built student housing, the sector will continue to be subject to extreme levels of demand from students unable to afford purpose built housing and the growing trend of non-student households being able to afford home ownership and being ineligible for social housing.</p> <p data-bbox="451 607 1406 678">35% of student housing should be provided as affordable units, to help meet students' needs.</p>

1. Introduction

Background and objectives

- 1.1 The Borough of Lewisham Strategic Housing Market Assessment (SHMA) 2019 has been commissioned by the London Borough of Lewisham ('the Council') to provide an up-to-date evidence base to inform the development of the Council's Local Plan and other strategies.
- 1.2 The Borough of Lewisham SHMA 2019 supports the requirements of the National Planning Policy Framework (NPPF) February 2019) and associated Planning Practice Guidance (PPG), including the February 2019 PPG Housing Need Assessment which sets out the standard method for assessing housing need.
- 1.3 This SHMA includes a review of the housing market, an assessment of future need, the identification of the housing needs of specific groups and a consideration of the requirement for affordable housing.
- 1.4 Collectively, the overall evidence base will satisfy the requirements of Government policy and guidance, as set out within NPPF and PPG.

Government policy and guidance

- 1.5 The latest National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG) was published in February 2019. The NPPF 2019 sets out the Government's planning policies for England and how these are expected to be applied. Paragraph 10 of the NPPF states that plans and decisions should apply a '*presumption in favour of sustainable development*'. As part of this, in relation to plan-making, it sets out that this means that '*strategic policies should, as a minimum, provide for objectively assessed needs for housing...*'¹³.
- 1.6 Paragraph 59 provides an important context to the policy for housing delivery, as follows:
'To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.'
- 1.7 It goes on to state (paragraph 60) that:
'To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.'

¹³ NPPF Feb 2019, Paragraph 10

- 1.8 The NPPF 2019 (paragraph 61) states that the size, type and tenure of housing need for different groups in the community, should be assessed and reflected in planning policies. This is identified as including, but not limited to:
- those who require affordable housing,
 - families with children,
 - older people,
 - students,
 - people with disabilities,
 - service families,
 - travellers,
 - people who rent their homes, and
 - people wishing to commission or build their own homes.
- 1.9 In addition, the NPPF 2019 paragraph 62 sets out that: *‘where a need for affordable housing is identified, planning policies should specify the type of affordable housing required...’*.
- 1.10 The NPPF 2019 (paragraph 65) requires that ‘strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations.
- 1.11 The Localism Act 2010 introduced the ‘Duty to Co-operate’ as a replacement for Regional Spatial Strategy and this requirement is also established in National Planning Policy (NPPF 2019, paragraphs 24-27). Section 110 of the Localism Act requires local authorities to co-operate with other local authorities in maximising the effectiveness with which strategic matters within development plan documents are prepared. The provision of housing development is a strategic priority and the Council will have to ensure that they are legally compliant with the Localism Act at examination. The Duty to Co-operate applies to all local planning authorities, working with neighbouring authorities and other bodies, including Local Enterprise Partnerships, on strategic priorities.

Definitions

- 1.12 Definitions relating to affordable housing are presented in the NPPF 2019 (Annex 2):

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for social rent or affordable rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes, affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.
- 1.13 In addition, this SHMA recognises a further range of tenures which are being promoted by the Mayor of London in the Draft New London Plan:
- Homes based on **social rent** levels (which includes London Affordable Rent which is described in the draft London Plan as rent for households on low income with the rent level based on social rent levels. Nationally, affordable rent is set at up to 80% of market rent, but in London benchmarks are set substantially below this to ensure rents in London are genuinely affordable);
 - **London Living Rent** which offers Londoners on average incomes a below-market rent, enabling them to save for a deposit. The Mayor has set out London Living Rent levels that vary by ward across London, set at a third of local average household incomes. When funded through the Mayor's Affordable Homes Programme, London Living Rent is designed to offer sub-market rents for up to 10 years, helping households to save for a deposit. Eligibility is restricted to households that are currently renting, with a maximum income of £60,000 and who are not currently

able to purchase a home (including through shared ownership) in the local areas; and

- **London Shared Ownership:** is based on the national shared ownership model but with extra assurances for Londoners over service charges.

Geography

1.14 Map 1.1 illustrates the geographical context of the Borough of Lewisham and the neighbouring local authorities.

Map 1.1 The Borough of Lewisham geographical context



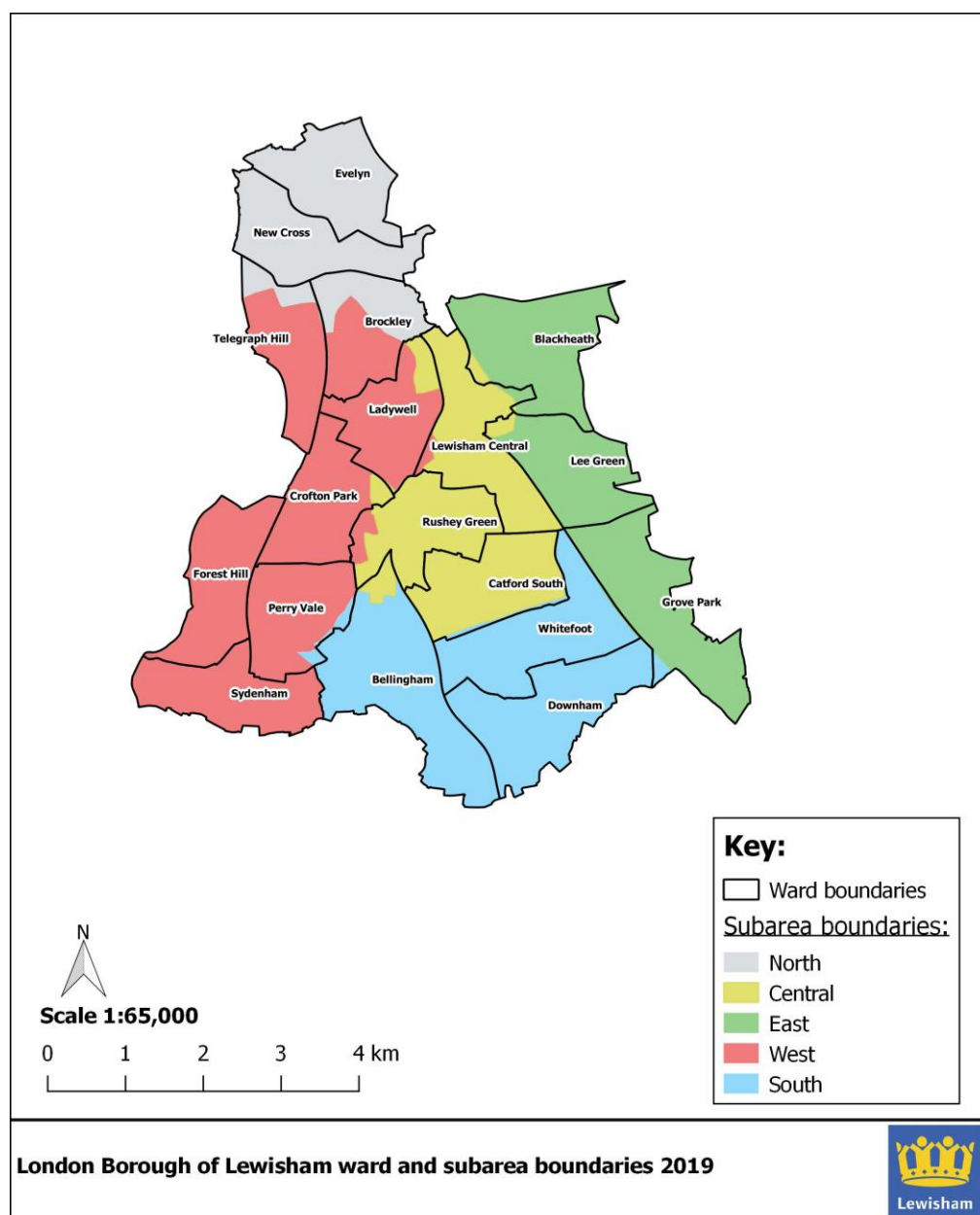
1.15 The Borough of Lewisham is located within south east London, England, and forms one of the Inner London boroughs. Covering around 3,515 hectares, the resident population of the borough is estimated at around 307,100 people in 2018¹⁴. To the east of the borough lies the Royal Borough of Greenwich, to the south lies the London Borough of Bromley, to the west lies the London Borough of Southwark. The River Thames runs along a section of the northern boundary, beyond which lies the Borough of Tower Hamlets.

1.16 The borough includes extensive residential areas, including older settlements and suburban infill development. The main town centres are Lewisham and Catford; there

¹⁴ 2016-based Subnational Population Projections (ONS)

are also a range of district and local centres including New Cross, New Cross Gate, Deptford, Blackheath, Lee Green, Forest Hill, Sydenham and Downham.

- 1.17 In terms of access, the main road-routes through the borough are the A2 from Kidbrooke (east) to Old Kent Road (west), the A20 from New Cross to Eltham (east), the A21 from Lewisham to Bromley (south), the A202 from New Cross Gate to Peckham (west) and the A205 South Circular from Dulwich (west) to Eltham (east).
- 1.18 Suburban trainlines pass through Lewisham Station on route to Dartford (Kent) and Hayes (Bromley). The East London Line serves New Cross and New Cross Gate, with an extension to the London Overground network serving Brockley, Honor Oak Park, Forest Hill and Sydenham since 2010. There are proposals for a new station at New Bermondsey on the South London Line, linking to Clapham Junction. There are proposals for a Phase 1 extension of the Bakerloo Line through New Cross Gate to Lewisham and consideration for a further phase 2 extension south to beyond the borough boundary at Hayes.
- 1.19 Census data is available down to postcode level and for the purposes of this report, data has been presented based on the following wards, as shown by Map 1.2 as follows:
- Bellingham
 - Blackheath
 - Brockley
 - Catford South
 - Crofton Park
 - Downham
 - Evelyn
 - Forest Hill
 - Grove Park
 - Ladywell
 - Lee Green
 - Lewisham Central
 - New Cross
 - Perry Vale
 - Rushey Green
 - Sydenham
 - Telegraph Hill
 - Whitefoot
- 1.20 Data have also been prepared for the five sub-areas as shown in Map 1.2. Within this report, reference is made to the 'borough' which is used as a short-hand term where information is being presented about the Borough of Lewisham.

Map 1.2 Wards and Sub-areas within the Borough of Lewisham

Research methodology

1.21 To deliver the Borough of Lewisham SHMA 2019, a multi-method approach has been adopted, which comprises:

- a review of existing (secondary) data including the 2011 Census, house price trends, CORE lettings data, MHCLG Statistics, GLA statistics and Council information;
- stakeholder consultation; and
- interviews with estate and letting agents.

1.22 All data sources are fully referenced.

Report structure

- 1.23 The Borough of Lewisham SHMA 2019 report is structured as follows:
- **Chapter 2** reviews the national and regional policy context within which the research needs to be positioned;
 - **Chapter 3** considers the main features of the housing market including house price and rental trends, migration and travel to work patterns;
 - **Chapter 4** reviews the current housing stock and provides a detailed analysis of the main tenures;
 - **Chapter 5** considers future housing need which takes account of the Government's standard methodology and alternative demographic assumption
 - **Chapter 6** considers the need for all types of housing, including affordable housing need and a consideration of household groups with particular housing requirements;
 - **Chapter 7** sets out an assessment of dwelling type and mix for future housing development within the borough; and
 - **Chapter 8** concludes the report with a summary of findings and a consideration of strategic issues.
- 1.24 A technical appendix, provides detailed material that underpins the core outputs of this report. The technical appendix includes:
- a policy review (Appendix A);
 - housing need calculations (Appendix B);
 - stakeholder survey detailed findings (Appendix C);
 - detailed private rented sector analysis (Appendix D); and
 - a glossary of terms (Appendix E).

2. Policy and strategic review

Introduction

- 2.1 The purpose of this chapter is to set out the policy and strategic context for housing delivery in the borough. It sets out the national and local strategic planning context. A comprehensive national policy review is set out at Appendix A.

National context

- 2.2 Under the previous Coalition Government, the period 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.
- 2.3 This agenda continued to be pursued under the leadership of David Cameron following the election of a majority Conservative Government in May 2015. Further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act 2016 was intended to provide the legislative basis for a number of Conservative Manifesto commitments, including the flagship Starter Homes scheme. The Act also made provisions for other aspects of housing policy such as Right to Buy, high value sales and ending lifetime tenancies.
- 2.4 The European Union Referendum of June 2016 resulted in significant changes in the political climate at a number of levels. Changes in Government leadership – with the appointment of Theresa May as Prime Minister – quickly led to discussions regarding the direction of housing and planning policy. Alongside significant delays (and in some cases abandonment) in the implementation of secondary legislation relating to aspects of the Housing and Planning Act 2016; conference speeches, ministerial statements and the Housing White Paper (February 2017) indicated a change in attitude towards housing policy. The 2016-17 Administration signalled a broader ‘multi-tenure’ housing strategy, including support for a range of tenures in addition to home ownership. The Neighbourhood Planning Act 2017 was passed with the intention of strengthening neighbourhood planning by ensuring that decision-makers take account of well-advanced neighbourhood development plans and giving these plans full legal weight at an earlier stage.
- 2.5 The general election of June 2017 created a new wave of political change and uncertainty, although the overall Government leadership remains under Conservative control and ministers are keen to keep housing as a key domestic policy priority. The 2017-18 Administration witnessed continued efforts to boost home ownership amongst first-time buyers, with the Autumn Budget 2017 scrapping the first £300,000 of stamp duty. Significant planning policy developments also occurred during this Parliament, including the emergence and establishment of the new ‘standard method’ for the calculation of housing need figures at local authority level and the consultation and final publication of the Revised National Planning Policy Framework (NPPF 2018) and its latest update in February 2019.

- 2.6 A detailed national policy review is presented at Appendix A.

Strategic context

London Plan

- 2.7 The London Plan is the statutory Spatial Development Strategy for Greater London, prepared by the Mayor of London.
- 2.8 The London Plan 2016 (the London Plan consolidated with amendments since 2011) is the adopted development plan. It sets out an integrated framework for the development of the whole of London, taking into account economic, environmental, transport and social factors.
- 2.9 Policy 3.3, *Increasing Housing Supply*, sets out the need for more homes in London, *'in order to promote opportunity and provide a real choice for all Londoners in ways that meet their needs at a price they can afford'*. The Policy sets out a target of at least an annual average of 42,000 net additional homes across London. For the ten-year period 2015-2025, this is also broken down by borough area (Table 3.1 of the London Plan). For the Borough of Lewisham, a ten-year target of 13,847 is set equating to an annual monitoring target of 1,385.
- 2.10 Opportunity Areas are identified in the London Plan as places that offer scope for change and growth, including new homes and jobs. The scope for growth is strongly linked to existing or potential transport improvements. The Opportunity Areas that lie within (or partially within) Lewisham are:
- Deptford Creek/Greenwich Riverside, and
 - Lewisham, Catford and New Cross.
- 2.11 A New London Plan is being developed. The Draft New London Plan 2017 is a material consideration in planning decisions. Published for consultation in December 2017, the Draft New London Plan has a Plan Period of 2019 to 2041.
- 2.12 The Draft New London Plan seeks to be 'different' to previous plans (paragraph 0.0.18): *'It is more ambitious and focused than any previous Plans. The concept of Good Growth – growth that is socially and economically inclusive and environmentally sustainable – underpins the Plan and ensures that it is focused on sustainable development.'*
- 2.13 Draft New London Plan Policy GG4, *Delivering the homes Londoners need*, seeks to create a housing market that works better for all Londoners. This includes ensuring that more homes are delivered and supporting the delivery of the strategic target of 50% of all new homes being 'genuinely affordable'. The supporting text to Policy GG4 draws on the findings of the London Strategic Housing Market Assessment 2017, setting out that London needs 66,000 new homes each year for at least 20 years, of which 43,000 should be genuinely affordable.
- 2.14 Draft New London Plan Policy H1, *Increasing housing supply*, sets out ten-year targets for net housing completions. Lewisham's ten-year target is 21,170 completions, or an annualised average of 2,117 dwelling completions per year.

Local context

- 2.15 The South East London Strategic Housing Market Assessment (SHMA) was undertaken by Cobweb Consulting on behalf of the South East London Housing Partnership (published in June 2014), covering the five boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark. The South East London SHMA identified a requirement for just under 7,200 dwellings per annum over the 2011-2031 period. However, it also identified a backlog of unmet need for affordable housing in South East London, identified at around 55,500.
- 2.16 Within the borough, the development plan consists of the London Plan (2016) and the Lewisham Core Strategy (2011), the Site Allocations Local Plan (2013), the Lewisham Town Centre Local Plan (2014) and the Development Management Local Plan (2014). These documents replaced the 2004 Lewisham Unitary Development Plan (UDP).
- 2.17 The Council has started work on a new Local Plan for the borough. This will provide the basis for future development, with a plan period of 20 years, 2020 to 2040. An initial Stage One *Consultation on Main Issues* was undertaken in 2015. This included a section on housing. It reported on the adopted London Plan's increased housing target for Lewisham at 1,385 dwellings per year. It also referenced the findings of the South East London SHMA (2014). The *Main Issues* consultation proposed that the Council will need to identify enough housing sites in the Borough to accommodate 25,000 additional dwellings during the Plan Period 2018-2033. The draft London Plan published in December 2017 revised Lewisham's net housing need to 2,117 per year over ten years 2019/20 to 2028/29.

Lewisham Corporate Strategy 2018-2022

- 2.18 Affordable housing and delivering genuinely affordable housing are key issues for the Council. The adopted Corporate Plan identifies a number of corporate priorities, one of which is tackling the housing crisis. It provides the following commitments:
- more social and genuinely affordable housing,
 - more mixed communities through a variety of tenure type in private developments,
 - improved standards across all housing sectors,
 - residents are supported to have a stronger voice.

Concluding comments

- 2.19 The main purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. The Government has established its housing and planning priorities within the context of local decision-making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth.
- 2.20 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate, this SHMA provides the Council with a range of material to inform the new Local Plan and shape local and sub-regional strategic housing priorities.

3. Understanding the housing market dynamics

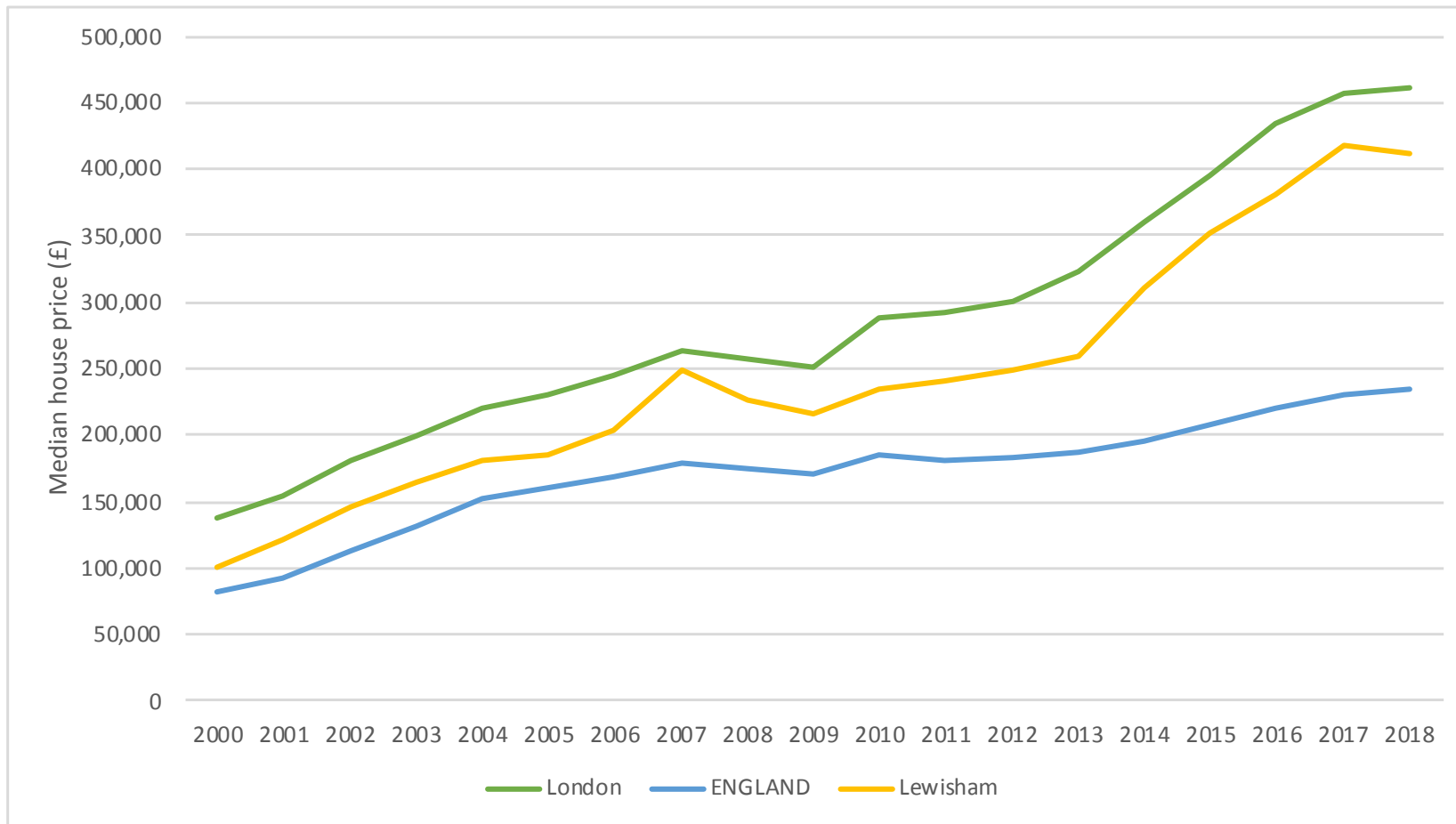
Introduction

- 3.1 The purpose of this chapter is to assess the geographical context of the housing market in the borough and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the dynamics of the housing market emerges.
- 3.2 This chapter considers house price trends, relative affordability, household migration, travel-to-work patterns and dwelling completions data for the borough. Qualitative research has been used to more fully understand other factors that are driving the housing market and how they vary across Lewisham's various "sub-areas". This provides a clear overview of the housing market dynamics of the area, providing the key evidence needed to determine the appropriate approach to assessing housing need.

House price trends

- 3.3 Figure 3.1 shows how house prices in the borough area have changed over the period 2000 to 2018, based on full-year Land Registry price paid data. This is compared with London as a whole (all borough areas) and England.
- 3.4 Median house prices in the borough have been consistently lower than those for the London region, but above those for England as a whole. Median house prices in the borough more than doubled in the period 2000-2007, rising from £99,995 in 2000 to £248,032 in 2007. The next five to six years saw price stagnation, reflecting regional and national trends, with median prices dropping to a low of £215,000 in 2009 and slowly recovering to £249,000 by 2012. Since 2013 there has been an accelerated rate of house price growth, with median prices rising from £259,848 (2013) to £418,000 by 2017 and during 2018 prices fell slightly to £412,250 .
- 3.5 Overall, median prices have increased from £99,995 in 2000 to £412,250 in 2018, an increase of 312.3%. Table 3.1 sets out comparative house price change over this period, comparing the borough with other neighbouring local authority areas, the London average, the South East average and the national average. This indicates that the rate of growth in the borough has been significantly higher than that experienced across the London Boroughs as a whole (+233%). The rate of growth in Lewisham (+312.3%) is greater than all of the neighbouring boroughs identified, followed by the London Borough of Greenwich (295.3%) and Southwark (254.8%).

Figure 3.1 Median house price trends 2000 to 2018: the Borough of Lewisham, London Boroughs and England



Source: Data produced by Land Registry © Crown copyright 2018

Table 3.1 Comparative house price change 2000-2018 with neighbouring local authority areas, London, the South East and England

Location	Median price (£)		% Change 2000-2018
	2000	2018	
Lewisham	£99,995	£412,250	312.3
Southwark	£155,000	£550,000	254.8
Lambeth	£156,875	£520,000	231.5
Greenwich	£106,500	£421,000	295.3
Bromley	£135,000	£430,000	218.5
Tower Hamlets	£162,500	£470,000	189.2
Croydon	£110,000	£370,000	236.4
London	£138,000	£460,000	233.3
South East	£112,000	£318,500	184.4
England	£82,000	£235,000	186.6

Source: Data produced by Land Registry © Crown copyright 2018

- 3.6 Table 3.2 sets out how lower quartile and median prices have changed across the borough over the period 2000 to 2018. This shows particular price increase in 2002, 2003 and then 2014-16 with a slight reduction in 2018. The table also illustrates how lower quartile and median household incomes needed to afford prices has changed assuming that properties cost no more than 3.5x a household income to be affordable.

Year	House Price (£)		Income to be affordable*		Annual % change in income requirement	
	Lower Quartile	Median	Lower Quartile	Median	Lower Quartile	Median
2000	£76,000	£99,995	£19,543	£25,713		
2001	£90,000	£122,000	£23,143	£31,371	18.4	22.0
2002	£113,500	£145,000	£29,186	£37,286	26.1	18.9
2003	£133,000	£165,000	£34,200	£42,429	17.2	13.8
2004	£146,000	£180,000	£37,543	£46,286	9.8	9.1
2005	£152,000	£185,000	£39,086	£47,571	4.1	2.8
2006	£160,000	£204,300	£41,143	£52,534	5.3	10.4
2007	£179,000	£248,032	£46,029	£63,780	11.9	21.4
2008	£180,000	£227,000	£46,286	£58,371	0.6	-8.5
2009	£170,000	£215,000	£43,714	£55,286	-5.6	-5.3
2010	£180,000	£235,000	£46,286	£60,429	5.9	9.3
2011	£185,000	£240,000	£47,571	£61,714	2.8	2.1
2012	£190,000	£249,000	£48,857	£64,029	2.7	3.7
2013	£205,000	£259,848	£52,714	£66,818	7.9	4.4
2014	£241,000	£310,000	£61,971	£79,714	17.6	19.3
2015	£273,000	£352,000	£70,200	£90,514	13.3	14.5
2016	£300,000	£380,000	£77,143	£97,714	9.9	1.4
2017	£327,000	£418,000	£84,086	£107,486	9.0	14.4
2018	£320,000	£412,250	£82,286	£106,007	-2.1	

Source: Data produced by Land Registry © Crown copyright 2018

*Assumes a 3.5x income multiple

- 3.7 Table 3.3 considers how median prices have changed over the period 2007 to 2018¹⁵ by ward. This shows an overall average change of 83.2% across the borough and in six wards median prices have more than doubled over this period.

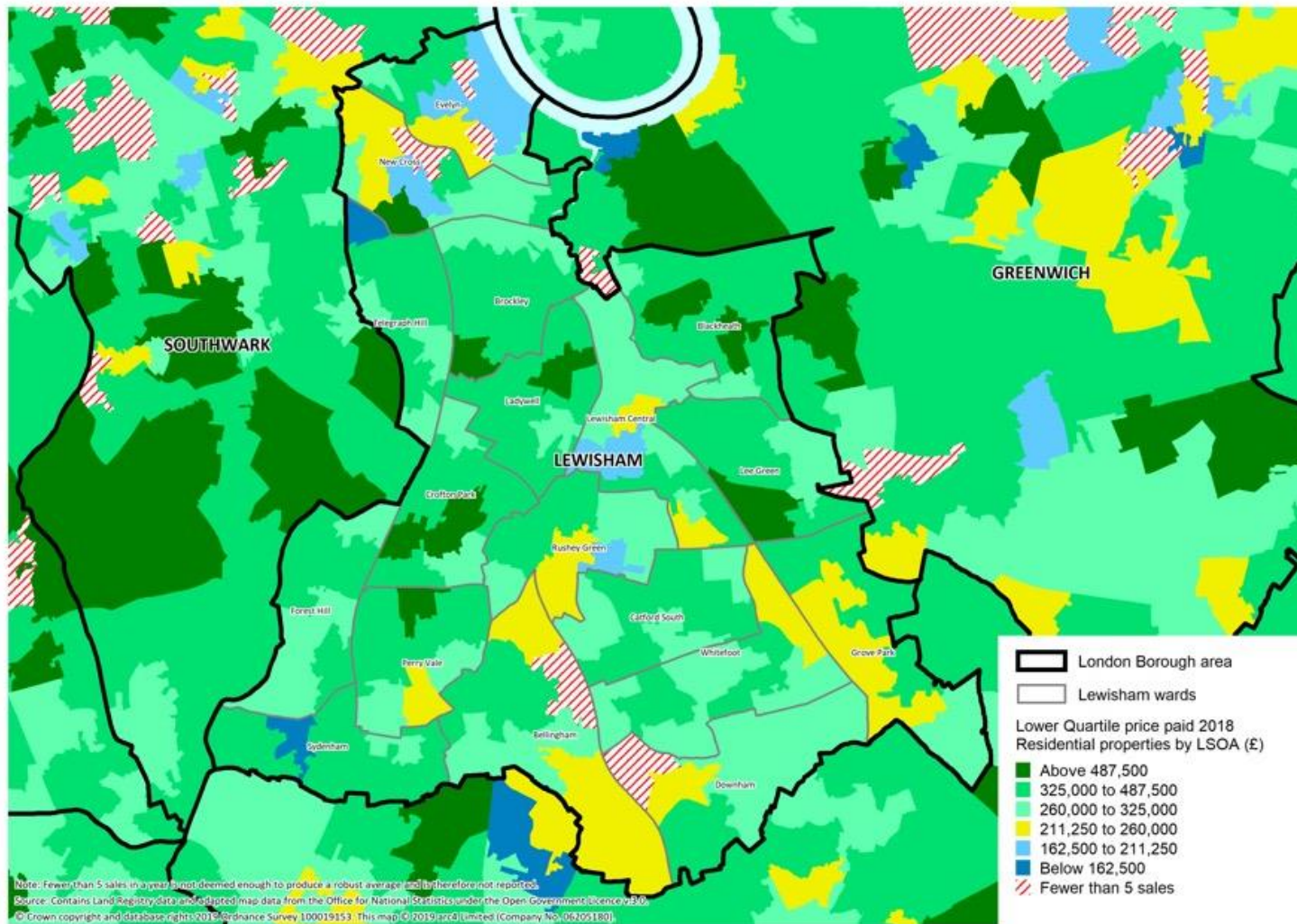
Ward	2007	2018	% change
Bellingham	£200,500	£360,000	79.6
Blackheath	£306,250	£407,000	32.9
Brockley	£231,000	£425,000	84.0
Catford South	£248,750	£462,500	85.9
Crofton Park	£268,500	£548,000	104.1
Downham	£200,000	£322,500	61.3
Evelyn	£200,000	£423,150	111.6
Forest Hill	£241,612	£382,500	58.3
Grove Park	£205,000	£372,500	81.7
Ladywell	£250,000	£505,000	102.0
Lee Green	£249,973	£515,000	106.0
Lewisham Central	£213,440	£355,000	66.3
New Cross	£172,250	£420,998	144.4
Perry Vale	£235,000	£443,000	88.5
Rushey Green	£200,000	£380,995	90.5
Sydenham	£214,995	£465,000	116.3
Telegraph Hill	£233,000	£430,000	84.5
Whitefoot	£203,000	£345,000	70.0
Total	£225,000	£412,250	83.2

Source: Data produced by Land Registry © Crown copyright 2018

- 3.8 During 2018, median prices across the borough were £412,250 and lower quartile prices were £320,000. The distribution of lower quartile and median house prices during 2018 is illustrated in Maps 3.1 and 3.2. This indicates particular pockets of higher prices in Crofton Park, Ladywell, Lee Green, Brockley and Blackheath. Lower prices were noted in Evelyn, New Cross and Bellingham wards.

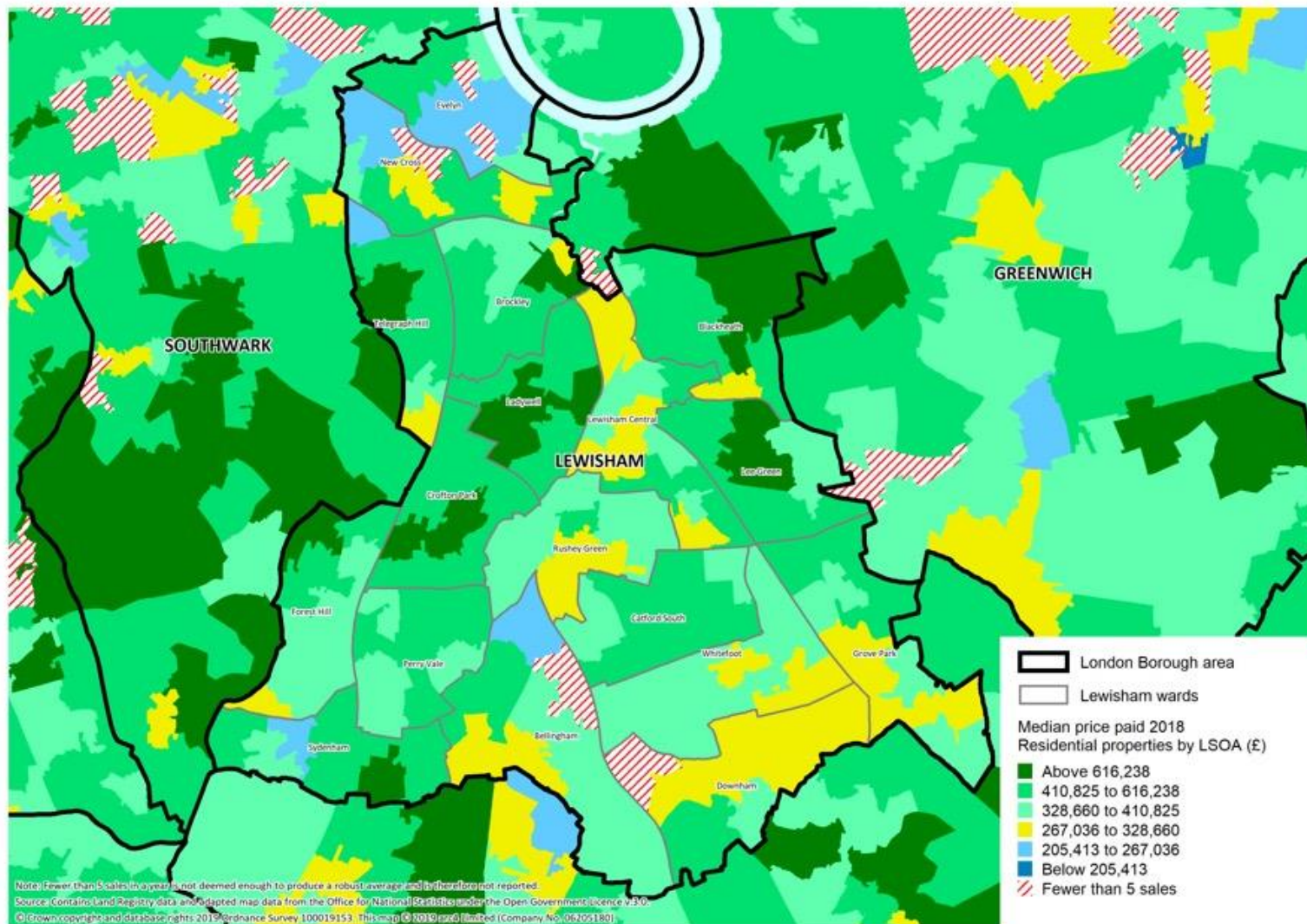
¹⁵ Detailed price paid data by ward has been assembled using Land Registry data for the period 2007 onwards

Map 3.1 Lower quartile house prices 2018 by super output area



Source: Data produced by Land Registry © Crown copyright 2018

Map 3.2 Median house prices 2018 by lower super output area



Relative affordability

- 3.9 The relative affordability of open market dwellings in the borough is compared with the other nearby London Boroughs in Tables 3.4 and 3.5. Also included in the tables are the ratios for London, the South East and England. These tables are produced by the MHCLG, based on a ratio of earnings to house prices using Land Registry Price Paid and ONS Annual Survey of Hours and Earnings data. Workplace-based and residence-based data are presented.
- 3.10 Table 3.4 ranks the boroughs by lower quartile affordability from least to most affordable in 2018. It also sets out affordability ratios for 2015 to 2017. It is worth noting that across the vast majority of the areas, including regional and national, there has been a worsening of affordability during the three-year period. Comparing lower quartile house prices with workplace-based earnings in 2018, the Borough of Lewisham had a ratio of 15.16, i.e. lower quartile prices are 15.16x lower quartile gross earnings. On this measure, Lewisham was one of the least affordable boroughs and it has been consistently less affordable than the London-wide average (12.99x earnings in 2018), the South East region (10.81x) and England (7.29x).

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Bromley	12.75	14.36	16.77	15.35	10.52	12.40	12.10	11.65
Lewisham	12.63	13.24	14.28	15.16	11.88	12.74	13.85	13.17
Lambeth	13.58	14.77	15.47	14.88	15.13	15.83	16.00	14.69
Southwark	13.06	13.81	15.39	14.02	14.28	15.62	16.22	15.24
Greenwich	10.58	13.47	14.17	13.84	11.15	12.75	13.53	13.12
London	11.38	12.80	13.27	12.99	12.16	13.53	13.95	13.70
Tower Hamlets	10.62	12.10	11.78	11.97	13.40	14.54	14.21	14.51
Croydon	10.40	11.96	12.32	11.52	10.24	10.88	12.12	11.54
South East	9.34	10.08	10.61	10.81	9.05	9.82	10.30	10.51
England	7.11	7.16	7.26	7.29	7.11	7.16	7.26	7.29

Sources: ONS Ratio of house price to workplace and residence-based earnings

- 3.11 In terms of relative affordability based on median prices (Table 3.5), the Borough of Lewisham had a median work-place based income to house price ratio in 2018 of 13.94. Based on median ratios, the Borough of Lewisham was relatively more affordable than Lambeth and Bromley; and less affordable than Southwark, Greenwich, Croydon, Tower Hamlets and London overall, the South East region and England.

Area	Workplace-based				Resident-based			
	2015	2016	2017	2018	2015	2016	2017	2018
Lambeth	12.91	14.42	14.70	14.49	13.53	15.01	15.03	13.89
Bromley	11.99	13.22	14.59	14.26	9.93	10.83	10.83	10.99
Lewisham	11.25	12.03	12.61	13.94	10.88	11.71	12.28	12.26
Southwark	12.72	13.46	14.23	13.92	13.59	14.72	15.28	15.19
Greenwich	10.88	12.76	12.87	12.95	10.57	11.87	12.67	12.17
Croydon	9.63	10.51	11.21	11.13	8.98	10.18	10.73	10.45
South East	9.13	9.76	10.25	10.38	8.81	9.43	9.79	9.93
Tower Hamlets	8.77	10.06	9.82	9.84	11.88	12.82	12.88	12.66
London	7.52	7.72	7.91	8.00	11.78	12.91	13.25	13.09
England	7.52	7.72	7.91	8.00	7.53	7.72	7.91	8.00

Sources: ONS Ratio of house price to workplace and residence-based earnings

Household migration

- 3.12 Data reported in the 2011 Census records 35,010 households in the Borough of Lewisham who moved address in the year preceding the Census. This data is set out in Table 3.6. It indicates that 44.6% of households who moved in the year preceding the Census originated from within the borough and a further 40.0% from other London Boroughs (of which 9.2% were from neighbouring Southwark, 5.6% from Greenwich, 3.7% from Lambeth and 3.2% from Bromley).

Place of Origin	Number	%
Lewisham	15,626	44.6%
Southwark	3,234	9.2%
Greenwich	1,958	5.6%
Lambeth	1,299	3.7%
Bromley	1,126	3.2%
Other London Boroughs	6,384	18.2%
South East	2,013	5.7%
Elsewhere in UK	3,370	9.6%
Total	35,010	100.0%

Source: 2011 Census

- 3.13 2011 Census indicates that of those moving out of the borough to elsewhere in the UK, 12.9% moved to Bromley, 10.9% to Greenwich, 10.8% to Southwark, 20.9% to elsewhere in London, 14.8% to the South East and 29.8% to elsewhere in the UK.

Travel to work trends

- 3.14 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in the Borough of Lewisham travel to other areas together with details of how many people commute into the area.
- 3.15 The 2011 Census identified the travel to work patterns of 122,250 working individuals who live in the borough. Looking only at the workplaces that these working residents travel to from their home in the Borough of Lewisham:
- 32,134 (26.3%) lived and worked in the borough (including those who work at home);
 - 18.6% commuted into the City of London and Westminster; and
 - 9.6% commuted into nearby Southwark,
 - 41.1% commuted into other London Boroughs; and
 - 4.4% commuted elsewhere
- 3.16 In addition, the 2011 Census reports a base of 53,500 individuals who work in the borough. Looking at the residents who work within the Borough of Lewisham:
- 20,625 people (38.6%) also live in the Borough of Lewisham;
 - 5,771 (10.8%) commute into Lewisham from the Borough of Greenwich;
 - 5,425 (10.1%) commute from Bromley;
 - 3,399 (6.4%) commute from Southwark;
 - 3,089 (5.8%) from Bexley;
 - 9,621 (18.0%) from elsewhere in London; and
 - 5,570 (10.4%) from outside London

Housing development (past and planned)

Past trends in housing delivery

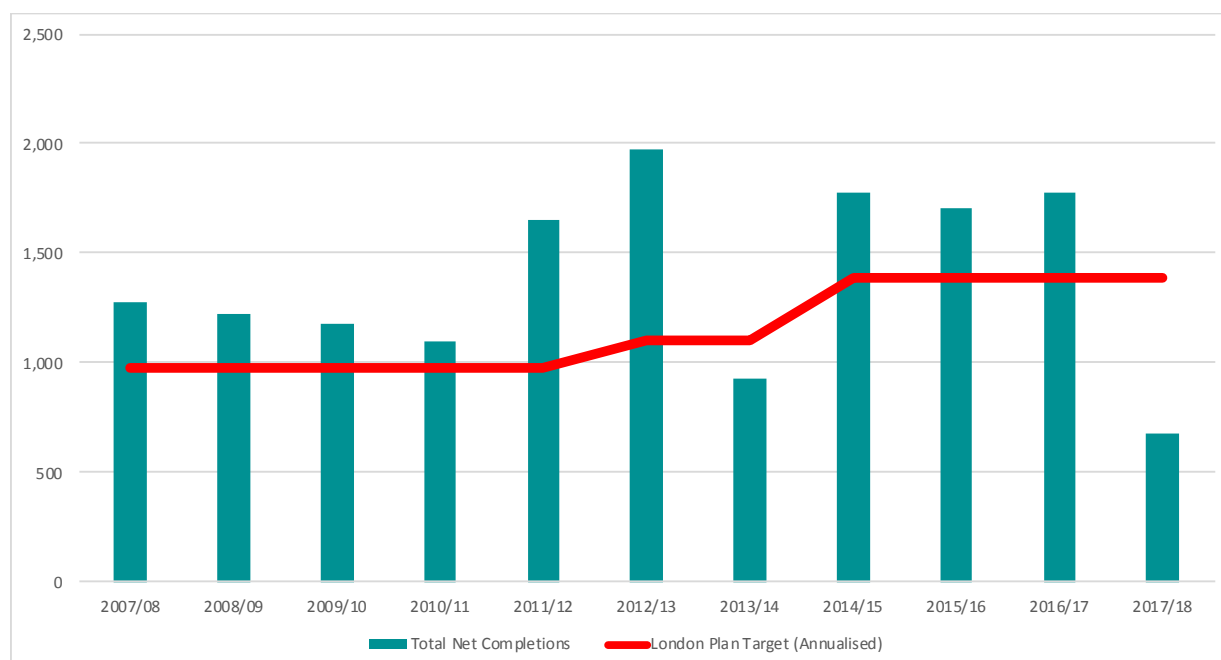
- 3.17 Over the eleven years, 2007/08 to 2017/18 there has been an average of 1,387 net housing completions each year across the borough (Table 3.7).

Year	Total Net Completions	London Plan Target (Annualised)
2007/08	1,278	975
2008/09	1,223	975
2009/10	1,179	975
2010/11	1,096	975
2011/12	1,653	975
2012/13	1,972	1,105
2013/14	928	1,105
2014/15	1,776	1,385
2015/16	1,702	1,385
2016/17	1,781	1,385
2017/18	674	1,385
11-year Total	15,262	
Annual Average	1,387	

Source: Borough of Lewisham Annual Monitoring Reports

3.18 A comparison of annual completions and the annual target is set out in graphical form in Figure 3.2. This indicates that in nine of the 11 years the borough has exceeded the London Plan annualised target.

Figure 3.2 Dwelling completions compared with the annual target



Source: Borough of Lewisham Annual Monitoring Reports

3.19 It is worth noting that the Draft New London Plan Policy HSG1 proposes raising the dwelling completion target for the Borough of Lewisham to 2,117 units per year. By way

of comparison, the annual average delivery has been 1,387 or 65.5% of the proposed target.

- 3.20 Table 3.8 sets out the price of new build dwellings sold over the period 2015-2017 and compares prices with overall property sales. It is particularly noticeable that the premium on new build has been accelerating in 2017.

Year	Newbuild price		All Sales		% Premium/Discount of newbuild	
	Lower Quartile	Median	Lower Quartile	Median	LQ	Median
2015	£301,000	£358,250	£272,550	£354,500	10.4	1.1
2016	£296,425	£370,000	£300,000	£379,000	(1.2)	(2.4)
2017	£396,000	£488,000	£320,000	£412,000	23.8	18.4

A qualitative perspective on housing market dynamics and drivers

- 3.21 Previous sections of this report have focused on describing the policy context and the widely accepted 'big picture' quantitative indicators such as price and affordability trends and flows of people. However, the price and rental maps 3.1 and 3.2 illustrate that housing costs vary considerably across Lewisham. An understanding of why price and affordability vary across Lewisham is crucial. The following qualitative research is designed to explain this at a local level and add context to the analysis of Lewisham's sub areas in later chapters of the report.
- 3.22 The information is quite detailed, so we lead with the key findings with supporting evidence below.

Interviews with estate and letting agents and observations made when visiting the borough

- 3.23 Interviews and observations revealed that:
- the Borough of Lewisham is playing a significant role within the wider Greater London housing market;
 - Lewisham is largely urban in nature being densely developed and populated however, Blackheath to the east, is an area of relatively large, high cost housing; other areas to the east and south east are more suburban in nature;
 - whilst the urban areas of Lewisham and Catford are closely connected in terms of road and rail links, they differ in role and character;
 - local housing markets are a good fit to local plan sub-area boundaries;
 - supply from re-sale and re-let market housing is curtailed because of uncertainty arising from the Brexit process;

- a key feature of the local area is that a great deal of family housing has been acquired by investors over time and sub divided to form smaller more affordable lettings, the planning policy response has been to resist this;
- the processes of gentrification, regeneration and planning policy is putting many low to medium income households at risk of displacement to more affordable areas within and outside the borough.

Introduction

- 3.24 The following information has been obtained from a small sample of interviews with estate and letting agents and from our observations when visiting the borough. We have reported agent views and perceptions as stated by them. Our aim was to get a better understanding of housing market dynamics and the geography of sub markets. The following narrative is based upon the 5 local plan sub-areas (Map 1.2).
- 3.25 Most estate agency brands operate from local branches and are self-contained with the branch area of operation being the town in which the branch is located. Letting agencies tend to be managed from a single office with local branches providing key holding and viewing services. Therefore, the information provided for each sub area below is a summary of information provided across several branches.
- 3.26 Throughout the investigation we sought to understand the options available for older people seeking more suitable housing as they aged. No agent raised this as being an issue. We were subsequently advised by council officers that the supply of modern apartments with lift access were readily available for market sale and rent affordable to many older people seeking to downsize from higher priced housing.

The south and west sub-areas

- 3.27 This contains the Sydenham, Forest Hill and other areas as far north as Brockley.
- 3.28 The area is typically low and medium rise, detached, semi-detached and terraced houses some of which have been subdivided into flats. Other flats are purpose built. The area has main service centres in the form of high streets but there are many smaller local service centres. Key to communications is the overground railway line that connects New Cross, Brockley and Sydenham to Croydon and beyond.
- 3.29 Agents told us that prices tend to be higher in the northern parts of the sub area. They told us that supply had been severely affected by Brexit uncertainty with many households choosing to stay put rather than find more suitable housing. Tenants are also staying put, anticipating change to the practice of agents charging fees.
- 3.30 There is a ripple effect due to households relocating from central and north London and local people moving south in the event that their existing housing is unsuitable.
- 3.31 We were told that it was difficult to gauge local market gaps as many households actively seeking housing currently lived outside the borough. They told us that family housing for rent was always in short supply and would let very quickly. Prospective tenants in receipt of benefit were almost entirely dependent on social tenancies as were older private rented sector tenants seeking suitable secure housing. Older homeowners

with significant equity had more choice due to the significant and growing apartment market.

- 3.32 Agents told us that landlords could help to meet growing demand for rented accommodation but are frustrated in doing so by planning policy that resists conversion of houses into flats. We were told that there is a growing practice of letting by room.

The north sub-area

- 3.33 Deptford and New Cross form this sub area.
- 3.34 A distinguishing feature of the sub area is its student population. Goldsmiths University is located at New Cross and Trinity Laban also have their main campus located within Lewisham. Greenwich is also located to the east of the borough. Students from these institutions live in purpose built and private rented sector housing in Deptford. New Cross agents told us that some students studying outside of the borough choose to live in the area and commute to their place of study as private rented sector student lettings tend to be more affordable.
- 3.35 Agents told us that there was little evidence to suggest that demand for private rented sector HMO student housing was weakening due to the increasing supply of purpose-built student housing. This is because many students could not afford purpose-built accommodation. There was a balance between student HMOs and residential housing, both shared and self-contained as some landlords preferred not to let to students.
- 3.36 Agents told us that they anticipated that forthcoming large-scale development of Convoys Wharf will have a considerable impact on the town of Deptford. It is anticipated that around 3,500 new homes will be established. Agents anticipate that this will be occupied mostly by young professionals both owning and renting facilitated by easy access to the Docklands Light Railway (DLR). They believe that this will stimulate the local economy and lead to the transformation of Deptford town centre in terms of its character, housing and retail offer. The area has a reputation for supporting people working, studying in the performing arts sector which will be displaced by a local economy geared towards professionals. Pubs will be replaced by bars and restaurants and as a consequence some commercial buildings will be converted into residential accommodation.

The central sub-area: Lewisham and Catford

- 3.37 We note the legacy of housebuilding in the Victorian and Edwardian eras within this corridor. Large detached semi-detached and terraced homes were established to support London's expanding middle class during and after the industrial revolution. Smaller suburban type dwellings found elsewhere in South London's metro land are not apparent until the southern part of the borough along the A21, south of Catford. The A205 South Circular road cuts through Catford and we experienced significant congestion where the two roads meet.
- 3.38 Agents told us that Lewisham town has seen significant housebuilding and investment with appreciating house prices and rents from the point that the DLR extension was proposed for the town. Since then the town has continued to attract young

professionals partly due to the continuing level of new build housing, particularly high-rise apartment blocks close to Lewisham station.

- 3.39 Agents told us that Catford town was already seen by individuals and investors as an investment opportunity, and owners were tending to 'stay put' due to the potential for capital appreciation of their property. As one agent put it investors were now 'after the scraps' being short lease properties or those subject to probate problems. He also commented that the ban on conversions was 'biting' resulting in an undersupply of rented housing as growth in the sector was not keeping up with demand. The agent also told us that some potential purchasers seeking a Victorian or Edwardian house in Catford or Lewisham for their families, avoided dwellings with a poor street scene. This was a consequence of a high proportion of houses being subdivided and insufficient space for car parking and wheelie bins.

The east sub-area

- 3.40 Blackheath village is a high-quality environment offering a distinctive retail offer and lifestyle to those who can afford it. There are a number of distinctive dwellings that sit within premium housing that is untypical of the rest of the borough.
- 3.41 However, Blackheath is bounded by Lewisham to the west and Hither Green to the south which is part of the East sub-area. The character of these areas is very similar on the eastern outskirts of Lewisham town and in Hither Green almost to the south circular road (A205). This area mostly consists of larger detached and semi-detached residences, a very high proportion of which have been subdivided, some into family sized apartments. Approaching the south circular road and south of it the character slowly changes to smaller dwellings built in a later era, with fewer subdivided. More recent purpose-built apartments are apparent around Grove Park. The area also contains clusters of social rented and former social rented houses and apartments.
- 3.42 Agents told us that the area as a whole is less densely built than the Lewisham town centres and attracted slightly higher prices. However, agents also explained that the market was sluggish, around 10% of homes advertised had not sold after 6 months of being offered on the market.
- 3.43 Agents at Catford and Blackheath drew our attention to the large Berkeley Homes development at Kidbrooke, east of Lewisham town and Blackheath on the Royal Borough of Greenwich. We asked if they were aware of whether this development was having any impact on the borough's housing market. Agents in Blackheath thought there was some interest in the scheme from local households. Lewisham agents believed that existing and potential households would prefer to live in Lewisham due to its DLR link. Agents in Catford thought that it, and any new development in Catford would not be affordable to local people.

The spare room market

- 3.44 One agent referred to room letting by landlords. We investigated this via the SpareRoom website portal. Other similar portals carried the same vacancies, so we have based our analysis on this portal only as it is one of the larger ones.

- 3.45 We have noticed over several years that the spare room market has changed from mostly individuals letting spare rooms in their home, which attracts a tax break, to landlords offering rooms in rented housing. Some will be self-contained, others will share facilities. Also in the mix are short and longer term lettings, week day lettings, whole house shares etc.
- 3.46 There were 1,100 vacancies advertised as at July 2018 with over half being in New Cross and Deptford. Whilst these are student housing areas, none were being marketed to attract students, as is apparent in other university towns and cities we have researched.
- 3.47 There are relatively few room lettings in the south of the borough especially Sydenham and Forest Hill.

Concluding comments

- 3.48 The purpose of this chapter has been to consider the general housing market context of the Borough of Lewisham and its inter-relationships with other areas. By reviewing house prices, relative affordability, migration, travel to work patterns and dwelling completions, a picture of the market dynamics of the borough emerges.
- 3.49 House prices in the borough remain lower than those for London as a whole. In 2018, the median house price in the borough was £412,250, which is lower than that for London as a whole at £460,000 but considerably higher than the national average of £235,000. Housing costs vary considerably across the borough. Median house prices have also increased by 312.3% during 2000 and 2018, greater than that experienced by London as a whole and all of the neighbouring London Boroughs.
- 3.50 Relative affordability, taking account of average earnings, shows a similar trend. Based on a median ratio of 13.94, and a lower quartile ratio of 15.16, Lewisham is considerably less affordable than the London wide, South East and England averages.
- 3.51 2011 Census migration data indicates that 35,000 living in the borough had moved into their home during the year preceding the Census. Of these, 44.6% moved from within the borough and 40.0% had moved from other London boroughs.
- 3.52 In terms of travel-to-work patterns, the 2011 Census indicates that 26.3% of those residents of the borough who are employed work within the borough area. This means that almost three-quarters of employed residents travel out of the borough to their place of work. In contrast, of the individuals who work in the borough, 38.6% also live within the Borough of Lewisham. Out-commuting is therefore considerably higher than in-commuting.
- 3.53 In terms of housing development, there was an average of 1,387 dwelling completions per year in the 11-year period 2007/08 to 2017/18, exceeding the annualised target in nine of the 11 years. The Draft New London Plan (2017) sets a target of 2,117 dwelling completions in the borough over the period 2019/20-2028/29.

4. Housing stock review

Introduction

- 4.1 The purpose of this chapter is to explore the characteristics of the London Borough of Lewisham housing stock focusing on the current stock profile, condition and tenure characteristics. This includes a detailed analysis of the major tenures: owner occupation, the private rented sector and affordable accommodation.

Estimates of current dwellings in terms of size, type, condition, tenure

- 4.2 This 2019 study assumes a total of 125,990 dwellings¹⁶ in the borough. In 2017 the vacancy rate was around 1.7% which compares with a vacancy rate of 2.6% across England¹⁷. The vacancy rate in the borough is below the 'transactional vacancy level' of 3%, which represents the proportion of stock which would normally be expected to be vacant to allow movement within the market.
- 4.3 Baseline dwelling statistics for wards is set out in Table 4.1 and sub-areas in Table 4.2.

Ward	Total Dwellings	(%)
Bellingham	6,700	5.3
Blackheath	6,860	5.4
Brockley	8,970	7.1
Catford South	5,930	4.7
Crofton Park	6,390	5.1
Downham	6,320	5.0
Evelyn	8,340	6.6
Forest Hill	6,740	5.3
Grove Park	6,420	5.1
Ladywell	4,990	4.0
Lee Green	6,350	5.0
Lewisham Central	10,160	8.1
New Cross	7,780	6.2
Perry Vale	6,890	5.5
Rushey Green	7,070	5.6
Sydenham	7,160	5.7
Telegraph Hill	6,910	5.5
Whitefoot	6,010	4.8
Lewisham Borough Total	125,990	100.0

Source: Valuation Office Agency 2017

¹⁶ 2017 Council Tax data

Sub-area	Total Dwellings	(%)
Central	23,160	18.4
East	19,630	15.6
North	16,120	12.8
South	19,030	15.1
West	48,050	38.1
Borough of Lewisham Total	125,990	100.0

Source: Valuation Office Agency 2017

Property size and type

- 4.4 Based on 2017 Valuation Office Agency data, over one half of residential properties (58.1%) in the borough are flats, apartments or maisonettes. 41.5% of properties are houses (of which 32.5% are terraced, 7.7% are semi-detached and 1.3% are detached houses) and 0.4% are bungalows.
- 4.5 Of all occupied properties, 26.4% have one bedroom, 33.0% have two bedrooms, 30.4% have three bedrooms and 10.1% have four bedrooms. Table 4.3 compares the stock profile of the borough with Inner London, London and England. Despite being an Inner Borough, the stock profile of Lewisham is broadly similar to that of London as a whole, although the proportion of detached and semi-detached houses is lower, with the proportion of terraced houses slightly higher.

	Lewisham	Inner London	London	England
Dwelling type				
House - Detached	1.3	0.7	3.7	15.8
House - Semi-detached	7.7	2.7	13.2	24.3
House - Terraced	32.5	20.4	26.5	27.0
Flat	58.1	76.0	55.0	23.2
Bungalow	0.4	0.2	1.6	9.6
Total	100.0	100.0	100.0	100.0
Dwelling size				
1	26.4	32.3	23.4	12.2
2	33.0	34.4	31.3	28.6
3	30.4	23.1	34.5	44.1
4	10.1	10.2	10.8	15.2
Total valid	100.0	100.0	100.0	100.0
Base (all Stock)	125,830	1,527,730	3,564,520	23,977,480

Source: Valuation Office Agency 2017

- 4.6 Table 4.4 shows property type and size information for the borough as a whole, based on Valuation Office 2017 data.

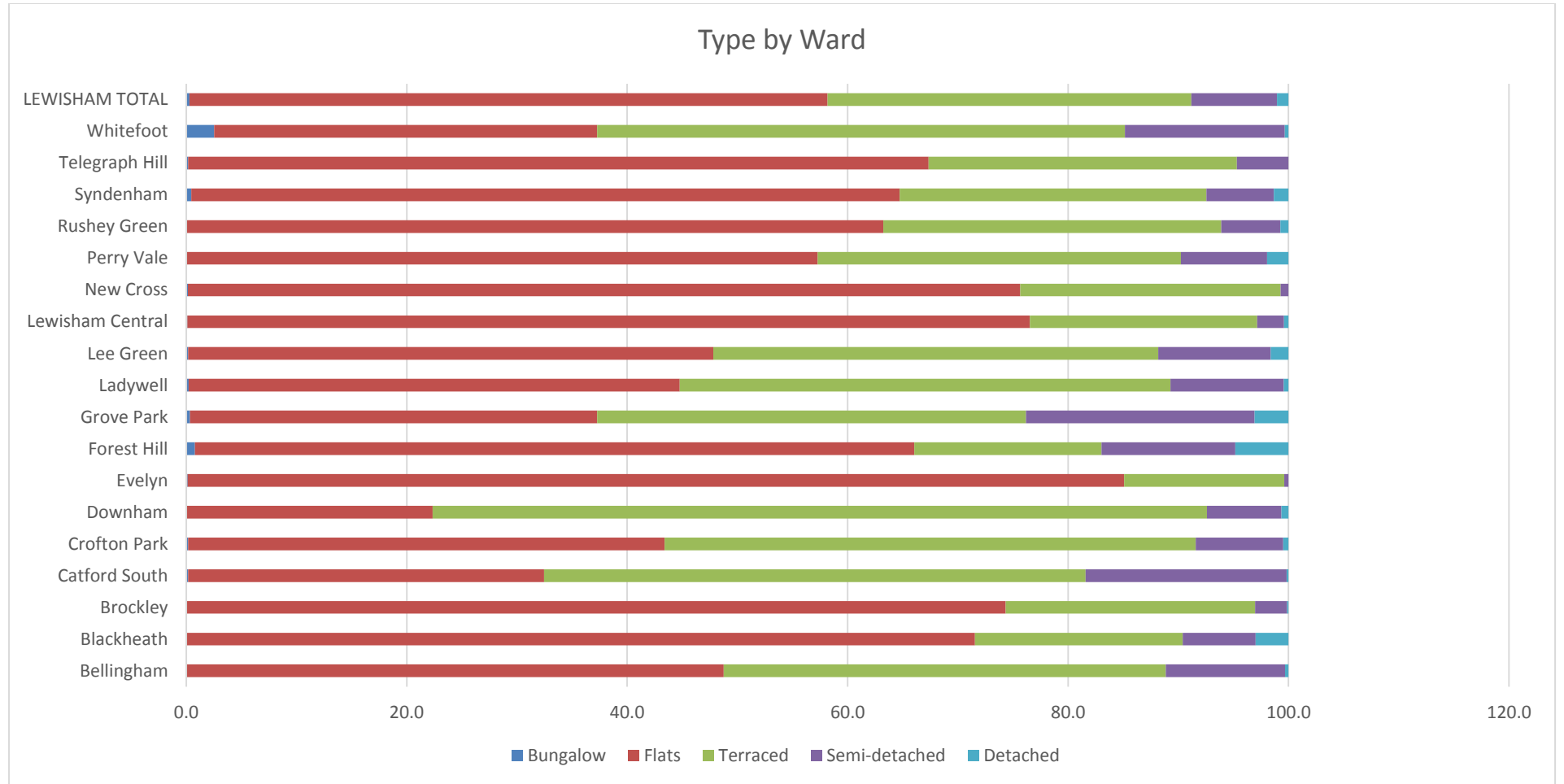
Property Type	No. Bedrooms (Table %)				Total	Base
	One	Two	Three	Four		
Flats/maisonettes	25.8%	24.9%	6.2%	0.7%	57.7%	68,580
Detached house	0.0%	0.1%	0.5%	0.6%	1.3%	1,500
Semi-detached house	0.0%	0.5%	4.8%	2.6%	7.8%	9,320
Terraced house	0.4%	7.3%	19.0%	6.2%	32.8%	39,020
Bungalow	0.1%	0.2%	0.0%	0.0%	0.4%	450
Total	26.4%	33.0%	30.4%	10.1%	100.0%	118,870
<i>Base</i>	31,400	39,270	36,160	12,040	118,870	-

Source: Valuation Office Agency 2017

Note: data on type and size does not include the 'unknown' and 'other' counts which is why this total differs from the total in table 4.1 above.

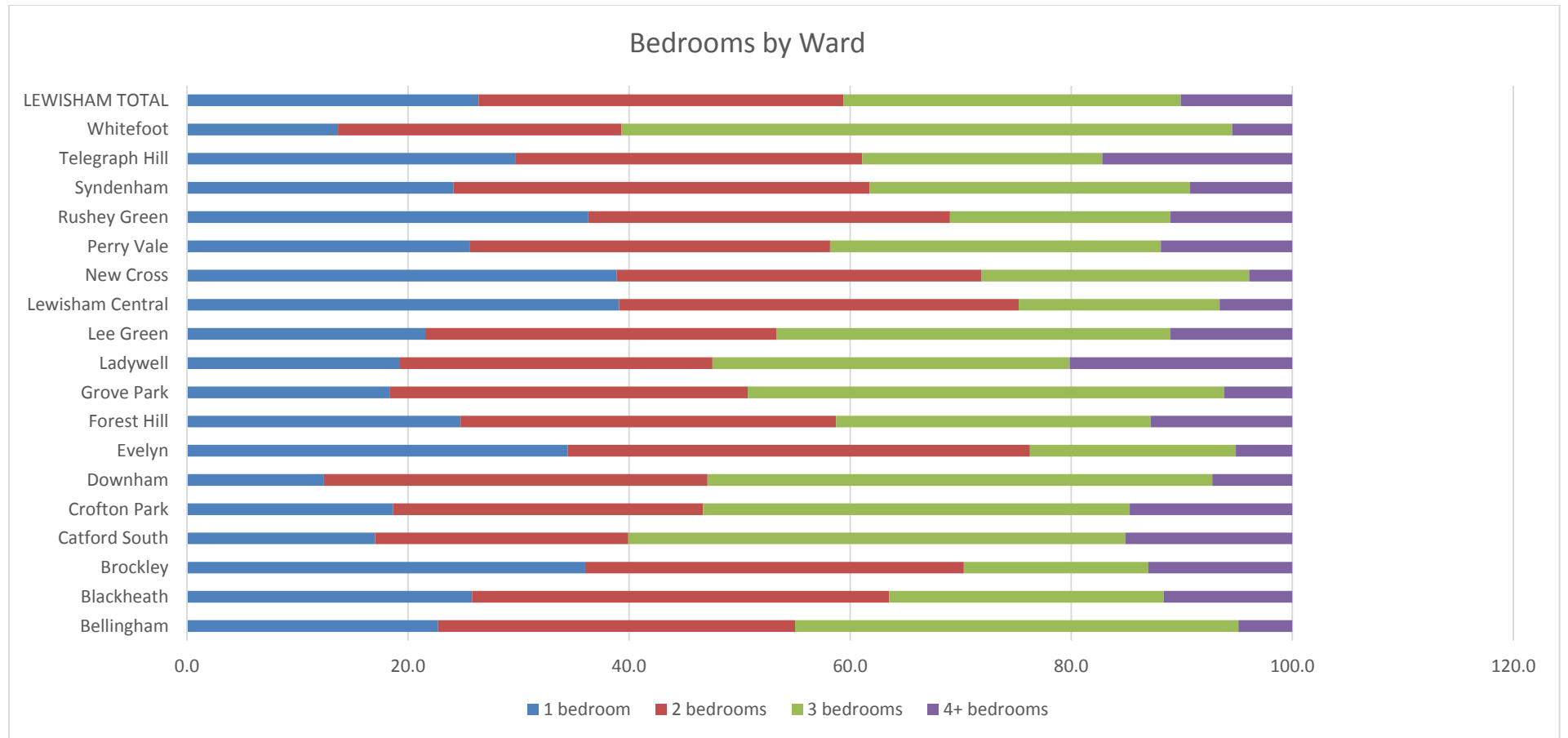
- 4.7 How property type varies by ward is set out in Figure 4.1. Across the borough, 57.7% of dwelling stock is flats/maisonettes; the highest proportion of flats/maisonettes amongst all the wards is found in Evelyn (84.9%), followed by Lewisham Central (76.4%) and then New Cross (75.5%). A further 32.8% of the housing in the borough is terraced or town houses, with the highest proportion found in Downham (70.3%). While only 1.3% of the borough stock is detached housing, the highest proportion is found in Forest Hill (4.8%). The highest proportion of semi-detached properties is found in Grove Park (20.7%) with an overall borough level of 7.8%.
- 4.8 Figure 4.2 shows variations in number of bedrooms across the wards and the borough as a whole. This shows a high proportion of larger properties with four or more bedrooms in Ladywell (20.1%) and Telegraph Hill (17.2%) wards. A high proportion of smaller (one and two bedroom) properties are seen in Evelyn (76.3%) and Lewisham Central (75.3%). The highest proportions of three-bedroom dwellings are found in Whitefoot (55.3%).
- 4.9 Map 4.1 illustrates the predominant dwelling type across the Borough by Lower Super Output Area. This shows the predominance of flats and terraced houses across most LSOAs, notable exceptions being bungalows within Brockley ward and semi-detached houses in Catford South, Whitefoot and Downham.

Figure 4.1 Property type by ward



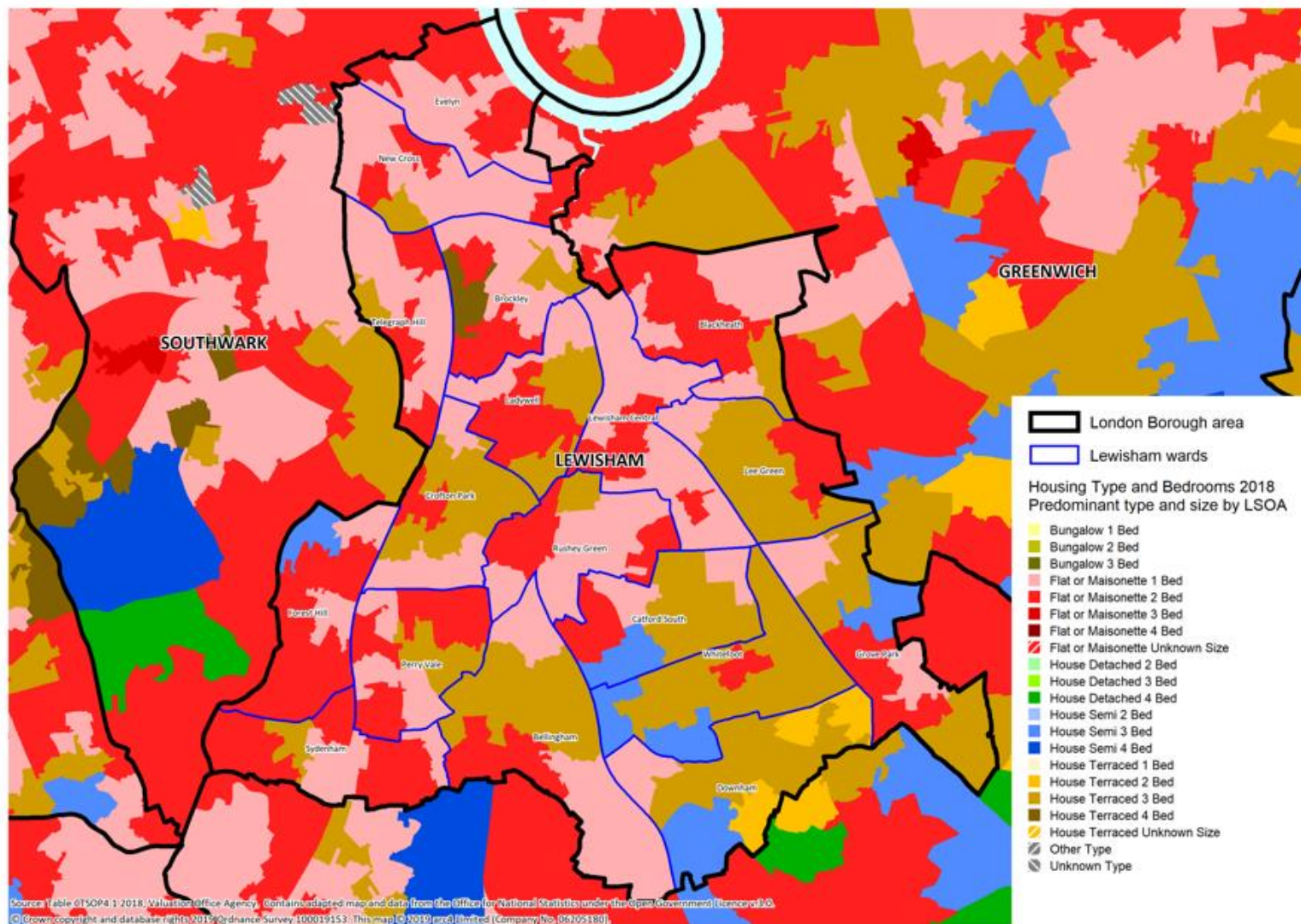
Source: Council Tax 2017

Figure 4.2 Number of bedrooms by ward



Source: Council Tax 2017

Map 4.1 Predominant dwelling type and size



Property age and condition

- 4.10 The age profile of dwelling stock in the Borough of Lewisham is summarised in Table 4.5. The majority of the Borough's dwellings (56.8%) were built before the end of the Second World War (37.3% pre-1919 and 19.5% in the period 1919-44).

Age of Dwellings	Number	%
pre-1919	45130	37.3
1919-44	23570	19.5
1945-64	12640	10.4
1965-82	16260	13.4
1983-99	8920	7.4
post 1999	14440	11.9
Total	120,960	100.0
Unknown	4,930	
Grand Total	125,890	

Source: Valuation Office Agency 2017

- 4.11 The English Housing Survey produces national data on dwelling condition. Applying national trends to the stock profile of the borough based on age would suggest that around 25.2% of dwelling stock is non-decent, which is above the national average of 20.6% (Table 4.6). The number of dwellings likely to fail the minimum standard of decent homes criteria is estimated to be 15.8% (compared with 11.9% nationally). However, this is only indicative and based on national data applied to the borough.
- 4.12 A full definition of what constitutes a decent home is available from MHCLG¹⁸ but in summary a decent home meets the following four criteria:
- a. It meets the current statutory minimum for housing;
 - b. It is in a reasonable state of repair;
 - c. It has reasonably modern facilities and services; and
 - d. It provides a reasonable degree of thermal comfort.

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

Table 4.6 Dwelling stock condition in England and Lewisham estimates								
England		Fails decent homes criteria					All dwellings in group (000s)	% dwellings
Dwelling age (ehs)	-	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	-	40.1	28.7	11.2	3.9	11.9	4,648	20.0
1919-44	-	24.1	13.1	7.6	1.7	7.6	3,930	16.9
1945-64	-	16.6	8.0	3.6	2.0	5.7	4,505	19.4
1965-80	-	17.5	8.8	1.8	1.9	7.6	4,757	20.5
1981-90	-	17.6	4.7	*	.9	13.5	1,953	8.4
post 1990	-	1.5	1.5	*	*	*	3,460	14.9
Total		20.6	11.9	4.6	1.9	7.5	23,254	100.0
Lewisham		Fails decent homes criteria (estimate)					All dwellings	% dwellings
Dwelling age (ehs)	Dwelling age (voa)	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	pre-1919	18107	12947	5055	1739	5384	45130	37.3
1919-44	1919-44	5669	3089	1780	404	1790	23570	19.5
1945-64	1945-64	2103	1006	460	247	722	12640	10.4
1965-80	1965-82	2841	1426	297	309	1232	16260	13.4
1981-90	1983-99	1570	422	*	84	1201	8920	7.4
post 1990	post 1999	211	211	*	*	*	14440	11.9
Total		30502	19101	7593	2783	10330	120,960	100.0
% of all stock in Lewisham		25.2	15.8	6.3	2.3	8.5		
National % (as above)		20.6	11.9	4.6	1.9	7.5		

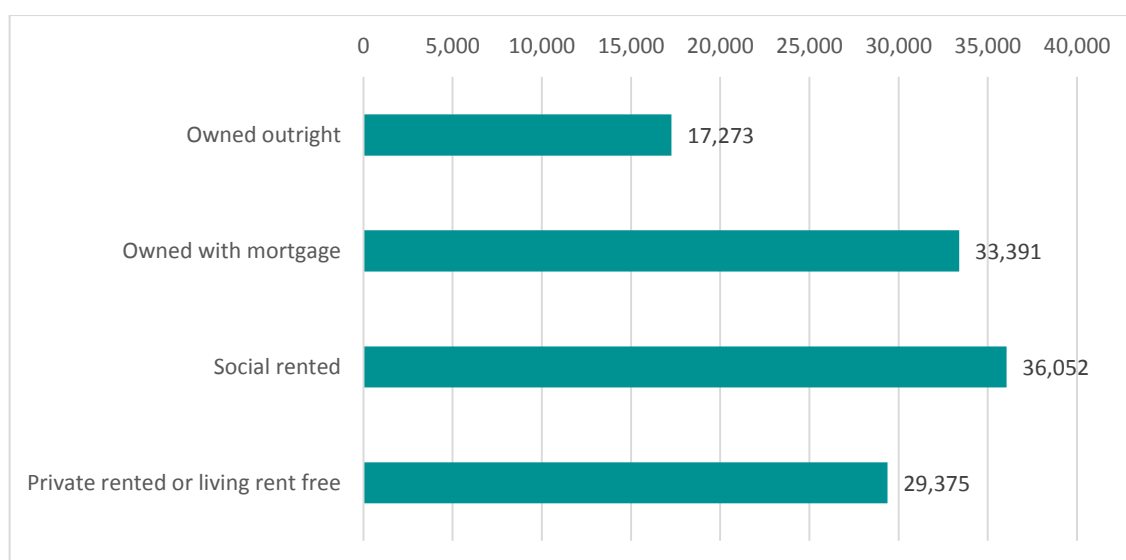
Source: English Housing Survey 2013 data applied to 2016 Valuation Office Agency dwelling stock age profile

Note '**' indicates sample size too small for reliable estimate

Property tenure

- 4.13 Greater London Authority (GLA) data for 2016 based on the Annual Population Survey (APS) estimates that 49.2% of the housing stock in Lewisham is owner occupied, 27.6% social rented and 23.2% private rented.
- 4.14 Based on the 2011 Census, the tenure profile of the borough is summarised in Figure 4.3. Overall, 43.6% of occupied dwellings are owner-occupied, 31.1% are rented from a social housing provider and 25.3% are private rented (including tied accommodation).

Figure 4.3 Borough of Lewisham: tenure profile of occupied dwellings



Source: 2011 Census

- 4.15 The tenure profile varies across the borough, as set out in Tables 4.7 (ward), Table 4.8 (sub-area) and Figure 4.4, based on Census 2011 data. Ward-level analysis (Table 4.7) indicates that the proportion of owner-occupied dwellings is highest in Catford South (66.4%). In comparison, the highest proportion of affordable housing can be found in Evelyn ward (57.3%).
- 4.16 Regarding sub-areas (Table 4.8), the highest proportion of affordable housing is in North (42.2%); private renting is highest in West (27.2%) and Central (26.9%); the highest proportion of owner occupiers are in East (56%).

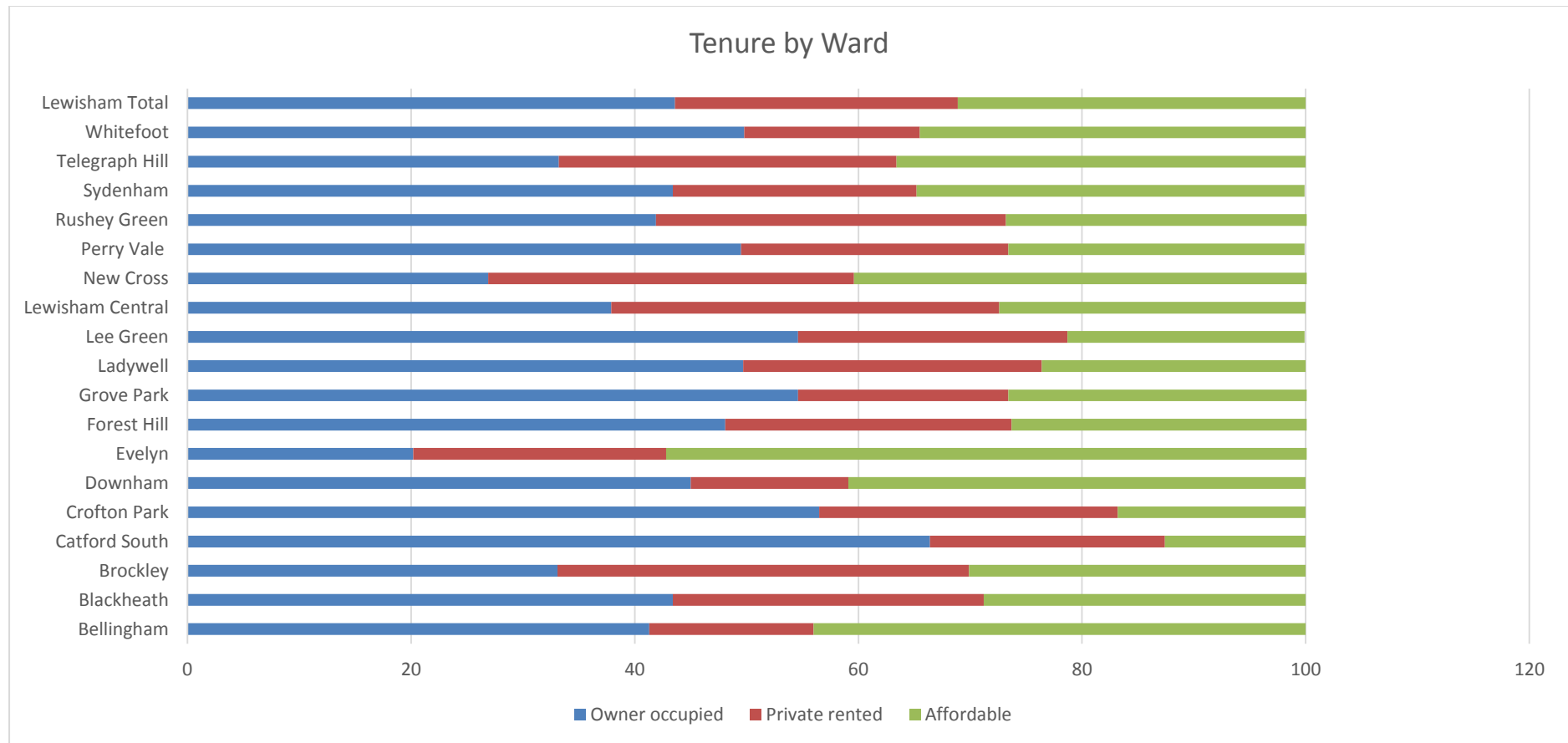
Table 4.7 Housing tenure by ward (%)				
Ward	Owner occupied	Private rented	Affordable	Base
Bellingham	41.3	14.7	44.0	6,107
Blackheath	43.4	27.8	28.8	6,423
Brockley	33.1	36.8	30.1	7,435
Catford South	66.4	21.0	12.6	5,712
Crofton Park	56.5	26.7	16.8	6,263
Downham	45.0	14.1	40.9	6,061
Evelyn	20.2	22.6	57.3	6,883
Forest Hill	48.1	25.6	26.4	6,506
Grove Park	54.6	18.8	26.7	6,182
Ladywell	49.7	26.7	23.6	5,762
Lee Green	54.6	24.1	21.2	6,320
Lewisham Central	37.9	34.7	27.4	7,722
New Cross	26.9	32.7	40.5	6,576
Perry Vale	49.5	23.9	26.5	6,707
Rushey Green	41.9	31.3	26.9	6,257
Sydenham	43.4	21.8	34.7	6,793
Telegraph Hill	33.2	30.2	36.6	6,855
Whitefoot	49.8	15.7	34.5	5,527
Lewisham Total	43.9	25.1	31.0	116,091

Source: 2011 Census

Table 4.8 Housing tenure by sub-area (%)				
Sub-area	Owner occupied	Private rented	Affordable	Base
Central	39.5	26.9	33.6	19,691
East	56.0	20.6	23.4	18,925
North	33.8	24.1	42.2	13,459
South	52.9	23.2	23.9	17,695
West	40.4	27.2	32.4	46,321
Lewisham Total	43.9	25.1	31.0	116,091

Source: 2011 Census

Figure 4.4 Property tenure by ward



Source: Census 2011

Location	Owner Occupied %	Private Rented %	Affordable Total (SR/RP/ Intermediate) (%)	Total (%)
Lewisham	43.9	25.1	31.0	100.0
Inner London	34.3	29.8	35.9	100.0
London total	48.3	26.4	25.4	100.0
England	63.3	18.2	18.5	100.0

Source: 2011 census

- 4.17 Table 4.9 compares the tenure profile of Lewisham with other areas. Note that the profile is broadly comparable with the London average, although the proportion of households living in affordable dwellings is higher and more comparable with the Inner London average.

Owner-occupied sector

- 4.18 According to the 2011 Census, 43.6% of households across the borough are owner occupiers. 14.9% of all households (17,273) own outright and 28.8% of all households (33,391) have a mortgage or loan.
- 4.19 GLA data (based on the Annual Population Survey) estimates that 49.2% of the housing stock in the borough is owner occupied, which is a slightly higher proportion than the 2011 Census figure.
- 4.20 In terms of dwelling type, 2011 Census data indicates that 66.8% of owner-occupied dwellings in the borough are houses. Of these, 43.1% are terraced, 20.0% semi-detached and 3.7% detached. This compares with 44.7% of the total stock that are houses. 33.2% of the owner-occupied dwellings in the borough are flats, compared with 55.3% of total stock across the borough.
- 4.21 With regards to dwelling size, 2011 Census data shows that 42.1% of owner-occupied dwellings in the borough have three bedrooms and a further 17.6% have four or more bedrooms. 40.4% of the owner-occupied stock comprises of smaller dwellings with one or two bedrooms (11.7% one bedroom and 28.7% two bedroom). This compares with 58.5% of the total stock that has one or two bedrooms, 30.2% three bedrooms and 11.3% four or more bedrooms.
- 4.22 As summarised in Table 3.2, over the period 2000 to 2018, Land Registry data reveals that lower quartile, median and average house prices across the borough increased dramatically. In the year 2000, a household income of £19,543 was required for a lower quartile price to be affordable; by 2018 this had increased dramatically to £82,286. In comparison, an income of £25,713 was required for a median priced property to be affordable in 2000 compared with £106,007 in 2018.
- 4.23 A range of socio-economic and demographic information on borough residents has been obtained from the 2011 Census. Some interesting observations relating to owner-occupiers include:

- In terms of household type, 14.0% of owner occupiers are older (65 or over) singles and couples, 16.5% are couples (under 65 with no children), 20% are couples with children under 18, 6.4% are couples with non-dependent children, 22.4% are singles (under 65), 4.9% are lone parents with adult children, 4.5% are lone parents with children under 18 and 11.2% are other household types;
 - 77.3% of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment and a further 17.9% are wholly retired from work
- 4.24 19.4% of households in owner occupation are aged over 65. 80.6% are aged under 65, with 28.1% being between the ages of 50 and 64 and 38.5% aged between 35 and 49. Only 14% of owner occupiers were aged under 35.
- 4.25 The online survey of stakeholders (set out in full in Appendix C) found that high house prices are a key factor into why people employed in the Borough of Lewisham commute in from other boroughs. High demand for open market housing was particularly identified in the north of the borough, including New Cross and Deptford, and also close to railways stations. It was considered that parts of south Lewisham are not so well served by transport links and proximity to main employment centres; hence slightly lower demand. Houses were noted as being particularly popular amongst buyers, with the trends towards high density developments of flats/apartments potentially driving away households who would prefer traditional houses.
- 4.26 A mixed demand demographic was reported by stakeholders, including new families looking for houses and single people looking for flats. In-migration was mentioned, with new households moving into the borough from elsewhere and driving up demand. However, homelessness was also highlighted, with one stakeholder expressing the view that the gentrification of the area is driving poorer families to homelessness.
- 4.27 Stakeholders were asked for their views on house price and rental price trends in the borough. Increasing house prices in Brockley, Forest Hill, Hither Green, Sydenham and New Cross were mentioned, with a knock-on effect on other areas. Some stakeholders felt that prices have now stabilised, part of a general downward trend across London impacted by interest rates, availability of mortgage finance and the size of deposits which has the potential to improve the relative affordability of prices. Affordability tests from lenders are also considered to have softened demand slightly, but supply shortfalls were considered to have outweighed this impacting much on prices. Respondents felt that uncertainties arising from Brexit may dampen market sentiment in the short term, but prices are expected to recover as the fundamental supply and demand issues will remain.
- 4.28 One stakeholder reported that there is weakening demand for Buy to Let, driven by tax changes, but this may have a positive effect of helping first time buyers to compete in the market. One social landlord stated that requests to buy homes from existing tenants peaked after Right to Buy (RTB) discounts were increased but have decreased since; even with high RTB discounts some working tenants cannot afford the cost of buying their house.
- 4.29 Stakeholders considered housing affordability to be an issue across the entire borough, but with some spatial variation: *'some parts are hugely unaffordable, some affordable*

to the higher earners, all unaffordable to those on low income'. It was noted that affordability is a particular problem for single people and those on fixed incomes.

Private rented sector

- 4.30 The Government's Housing Strategy (November 2011)¹⁹, set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.
- 4.31 The private rented sector in England is growing; the Census figures for 2011 confirmed that nationally the sector totalled 16.8%, an increase from 8.8% in 2001. Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would-be' homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and the sector clearly now plays a vital role in meeting housing needs as well as providing an alternative to homeownership.
- 4.32 Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.
- 4.33 The 2011 Census indicates that the private rented sector accommodates around one quarter (25.1%) of households across the borough (29,375 households). GLA data (based on the Annual Population Survey) estimates that 23.2% of dwellings in the borough are private rented. This is comparable with the Census information.
- 4.34 In terms of dwelling characteristics, almost three-quarters (73.5%) of the private rented sector stock in the borough comprises flats/apartments. Just over one-quarter (26.5%) of dwellings are houses, of which 15.4% are terraced, 8.0% semi-detached and 3.2% detached houses. Private rented dwellings tend to be smaller than the borough average, with around three-quarters (74.1%) of properties being one or two bedrooms (35.8% one bedroom and 38.3% two bedrooms); 18.2% of properties have three bedrooms and 7.7% have four or more bedrooms.
- 4.35 Considering the cost of renting, Tables 4.10 and 4.11 set out the comparative median and lower quartile rents for the borough, London, the South East and England as a whole.
- 4.36 The tables indicate that 2018 median (£1,248 pcm) and lower quartile (£1,001 pcm) rental prices are lower in the borough than in London as a whole but higher than the prices in the South East and England.

¹⁹ *Laying The Foundations; A Housing Strategy for England, 2011*

- 4.37 Comparing the rental price in 2018 with that in 2010 indicates that there has been an inflation increase of 40% in median and 25.6% in lower quartile rental prices in the borough during the period. The rate of increase has been higher in the borough than across London, the South East and England. In terms of affordability, the ratio of lower quartile earnings to rents has increased from 42.5% in 2010 to 56% in 2018; and the ratio of median earnings to median rents has increased from 37.2% in 2010 to 53% in 2018.

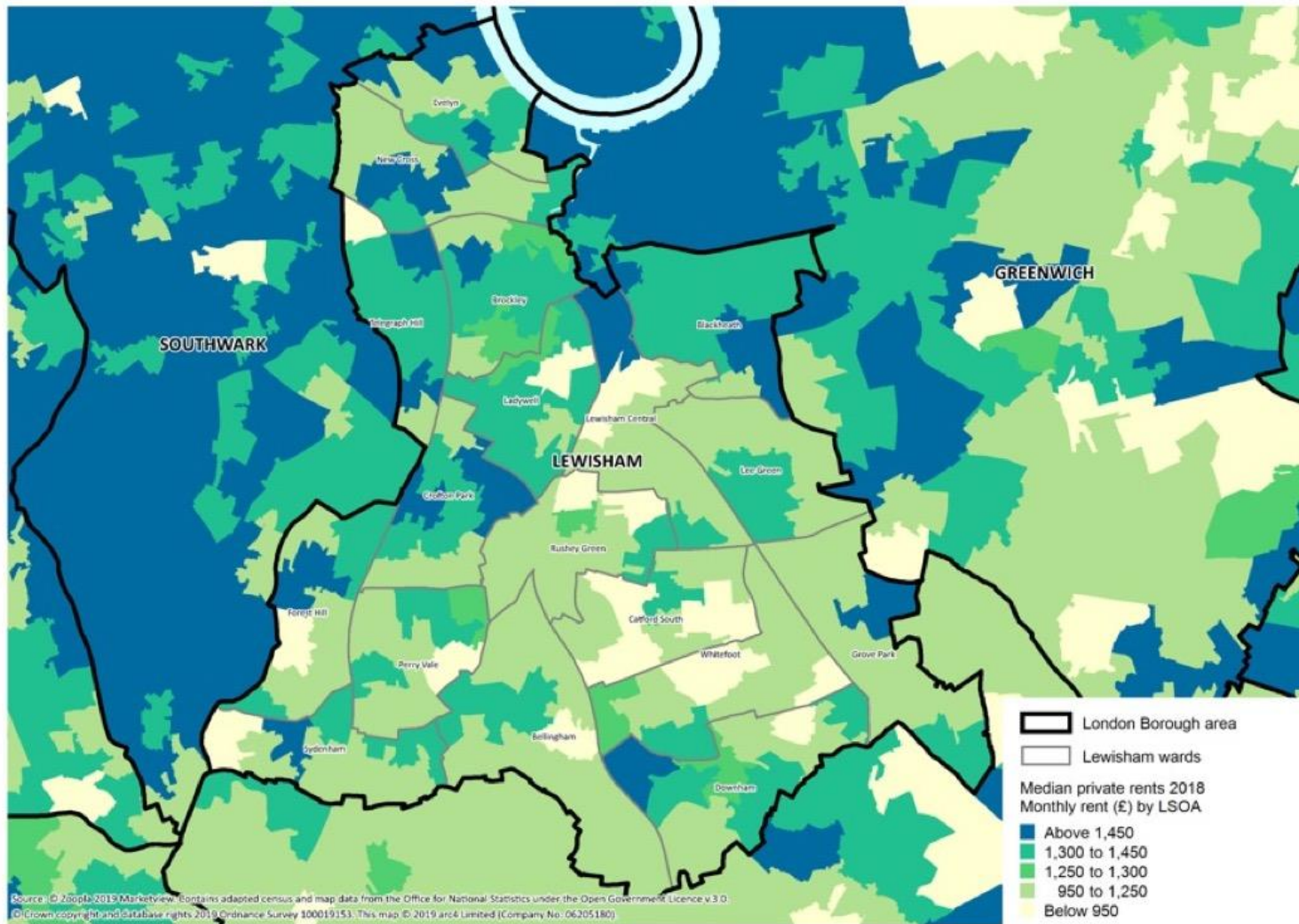
Location	Lower quartile price by year (£)		% change 2010-2018
	2010	2018	
Borough of Lewisham	797	1,001	25.6
London	1,036	1,248	20.5
South East	646	776	20.1
England	598	676	13.0

Source: Zoopla PPD 2018

Location	Median price by year (£)		% change 2010-2018
	2010	2018	
Borough of Lewisham	927	1,301	40.3
London	1,408	1,643	16.7
South East	797	975	22.3
England	893	1,075	20.4

- 4.38 In terms of spatial variation, Map 4.2 shows 2018 median rents across the wards. This indicates that private rents tend to be highest in Evelyn ward, and lowest in the wards towards the south of the borough.

Map 4.2 2017 median rents across Lewisham by ward



Source: Zoopla PPD 2018

- 4.39 Regarding Local Housing Allowance rates, the borough is within the Inner South East London and Outer South East London Broad Rental Market Areas (BRMA)²⁰.
- 4.40 The weekly LHA rates for Inner South East London in August 2018 are: -
- Shared accommodation rate - £98.04 per week
 - 1-bedroom rate - £210.20 per week
 - 2-bedroom rate - £273.25 per week
 - 3-bedroom rate - £330.72 per week
 - 4-bedroom rate - £417.02 per week
- 4.41 The weekly LHA rates for Outer South East London in August 2018 are: -
- Shared accommodation rate - £84.27 per week
 - 1-bedroom rate - £165.85 per week
 - 2-bedroom rate - £204.05 per week
 - 3-bedroom rate - £249.67 per week
 - 4-bedroom rate - £312.77 per week
- 4.42 Table 4.7 (above) indicates the proportion of stock made up of private rented dwellings by ward. This indicates that the highest proportions of private rented stock are found in Brockley ward.
- 4.43 Census 2011 data on private rented tenants indicates that: -
- 27.2% of households living in the private rented sector are singles aged under 65, 16.2% are couples with no children, 14.3% are couples with children, 12.3% are lone parents, 3.4% are older (65 and over) single and couples, 2.2% are students and 24.5% are other households (for instance friends sharing);
 - 78.1% of Household Reference People (Heads of Household) living in private rent are in employment. Of the remainder, 6.1% are unemployed, 2.9% are students, 4.4% are retired and 8.5% are other economically inactive;
 - 51.4% of households in private rent are aged between 16 and 34, 34.9% are aged between 35 and 49, 9.1% are aged between 50 and 64 and 4.6% are aged over 65.
- 4.44 The online stakeholder survey (Appendix C) asked stakeholders what they felt about the size of the private rented sector (PRS) in the borough. One stakeholder felt that the PRS must be too small because of the continued high level of demand; others expressed the view that the PRS appears to currently be in line with demand and is 'OK'. One respondent stated that quality is a bigger issue, rather than size of the sector.
- 4.45 The characteristics of the PRS in Lewisham were considered to include private landlords who have invested for the purposes of their own pension: these buy-to-let (BTL)

²⁰ A Broad Rental Market Area is an area 'within which a person could reasonably be expected to live having regard to facilities and services for purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport and from those facilities and services'. A BRMA must contain 'residential premises for a variety of types, including such premises held on a variety of tenures' PLUS 'sufficient privately rented residential premises, to ensure that, in the rent officer's opinion, the LHA for the area is representative of the rents that a landlord might reasonably be expected to obtain in that area' Source: VOA BRMA statistics

landlords typically hold a small number of units and are unregulated. These PRS properties are located across the borough, although often focused in areas that were formerly Housing Action areas or in ex-council houses. In addition, an increasing number of major build-to-rent (BTR) developers were reported, providing private rented properties through new-build schemes which often comprise of flat/apartment blocks with property managers, concierge and wi-fi. It was noted that the larger London-based PRS operators tend to focus on high density schemes that are located in town centres or close to mainline train stations.

- 4.46 Demand for PRS was considered to be strong across the borough, with some of this attributed to the lack of other housing options for people who cannot afford to buy and are not eligible for social rented housing. One stakeholder reported that close to the town centres the PRS demographic is mainly young professional couples or sharers, with a split of approximately 60/40 between UK nationals and people from abroad coming to find work in London. However, stakeholders reported that there is demand for PRS from a wide range of tenants overall, with the profile varying depending upon pricing and location within the borough. For example, larger landlords with flagship schemes in central locations may have strict criteria for prospective tenants which results in predominantly young professional sharers and a small number of mainly foreign students. Less restrictive landlords attract a wider range of tenants, and families and lower income households often live in the PRS as a default because there are no other tenure options available to them. In addition, some single people live in the PRS following relationship breakdown, often middle-aged men who have been asked to leave their family home. In terms of movement between tenures, it was noted that some households end up 'trapped' in the PRS: it is very difficult for those on lower incomes to access social housing and rental prices are such that raising a deposit and mortgage to access home ownership is impossible for many households.
- 4.47 Whilst buy-to-let (BTL) was considered to have played a significant role in the PRS in Lewisham, stakeholders noted that some landlords are now selling up because of the 'landlord tax', interest rate rises and increases in stamp duty. Other recent changes reported by stakeholders include a drop in the number of tenants coming to work in London from abroad, attributed to uncertainty surrounding Brexit. Welfare changes were also considered to have had an impact, with Universal Credit and benefit cuts making it very difficult for some tenants to meet their housing needs through the PRS, particularly those who really need social housing. This results in benefit-dependent families being forced into low-quality PRS housing. It was noted that some landlords will not accept tenants that are claiming benefits. The trend towards landlords selling up is also resulting in a lot of tenants being evicted from their properties. Issues of quality and security therefore remain an ongoing concern in the PRS market overall.

Specially commissioned in depth analysis of the private rented sector in Lewisham

- 4.48 Technical Appendix D contains an in-depth study of the characteristics and performance of Lewisham's private rented sector market.
- 4.49 The key findings are as follows.

- 4.50 According to the Census 2011, Lewisham, at 25.3% had the highest levels of PRS in the sub region, above Southwark's 22.2%, Greenwich's 18.5%, Bromley's 14.2% and Bexley's 12.2%. However, this masks geographical diversity and there are locations where over a third of the stock is focused on the private rented sector. The stock is very much focused around urban centres and is providing an offer as an extension of the social rented sector and supporting those on lower income as well as providing an offer to economically active, higher income households. Whilst most locations are buoyant and experiencing rent increases where rents are already high, Catford stands out as a lower value stock offer.
- 4.51 Between 8-10,000 units are being advertised through Zoopla each year; this is a significant market; build is completely skewed toward apartments. Apartments/flats make up 70% of the residential lettings that come onto the market; houses 30%. This will be a challenging market for growing families living in the private rented sector to access appropriate housing.
- 4.52 The market is dominated by 1 and 2-bedroom properties with consistently low percentage of properties in smaller or larger categories.
- 4.53 The small supply of larger homes will have an impact on families and also on the ability for households to share property and share the rent; a growing trend to tackle affordability. Only 18.2% of properties have been 3+-beds in the past 3 years, the remainder being smaller properties.
- 4.54 The median rent for property let in Lewisham in 2017 was £1,248pcm. The largest increases are in Downham, followed by Grove Park, and Lee Green. Two of those locations, Downham and Grove Park, have markets where houses are offered onto the market in larger proportions and could be pressured through family markets.
- 4.55 The median rent for apartments let in Lewisham in 2017 was £1,200pcm, slightly lower than the borough median. Over the past 3 years, apartment median rent levels have remained static.
- 4.56 The mean rent for houses let in Lewisham in 2017 was £1,452pcm and has reduced by 3.1% over the past 3 years.
- 4.57 The market is not affordable. There were no areas where households on lower quartile or median quartile gross incomes could afford median rent levels unless that used over 30% of their household income.
- 4.58 Since 2015, 15% of all properties coming to the market and recorded through Zoopla have been within the Local Housing Allowance caps and in 2017 this figure was 15.8%.
- 4.59 This confirms the problems of affordability in the market and the lack of choice for households reliant on Local Housing Allowance. This has reduced since 2014 but stabilised over the past few years, given the relatively static movement in rents.
- 4.60 It is very likely that additional properties are available but that these are advertised locally through 'word of mouth' or directly through windows in properties etc. The difficulty with this is that those households that need to access properties with rents that are within Local Housing Allowance levels may struggle to find them as they are not widely advertised.

- 4.61 The time to let a property can indicate how popular a property type is, how popular an area is or whether a property is in good condition. It can also indicate an undersupply/oversupply of a particular property type. This timescale includes notice periods, which we assume to be four weeks or one calendar month. These timescales are higher than usually seen for urban areas where it is common place to see figures as low as 4-5 weeks.

Affordable sector

- 4.62 The 2011 Census found that there are around 36,000 households living in social rented (affordable) housing across the borough, accounting for 31% of all occupied dwellings. This is slightly higher than the GLA data (Annual Population Survey) estimate of 33,000 households (27.6%).
- 4.63 Census data indicates that 71.4% of the affordable stock comprises of flats/apartments and 28.6% of the stock is houses, of which 17.8% are terraced, 8.0% semi-detached and 2.8% detached. 71.5% of affordable dwellings are smaller properties with one or two bedrooms (32.8% one bedroom and 38.7% two bedrooms); 23.3% of affordable dwellings have three bedrooms and 5.3% have four or more bedrooms.
- 4.64 Census 2011 data on residents living in affordable housing indicates that:
- Around 22.2% of household reference people are aged under 35, 34.5% are aged between 35 and 49, 23.6% are aged between 50 and 64 and 19.7% are aged 65 and over;
 - Around 48.6% of household reference people within the affordable sector are in employment. 9.3% are unemployed, 19.7% are wholly retired from work, 11.2% are long-term sick or disabled and 11.8% are other economically inactive; and
 - Around 28.4% of households were singles under 65, 21.1% lone parents, 12.2% couples with children, 5% couples with no children, 14.8% older (65+ singles/couples). Notably 3.1% were couples with non-dependent children and 6.9% were lone parents with non-dependent children and 8.5% were other household types.
- 4.65 The online survey of stakeholders (Appendix C) included a number of registered providers and housing associations who work within the borough. They reported managing a range of affordable housing accommodation within the borough, including houses, flats and shared accommodation.
- 4.66 High demand for social rented and affordable housing was reported across the borough. No areas of particular high or low demand were identified by stakeholders. Three of the respondents identified that their organisations have been involved in building affordable housing within the borough. However, barriers to development were identified, particularly including site availability and costs, the costs of building and financial viability.
- 4.67 The survey asked stakeholders whether they felt that the reductions in rental income imposed by the Government in July 2015 have had an effect on the number and type of affordable housing developed since. Stakeholders reported that this has had an impact

- upon their development activity, having negatively affected their financial modelling and the investment value of rented stock. One respondent stated that their organisation has had to increase the amount of subsidy they put into their rented developments in order to offset the reductions caused by the policy; another stated that the policy has caused them to build less rented and a higher proportion of shared ownership accommodation.
- 4.68 When asked whether they consider that the reinstated rent settlement (Consumer Price Index plus 1% from 2020) will encourage organisations to develop further social housing one stakeholder felt that this may be possible, but noted that it would be dependent upon the availability of small sites. Another stakeholder felt that this change increases the scope of opportunities to bring schemes forward and the quantum of rented accommodation that is deliverable.
- 4.69 Three of the stakeholders reported that their organisation is developing affordable housing products including social rent, affordable rent and London Living Rent. Two stakeholders identified that their organisation is developing home ownership products; both stated shared ownership. In addition, one of the stakeholders said that they have developed some Help to Buy products.
- 4.70 Households purchasing affordable home ownership products were identified as predominantly young singles and couples. One respondent reported that across London boroughs, one-bedroom properties always sell the quickest and those with three or more bedrooms take the longest to sell.
- 4.71 Two stakeholders were aware of anti-social behaviour (ASB) issues within the affordable stock in the Borough of Lewisham. Parts of Deptford, New Cross and Downham were mentioned, but one of the stakeholders noted that these incidents are very localised, with good processes in place and well-trained staff to deal promptly with reports. Stakeholders reported good levels of customer satisfaction amongst affordable housing tenants.

Relative affordability of housing tenure options and defining genuinely affordable housing

- 4.72 The SHMA seeks to identify what is genuinely affordable in the Lewisham context (see paragraph 2.18 for a definition) and this section builds upon the findings relating to affordability outlined in paragraphs 3.9-3.11. The relative cost of alternative housing options across the borough and the ward areas is considered in the SHMA from two perspectives. Firstly, analysis considers prevailing prices at ward level across a range of market and affordable tenures and the incomes required to afford these properties. Secondly, analysis considers what is genuinely affordable to households based on local incomes and assumptions around the proportion of income that should be spent on renting and the multiples of income for buying. The analysis of what is genuinely affordable also considers the incomes of selected key workers and those on minimum and London living wages.

Range of tenure options

- 4.73 Table 4.12 sets out the range of market and affordable tenures considered in analysis and any assumptions relating to the cost of properties.

Cost of alternative tenure options

- 4.74 Table 4.13 sets out the cost of alternative tenure options by ward.

Income required for tenure options

- 4.75 Table 4.14 sets out the indicative incomes required based on rental property being affordable if up to 35% of household income is spent on rent; and owning is affordable based on a 3.5x household income multiple. Table 4.15 uses a higher 5x household income multiple to illustrate the considerable impact this has on income required for a property to be affordable (for instance the household income required for a lower quartile property reduces from £82,286 to £57,600). Analysis also assumes deposits of up to 10%. The impact of higher deposits on the income required to service a mortgage are summarised in Table 4.16 based on borough prices; this demonstrates the considerable reduction on income requirements for a property to be affordable through higher deposits.

Table 4.12 Summary of tenure, price assumptions and data sources		
Tenure	Tenure price assumptions	Data Source
Social rent	2018 prices	Regulator of Social Housing Statistical Data Return 2018
London Affordable Rent	Affordable homes based on social rent levels for low income households	Regulator of Social Housing Statistical Data Return 2018
London Intermediate Rent ('London Living Rent')	Homes for middle-income households struggling to save for a deposit based on a third of average local household incomes and adjusted for the number of bedrooms – a significant discount on market rent in most London boroughs. Indicative prices for 2 bed and 3 bed homes (10 % higher) are shown. The GLA has set the following weekly rental benchmarks for 2019/20: Bedsit/One bedroom £155,13; Two Bedrooms £164.24; Three Bedrooms £173,37; Four Bedrooms £182.49, Five Bedrooms £191.61; Six or more £200.73	CAMEO income data; https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners-affordable-homes-programme-2016-21
Market Rent – lower quartile	2018 prices	Zoopla 2019
Market Rent – median	2018 prices	Zoopla 2019
Market Rent – upper quartile	2018 prices	Zoopla 2019
Market Sale – lower quartile	2018 prices	Land Registry Price Paid
Market Sale – median	2018 prices	Land Registry Price Paid
Market Sale – average	2018 prices	Land Registry Price Paid
Starter Home	20% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income	Assumptions applied to Land Registry Price Paid data
London Shared ownership (50%)	Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	Assumptions applied to Land Registry Price Paid data

Table 4.12 Summary of tenure, price assumptions and data sources		
London Shared ownership (25%)	Total price based on median price and 25% ownership. Mortgage based on 20%. 5% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	Assumptions applied to Land Registry Price Paid data
Help to buy	Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%	Assumptions applied to Land Registry Price Paid data
Discounted home ownership	70% of Average Price	Assumptions applied to Land Registry Price Paid data

Table 4.13 Cost of alternative tenures by ward

Tenure option	Price (2018)									
	Bellingham	Blackheath	Brockley	Catford South	Crofton Park	Downham	Evelyn	Forest Hill	Grove Park	Ladywell
Social Rent (monthly cost)	£508	£508	£508	£508	£508	£508	£508	£508	£508	£508
London Affordable Rent (monthly cost)	£790	£790	£790	£790	£790	£790	£790	£790	£790	£790
London Intermediate Rent - London Living Rent (based on 1/3 of average income) (monthly cost)	£658	£1,447	£876	£1,129	£1,096	£656	£565	£1,157	£866	£1,045
Market Rent - Lower Quartile (monthly cost)	£750	£1,200	£1,101	£624	£1,049	£975	£1,148	£1,001	£901	£1,001
Market Rent - Median (monthly cost)	£1,148	£1,395	£1,300	£949	£1,300	£1,248	£1,499	£1,248	£1,196	£1,300
Market Rent - Upper Quartile (monthly cost)	£1,452	£1,690	£1,513	£1,352	£1,651	£1,452	£1,798	£1,499	£1,352	£1,599
Market Sale - Lower Quartile	£278,625	£330,000	£340,000	£375,000	£440,000	£305,000	£335,000	£315,000	£290,500	£395,000
Market Sale - Median	£360,000	£407,000	£425,000	£462,500	£548,000	£322,500	£423,150	£382,500	£372,500	£505,000
Market Sale - Average	£355,402	£535,742	£493,130	£463,834	£562,329	£335,806	£423,425	£476,297	£398,643	£545,553
Starter Home	£288,000	£325,600	£340,000	£370,000	£438,400	£258,000	£338,520	£306,000	£298,000	£404,000
London Shared ownership (50%)	£180,000	£203,500	£212,500	£231,250	£274,000	£161,250	£211,575	£191,250	£186,250	£252,500
London Shared ownership (25%)	£90,000	£101,750	£106,250	£115,625	£137,000	£80,625	£105,788	£95,625	£93,125	£126,250
Help to buy	£270,000	£305,250	£318,750	£346,875	£411,000	£241,875	£317,363	£286,875	£279,375	£378,750
Discounted home ownership	£248,782	£375,020	£345,191	£324,684	£393,630	£235,064	£296,398	£333,408	£279,050	£381,887
Tenure option										
	Lee Green	Lewisham Central	New Cross	Perry Vale	Rushey Green	Sydenham	Telegraph Hill	Whitefoot	Total	
Social Rent (monthly cost)	£508	£508	£508	£508	£508	£508	£508	£508	£508	
London Affordable Rent (monthly cost)	£790	£790	£790	£790	£790	£790	£790	£790	£790	
London Intermediate Rent - London Living Rent (based on 1/3 of average income) (monthly cost)	£1,143	£977	£646	£1,031	£969	£898	£854	£723	£930	
Market Rent - Lower Quartile (monthly cost)	£997	£1,148	£1,001	£949	£849	£1,049	£1,101	£550	£1,001	
Market Rent - Median (monthly cost)	£1,246	£1,426	£1,298	£1,200	£1,148	£1,248	£1,300	£949	£1,300	
Market Rent - Upper Quartile (monthly cost)	£1,551	£1,651	£1,651	£1,404	£1,400	£1,400	£1,551	£1,400	£1,599	
Market Sale - Lower Quartile	£380,000	£300,000	£300,000	£345,000	£320,000	£375,000	£315,000	£290,000	£320,000	
Market Sale - Median	£515,000	£355,000	£420,998	£443,000	£380,995	£465,000	£430,000	£345,000	£412,250	
Market Sale - Average	£534,029	£390,351	£422,285	£480,768	£387,374	£506,087	£507,968	£347,851	£457,629	
Starter Home	£412,000	£284,000	£336,798	£354,400	£304,796	£372,000	£344,000	£276,000	£329,800	
London Shared ownership (50%)	£257,500	£177,500	£210,499	£221,500	£190,498	£232,500	£215,000	£172,500	£206,125	
London Shared ownership (25%)	£128,750	£88,750	£105,249	£110,750	£95,249	£116,250	£107,500	£86,250	£103,063	
Help to buy	£386,250	£266,250	£315,748	£332,250	£285,746	£348,750	£322,500	£258,750	£309,188	
Discounted home ownership	£373,820	£273,246	£295,599	£336,537	£271,162	£354,261	£355,577	£243,495	£320,340	

Source: Data produced by Land Registry © Crown copyright 2019, Zoopla 2019, MHCLG, RSH SDR 2018

Table 4.14 Household income required for alternative tenure options (based on 35% for income for rents and 3.5x income multiple for buying)

Tenure option	Income required (2018 - based on 35% household income for renting and 3.5x income multiple for buying)									
	Bellingham	Blackheath	Brockley	Catford South	Crofton Park	Downham	Evelyn	Forest Hill	Grove Park	Ladywell
Social Rent	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426
London Affordable Rent	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099
London Intermediate Rent - London Living Rent (based on 1/3 of average income)	£22,571	£49,608	£30,032	£38,699	£37,589	£22,496	£19,362	£39,666	£29,682	£35,823
Market Rent - Lower Quartile	£25,714	£41,143	£37,749	£21,394	£35,966	£33,429	£39,360	£34,320	£30,891	£34,320
Market Rent - Median	£39,360	£47,829	£44,571	£32,537	£44,571	£42,789	£51,394	£42,789	£41,006	£44,571
Market Rent - Upper Quartile	£49,783	£57,943	£51,857	£46,354	£56,606	£49,783	£61,646	£51,394	£46,354	£54,823
Market Sale - Lower Quartile (assumes 10% deposit)	£71,646	£84,857	£87,429	£96,429	£113,143	£78,429	£86,143	£81,000	£74,700	£101,571
Market Sale - Median (assumes 10% deposit)	£92,571	£104,657	£109,286	£118,929	£140,914	£82,929	£108,810	£98,357	£95,786	£129,857
Market Sale - Average (assumes 10% deposit)	£91,389	£137,762	£126,805	£119,272	£144,599	£86,350	£108,881	£122,476	£102,508	£140,285
Starter Home	£74,057	£83,726	£87,429	£95,143	£112,731	£66,343	£87,048	£78,686	£76,629	£103,886
London Shared ownership (50%)	£61,629	£69,518	£72,539	£78,834	£93,186	£55,334	£72,229	£65,405	£63,727	£85,968
London Shared ownership (25%)	£46,843	£52,802	£55,084	£59,838	£70,679	£42,088	£54,849	£49,696	£48,428	£65,227
Help to buy	£77,143	£87,214	£91,071	£99,107	£117,429	£69,107	£90,675	£81,964	£79,821	£108,214
Discounted home ownership	£67,526	£101,791	£93,695	£88,128	£106,843	£63,803	£80,451	£90,496	£75,742	£103,655

Tenure option	Income required (2018 - based on 35% household income for renting and 3.5x income multiple for buying)								
	Lee Green	Lewisham Central	New Cross	Perry Vale	Rushey Green	Sydenham	Telegraph Hill	Whitefoot	Total
Social Rent	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426
London Affordable Rent	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099
London Intermediate Rent - London Living Rent (based on 1/3 of average income)	£39,197	£33,484	£22,152	£35,347	£33,222	£30,793	£29,277	£24,800	£31,889
Market Rent - Lower Quartile	£34,183	£39,360	£34,320	£32,537	£29,109	£35,966	£37,749	£18,857	£34,320
Market Rent - Median	£42,720	£48,891	£44,503	£41,143	£39,360	£42,789	£44,571	£32,537	£44,571
Market Rent - Upper Quartile	£53,177	£56,606	£56,606	£48,137	£48,000	£48,000	£53,177	£48,000	£54,823
Market Sale - Lower Quartile (assumes 10% deposit)	£97,714	£77,143	£77,143	£88,714	£82,286	£96,429	£81,000	£74,571	£82,286
Market Sale - Median (assumes 10% deposit)	£132,429	£91,286	£108,257	£113,914	£97,970	£119,571	£110,571	£88,714	£106,007
Market Sale - Average (assumes 10% deposit)	£137,322	£100,376	£108,588	£123,626	£99,610	£130,137	£130,620	£89,447	£117,676
Starter Home	£105,943	£73,029	£86,605	£91,131	£78,376	£95,657	£88,457	£70,971	£84,806
London Shared ownership (50%)	£87,646	£60,789	£71,867	£75,561	£65,153	£79,254	£73,379	£59,111	£70,399
London Shared ownership (25%)	£66,495	£46,209	£54,576	£57,366	£49,505	£60,155	£55,718	£44,941	£53,467
Help to buy	£110,357	£76,071	£90,214	£94,929	£81,642	£99,643	£92,143	£73,929	£88,339
Discounted home ownership	£101,465	£74,167	£80,234	£91,346	£73,601	£96,156	£96,514	£66,092	£86,949

Table 4.15 Household income required for alternative tenure options (based on 35% for income for rents and 5x income multiple for buying)

Tenure option	Income required (2018 - based on 35% household income for renting and 5x income multiple for buying)									
	Bellingham	Blackheath	Brockley	Catford South	Crofton Park	Downham	Evelyn	Forest Hill	Grove Park	Ladywell
Social Rent	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426
London Affordable Rent	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099
London Intermediate Rent - London Living Rent (based on 1/3 of average income)	£22,571	£49,608	£30,032	£38,699	£37,589	£22,496	£19,362	£39,666	£29,682	£35,823
Market Rent - Lower Quartile	£25,714	£41,143	£37,749	£21,394	£35,966	£33,429	£39,360	£34,320	£30,891	£34,320
Market Rent - Median	£39,360	£47,829	£44,571	£32,537	£44,571	£42,789	£51,394	£42,789	£41,006	£44,571
Market Rent - Upper Quartile	£49,783	£57,943	£51,857	£46,354	£56,606	£49,783	£61,646	£51,394	£46,354	£54,823
Market Sale - Lower Quartile (assumes 10% deposit)	£50,153	£59,400	£61,200	£67,500	£79,200	£54,900	£60,300	£56,700	£52,290	£71,100
Market Sale - Median (assumes 10% deposit)	£64,800	£73,260	£76,500	£83,250	£98,640	£58,050	£76,167	£68,850	£67,050	£90,900
Market Sale - Average (assumes 10% deposit)	£63,972	£96,434	£88,763	£83,490	£101,219	£60,445	£76,217	£85,733	£71,756	£98,200
Starter Home	£51,840	£58,608	£61,200	£66,600	£78,912	£46,440	£60,934	£55,080	£53,640	£72,720
London Shared ownership (50%)	£47,743	£53,854	£56,215	£61,098	£72,186	£43,066	£56,113	£50,892	£49,633	£66,798
London Shared ownership (25%)	£39,514	£44,516	£46,432	£50,423	£59,523	£35,523	£46,235	£41,909	£40,845	£54,946
Help to buy	£54,000	£61,050	£63,750	£69,375	£82,200	£48,375	£63,473	£57,375	£55,875	£75,750
Discounted home ownership	£47,269	£71,254	£65,586	£61,690	£74,790	£44,662	£56,316	£63,347	£53,019	£72,559

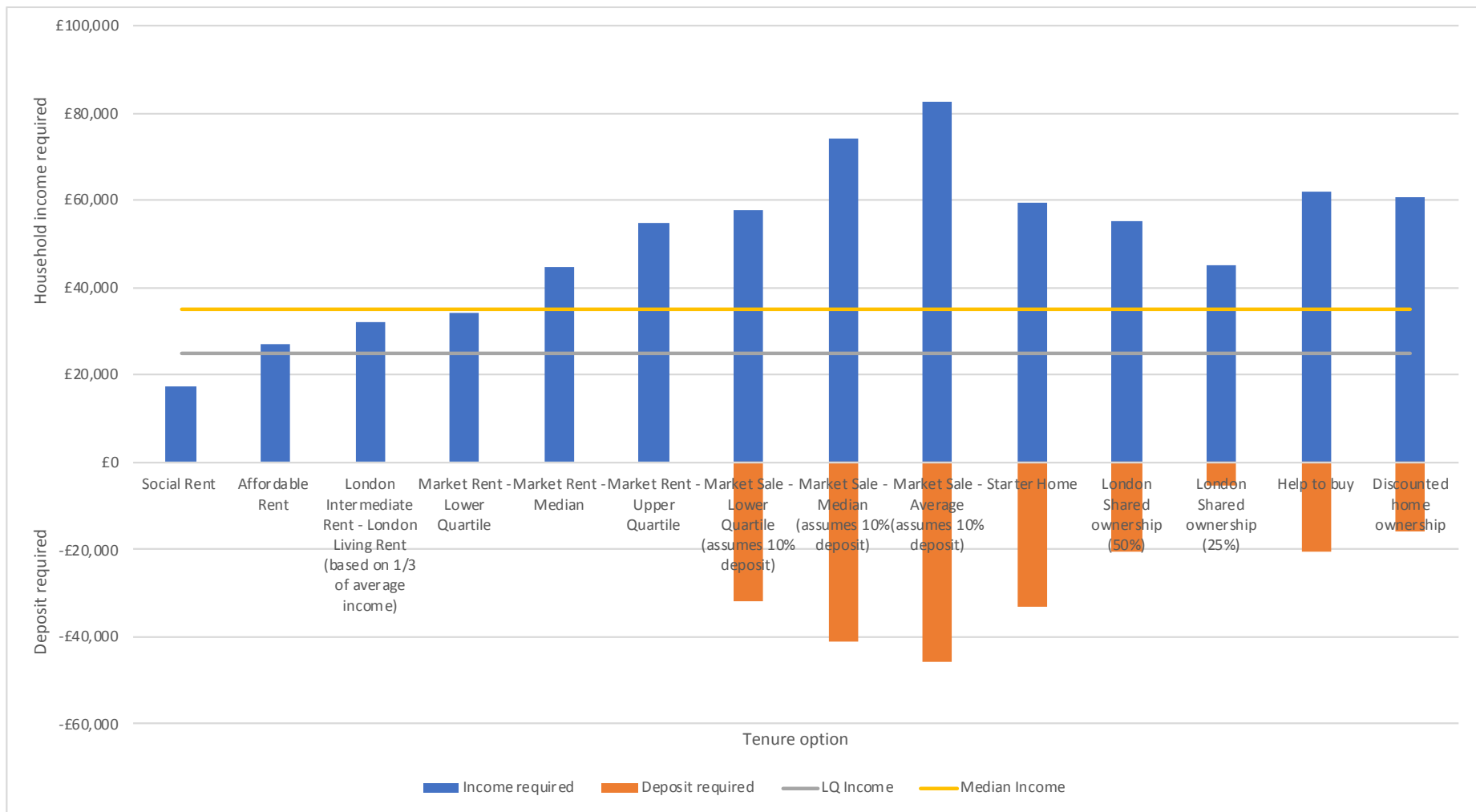
Tenure option	Income required (2018 - based on 35% household income for renting and 5x income multiple for buying)								
	Lee Green	Lewisham Central	New Cross	Perry Vale	Rushey Green	Sydenham	Telegraph Hill	Whitefoot	Total
Social Rent	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426	£17,426
Affordable Rent	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099	£27,099
London Intermediate Rent - London Living Rent (based on 1/3 of average income)	£39,197	£33,484	£22,152	£35,347	£33,222	£30,793	£29,277	£24,800	£31,889
Market Rent - Lower Quartile	£34,183	£39,360	£34,320	£32,537	£29,109	£35,966	£37,749	£18,857	£34,320
Market Rent - Median	£42,720	£48,891	£44,503	£41,143	£39,360	£42,789	£44,571	£32,537	£44,571
Market Rent - Upper Quartile	£53,177	£56,606	£56,606	£48,137	£48,000	£48,000	£53,177	£48,000	£54,823
Market Sale - Lower Quartile (assumes 10% deposit)	£68,400	£54,000	£54,000	£62,100	£57,600	£67,500	£56,700	£52,200	£57,600
Market Sale - Median (assumes 10% deposit)	£92,700	£63,900	£75,780	£79,740	£68,579	£83,700	£77,400	£62,100	£74,205
Market Sale - Average (assumes 10% deposit)	£96,125	£70,263	£76,011	£86,538	£69,727	£91,096	£91,434	£62,613	£82,373
Starter Home	£74,160	£51,120	£60,624	£63,792	£54,863	£66,960	£61,920	£49,680	£59,364
London Shared ownership (50%)	£68,125	£47,474	£56,040	£58,919	£50,937	£61,832	£57,341	£46,386	£55,115
London Shared ownership (25%)	£56,011	£38,982	£46,006	£48,348	£41,749	£50,689	£46,964	£37,918	£45,075
Help to buy	£77,250	£53,250	£63,150	£66,450	£57,149	£69,750	£64,500	£51,750	£61,838
Discounted home ownership	£71,026	£51,917	£56,164	£63,942	£51,521	£67,310	£67,560	£46,264	£60,865

Table 4.16 Impact of alternative deposits on income required for open market properties

Market sale price	Amount of deposit				Borough Average Price
	10%	20%	30%	40%	
Market Sale - Lower Quartile	£288,000	£256,000	£224,000	£192,000	£320,000
Market Sale - Median	£371,025	£329,800	£288,575	£247,350	£412,250
Market Sale - Average	£411,866	£366,103	£320,340	£274,577	£457,629
Household income required (3.5x multiple)					
Market Sale - Lower Quartile	£82,286	£73,143	£64,000	£54,857	
Market Sale - Median	£106,007	£94,229	£82,450	£70,671	
Market Sale - Average	£117,676	£104,601	£91,526	£78,451	
Household income required (5x multiple)					
Market Sale - Lower Quartile	£57,600	£51,200	£44,800	£38,400	
Market Sale - Median	£74,205	£65,960	£57,715	£49,470	
Market Sale - Average	£82,373	£73,221	£64,068	£54,915	

- 4.76 Figure 4.5 summarises in graphical form the relative affordability of alternative tenures at the borough level, setting out the income and deposit required for different options set against prevailing lower quartile and median earnings derived from 2018 CAMEO data.
- 4.77 This indicates that only social renting is affordable for households on lower quartile incomes. In addition to social renting, the London Affordable Rent in the borough is almost at an affordable level for households on lower quartile incomes (assuming 35% of income is spent on housing). By comparison, households on lower quartile or median incomes could not truly afford any of the intermediate tenure affordable products at the current borough prices, including London Intermediate Rent (London Living Rent), shared ownership and Help to Buy.
- 4.78 This comparison of local incomes with the cost of local house prices and rents illustrates the affordability challenge faced by residents within the borough. It shows the particular problem faced by households who do not have either existing equity or savings.

Figure 4.5 Borough of Lewisham household income and housing costs



Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, CAMEO 2018, RSH SDR 2018

Note: The deposit requirements are shown on the table as a negative number

What is genuinely affordable housing in the Lewisham context?

- 4.79 Having considered what a household needs to earn to afford alternative tenures, consideration is now given to the actual incomes of households across the borough and how this relates to prevailing prices. This analysis helps to establish what is genuinely affordable based on reasonable income multipliers for renting and buying. The analysis takes into account:
- Ward-level 2018 lower quartile and median household incomes from CAMEO data;
 - 2018 Entry-level incomes from a range of key worker occupations;
 - Incomes associated with 2018 minimum and living wages (using single, dual income and 1.5x income measures);
 - How much households could afford to spend on market rents by considering the percentage of income spent on housing. To do this, analysis considers what rent a household could afford if it spent 25%, 30%, 35%, 40%, 45% and 50% of income on rent. This is then compared with what lower quartile and median market rents actually were in 2018 to determine what is affordable to households;
 - The extent to which affordable rental options are genuinely affordable to households;
 - The extent to which households could afford home ownership based on multiples of household income starting at 3.5x. The analysis does go up to a 15x income multiple (this is to illustrate the affordability challenges of home ownership although it is recognised that obtaining a mortgage would not be possible on such a multiple of income).

Genuinely affordable rents

- 4.80 Table 4.17 sets out the lower quartile rent that could be afforded based on the percentage of income used to pay the rent. For instance, in Bellingham ward, lower quartile rent in 2018 was £750 each month and lower quartile gross household incomes were £1,250 each month. The table shows that if 25% of income was spent on housing, a rent of £313 each month could be afforded and if 50% of income was spent on housing a rent of £625 could be afforded. However, this would still be insufficient to afford a lower quartile market rent in the ward.
- 4.81 Table 4.17 also shows what could be genuinely afforded by households based on local incomes by considering the proportion of income spent on housing costs. If this is assumed to be 35%, then lower quartile market rents in Bellingham for example would be £438 each month. Overall, there are only two wards (Catford South and Ladywell) where lower quartile market prices would be affordable to households spending 35% of their income on rent. There are nine wards where, even if 50% of income was spent on rent, the rent would not be affordable.
- 4.82 Table 4.18 presents the same analysis based on median rents and incomes. Similar patterns are observed, and it is noted that rents tend to become affordable if 45% to 50% of household income is spent on rental costs.

- 4.83 This analysis can help establish what would be a reasonable rent based on local incomes. Assuming that 35% of income is spent on housing, across the Borough a genuinely affordable lower quartile market rent would be £729 based on local incomes and this would range between £438 and £1,313 at a ward level.

Table 4.17 Lower quartile rents, household incomes and what could be afforded

Ward	Monthly lower quartile rent that could be afforded by percentage of income spent on rent						LQ Rent and Income	
	25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual LQ rent 2018	LQ Gross household income 2018 (Monthly £)
Bellingham	£313	£375	£438	£500	£563	£625	£750	£1,250
Blackheath	£521	£625	£729	£833	£938	£1,042	£1,200	£2,083
Brockley	£313	£375	£438	£500	£563	£625	£1,101	£1,250
Catford South	£729	£875	£1,021	£1,167	£1,313	£1,458	£624	£2,917
Crofton Park	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,049	£2,917
Downham	£313	£375	£438	£500	£563	£625	£975	£1,250
Evelyn	£313	£375	£438	£500	£563	£625	£1,148	£1,250
Forest Hill	£521	£625	£729	£833	£938	£1,042	£1,001	£2,083
Grove Park	£521	£625	£729	£833	£938	£1,042	£901	£2,083
Ladywell	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,001	£2,917
Lee Green	£521	£625	£729	£833	£938	£1,042	£997	£2,083
Lewisham Central	£521	£625	£729	£833	£938	£1,042	£1,148	£2,083
New Cross	£313	£375	£438	£500	£563	£625	£1,001	£1,250
Perry Vale	£521	£625	£729	£833	£938	£1,042	£949	£2,083
Rushey Green	£521	£625	£729	£833	£938	£1,042	£849	£2,083
Sydenham	£521	£625	£729	£833	£938	£1,042	£1,049	£2,083
Telegraph Hill	£313	£375	£438	£500	£563	£625	£1,101	£1,250
Whitefoot	£313	£375	£438	£500	£563	£625	£550	£1,250
Total	£521	£625	£729	£833	£938	£1,042	£1,001	£2,083

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Table 4.18 Median rents, household incomes and what could be afforded

Ward	Monthly median rent that could be afforded by percentage of income spent on rent						Median Rent and Income	
	25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual Median rent 2018	Median Gross household income 2018 (Monthly £)
Bellingham	£521	£625	£729	£833	£938	£1,042	£1,148	£2,083
Blackheath	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£1,395	£3,750
Brockley	£521	£625	£729	£833	£938	£1,042	£1,300	£2,083
Catford South	£729	£875	£1,021	£1,167	£1,313	£1,458	£949	£2,917
Crofton Park	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,300	£2,917
Downham	£521	£625	£729	£833	£938	£1,042	£1,248	£2,083
Evelyn	£313	£375	£438	£500	£563	£625	£1,499	£1,250
Forest Hill	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,248	£2,917
Grove Park	£521	£625	£729	£833	£938	£1,042	£1,196	£2,083
Ladywell	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,300	£2,917
Lee Green	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,246	£2,917
Lewisham Central	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,426	£2,917
New Cross	£521	£625	£729	£833	£938	£1,042	£1,298	£2,083
Perry Vale	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,200	£2,917
Rushey Green	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,148	£2,917
Sydenham	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,248	£2,917
Telegraph Hill	£521	£625	£729	£833	£938	£1,042	£1,300	£2,083
Whitefoot	£521	£625	£729	£833	£938	£1,042	£949	£2,083
Total	£729	£875	£1,021	£1,167	£1,313	£1,458	£1,300	£2,917

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Genuinely affordable rents for selected key workers and those on minimum and living wages

4.84 The extent to which open market rents are affordable to selected key-workers and those on minimum and living wages are explored in Table 4.19. This clearly establishes that lower quartile prices are not affordable to households with a single earner on minimum or living wage; and not affordable to selected key workers unless at least 45% of income is spent on rent (although this only applies to fire officers and teachers). Lower quartile rents are affordable to households where there are two full-time living wage incomes and 35% of income is spent on rent. Median rents are unaffordable to all of the selected key worker groups and if 45% of income is spent on rent it would be affordable to households with two full-time living wage occupants.

Table 4.19 Market Rents, actual household incomes and what could be afforded

Occupation/Wage	Gross household income 2018 (Annual £)	Monthly lower quartile rent that could be afforded by percentage of income spent on rent						Rent and Income	
		25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual LQ rent 2018	Gross household income 2018 (Monthly £)
Police	£23,124	£482	£578	£674	£771	£867	£964	£1,001	£1,927
Nurse	£17,652	£368	£441	£515	£588	£662	£736	£1,001	£1,471
Fire	£27,492	£573	£687	£802	£916	£1,031	£1,146	£1,001	£2,291
Teacher	£29,664	£618	£742	£865	£989	£1,112	£1,236	£1,001	£2,472
Min Wage (single household)	£16,010	£334	£400	£467	£534	£600	£667	£1,001	£1,334
Min Wage (1 FT/1PT)	£24,014	£500	£600	£700	£800	£901	£1,001	£1,001	£2,001
Min Wage (two working adults)	£32,019	£667	£800	£934	£1,067	£1,201	£1,334	£1,001	£2,668
Living Wage (single)	£17,843	£372	£446	£520	£595	£669	£743	£1,001	£1,487
Living wage (1 FT/1 PT)	£26,764	£558	£669	£781	£892	£1,004	£1,115	£1,001	£2,230
Living Wage (two workers)	£35,685	£743	£892	£1,041	£1,190	£1,338	£1,487	£1,001	£2,974

Occupation/Wage	Gross household income 2018 (Annual £)	Monthly median rent that could be afforded by percentage of income spent on rent						Rent and Income	
		25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual median rent 2018	Gross household income 2018 (Monthly £)
Police	£23,124	£482	£578	£674	£771	£867	£964	£1,300	£1,927
Nurse	£17,652	£368	£441	£515	£588	£662	£736	£1,300	£1,471
Fire	£27,492	£573	£687	£802	£916	£1,031	£1,146	£1,300	£2,291
Teacher	£29,664	£618	£742	£865	£989	£1,112	£1,236	£1,300	£2,472
Min Wage (single household)	£16,010	£334	£400	£467	£534	£600	£667	£1,300	£1,334
Min Wage (1 FT/1PT)	£24,014	£500	£600	£700	£800	£901	£1,001	£1,300	£2,001
Min Wage (two working adults)	£32,019	£667	£800	£934	£1,067	£1,201	£1,334	£1,300	£2,668
Living Wage (single)	£17,843	£372	£446	£520	£595	£669	£743	£1,300	£1,487
Living wage (1 FT/1 PT)	£26,764	£558	£669	£781	£892	£1,004	£1,115	£1,300	£2,230
Living Wage (two workers)	£35,685	£743	£892	£1,041	£1,190	£1,338	£1,487	£1,300	£2,974

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Buying a property

4.85 Table 4.20 considers lower quartile house prices and incomes. It indicates the buying potential based on multiples of income and excludes deposits. The analysis demonstrates that it is effectively not possible to access lower quartile properties unless income multiples exceed 12.5x and even then properties in only 4 wards would be affordable. A similar pattern for median house prices and incomes is shown in Table 4.21.

Table 4.20 Lower quartile house prices compared with lower quartile household income buying capacity

Ward	Potential buying capacity of lower quartile price properties based on income multiples						Lower Quartile Price and Income	
	3.5x	5x	7.5x	10x	12.5x	15x	Actual LQ price 2018	LQ Gross household income 2018 (Monthly £)
Bellingham	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£278,625	£1,250
Blackheath	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£330,000	£2,083
Brockley	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£340,000	£1,250
Catford South	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£375,000	£2,917
Crofton Park	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£440,000	£2,917
Downham	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£305,000	£1,250
Evelyn	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£335,000	£1,250
Forest Hill	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£315,000	£2,083
Grove Park	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£290,500	£2,083
Ladywell	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£395,000	£2,917
Lee Green	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£380,000	£2,083
Lewisham Central	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£300,000	£2,083
New Cross	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£300,000	£1,250
Perry Vale	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£345,000	£2,083
Rushey Green	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£320,000	£2,083
Sydenham	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£375,000	£2,083
Telegraph Hill	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£315,000	£1,250
Whitefoot	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£290,000	£1,250
Total	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£320,000	£2,083

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Table 4.21 Median house prices compared with median household income buying capacity

Ward	Potential buying capacity of median price properties based on income multiples						Median Price and Income	
	3.5x	5x	7.5x	10x	12.5x	15x	Actual Median price 2018	Median Gross household income 2018 (Monthly £)
Bellingham	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£360,000	£2,083
Blackheath	£157,500	£225,000	£337,500	£450,000	£562,500	£675,000	£407,000	£3,750
Brockley	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£425,000	£2,083
Catford South	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£462,500	£2,917
Crofton Park	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£548,000	£2,917
Downham	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£322,500	£2,083
Evelyn	£52,500	£75,000	£112,500	£150,000	£187,500	£225,000	£423,150	£1,250
Forest Hill	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£382,500	£2,917
Grove Park	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£372,500	£2,083
Ladywell	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£505,000	£2,917
Lee Green	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£515,000	£2,917
Lewisham Central	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£355,000	£2,917
New Cross	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£420,998	£2,083
Perry Vale	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£443,000	£2,917
Rushey Green	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£380,995	£2,917
Sydenham	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£465,000	£2,917
Telegraph Hill	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£430,000	£2,083
Whitefoot	£87,500	£125,000	£187,500	£250,000	£312,500	£375,000	£345,000	£2,083
Total	£122,500	£175,000	£262,500	£350,000	£437,500	£525,000	£412,250	£2,917

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Buying a property: selected key workers and wage earners

4.86 Table 4.22 shows the buying potential (excluding deposits) for selected key-workers and those on minimum and living wages applied to borough-wide figures of £320,000 (lower quartile price) and £412,250 (median price). This shows that selected key workers would require a 12.5x income multiple to buy a lower quartile property and 15x for a median priced property.

Table 4.22 Lower quartile house prices compared with lower quartile household incomes

Occupation/Wage	Gross household income 2018 (Annual £)	Potential buying capacity of lower quartile price properties based on income multiples						Median Price and Income	
		3.5x	5x	7.5x	10x	12.5x	15x	Actual lower quartile price 2018	Gross household income 2018 (Monthly £)
Police officer	£23,124	£80,934	£115,620	£173,430	£231,240	£289,050	£346,860	£320,000	£1,927
Nurse	£17,652	£61,782	£88,260	£132,390	£176,520	£220,650	£264,780	£320,000	£1,471
Fire officer	£27,492	£96,222	£137,460	£206,190	£274,920	£343,650	£412,380	£320,000	£2,291
Teacher	£29,664	£103,824	£148,320	£222,480	£296,640	£370,800	£444,960	£320,000	£2,472
Min Wage (single household)	£16,010	£56,033	£80,048	£120,071	£160,095	£200,119	£240,143	£320,000	£1,334
Min Wage (1 FT/1PT)	£24,014	£84,050	£120,071	£180,107	£240,143	£300,178	£360,214	£320,000	£2,001
Min Wage (two working adults)	£32,019	£112,067	£160,095	£240,143	£320,190	£400,238	£480,285	£320,000	£2,668
Living Wage (single)	£17,843	£62,449	£89,213	£133,819	£178,425	£223,031	£267,638	£320,000	£1,487
Living wage (1 FT/1 PT)	£26,764	£93,673	£133,819	£200,728	£267,638	£334,547	£401,456	£320,000	£2,230
Living Wage (two workers)	£35,685	£124,898	£178,425	£267,638	£356,850	£446,063	£535,275	£320,000	£2,974
Occupation/Wage	Gross household income 2018 (Annual £)	Potential buying capacity of median price properties based on income multiples						Median Price and Income	
		3.5x	5x	7.5x	10x	12.5x	15x	Actual Median price 2018	Gross household income 2018 (Monthly £)
Police officer	£23,124	£80,934	£115,620	£173,430	£231,240	£289,050	£346,860	£412,250	£1,927
Nurse	£17,652	£61,782	£88,260	£132,390	£176,520	£220,650	£264,780	£412,250	£1,471
Fire officer	£27,492	£96,222	£137,460	£206,190	£274,920	£343,650	£412,380	£412,250	£2,291
Teacher	£29,664	£103,824	£148,320	£222,480	£296,640	£370,800	£444,960	£412,250	£2,472
Min Wage (single household)	£16,010	£56,033	£80,048	£120,071	£160,095	£200,119	£240,143	£412,250	£1,334
Min Wage (1 FT/1PT)	£24,014	£84,050	£120,071	£180,107	£240,143	£300,178	£360,214	£412,250	£2,001
Min Wage (two working adults)	£32,019	£112,067	£160,095	£240,143	£320,190	£400,238	£480,285	£412,250	£2,668
Living Wage (single)	£17,843	£62,449	£89,213	£133,819	£178,425	£223,031	£267,638	£412,250	£1,487
Living wage (1 FT/1 PT)	£26,764	£93,673	£133,819	£200,728	£267,638	£334,547	£401,456	£412,250	£2,230
Living Wage (two workers)	£35,685	£124,898	£178,425	£267,638	£356,850	£446,063	£535,275	£412,250	£2,974

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

The affordability of affordable housing options

- 4.87 The final section of analysis considers the extent to which affordable housing options are genuinely affordable to households across Lewisham. This uses borough-wide data and is tested against 2018 CAMEO income data, the incomes of selected key workers and households where members are earning minimum and living wages. This analysis does not factor in benefits which may be available to households.
- 4.88 For social and affordable rented tenures, Table 4.23 shows that social renting would be affordable to all of the selected key worker households and minimum/living wage earners (except for single minimum wage earners). London Affordable Rent would only be affordable to some of the key workers and dual full-time earning households on minimum and living wages. The London Living Rent based on 1/3 of household income would not be affordable to the selected key workers but would be affordable to dual full-time earning households on minimum and living wages
- 4.89 Table 4.23 also shows the basic income multiples associated with the equity components of alternative affordable purchase options. This does not take into account any rental component but would indicate that starter homes, help to buy and discounted home ownership are not realistic options except where substantial deposits can be made.
- 4.90 This analysis clearly demonstrates that social and affordable renting remains the most affordable tenure option available to households. The affordability of the equity components of intermediate tenures is highly variable and the ability to access this market is minimal for the selected key workers and wage earners considered in analysis.

Table 4.23 Affordability of intermediate tenure options

Tenure option>>>				Social Rent (monthly cost)	London Affordable Rent (monthly cost)	London Intermediate Rent - London Living Rent	Starter Home	London Shared ownership (50%)	London Shared ownership (25%)	Help to buy	Discounted home ownership
Occupation/Wage	Gross household income 2018 (Annual £)	Gross household income 2018 (Monthly £)	Monthly rent / purchase price>>>	£508	£790	£930	£329,800	£206,125	£103,063	£309,188	£320,340
				Household income required (assuming 35% spent on rent is affordable)			Income multiple required for equity component (excluding deposit)				
				£1,452	£2,258	£2,657					
Police	£23,124	£1,927		£1,927	£1,927	£1,927	14.3	8.9	4.5	13.4	13.9
Nurse	£17,652	£1,471		£1,471	£1,471	£1,471	18.7	11.7	5.8	17.5	18.1
Fire	£27,492	£2,291		£2,291	£2,291	£2,291	12.0	7.5	3.7	11.2	11.7
Teacher	£29,664	£2,472		£2,472	£2,472	£2,472	11.1	6.9	3.5	10.4	10.8
Min Wage (single household)	£16,010	£1,334		£1,334	£1,334	£1,334	20.6	12.9	6.4	19.3	20.0
Min Wage (1 FT/1PT)	£24,014	£2,001		£2,001	£2,001	£2,001	13.7	8.6	4.3	12.9	13.3
Min Wage (two working adults)	£32,019	£2,668		£2,668	£2,668	£2,668	10.3	6.4	3.2	9.7	10.0
Living Wage (single)	£17,843	£1,487		£1,487	£1,487	£1,487	18.5	11.6	5.8	17.3	18.0
Living wage (1 FT/1 PT)	£26,764	£2,230		£2,230	£2,230	£2,230	12.3	7.7	3.9	11.6	12.0
Living Wage (two workers)	£35,685	£2,974		£2,974	£2,974	£2,974	9.2	5.8	2.9	8.7	9.0

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

Concluding comments

- 4.91 The purpose of this chapter has been to understand the characteristics of the housing stock and consider how these characteristics influence the current housing market dynamics affecting the housing market within the borough. This chapter has provided detail on the current profile of dwellings by tenure, type and size along with property condition and property prices. The stock profile of Lewisham is similar to that of London as a whole, although the proportion of detached and semi-detached properties is slightly lower and terraced housing is slightly higher.
- 4.92 In terms of the tenure split, the 2011 Census reveals that 43.6% of households live in owner occupation, 25.3% in private rented housing (the highest in the South East sub region) and 31.1% in affordable housing, although there are variations across the borough. GLA 2016 data based on the Annual Population Survey (APS) estimates that 49.2% of the housing stock in Lewisham is owner occupied, 27.6% social rented and 23.2% private rented. This is comparable with the London average, although the proportion living in affordable housing is slightly higher.
- 4.93 The 2011 Census data indicates that 55.3% of all occupied properties in the borough are flats and apartments. This varies significantly across tenures, with flats accounting for around three-quarters of private rented (73.5%) and social rented (71.4%) stock compared with only around one-third (33.2%) of owner-occupied properties. Across all properties, 44.7% are houses or bungalows (of which 28.3% are terraced, 13.2% semi-detached and 3.3% detached).
- 4.94 Census data indicates similar trends in relation to property size. Whilst 58.5% of all housing stock has one or two bedrooms, this rises to 74.1% of private rented housing and 71.5% of social rented housing compared with only 40.4% of owner-occupied properties. Across the borough, 30.2% of dwellings have three bedrooms and 11.3% have four or more bedrooms, although a total of 59.6% of owner-occupied properties have three or more bedrooms (compared with 25.9% of private rented and 28.5% of social rented housing).
- 4.95 An analysis of house prices and private rental costs indicates that open market housing has become hugely more expensive in the borough in recent years and remains above the national averages.
- 4.96 The chapter has considered the affordability of housing options in considerable detail. Analysis has established the levels of income required to afford open market prices and rents and affordable tenure options. These have then been tested against local incomes and the incomes of selected key workers and those on minimum and living wages. Assuming 35% of income is spent on housing, only social rented is affordable to households on lower quartile income. There are nine wards where even if 50% of lower quartile income was spent on rent, it would not reach current rent prices. Furthermore, households on lower quartile and median incomes cannot afford intermediate tenure affordable products, especially those without existing equity or savings. Income multiples of 12.5 x would be needed to access lower quartile property prices and even then they would only be affordable in four wards.
- 4.97 Using the evidence presented in this chapter, it is possible to establish what would be a genuinely affordable rent and purchase price across the Borough (Table 4.24). This is

based on local incomes and assumes that no more than 35% of income is spent on a rent and a household income multiple of 3.5x is applied to local household incomes.

Ward	Lower Quartile Rents (35% of income)	Median Rents (35% of income)	Lower quartile purchase (3.5x income multiple)	Median purchase (3.5x income multiple)
Bellingham	£438	£729	£75,000	£125,000
Blackheath	£729	£1,313	£125,000	£225,000
Brockley	£438	£729	£75,000	£125,000
Catford South	£1,021	£1,021	£175,000	£175,000
Crofton Park	£1,021	£1,021	£175,000	£175,000
Downham	£438	£729	£75,000	£125,000
Evelyn	£438	£438	£75,000	£75,000
Forest Hill	£729	£1,021	£125,000	£175,000
Grove Park	£729	£729	£125,000	£125,000
Ladywell	£1,021	£1,021	£175,000	£175,000
Lee Green	£729	£1,021	£125,000	£175,000
Lewisham Central	£729	£1,021	£125,000	£175,000
New Cross	£438	£729	£75,000	£125,000
Perry Vale	£729	£1,021	£125,000	£175,000
Rushey Green	£729	£1,021	£125,000	£175,000
Sydenham	£729	£1,021	£125,000	£175,000
Telegraph Hill	£438	£729	£75,000	£125,000
Whitefoot	£438	£729	£75,000	£125,000
Total	£729	£1,021	£125,000	£175,000

4.98 This analysis concludes that only social rent and affordable rent are affordable to Lewisham's households on lower quartile and median incomes. It raises serious concerns over the relative affordability of accommodation across most tenures within the Borough, and particularly for the key workers and wage earners considered. Arguably, the ability of households to enter the general market without very substantial deposits is severely restricted.

5. Housing need in the Borough of Lewisham

Introduction

- 5.1 This chapter sets out the evidence of the range of housing need under alternative scenarios to inform the preparation of the Local Plan that covers the period 2020-2040.
- 5.2 2019 PPG defines housing need as *'an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure, and preparing policies to address this such as site allocations'*²¹.
- 5.3 The datasets considered in the analysis are:
- The evidence presented in the London Plan (2016) and draft London Plan (December 2017);
 - 2014-based DCLG household projections; and
 - 2016-based MHCLG household projections (published in September 2018).
- 5.4 The brief suggested two options when considering future housing need: Option A recognising that housing need has already been established at the London level through the London Plan; and Option B assessing housing need through the Government's standard method.

Establishing housing need using the standard methodology

- 5.5 The 2019 NPPF (Paragraph 60) states *'to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance - unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for'*.
- 5.6 2019 PPG states *'the NPPF expects strategic policy-making authorities to follow the standard method in this guidance for assessing local housing need. The standard method uses a formula to identify the minimum number of homes expected to be planned for in a way which addresses projected household growth and historic under-supply. The standard method identifies a minimum annual housing need figure. It does not produce a requirement figure.'*²²
- 5.7 The standard method comprises three steps: setting the baseline, an adjustment to take account of affordability and capping the level of increase with reference to the current status of relevant strategic policies for housing.

²¹ PPG 2019 Paragraph: 001 Reference ID: 2a-001-20190220

²² PPG 2019 002 Reference ID: 2a-002-20190220

Step 1: Setting the baseline

- 5.8 2019 PPG states that the baseline should be set ‘using national household projections (MHCLG 2014-based household projections) for area of the local authority area. Taking the most recent projections, calculate the projected annual average household growth over a 10 year period (this should be 10 consecutive years, with the current year being the first year)’²³.
- 5.9 Government advice recommends the use of 2014-based household projections. This is stated in the February 2019 PPG²⁴ which also states that ‘any method that relies on the 2016-based household projections will not be considered’²⁵. For the Borough of Lewisham, over the period 2020-2030, the MHCLG 2014-based household projections identify a household growth of 22,014 or 2,210 each year (Table 5.1). 2016-based household projections are also shown for comparison but they are not part of the housing need calculation.

Table 5.1 Household change under alternative household projections

Projection	2020 households	2030 households	2020-30 household change	Annual change
DCLG 2014-based	138,709	160,813	22,104	2,210
MHCLG 2016-based	132,041	160,996	28,955	2,896

Step 2: An adjustment to take account of affordability

- 5.10 2019 PPG states ‘then adjust the average annual projected household growth figure (generated in step 1) based on the affordability of the area. The most recent median workplace-based affordability ratios published by the ONS at a local authority level should be used.’²⁶
- 5.11 The affordability ratios and resulting adjustment for the borough is set out in Table 5.2

Table 5.2 Affordability ratios and market signals uplift		
Year	Median price to income affordability ratio	Adjustment factor*
2018	13.94	1.6213

* Adjustment factor is $(\text{Local Affordability Ratio} - 4) / 4 * 0.25 + 1$

Source: ONS Ratio of house price to workplace-based earnings

²³ PPG 2019 006 Reference ID: 2a-006-20190220

²⁴ PPG 2019 Paragraph 005 Reference ID: 2a-005-20190220

²⁵ PPG 2019 Paragraph 015 Reference ID: 2a-015-20190220

²⁶ PPG 2019 Paragraph 004 Reference ID: 2a-004-20190220

5.12 The reason for the affordability adjustment is set out in PPG 2019:

'An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.*

The affordability adjustment is applied in order to ensure that the standard method for assessing local housing need responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes. The specific adjustment in this guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes.²⁷

5.13 Table 5.3 sets out the components of the dwelling need calculation using 2018 as a base and applying the latest available (2018) affordability ratios. The basic demographic need under the 2014-based DCLG household projections are presented along with the affordability adjustment to establish the total annual dwelling need using the standard methodology.

Stage 1: Baseline demographic need (Annual 2020-2030)	2,210
Stage 2: Affordability multiplier = 1.6213	1,373
Total annual housing need	3,584

Step 3: Capping the level of any increase

5.14 PPG states that 'the standard methodology may identify a minimum local housing need figure that is significantly higher than the number of homes currently being planned for. The cap is applied to help ensure that the minimum local housing need figure calculated using the standard methodology is as deliverable as possible'²⁸.

5.15 The PPG specifies that where policies are adopted within the last five years, the local housing need is capped at 40% above the annual average housing requirement set out in the existing policies. It also states that where a housing requirement figure for a local authority in a spatial development strategy differs from a local figure, then the spatial development strategy figure should be used.

5.16 The borough has a Core Strategy which was adopted in 2011, more than five years ago. However, for Lewisham, the level of housing development in the borough is also

²⁷ PPG 2019 Paragraph 006 Reference ID: 2a-006-20190220

²⁸ PPG 2019 Paragraph 007 Reference ID: 2a-007-20190220

informed by the London Plan which is the statutory Spatial Development Strategy for Greater London, prepared by the Mayor of London. The latest adopted plan was published in 2016, less than five years ago. On this basis *'the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies'*²⁹ (i.e. the 2016 London Plan and not the 2011 Core Strategy).

5.17 The London Plan 2016 is the adopted develop plan and this established a 10 year net annual target of 1,385 dwellings across the Borough of Lewisham. The Draft New London Plan 2017 is a material consideration in planning decisions and this has increased the net annual dwelling target to 2,117.

5.18 Therefore, under PPG 2019, it is recommended that the figures presented in the 2016 London Plan are compared with the outputs of the standard methodology calculation in determining an appropriate cap for the borough:

- The average annual housing requirement figure in the existing relevant policies (2016 London Plan) is 1,385 each year;
- The minimum annual local housing need figure is 3,584 (from Step 2 using 2014-based DCLG household projections);
- The cap is set at 40% of the above housing requirement figure in existing policies:

$$\text{Cap} = 1,385 + (40\% \times 1,385) = 1,385 + 554 = \mathbf{1,939}$$

5.19 As the capped figure is lower than the minimum annual local housing need figure, the minimum housing need figure for the borough is therefore 1,939.

5.20 Note that the cap would increase to 2,964³⁰ under the draft 2017 London Plan figure.

5.21 The 2019 PPG comments *'the cap reduces the minimum number generated by the standard method but does not reduce housing need itself. Therefore strategic policies adopted with a cap applied my require an early review and updating to ensure that any housing need about the capped level is planned for as soon as is reasonably possible'*³¹

Adjustment for past under-delivery

5.22 Under the standard method *'the affordability adjustment is applied to take account of past under-delivery. The standard method identifies a minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately'*³².

²⁹ PPG 2019 Paragraph: 004 Reference ID: 2a-004-20190220

³⁰ Cap = 2,117 + (40% x 2,117) = 2,117 + 847 = 2,964

³¹ PPG 2019 Paragraph 007 Reference ID: 2a-007-20190220

³² PPG 2019 Paragraph: 011 Reference ID: 2a-011-20190220

Longer-term projection

- 5.23 PPG states ‘the method provides authorities with an annual number based on a 10 year baseline, which can be applied to the whole plan period.’³³ On this basis, the total uncapped housing need would be 71,674 over the 20 year period 2020-2040.

Potential adjustments to the evidence base

- 5.24 The MHCLG have indicated that the standard methodology is to be revised to ensure that the Government target of delivering 300,000 dwellings by the mid-2020s is achieved. As a temporary measure, the MHCLG recommends the use of 2014-based household projections in the assessment of housing need which is embedded in 2019 PPG. The needs calculation methodology may be subject to further revision.

Housing need uplift

- 5.25 PPG 2019 also considers where a higher figure than the standard methodology may need to be considered:

‘The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

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

- growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.³⁴

³³ Paragraph: 012 Reference ID: 2a-012-20190220

³⁴ PPG 2019 Paragraph 010 Reference ID: 2a-010-20190220

- 5.26 Given the considerable housing need established through the standard method and the capping applied, no further uplifts to the housing need figure is necessary.

Concluding comments

- 5.27 This chapter has considered the need expressed in the London Plan (Option A) and the Government's standard approach to identifying housing need, drawing upon the latest available household projection data from the DCLG and MHCLG (Option B).
- 5.28 Under Option A, the adopted 2016 London Plan established a target for 1,385 net dwellings each year across the borough and the draft 2017 London Plan increases this to 2,117 each year.
- 5.29 Under Option B, having applied the standard method to the borough, the result of household growth and affordability pressures results in a very substantial need for housing: 3,584 dwellings each year.
- 5.30 Given this substantial need, the standard model introduces a cap which is based on current housing targets. The latest annual housing need target is 1,385 based on the adopted 2016 London Plan. Under the formula set out in the standard method, the minimum housing need is capped at 1,939 (40% above this figure). However, under the 2017 draft London Plan which establishes an annual need for 2,117, the cap would be 2,964. This would sit within the range of housing need established through the analysis of variant household projections provided by DCLG.
- 5.31 Therefore, the current position for the borough is a minimum housing need figure of **1,939** based on the 2016 London Plan target or **2,964** based on the draft 2017 London Plan target.

6. The need for different types of housing

Introduction

- 6.1 The 2019 NPPF (Paragraph 61) requires that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policy. It sets out that these should include, but not be limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 6.2 The NPPF 2019 (Paragraph 62) also states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required.
- 6.3 The 2019 PPG considers how the housing need of particular groups relates to overall housing need calculated using the standard model:
- 'The need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method'*
- When producing policies to address the need of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established.*
- The standard method for assessing housing need does not breakdown the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.*
- The household projections that form the baseline of the standard method are inclusive of all households including Gypsies and Travellers as defined with Planning Policy for Traveller Sites'³⁵*
- 6.4 In considering the need for different types of housing, the 2019 PPG makes specific reference to: affordable housing, housing for older people, housing for people with disabilities, the private rented sector, self-build and custom housebuilding and student housing.
- 6.5 This chapter uses secondary data sources to assess affordable housing requirements in the borough. It also considers the needs of particular groups to equip the Council and its strategic partners in making policy decisions regarding future housing development.

³⁵ 2019 PPG Paragraph: 017 Reference ID: 2a-017-20190220

Affordable Housing Needs Assessment

- 6.6 As set out in the NPPF, a robust and defensible assessment of affordable housing need is essential for the development of housing policies.
- 6.7 The NPPF defines affordable housing as follows:
'housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)...' (Annex 2)
- 6.8 The NPPF provides detailed definitions of different forms of affordable housing; there are also specific London tenures, defined by the Mayor of London. These definitions are set out in Chapter 1 of this report.
- 6.9 This section considers affordable housing need for those households who cannot afford to meet their needs in the open market through home ownership or private rental. A range of secondary data are used to provide the robust and transparent evidence base required to assess housing need across the borough. This is presented in detail at Appendix B of this report.
- 6.10 PPG 2019 states *'all households whose needs are not met by the market can be considered (to be) in affordable housing need'*³⁶.
- 6.11 A detailed analysis of the following factors determines the extent to which there is a shortfall of affordable housing:
- households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need); and those who can afford private rent but cannot afford to buy;
 - new households forming who cannot afford to buy or rent in the market;
 - existing households expected to fall into need; and
 - the supply of affordable housing through social/affordable renting and intermediate tenure stock.
- 6.12 According to the housing register as at 1st April 2018, overcrowding was the principal reason why households needed affordable housing (Table 6.1).

Table 6.1 Reason for housing need (%)	
Overcrowding	49.6
Priority homeless	17.3
Medical	15.4
Other	17.6
Total	100.0
Base	9,765

³⁶ PPG 2019 Paragraph: 018 Reference ID: 2a-018-20190220

6.13 Table 6.2 summarises the various stages of the analysis and Appendix B provides an explanation of the methodology used.

Table 6.2 Affordable Needs Assessment Summary for the Borough of Lewisham		
	LEWISHAM	Total
	Number of households (2014-based MHCLG figure for 2018)	134,159
Stage 1: CURRENT NEED		
1.1	TOTAL in need and cannot afford open market (buying or renting)	9,765
Stage 2: FUTURE NEED		
2.1	New household formation (Gross per year)	1,985
2.2	Number of new households requiring affordable housing (%)	81.7%
2.2	Number of new households requiring affordable housing (no.)	1,622
2.3	Existing households falling into need	0
2.4	Total newly-arising housing need (gross each year)	1,622
Stage 3: AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need likely to become available over 5 years	1,528
3.2	Surplus stock	0
3.3	Committed supply of new affordable units	1,251
3.4	Units to be taken out of management	0
3.4	Total affordable housing stock available	2,779
3.6	Annual supply of social re-lets (net)	1,388
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	67
3.8	Annual supply of affordable housing	1,455
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED		
4.1	Total backlog need	6,986
4.2	Quota to reduce over plan period	20%
4.3	Annual backlog reduction	1,397
4.4	Newly-arising need	1,622
4.5	Total annual affordable need	3,019
4.6	Annual affordable capacity	1,455
4.7	Net annual imbalance	1,564

Source: Housing Register, RP Core Lettings Data

- 6.14 The above analysis indicates a net annual imbalance of 1,564 affordable dwellings across the borough. This equates to 52.8% of the capped 2017 Draft London Plan annual minimum housing need figure of 2,964.
- 6.15 On the basis of housing register evidence, Table 6.3 outlines a proposed profile of affordable dwellings by property size to reflect the needs of those on the housing register.

No. Bedrooms	% of new affordable stock
1 bed	22.8
2 bed	37.1
3 bed	27.4
4 bed +	12.7
Total	100.0

- 6.16 The assumptions underpinning each stage of the needs assessment model are presented in Appendix B.

Tenure split

- 6.17 In order to consider an appropriate affordable housing tenure split, the SHMA considers borough-level evidence of the relative affordability of alternative tenure options, past trends in delivery, London and national policy.
- 6.18 As no income data is available from the housing register, CAMEO income data has been used to test the relative affordability of different affordable tenure options based on local prices (Table 6.4). What this analysis indicates is that rental options are more affordable than affordable home ownership options.

Tenure option	% can afford based on local income data	Rebased to 100% ³⁷
Social rent	70.5	51.5
London Affordable rent	45.2	33.0
London Living Rent	19.2	14.0
Shared ownership (25%)	2.0	1.5

- 6.19 This analysis points to a bespoke borough-level tenure split of 85% social/affordable rent and 15% intermediate tenure. This is based on the evidence of relative affordability of housing tenure options which are set out in paragraphs 4.72 to 4.90 and the recommendations made in paragraph 4.98.

³⁷ The percentage data for who can afford based on local income data totals 136.9%. This is rebased to 100% and adjusts the proportions accordingly. For instance, 70.5% who can afford social rent translates to $70.5\% \times 100/136.9\% = 51.5\%$

- 6.20 Regarding national policy, the NPPF also states that 10% of dwellings on larger sites should be made available for affordable home ownership and the proposed tenure split is consistent with this policy.
- 6.21 Policy H7 of the draft London Plan sets out a split of affordable products that should be applied to development:
- A minimum of 30% low-cost rented homes, allocated according to need for Londoners on low incomes (Social Rent / London Affordable Rent);
 - A minimum of 30% intermediate tenure products which meet the definition of affordable housing, including London Living Rent and London Shared Ownership;
 - 40% to be determined by the relevant borough based on identified need, provided they are consistent with the definition of affordable housing
- 6.22 If the Council is minded to adopt the approach taken in Policy H7 of the Draft London Plan, then all of the remaining 40% to be determined at the borough level should be social rent/affordable rent, creating a 70:30 tenure split. This result is also consistent with the tenure split policies of the 2011 Core Strategy.

Identifying the need for different types of housing

Introduction

- 6.23 The NPPF 2019 (Paragraph 61) acknowledges that there are a range of household groups who have particular housing requirements. It sets out that the needs of different groups should be assessed and reflected in planning policy in terms of the size, type and tenure of housing. It states that these households include, but are not limited to: those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 6.24 The needs of those who require affordable housing have been addressed in the previous section of this chapter. The following sections look at other groups and consider their particular housing needs.

Housing for Families

- 6.25 The 2011 Census found that families (that is couples and lone parents) with children account for 35.9% of households across the borough. Of these, 27.3% of households are families with dependent children and 8.7% of all households are couples and lone parents with non-dependent children (aged 18 or over) living with them.
- 6.26 According to the 2014-based CLG household projections, the number of households with children is expected to increase by around 6,300 over the period 2018-2033. Arc⁴ national data (Table 6.5) indicates that families require the following range of dwellings, with a particular emphasis on the delivery for three and four bedroom stock. Nationally, 75.3% of families live in three and four bedroom dwellings. There is a particular aspiration towards living in a four bedroom dwelling but families tend to expect to move to a three bedroom dwelling.

	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1/2 Bed	17.5	7.7	16.4
3 Bed House	45.7	37.8	45.3
4 or more Bed House	29.6	44.4	28.0
1/2 Bed Flat	4.0	1.9	3.5
3+ Bed Flat	0.6	0.8	0.7
1/2 Bed Bungalow	0.7	2.5	2.9
3+ Bed Bungalow	1.6	3.6	2.2
Other	0.2	1.2	1.1
TOTAL	100.0	100.0	100.0
Base	304,451	70,433	68,425

Source: arc4 national surveys

- 6.27 Table 4.3 shows that 40.5% of the current stock are 3 and 4 bedroom properties. However, there are disparities between different tenures with only 25.9% private rented stock and 28.6% of affordable housing stock being 3 and 4 bedroom properties, compared to 59.7% in owner occupied stock.

Housing for older people

- 6.28 A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the borough's older population. The number of people across the borough aged 65 or over is projected to increase considerably during the Plan Period, from 28,500 in 2018 to 50,400 by 2040 (a 76.8% increase)³⁸. The 75-84 age group is projected to increase by 82.8% from 9,300 to 17,000; and the 85+ age group by 63.2% from 3,800 to 6,200 over the period to 2040.
- 6.29 According to 2014-based household projections³⁹, over the period 2020 to 2039⁴⁰ the number of households headed by someone aged 60 and over is expected to increase by 25,096. Arc⁴ national household survey evidence indicates that the majority of older people (generally upwards of 65%) want to stay in their own homes with help and support when needed. However, it is important to diversify the range of older persons' housing provision.
- 6.30 Arc⁴ national data (Table 6.6) indicates that older people are particularly living in three and four bedroom houses but there are strong aspirations and expectations towards smaller dwellings. Although this data is not directly replicable to Lewisham given its underlying stock profile, a key message from this analysis is a need for smaller dwelling units to provide for an increasing number of older people.

³⁸ ONS 2016-based Subnational population projections

³⁹ CLG 2014-based household projections

⁴⁰ Note MHCLG 2014-based household projections run to 2039

	Current Dwelling (%)	Aspiration (%)	Expectation (%)
1/2 Bedroom House	14.2	14.0	10.8
3 Bedroom House	36.3	19.2	18.2
4 or more Bedroom House	15.7	7.0	5.5
1/2 Bedroom Flat	14.4	16.1	19.7
3+ Bedroom Flat	0.5	0.7	1.1
1/2 Bedroom Bungalow	12.4	25.3	28.0
3+ Bedroom Bungalow	5.8	13.7	11.1
Other	0.7	3.9	5.7
TOTAL	100.0	100.0	100.0
Base	436,735	43,855	38,615

Source: arc4 national surveys

6.31 The PPG indicates that *'The health and lifestyles of older people will differ greatly, as will their housing needs. Strategic policy-making authorities will need to determine in relation to their plan period the needs of people who will be approaching or reaching retirement as well as older people now'*. It continues *'Strategic policy-making authorities will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied.'*⁴¹

The PPG recommends the following are considered in an assessment of older persons' need:

- The future need for specialist accommodation (e.g. sheltered, enhanced sheltered, extra care, registered care), broken down by type and tenure;
- The need for care in residential institutions (C2); and
- The role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs.

Future need for older person accommodation and residential care institutions

6.32 Table 6.7 sets out the categories of older person accommodation as expressed by the Elderly Accommodation Counsel (EAC). The EAC website provides an excellent source of information regarding the current range of older persons' provision in the borough.

⁴¹ PPG 2019 Paragraph: 017 Reference ID: 2a-017-20190220

Table 6.7 Categories of older person accommodation		
Category	Number of units	Description
Age-exclusive housing	979	Schemes or developments that cater exclusively for older people, usually incorporate design features helpful to older people, and may have communal facilities such as a residents' lounge, guest suite and shared garden, but do not provide any regular on-site support to residents.
Care homes	218	A residential setting where a number of older people live, usually in single rooms, and have access to on-site care services. Since April 2002 all homes in England, Scotland and Wales are known as 'care homes', but are registered to provide different levels of care A home registered simply as a care home will provide personal care only - help with washing, dressing and giving medication
Care home with nursing	481	A home registered as a care home with nursing will provide the same personal care but also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks. These homes are for people who are physically or mentally frail or people who need regular attention from a nurse.
Enhanced sheltered/close case	0	Sheltered housing that provides more in facilities and services than traditional sheltered housing but does not offer the full range of provision that is found in an Extra Care housing scheme
Retirement housing	1,227	Housing developments of a similar type to sheltered housing (see below), but built for sale, usually on a leasehold basis.
Extra Care housing	261	Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very sheltered housing, assisted living, or simply as 'housing with care'. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. It is a popular choice among older people because it can sometimes provide an alternative to a care home.
Sheltered housing	381	Sheltered housing means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors.
Total	3,547	Excludes Registered Provider dwellings

Source: EAC database www.housingcare.org.uk

- 6.33 Across the borough, there are an estimated 3,547 units of older persons' accommodation. This includes 699 units of residential care (C2) dwellings. The majority of older persons' accommodation (69.1%) is owned/managed by the council or housing associations, 3.2% by charities/non-profit organisations and 27.7% by private companies/small family businesses. All of the care home provision is owned/managed by private companies/small family businesses. Note that the EAC data does not include detailed tenure information.
- 6.34 There are an estimated 381 sheltered units not included in the EAC database as the 2017 Statistical Data Return (SDR) return reports a total of 1,608 registered provider units for older people.
- 6.35 Table 6.8 considers the ratio of older people to current provision and then applies this ratio to future population projections. This results in the need for 2,196 additional specialist older persons accommodation (C3) (included within the overall housing need figure) and 539 additional units of residential care provision (C2) over the plan period to 2040. This translates to a need for 110 units of C3 units each year across Lewisham. This is comparable with the draft London Plan policy H15 which identifies a benchmark of 100 additional specialist C3 units per annum for Lewisham.

Current provision	Number of units 2018	Number aged 75 and over 2020	Number aged 75 and over 2040 (projected)	Change in need
		13,100	23,200	
	-	Ratio of population to current provision	Ratio applied to 2040 population	
Specialist older person	2,848	0.21740458	5,044	2,196
Residential Care	699	0.053358779	1,238	539
Total	3,547		6,282	2,735

- 6.36 A proportion of older people will suffer from dementia. Where severe, care homes or care homes with nursing bed-spaces will be needed specifically for this group.

The role of general housing and in particular bungalows and homes that can be adapted to meet a change in needs

- 6.37 PPG comments that *'Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities will therefore need to identify the role that general housing may play as part of their assessment.'*⁴² There are only 460 bungalows in the borough

⁴² 2019 PPG Paragraph: 017 Reference ID: 2a-017-20190220

accounting for 0.4% of overall stock but there are 68,600 flats accounting for 57.7% of stock.

- 6.38 Given that the majority of older people want to remain in their own homes with help and support when necessary, there will be an increasing need to adapt existing homes. The actual scale of existing adaptations in the home nationally has been explored in the 2015/16 English Housing Survey (Table 6.9). This identifies that, adaptations to bathroom and grab rails are most frequently found in existing dwellings. Table 6.9 estimates the number of households likely to have adaptations in the borough based on national data.
- 6.39 Table 6.9 then factors in the likely change in older person households (a 64.8% increase by 2033 of 14,500 households) to establish the likely increase in the need to adapt existing dwellings. Table 6.9 shows an increase of 3,222 dwellings needing adaptations, equivalent to a 22% uplift.

Type of adaptation	% dwellings with adaptations from EHS	Lewisham expected adaptations 2018	Lewisham expected adaptations 2033	Change in number of dwellings needing adaptations
Adapted bathroom	6.9	1,545	2,547	1,001
Grab rails	6.6	1,478	2,436	958
Adapted kitchen	2.8	627	1,033	406
Electrical modifications	2.1	470	775	305
Stair lift	1.7	381	627	247
Ramps	1.6	358	591	232
Hoists	0.5	112	185	73
Base		22,396	36,909	

Source: English Housing Survey 2015-16

Wheelchair accessible dwellings

- 6.40 According to the English Housing Survey 2015/16, nationally 3.4% of households include a wheelchair user: 1% use the wheelchair inside the home and 2.4% use a wheelchair only outside. The Draft London Plan policy D5 specifies the need for 10% new build dwellings to be wheelchair user dwellings M4(3) and all other dwellings to be accessible and adaptable. The Council's Core Strategy Policy 1 requires 10% of new build to be wheelchair/accessible housing.

People with disabilities

- 6.41 A range of data are available which can be used to estimate the number of people in Lewisham with disabilities including the Census, national disability prevalence rates applied to the local population and the number receiving Disability Living Allowance.

- 6.42 The Census records a baseline of broad measures of disability across the population. Table 6.10 reports that across the borough, 5.0% of residents stated they were in bad or very bad health (and particularly associated with older age groups) and a further 11.6% were in 'fair' health. The majority (83.4%) were in 'very good or good health'. Overall, the 2011 Census estimated that around 45,400 residents were in fair or bad/very bad health. (16.6% of residents).

Age Group	Measure of health (%)		
	Very good or good health (%)	Fair health (%)	Bad or very bad health (%)
Age 0 to 15	96.3	2.9	0.8
Age 16 to 24	93.4	5.3	1.3
Age 25 to 34	92.3	5.9	1.8
Age 35 to 49	83.9	11.3	4.8
Age 50 to 64	67.5	21.2	11.4
Age 65 to 74	50.5	34.2	15.2
Age 75 to 84	37.5	41.9	20.6
Age 85 and over	29.3	45.1	25.7
All categories: Age	83.4	11.6	5.0
Total by measure of health	227,918	31,621	13,803

Source: 2011 Census Table DC3302EW

- 6.43 The Census also reported that around 18,500 (6.8%) of residents reported that their daily activities were limited 'a lot' and 19,900 (7.3%) 'a little'. This compares with higher figures for England (8.3% and 9.3% respectively).

National disability prevalence rates applied to Lewisham

- 6.44 The ONS Family Resources Survey provides national data on the number of people with disabilities by age group and the nature of the disability. This can be applied to population projections by age group to establish the likely number of residents who have a disability at the start of the plan period and how this is likely to change over the plan period 2020-2040 (Table 6.11). Although the number of people does not necessarily translate to a specific housing need, it provides a further insight into the likely range of disabilities experienced by residents in the borough. The baseline of around 55,613 people with an illness/disability, based on national estimates is suggested (Table 6.11) and further analysis estimates that 17.7% of residents in households in 2020 are expected to have a disability increasing to 19.6% by 2040.

Disability	Estimated of residents with Disability		
	2018	2033	Change
Mobility	28,919	37,169	8,251
Stamina/breathing/fatigue	21,504	27,639	6,135
Dexterity	15,572	20,014	4,443
Mental health	12,235	15,725	3,491
Memory	9,083	11,675	2,592
Hearing	8,157	10,484	2,327
Vision	7,230	9,292	2,063
Learning	7,415	9,531	2,116
Social/behavioural	4,264	5,480	1,216
Other	8,342	10,722	2,380
Base (total in households with disability)	55,613	71,479	15,867
% of population with disability	17.7	19.6	

Source: ONS Family Resources Survey 2016/17 and ONS 2016-based population projections

Benefit claimants - disability living allowance (DLA) by disabling condition

- 6.45 The Department of Work and Pensions (DWP) publishes information about the number of people receiving Disability Living Allowance (DLA) and the conditions associated with the claim. Table 6.12 indicates that 2.9% of the population receive DLA, with 4.0% of all residents under 16, 4.5% of residents aged 50-64 and 7.6% of all residents aged 65 and over in receipt of DLA. The disabling conditions reported by borough residents in receipt of DLA are shown in Table 6.13 and indicates that the most prevalent conditions are learning difficulties and arthritis.

Age group	Number of claimants	% of claimants	Population 2018 est	% population DLA claimant
Under 16	2,420	27.6	60,700	4.0
16-24	420	4.8	33,400	1.3
25-49	1,600	18.2	136,400	1.2
50-64	2,170	24.7	48,100	4.5
65 and over	2,170	24.7	28,500	7.6
Total	8,780	100.0	307,100	2.9

Source: NOMIS

Disabling Condition	Age Group			
	<65	65+	Total	Total %
Total	6,610	2,170	8,780	
Learning Difficulties	2,260	50	2,310	26.3
Arthritis	310	700	1,010	11.5
Psychosis	810	140	950	10.8
Disease of the Muscles, Bones or Joints	250	150	400	4.6
Back pain - other / Precise diagnosis not Specified	200	110	310	3.5
Psychoneurosis	240	70	310	3.5
Neurological Diseases	250	40	290	3.3
Unknown / Transfer from Attendance Allowance	220	60	280	3.2
Blindness	150	70	220	2.5
Cerebrovascular Disease	90	130	220	2.5
Behavioural Disorder	220	~	220	2.5
Deafness	180	20	200	2.3
Hyperkinetic Syndromes	200	~	200	2.3
Heart Disease	60	110	170	1.9
Chest Disease	60	90	150	1.7
Epilepsy	120	20	140	1.6
Diabetes Mellitus	80	40	120	1.4
Spondylosis	50	60	110	1.3
Multiple Sclerosis	80	30	110	1.3
AIDS	100	10	110	1.3
Trauma to Limbs	60	30	90	1.0
Malignant Disease	50	40	90	1.0
Other (conditions each representing less than 1% of total recipients)	490	210	700	8.0

Source: Nomis and DWP 2018

Recommendations for optional accessible building standards

- 6.46 In 2015, the Government introduced new optional accessibility standards for dwellings that could be required through the planning process if requirements are incorporated into planning policy. Leeds City Council have produced a helpful paper setting out their approach to understanding optional accessible building standards⁴³ which forms the basis for material in this section of the report.
- 6.47 Three national accessibility standards are contained within Part M Volume 1 of the Building Regulations⁴⁴ as set out in Table 6.14. The M4(1) visitable dwelling is the mandatory minimum standard applied to all new dwellings. Only one accessible housing standard can apply to any dwelling. The M4(2) accessible and adaptable dwelling standard is based on, and in 2015 effectively replaced, the 'Lifetime Homes' standard.

⁴³ Leeds City Council Core Strategy Selective Review: Accessible housing need assessment background paper February 2018

⁴⁴https://www.planningportal.co.uk/info/200135/approved_documents/80/part_m_-_access_to_and_use_of_buildings

Standard Label	Standard title	Level of accessibility provided	Mandatory or optional
M4(1)	Visitable dwellings	Level access not necessarily provided into the dwellings – few accessibility features	Mandatory
M4(2)	Accessible and adaptable dwellings	Level access is provided into the dwelling – easy to adapt to make more accessible – not suitable for most wheelchair users	Optional
M4(3)	Wheelchair user dwellings	Dwellings suitable for wheelchair users: either wheelchair accessible or wheelchair adaptable	Optional

Source: Leeds City Council Core Strategy Selective Review: Accessible housing need assessment background paper February 2018

6.48 Figures 6.1 and 6.2 below define these optional accessibility standards. They are taken directly from the Government's practice guidance.

Figure 6.1 Explanation of optional accessibility standard M4(2)

In the Secretary of State's view, optional requirement M4(2) will be met where a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users. Reasonable provision is made if the dwelling complies with all of the following.

- a. Within the curtilage of the dwelling, or of the building containing the dwelling, it is possible to approach and gain step-free access to the dwelling and to any associated parking space and communal facilities intended for the occupants to use.
- b. There is step-free access to the WC and other accommodation within the entrance storey, and to any associated private outdoor space directly connected to the entrance storey.
- c. A wide range of people, including older and disabled people and some wheelchair users, are able to use the accommodation and its sanitary facilities.
- d. Features are provided to enable common adaptations to be carried out in future to increase the accessibility and functionality of the dwelling.
- e. Wall-mounted switches, socket outlets and other controls are reasonably accessible to people who have reduced reach.

Figure 6.2 Explanation of optional accessibility standard M4(3)

In the Secretary of State's view, optional requirement M4(3) will be met where a new dwelling makes reasonable provision, either at completion or at a point following completion, for a wheelchair user to live in the dwelling and use any associated private outdoor space, parking and communal facilities that may be provided for the use of the occupants. Reasonable provision is made if the dwelling complies with all of the following.

- a. Within the curtilage of the dwelling or of the building containing the dwelling, a wheelchair user can approach and gain step-free access to every private entrance to the dwelling and to every associated private outdoor space, parking space and communal facility for occupants' use.
- b. Access to the WC and other accommodation within the entrance storey is step-free and the dwelling is designed to have the potential for step-free access to all other parts.
- c. There is sufficient internal space to make accommodation within the dwelling suitable for a wheelchair user.
- d. The dwelling is wheelchair adaptable such that key parts of the accommodation, including sanitary facilities and kitchens, could be easily altered to meet the needs of a wheelchair user or, where required by a local planning authority, the dwelling is wheelchair accessible.
- e. Wall-mounted switches, controls and socket outlets are accessible to people who have reduced reach.

- 6.49 Given the ageing population in the borough, the identified levels of disability amongst the population and the estimated increase in adaptations required in the existing housing stock to cater for the projection population, it is recommended that a policy to provide new homes built to accessibility standards is included in the Local Plan.
- 6.50 It should be noted however that any percentage requirements for accessible housing are subject to cumulative viability testing. It is also recommended that needs are monitored closely given the ageing population over the Plan Period.

The private rented sector

- 6.51 The 2011 Census found that the private rented sector accommodates around 25.3% of households (29,375 households) across the borough. The characteristics of the private rented sector in the borough have been reviewed in Chapter 4, including the findings of the stakeholder consultation work undertaken as part of this SHMA. An in depth study of the private rented sector is appended to this report.

Demand for self and custom housebuilding

- 6.52 The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function. The following section presents key findings from the register as at July 2018 from a policy perspective.

- there were 135 applicants 49 of whom (36%) had also expressed an interest in the GLA register;
 - 38 (28%) applicants had previous experience of a self or custom build project;
 - 18 applicants stated they were interested in a group self-build project;
 - 5 applicants stated that they were interested in a developer led custom design and build service;
 - 112 applicants stated they were seeking an individual self-build plot;
 - 5 applicants stated they were members of a community land trust - all Rural Urban Synthesis Society;
 - various plot sizes and types were estimated by applicants:
 - 82 applicants (62%) under 150sqm;
 - 24 applicants (18%) 150-200sqm;
 - 20 applicants (15%) 200-500sqm;
 - 7 applicants (5%) 500sqm+;
 - 96 applicants (71%) detached house;
 - 12 applicants (9%) semi-detached house;
 - 25 applicants (19%) mix of units;
 - 1 applicant suitable for disability; and
 - 1 flat or apartment.
 - 2 applicants requested more than 1 serviced plot;
 - all expressed a preference for a plot located in the 'town centre' some qualified this with individual requests for Sydenham, Forest Hill, Brockley, Catford and Blackheath. 5 sought close to transport links; and
 - nearly all felt able to progress their project within 12 months of a plot becoming available.
- 6.53 We routinely look at weekly planning lists for evidence of the scale of self and custom building by people that have found plots. We searched for listings that concerned individual dwellings whether new build, rebuild or conversion. We accept that we are unable to differentiate between self/custom build and speculative build and that this information is only indicative.
- 6.54 Outside London our experience has invariably been that the scale of this activity annually is several times greater than the applicants listed on the register.
- 6.55 Based on detailed examination of the weekly planning list for a 4-week period from 21st May we found listings that concerned the creation of 6 individual dwellings, 5 of which were individual flats formed by extending existing buildings and no change of use. The implication of this is that there are few plots available on the open market for self and custom builders.

Houses in multiple occupation

- 6.56 A house in multiple occupation (HMO) is a property rented out by at least three people who are not from one 'household' (for example a family) but share facilities like the bathroom and kitchen. A licence is required for a 'large' HMO, defined as a property where all of the following apply:
- It is rented for 5 or more people who form more than 1 household;
 - Some or all tenants share toilet, bathroom or kitchen facilities; and
 - At least one tenant pays rent (or their employer pays it for them)
- 6.57 It is estimated that there was a total of 14,810 HMOs (both licensed and unlicensed) across the borough in 2016/17⁴⁵. This compares with an estimate of 13,410 HMOs in 2011.⁴⁶ However, mandatory HMO licenses issued by the Council was 275 in 2017 and by 2019 this had increased to 403. This reflects the change made by Government in October 2018 to extend the mandatory licensing scheme to include all homes with five or more occupiers who are not one household. These figures should be treated with caution as it is difficult to accurately identify the quantity and location of HMOs due to given permitted development rights, unauthorised development and under reporting of conversions.
- 6.58 Given the lack of affordability of housing in Lewisham to lower income households described in chapters 3 and 4 (especially younger single households), growth in demand for HMOs is likely to continue. This demand is partially being met by 'spare room' lettings, however, more HMO accommodation could form a more affordable solution especially for younger, single person households.

Homeless and previously homeless households

- 6.59 The Ministry of Housing, Communities and Local Government (MHCLG) Homelessness Statistics for the year 2016/17 indicate that a total of 1,176 decisions were made on households declaring themselves as homeless across the borough (Table 6.15). Of these households, 768 were classified as homeless and in priority need. Over the four years 2013/14 to 2016/17, an annual average of 1,112 decisions were made across the borough and an average of 755 households each year were declared as homeless and in priority need. A proportion of households accepted as homeless will be part of the affordable need contained in the council's housing register which is a key component of the affordable housing model summarised in chapter 6 and described fully in Appendix B.

⁴⁵ Local Authority Housing Statistics 2016/17

⁴⁶ Housing Strategy Statistical Appendix 2011/12

Year	Decisions made	Accepted as homeless
2013/14	866	710
2014/15	1,227	769
2015/16	1,180	772
2016/17	1,176	768
Total	4,449	3,019
Annual Average	1,112	755

Source: MHCLG Homelessness Statistics

Key workers

- 6.60 The NPPF 2019 refers to **Essential local workers**: public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers. There were no specific views raised by stakeholders regarding accommodation needs for this group.

Gypsy and Travellers

- 6.61 The Council has commissioned separate evidence to assess the needs associated with Gypsy and Travellers. The Lewisham Gypsy and Traveller Accommodation Assessment Update 2016 has now been published and should be read alongside this document.

Armed forces personnel

- 6.62 There have been 9 applicants on the housing register from former armed forces personnel. These households mainly require smaller one and two-bedroom dwellings. There were no specific views raised by stakeholders regarding accommodation needs for this group.

Black, Minority, Ethnic Households

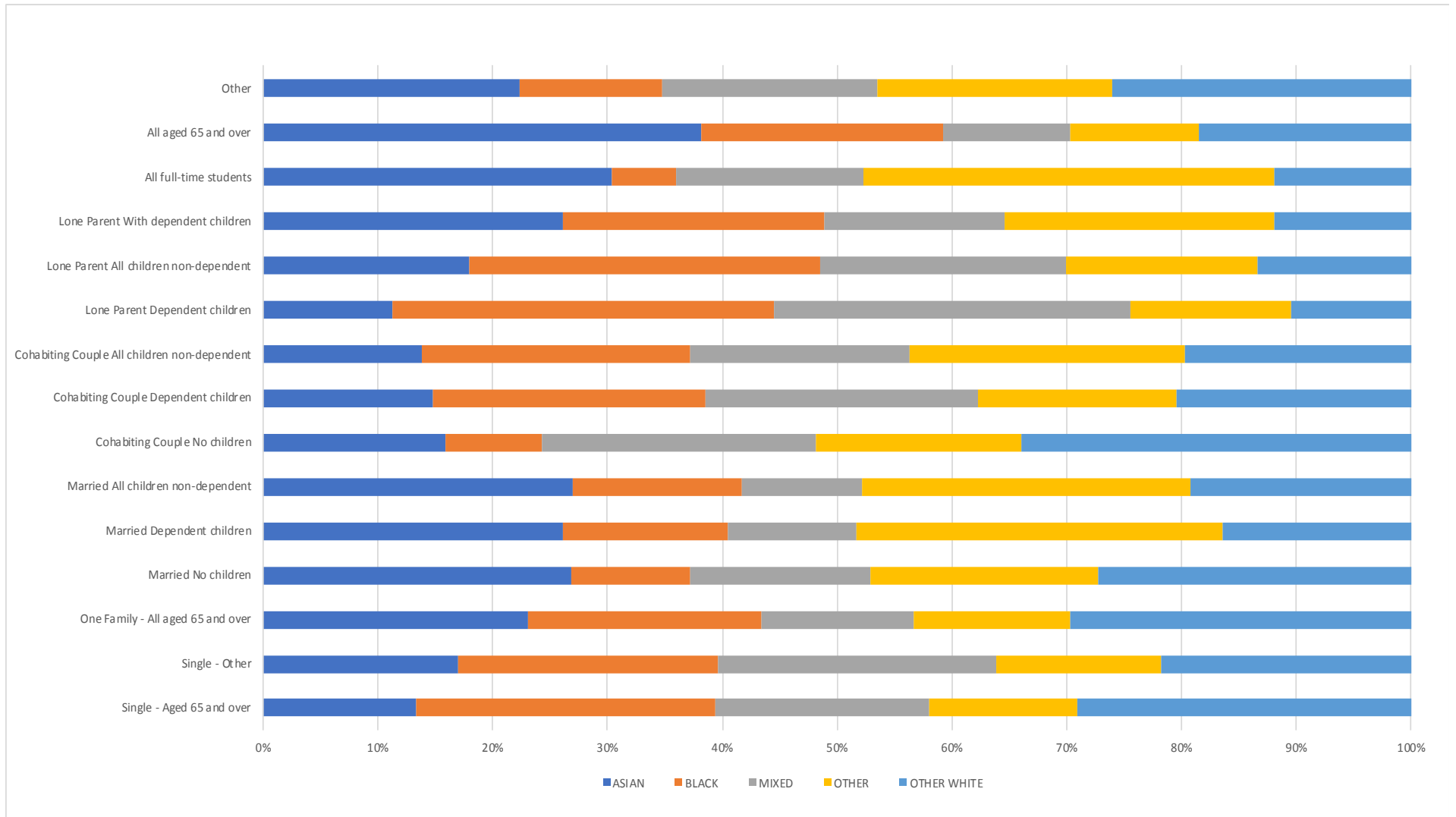
- 6.63 Census 2011 data reveals that 52.2% of households have a household reference person from a Black, Asian and Minority Ethnic group. Overall, 47.8% of household reference people identify as White British, 12.7% White Other, 26% Black/Black British, 7.3% Asian/Asian British and 4.1% mixed/multiple ethnicity and 2% are of other ethnic origin.
- 6.64 BAME households are more likely to be social renters (38.1%) compared with all households (31.1%), a further 25.6% rent privately compared with 25.3% all households and 36.2% are owner occupiers compared with 43.6% of all households.
- 6.65 Overall, 17.1% of BAME households are overcrowded (compared with 12.1% of all households). The implication of this finding is significant. Paragraph 4.42 of this report demonstrates that 71.4% of the affordable stock comprises of flats and apartments and 23.3% of dwellings have 3 or more-bedrooms. Further, the proportion of affordable housing varies significantly by ward (Table 4.7). The borough average proportion of affordable housing is 31% but the range is between 12.6% and 57.3%. This means that

some BAME households may disproportionately experience overcrowding longer than others due to the low proportion of family homes within the affordable stock and the uneven distribution of such housing across the borough.

BAME Characteristics

- 6.66 The highest proportion within the BAME category is the Black ethnic group, which accounts for around half of all BAME households in Lewisham.
- 6.67 The following graph details the household composition by BAME Category within Lewisham.

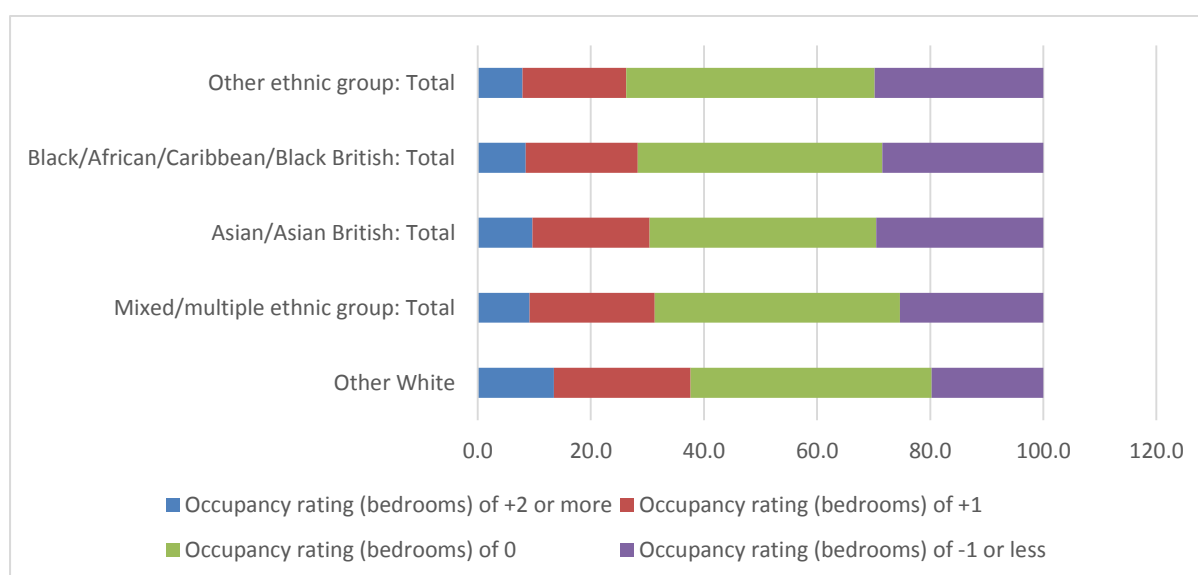
Figure 6.3 BAME household composition



Source: Census 2011

- 6.68 The main age group within the BAME categories is 16-34 (33.7%), closely followed by those aged 35-49 (24.1%). Those aged over 65 account for 5.4% within the BAME groups within the borough
- 6.69 The data shows that the Mixed and Black BAME categories contains the highest proportion of single person households aged over 65 within the Borough.
- 6.70 Full time students and married households with dependent children are highest amongst the Asian and 'Other' BAME categories.
- 6.71 Lone parents with dependent children are shown to be the highest amongst Black and Mixed BAME households within the Borough.
- 6.72 The graph below highlights the occupancy rating of each BAME household category within the Borough.
- 6.73 The data suggests that the highest under occupancy rating (bedrooms of -1 or less) is highest amongst the other ethnic category group (29.8%), followed by Asian/Asian British BAME group (29.5%).

Figure 6.4 BAME occupancy rating



Source: Census 2011

- 6.74 .A disproportionately higher amount of BAME residents are social renters and there is a higher tendency of over-crowding within BAME groups. A mix of tenures with a focus on social rented family-sized properties will help to address the needs of BAME groups.

Overcrowding/under-occupancy

- 6.75 According to the 2011 Census, 12.1% of households were overcrowded, in particular lone parents with dependent children (26.1% were overcrowded), couples with dependent children (16.8%), lone parents with non-dependent children (11.9%) and other household types (38.1%). In contrast, 46.1% of households under occupied their

dwelling, in particular older person households and couples with no children (Table 6.16).

Household composition	Occupancy (%)				Base
	Under-Occupied (2 or more bedrooms spare)	Under-Occupied (1-bedroom spare)	Balanced	Overcrowded	
Singles (under 65)	17.9	31.7	50.5	0.0	29,686
Older person (65+ singles and couples)	44.1	27.3	28.6	0.1	13,128
Couples under 65 no children	34.7	36.8	28.5	0.0	14,740
Couples with dependent children	12.1	28.6	42.6	16.8	18,352
Couples with non-dependent children	16.4	42.4	32.6	8.6	4,569
Lone parent with dependent children	2.6	15.9	55.3	26.1	13,301
Lone parent with non-dependent children	8.3	37.0	42.9	11.9	5,494
Other household types	6.1	16.3	39.6	38.1	16,821
All households	18.1	28.0	41.9	12.1	116,091

Source: Census 2011 Table LC4105

- 6.76 This mismatch between the size of housing units and actual occupancy is a key driver of affordable housing need.

Students in Lewisham

Census

- 6.77 In the 2011 Census there were over 25,000 students aged 16-74 in the Borough of Lewisham, this represents over one in ten of the 16-74 population (12.2%). This has grown by 38% from around 18,000 in 2001, when students made up 9.9% of the 16-74 population.
- 6.78 The 2011 Census also showed that there were 2,553 student only households in the borough (where all students are aged 18 or over). Almost half of these households (46%) consisted of a single student⁴⁷.

⁴⁷

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/adhocs/008207ct07732011censusnumberofstudentsinstudentonlyhouseholdnationaltoauthoritylevel> [accessed January 2019]

Studying in London

- 6.79 In the 2017 Times Higher Education Student Experience Survey, London Universities generally appeared low in the rankings for the proportion of students who agreed that their university offered 'good accommodation'. Goldsmiths ranked 106 and the University of Greenwich ranked 96 out of 122 (where higher is worse)⁴⁸.

Goldsmiths University

- 6.80 Goldsmiths is a single-campus site in the centre of New Cross and has around 1,500 rooms in halls of residence, not all of which are in the Borough of Lewisham. The university manages two halls in New Cross; Dean House and Loring Hall with a total of 373 en-suite rooms. The weekly rate ranges from £142 to £171 (2018 entry). Goldsmiths managed halls are signed up to the Student Accommodation Code (SAC)⁴⁹. There are a further seven halls which are referred to as 'nomination and partnership halls'. The weekly rates for these range from £139 to £318 (2018 entry). Campus Living Villages manages three student accommodation blocks in Goldsmiths Student Village, Lewisham. These are Raymont Hall, Surrey House (including Surrey House Annex) and Chesterman House. Chapter manages the hall named Chapter Lewisham. The two halls outside the borough are Quantum Court, Tower Hamlets, managed by Unite Students and Town Hall Camberwell, Southwark, managed by Homes for Students⁵⁰. All private accommodation providers are signed up to the ANUK/Unipol National Code of Standards for Larger Developments⁵¹.
- 6.81 Goldsmiths encourages those wanting to live in the private rented sector to use the service provided by University of London Student Homes (part of the University of London Housing Services)⁵². This service provides and manages good quality homes and means students deal direct with the university rather than the private landlord. All homes conform to the (SAC) and the housing service also provides contract checking and legal advice.

Goldsmiths university student numbers and trends

- 6.82 In 2016/17, 9,345 students were enrolled at Goldsmiths. Of these 7,035 were from the UK; 1,465 were non-European union residents; 850 were from EU countries outside the UK.
- 6.83 Over time student enrolments have increased by:
- 16% overall
 - 18% for UK

⁴⁸ <https://www.timeshighereducation.com/student/best-universities/student-experience-survey-2017-best-uk-universities-accommodation> [accessed January 2019]

⁴⁹ <https://www.thesac.org.uk/> [accessed January 2019]

⁵⁰ <https://www.gold.ac.uk/accommodation/halls/> [Accessed January 2019]

⁵¹ <https://www.nationalcode.org/> [Accessed January 2019]

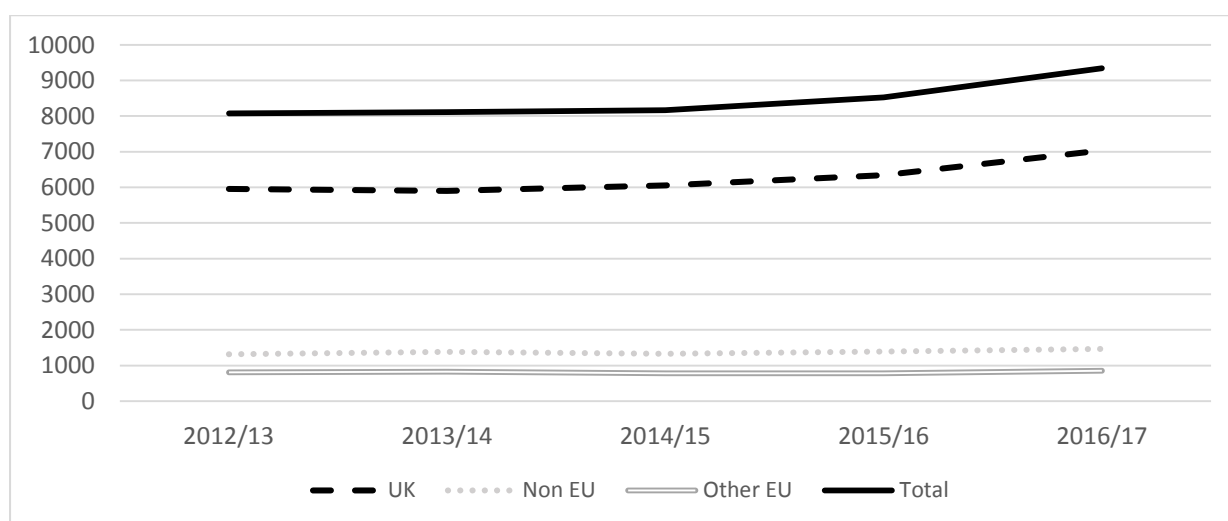
⁵² <http://studenthomes.london.ac.uk/> [Accessed January 2019]

- 11% for non-EU
- 5% for other EU

6.84 The proportion of enrolments by domicile has remained fairly static and for 2016/17 show:

- 75% by UK students
- 16% by non-EU
- 9% by other EU

Figure 6.5 Number of enrolments at Goldsmiths University by domicile, 2012/13 to 2016/17.
Source: HESA



The University of Greenwich

6.85 The University of Greenwich has three campuses and the university provides around 2,400 places in halls of residence across the three. The Greenwich campus is located to the east of the Borough of Lewisham. Students based at this campus can choose between four halls of residence, one of which is in Lewisham, the McMillan Student village, near Deptford Market. En-suite bedrooms and flats range in price from £106 to £204 per week. The university partners with Campus Living Villages to provide the accommodation and they are signed up to the ANUK/Unipol National Code of Standards for Larger Developments⁵³.

6.86 The university partners with Studentpad⁵⁴, an online accommodation service, to help students find private rented accommodation for each campus. These properties are not vetted by the university or the students' union. The University of Greenwich students are not eligible to use the University of London Housing Services.

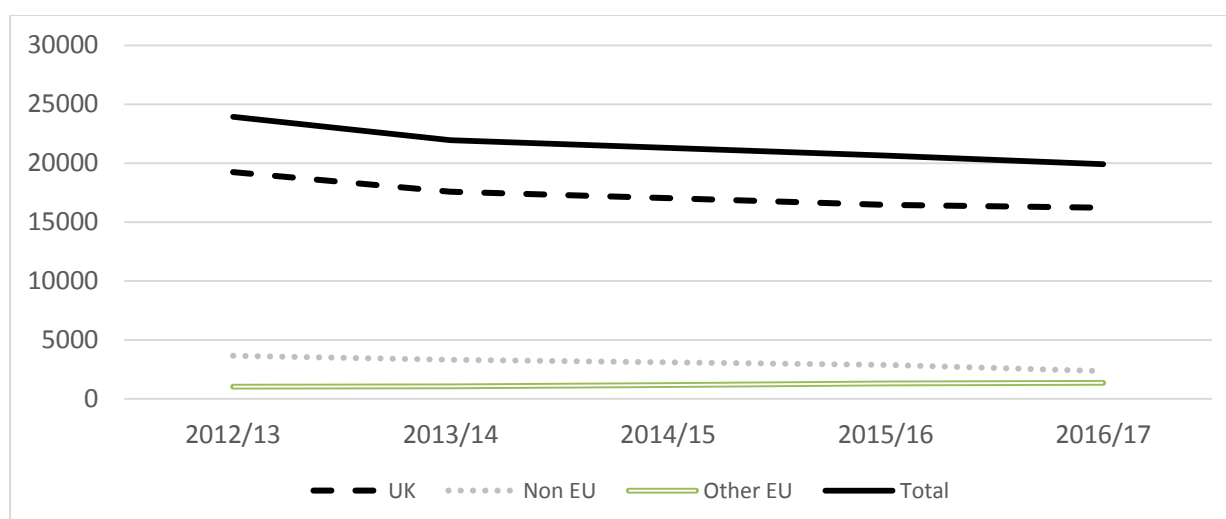
⁵³ <https://www.nationalcode.org/> [Accessed January 2019]

⁵⁴ <https://www.greenwichstudentpad.co.uk/Accommodation> [Accessed January 2019]

The University of Greenwich; student numbers and trends

- 6.87 In 2016/17, 19,915 students were enrolled at the University of Greenwich. Of these 16,220 were from the UK; 2,350 were non-European Union residents; 1,340 were from EU countries outside the UK⁵⁵.
- 6.88 Over time student enrolments have decreased by:
- 17% overall
 - 16% for UK
 - 36% for non-EU
- 6.89 The exception is that enrolments by other EU students have risen by 29% (from 1,035 to 1,340). The proportion of enrolments by domicile has:
- remained around 80% for UK
 - decreased from 15% to 12% for non-EU
 - increased from 4% to 7% for other EU

Figure 6.6 Number of enrolments at The University of Greenwich by domicile, 2012/13 to 2016/17. Source: HESA



The London Plan

- 6.90 The majority (57%) of new student accommodation has been concentrated in four London boroughs; Camden, Islington, Tower Hamlets and Southwark. The London Plan recognises the economic contribution of London's Universities and the need for them to maintain and grow and thus the requirement for specialist student housing but clearly states that this must not compromise the policy to achieve mixed and balanced communities.

⁵⁵ HESA website <https://www.hesa.ac.uk/data-and-analysis/students/where-study> [accessed January 2019]

- 6.91 As Lewisham is outside of the central concentrated student areas it is important to note the Mayor's approach to "encourage a more dispersed distribution of future provision taking into account development and regeneration potential in accessible locations away from the areas of greatest concentration in central London"⁵⁶. In terms of raw numbers, the plan states that "whilst there is uncertainty over future growth in the London student population and its specialist accommodation needs, including the unmet demand, there could be a requirement for some 20,000 – 31,000 places over the 10 years to 2025". The plan also makes reference to the tendency for new student housing to reduce pressure in the private rented sector and the SHLAA finding which "identified a pipeline of circa 20,000 student bed spaces 2015–2025"⁵⁷.
- 6.92 Policy H17 of the Draft London Plan specifies that at least 35% of the student accommodation is secured as affordable student accommodation. Whilst pressure on the private rented sector from students has been mitigated by some purpose built student housing schemes being recently built in the borough of Lewisham, the sector will continue to be subject to extreme levels of demand from students unable to afford purpose built housing.

Concluding comments

- 6.93 This chapter has set out the affordable housing need in the borough and presented evidence relating to a broad range of needs groups as set out in the NPPF. It is expected that the overall development of housing in line with the housing target will support these groups. Particular attention should be paid to considering the needs of older people when developing future housing given that this group is a key driver in the housing market.
- 6.94 A need for affordable housing has been established and the latest housing register evidence and lettings data indicates there is a net annual imbalance of 1,564 affordable dwellings across the borough. This equates to 52.4% of the 2017 Draft London Plan capped minimum housing need figure. Based on housing register need, it is recommended that 22.8% of new affordable dwellings have one bedroom, 37.1% two bedrooms, 27.4% three bedrooms and 12.7% four or more bedrooms. Future delivery of affordable housing will help address this imbalance, but the actual scale of delivery will be determined by Local Plan policies, the economic viability of delivery, the development programmes of housing association partners, opportunities for private developers to build affordable homes and the ability of the Council to build its own affordable homes. An affordable tenure split for the borough of around 70% rented and 30% intermediate tenure is recommended, with a further breakdown of 44% social rented, 26% affordable rent and 30% intermediate tenure.
- 6.95 The evidence in this report points towards the need for a strong affordable housing policy within the Local Plan that takes account of the following recommendations:

⁵⁶ Paragraph 3.53A, The London Plan

⁵⁷ Paragraph 3.53, The London Plan

7. Dwelling type and mix

Introduction

- 7.1 The purpose of this chapter is to consider the dwelling type and size mix which is appropriate for the borough. There are three main data sources which provide the starting point for the analysis: household projections, dwelling stock information and national estimates of the relationships between households and dwellings derived from arc⁴ household surveys.

CLG Household projections

- 7.2 These are used to establish the number of households by Household Reference Person (HRP) and household type using the latest (currently 2014-based⁵⁸) data and how this is expected to change over a specified period. Although analysis focuses on the Local Plan period 2020-2040, the 2014-based MHCLG household projection data only covers the period to 2039.
- 7.3 The change in the number of households over this period can be established and, assuming that the dwelling needs of these households do not change significantly over the Plan Period, the potential impact on type/size of dwellings can be determined.

Dwelling stock

- 7.4 The latest Valuation Office Agency (VOA) data provides a summary of dwelling type (house, flat, bungalow) and size (number of bedrooms) as at September 2017.

Relationship between households and dwellings

- 7.5 arc⁴ has prepared data on the relationship between the age of household reference person, household type and dwellings occupied by type and size. This is a unique secondary data source and has been derived from amalgamating household survey data from around 40,000 households. The data available is summarised in Table 7.1.

⁵⁸ Note detailed 2016-based household projection data is due for publication in December 2018

Age group of Household Reference Person	Household (HH) type	Dwelling type	Dwelling size
15_24	One Person	1 Bed House	1 Bedroom
25_34	Couple only	2 Bed House	2 Bedrooms
35_44	HH with 1/2 Child(ren)	3 Bed House	3 Bedrooms
45_59	HH with 3 Children	4 or more bed House	4+ Bedrooms
60_84	Other Multi-person	1 Bed Flat	All
85+	All	2 Bed Flat	
All		3+ Bed flat	
		1 Bed Bungalow	
		2 Bed Bungalow	
		3+ Bed Bungalow	
		All	

Source: arc⁴ household surveys

7.6 For each age group, the proportion of Household Reference Persons (HRPs) by household type living in different type/size and size of dwelling has been calculated. Table 7.2 provides an example of the data for the 15-24 age group.

7.7 A key issue when running this analysis is the marked variance in the profile of dwelling stock in the borough compared with England. Most notably, 57.7% of the borough's dwelling stock are flats/apartments (compared with 22.9% nationally) and 41.9% are houses, particularly 3-bedroom terraced, compared with 67.4% nationally. Applying national data would not provide relevant dwelling type outcomes for the borough. Therefore, the focus of this analysis is market mix based on tenure and dwelling size.

HRP Age group	Dwelling type/size	Household type					Total
		One Person	Couple only	HH with 1/2 Children	HH with 3 Children	Other Multi-person	
15-24	1	64.3	30.6	0.2	0.0	0.0	23.1
	2	21.4	51.0	71.1	18.9	38.6	44.6
	3	14.3	17.2	27.7	74.2	14.5	19.6
	4/4+	0.0	1.2	0.9	6.9	46.9	12.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: arc⁴ surveys

Applying the data at borough level

7.8 Applying the data at borough level is done in a systematic way. Firstly, the change in the number of households by age group and household type is established from household

projections (Table 7.3A and B). This illustrates that the total number of households is expected to increase by around 39,700 over the period 2020 to 2039 using 2014-based DCLG household projections. Analysis indicates an increase in the number of households across most HRP age with the exception of the 25-34 age group, with the most substantial increases across the 45-59 and 60-84 age groups.

- 7.9 From national data, the relationship between age group of the HRP, household type and dwelling size can be established. This can be applied to the household projections to consider the overall impact of household change on housing size assuming that the initial dwelling profiles by age group do not change over the plan period.

Table 7.3A Change in number of households by age group 2020-2039				
Age group	Household Type	Year		Change in households 2020-2039
		2020	2039	
15-24	One Person	1,199	1,268	69
	Couple only	188	66	-122
	HH with 1/2 children	1,235	1,426	191
	HH with 3 children	66	77	11
	Other Multi-person	1,361	1,565	204
	Total	4,049	4,402	353
25-34	One Person	6,351	5,473	-878
	Couple only	4,350	3,216	-1,134
	HH with 1/2 children	6,531	5,347	-1,184
	HH with 3 children	1,157	867	-290
	Other Multi-person	5,581	6,865	1,284
	Total	23,970	21,768	-2,202
35-44	One Person	10,031	10,368	337
	Couple only	5,079	6,296	1,217
	HH with 1/2 children	13,650	12,546	-1,104
	HH with 3 children	3,369	2,575	-794
	Other Multi-person	3,111	3,013	-98
	Total	35,240	34,798	-442
45-59	One Person	14,558	21,260	6,702
	Couple only	3,772	2,961	-811
	HH with 1/2 children	13,056	19,684	6,628
	HH with 3 children	2,528	4,178	1,650
	Other Multi-person	8,886	11,585	2,699
	Total	42,800	59,668	16,868
60-84	One Person	14,531	25,420	10,889
	Couple only	5,756	8,431	2,675
	HH with 1/2 children	1,016	1,713	697
	HH with 3 children	87	171	84
	Other Multi-person	7,942	16,165	8,223
	Total	29,332	51,900	22,568

Continued overleaf/...

Table 7.3A Change in number of households by age group 2020-2039				
Age group	Household Type	Year		Change in households 2020-2039
		2020	2039	
85+	One Person	2,130	3,405	1,275
	Couple only	439	691	252
	HH with 1/2 children	26	49	23
	HH with 3 children	2	1	-1
	Other Multi-person	725	1,704	979
	Total		3,322	5,850

Table 7.3B Change in number of households by age group 2018-2033				
Age group	Household Type	Year		Change in households 2020-2039
		2020	2039	
ALL	One Person	48,799	67,195	18,396
	Couple only	19,583	21,660	2,077
	HH with 1/2 children	35,514	40,763	5,249
	HH with 3 children	7,209	7,869	660
	Other Multi-person	27,605	40,896	13,291
	Total		138,709	178,383

Source: DCLG 2014-based household projections (subject to rounding)

7.10 Table 7.4 applies the national data on dwelling occupancy to the demographic trends in the borough. The two right hand columns indicate the likely change in demand for dwelling sizes and how this translates to an overall percentage change in dwelling requirement. Analysis indicates that the majority of need will be for 3-bedroom (42.3%) and 2-bedroom (26.2%) followed by four bedroom (19.4%) and 1- bedroom dwellings (12.1%).

Table 7.4 Impact of change in households by age group on dwellings occupied 2020-2039								
Dwelling size	Age group of Household Reference Person						Total	% change
	15-24	25-34	35-44	45-59	60-84	85+		
1	82	-267	-37	1,582	2,900	546	4,805	12.1
2	157	-830	-109	4,097	6,145	936	10,396	26.2
3	69	-894	-188	7,099	9,824	877	16,788	42.3
4 or more	45	-211	-108	4,090	3,699	169	7,684	19.4
Total	353	-2,202	-442	16,868	22,568	2,528	39,673	100.0

Note totals by age group may vary slightly due to rounding errors

Source: DCLG 2014-based household projections and arc⁴ survey data

- 7.11 This analysis can be applied to the housing need target in the 2017 Draft London Plan range established for the borough as set out in Table 7.5.

Table 7.5 Overall dwelling mix based on range of housing need		
Annual dwelling need		
Dwelling size	% Dwelling stock	No. of dwellings
1-bedroom	12.1	359
2-bedroom	26.2	777
3-bedroom	43.3	1,254
4 or more	19.4	574
Total	100.0	2,964

Source: arc⁴

- 7.12 Table 7.6 then summarises dwelling size mix by market and affordable housing. This has been calculated as follows:

- The overall dwelling mix is based on the relationship between households and dwellings drawing upon arc4 national data and summarized in Table 7.5 and assumes that 2,964 dwellings are built each year in line with the 2017 draft London Plan targets;
- The affordable need has been calculated separately and establishes an annual need as set out in Table 6.3;
- Assuming that 50% of dwellings built are affordable and 50% are market, Table 7.6 calculates market mix by subtracting affordable need from the overall mix.

Table 7.6 Summary of dwelling mix by broad tenure group based on annual need						
Number of bedrooms	% new dwelling stock	Overall mix	Market		Affordable	
			No.	%	No.	%
Smaller 1 and 2-bedroom	38.3	1136	248	16.7	888	59.9
3-bedroom	42.3	1254	848	57.2	406	27.4
4-bedroom	19.4	574	386	26.0	188	12.7
Base (London Plan Target)	100.0	2964	1482	100.0	1482	100.0

Source: arc⁴

- 7.13 Regarding dwelling type, Table 7.7 summarises the stock profile of all dwellings based on Valuation Office Agency data by number of bedrooms. Evidence from new build activity demonstrates that the vast majority of new build comprises flats/apartments and therefore it is anticipated that these will continue to dominate development across the borough.

Number of bedrooms	House	Flat	Bungalow	Total
1	0.4	25.8	0.1	26.4
2	7.9	24.9	0.2	33.0
3	24.2	6.2	0.0	30.4
4	9.4	0.7	0.0	10.1
Total	41.9	57.7	0.4	100.0
Base	49,840	68,580	450	118,870

Source: VOA

Concluding comments

- 7.14 The purpose of this chapter has been to explore the relationship between households and dwellings occupied to establish an indication of appropriate dwelling mix (in terms of size and tenure) for the borough over the plan period 2020-2040 (although MHCLG household projection data only runs to 2039).
- 7.15 Having established future household change and the implications this has for dwelling size and tenure mix, the Council can make informed strategic decision in the range of dwellings to be built over the plan period. This reiterates the recommendation made in paragraph 6.29 that there is a need to provide a mix of sizes of housing units, including family sized accommodation to be provided as part of affordable provision, within new build schemes.

8. Conclusion: policy and strategic issues

- 8.1 This document has been prepared to equip the Council and their partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of existing and emerging Government policy and guidance.
- 8.2 The Borough of Lewisham SHMA 2019 will help the Council plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Specifically, the SHMA identifies the size, and tenure of housing required by considering future market demand relative to supply; and also identifies a continued affordable housing imbalance across the Borough.
- 8.3 A wealth of material has been presented in the SHMA. This concluding chapter summarises key messages and policy recommendations from the research findings, structured around a commentary on the current and future housing need and drivers, future dwelling type and mix and meeting the housing needs of people with additional needs.

The borough context

- 8.4 The Borough of Lewisham exhibits distinctive characteristics. House prices in the borough have risen dramatically since 2000, with median prices increasing 312% from £99,995 in 2000 to £412,250 in 2018. This has been the largest proportionate increase compared with neighbouring boroughs, the South East and England. Affordability is a major issue, and median prices are 13.94x median income. It is therefore unsurprising that a considerable imbalance in the need for affordable housing has been evidenced and there is a dramatic mismatch between the number of households (estimated to be around 134,150) and number of dwellings (125,990). After taking into account vacant dwellings (2,182) there are an estimated 10,000 concealed households living in the borough. The majority of dwellings in the borough are flats/maisonettes (57.7%) or three bedroom terraced/town house dwellings (32.8%).
- 8.5 Whilst the stock profile of Lewisham is similar to that of London as a whole, the proportion of detached and semi-detached properties is slightly lower and terraced housing is slightly higher in Lewisham. There are also proportionately more households in affordable housing in Lewisham than London as a whole.
- 8.6 Market prices, rents and incomes change significantly across Lewisham's wards. However, even households on median incomes will find it difficult to afford lower quartile open market prices. They will be unable to become home owners unless they can provide a substantial deposit. Households on lower quartile and median incomes will also find intermediate products unaffordable. This analysis clearly demonstrates that social and affordable renting remains the most affordable tenure options available to households. It raises serious concerns over relative affordability of accommodation within the Borough, and particularly for the key workers and wage earners considered

Future housing need

- 8.7 The SHMA has considered future housing need over the plan period 2020-2040. It has reviewed the annual housing need expressed in the London Plan (Option A) and considered the Government's standard approach to identifying housing need, drawing upon the 2014-based household projection data from the MHCLG (Option B).
- 8.8 Under Option A, the adopted 2016 London Plan established a target for 1,385 net dwellings each year across the borough and the draft 2017 London Plan increases this to 2,117 each year.
- 8.9 Under Option B, the impact of household growth and affordability pressures results in a very substantial need for housing: under the MHCLG 2014-based household projections 3,589 dwellings each year are needed. However, this need is capped under the formula set out in the standard method. Based on London Plan targets, the cap results in a minimum housing need of **1,939** based on the 2016 London Plan target or **2,964** based on the draft 2017 London Plan target.

Type and mix of housing needed in the future

- 8.10 The relationship between households, dwelling size and future household projections have been explored to establish an appropriate profile of future dwellings across the borough. Affordable housing need has also been modelled and integral to this was an analysis of existing (backlog) need and newly-forming need and the key drivers of need – which were overcrowding and homelessness. An annual imbalance of 1,564 affordable dwellings was identified based on housing register evidence, equivalent to 52.8% of the 2017 Draft London Plan capped minimum housing requirement figure.
- 8.11 Across the housing market, the following breakdown would be appropriate: 12.1% one bedroom, 26.2% two bedroom, 43.3% three bedroom and 19.4% four or more bedroom. Across the open market, the majority of need is for three and four or more bedroom dwellings; and across the affordable sector there is a broad spread of need, in particular one and two (59.9%) along with three bedroom (27.4%) and four or more bedroom (12.7%) dwellings. Evidence from new build activity demonstrates that the vast majority of new build comprises flats/apartments and therefore it is anticipated that these will continue to dominate development across the borough. However, where possible a broader mix of 2, 3 and 4 bedroom market houses would be recommended on new development sites. This broad mix of housing development will support a range of household types including families with children, key workers, young people and older people, will help alleviate overcrowding and enable movement within the housing market.

Specific policy recommendations

- 8.12 It will be important for family sized accommodation to be provided as part of the overall mix of housing, and in particular to be provided as part of affordable provision, on new build schemes.

- 8.13 A mix of tenures with a focus on social rented family sized properties will help to address the needs of BAME groups.
- 8.14 To help overcome overcrowding, free up suitable sized housing and allow movement in the housing market, there is a need to provide a mix in the size of housing to be built on new development sites.
- 8.15 The Council should ensure that the needs of self- and custom-house builders are accommodated.
- 8.16 Whilst recognising the need for HMOs, careful consideration will need to be given to ensure that new HMOs contribute to a beneficial mix and balance of uses within an area, do not result in the loss of family occupation, an overconcentration of HMOs or adverse impacts on amenity, are located in areas of good transport accessibility and are well-designed and well managed.
- 8.17 35% of student housing should be provided as affordable units, to help meet students' needs.
- 8.18 There is a need to provide 50% affordable housing on qualifying new schemes.
- 8.19 Detailed analysis of the affordability of housing in the borough results in a borough-level tenure split of 85% social/affordable rent and 15% intermediate tenure. This is based on the evidence of relative affordability of housing tenure options which are set out in paragraphs 4.72 to 4.90 and the recommendations made in paragraph 4.98.
- 8.20 If the Council is minded to adopt the approach taken in Policy H7 of the Draft London Plan, then all of the remaining 40% to be determined at the borough level should be social rent/affordable rent, creating a 70:30 tenure split. This result is also consistent with the tenure split policies of the 2011 Core Strategy.

Meeting the needs of different groups including older people and those with disabilities

- 8.21 There is evidence to support a programme of accommodation delivery to help meet the needs of older people and those with disabilities given changing demographic and prevalence of disability. There is a need to diversify options available to older people wanting to move to more appropriate accommodation and ensure that homes are appropriately adapted.
- 8.22 Given the demographic changes taking place and the ageing population, delivering an appropriate range of new dwellings for older people needs to be a strategic priority for the Council.
- 8.23 Specific needs over the Plan period identified across the borough are:
- 2,196 additional specialist older person dwellings (C3) (equivalent to 101 units each year);
 - 539 additional units of residential care dwellings (C2);
 - A minimum of 10% of new dwellings should be built to M4(3) (wheelchair accessible) dwelling standard;

- Ongoing adaptation of existing dwellings
- 8.24 Accommodation needs for those with disabilities and support needs have been suggested by stakeholders and further work is recommended by the Council to ensure they have a more complete picture of need.
- 8.25 The SHMA has also reflected on the housing circumstances of BAME groups and former military personnel. Given the scale of homelessness and pressures on the social rented sector, accessibility to temporary accommodation remains a priority.

Final comments

- 8.26 The evidence presented in this SHMA suggests that there are three main policy areas that require particular attention from both a planning policy and social policy perspective:
- the challenge of enabling the quantity and mix of housing that needs to be delivered;
 - the challenge of ensuring that the housing and support needs of older people are met going forward; and
 - ensuring that new development takes account of the particular needs across the housing market.

Introduction to Technical Appendices

- Technical Appendix A: Policy review
- Technical Appendix B: Housing need calculations
- Technical Appendix C: Stakeholder Survey
- Technical Appendix D: Private Rented Sector
- Technical Appendix E: Glossary of Terms

Technical Appendix A: Policy review

- A.1 The purpose of this appendix is to set out the national policy agenda of relevance to this SHMA.

Introduction

- A.2 Under the Conservative and Liberal Democrat Coalition Government, the period 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy. This was set within the context of national austerity and an economic policy of deficit reduction and public spending cuts following a period of recession and financial turbulence. The reforms championed localism, decentralisation and economic growth.
- A.3 This agenda continued to be pursued under the leadership of David Cameron following the election of a majority Conservative Government in May 2015. Further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act 2016 was intended to provide the legislative basis for a number of Conservative Manifesto commitments, including the flagship Starter Homes scheme. The Act also made provisions for other aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- A.4 The European Union Referendum of June 2016 resulted in significant changes in the political climate at a number of levels. Changes in Government leadership – with the appointment of Theresa May as Prime Minister – quickly led to discussions regarding the direction of housing and planning policy. Alongside significant delays (and in some cases abandonment) in the implementation of secondary legislation relating to aspects of the Housing and Planning Act 2016; conference speeches, ministerial statements and the Housing White Paper (February 2017) indicated a change in attitude towards housing policy. The 2016-17 Administration signalled a broader ‘multi-tenure’ housing strategy, including support for a range of tenures in addition to home ownership. The Neighbourhood Planning Act 2017 was passed with the intention of strengthening neighbourhood planning by ensuring that decision-makers take account of well-advanced neighbourhood development plans and giving these plans full legal weight at an earlier stage.
- A.5 The snap General Election of June 2017 created a new wave of political change and uncertainty, although the overall Government leadership remains under Conservative control and ministers are keen to keep housing as a key domestic policy priority. The 2017-18 Administration witnessed continued efforts to boost home ownership amongst first-time buyers, with the Autumn Budget 2017 scrapping the first £300,000 of Stamp Duty. Significant planning policy developments also occurred during this Parliament, including the emergence and establishment of the new ‘standard method’ for the calculation of housing need figures at local authority level and the consultation and final publication of the Revised National Planning Policy Framework (NPPF 2018).

2010-2015 (Coalition Government)

- A.6 Following the Coalition Agreement of May 2010, the Localism Act 2011 was passed with the express intention of devolving power from central government towards local people. The Localism Act set out a series of measures to seek a substantial and lasting shift of powers including:
- new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;
 - new rights and powers for communities and individuals;
 - reform to make the planning system more democratic and more effective, including the abolition of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to Build', reforming the community infrastructure levy and reforming the Local Plan process; and
 - reform to ensure that decisions about housing are taken locally.
- A.7 In terms of housing reform, the Localism Act enabled more decisions about housing to be made at the local level. Local authorities were granted greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allowed for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allowed local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reformed social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock.
- A.8 The **National Housing Strategy for England, *Laying the Foundations: A Housing Strategy for England***, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledged some of the problems within the housing market and set out the policy response. The measures set out promote home ownership, including a new-build mortgage indemnity scheme (providing up to 95% loan-to-value mortgages guaranteed by Government) and a 'FirstBuy' 20% equity loan scheme for first-time buyers.
- A.9 The National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming this sector, including *'changes to the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged'*. The private rented sector is considered to play *'an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs'*. The document sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.
- A.10 The National Housing Strategy set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. However, it also confirmed a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the

private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits.

- A.11 The first version of the **National Planning Policy Framework (NPPF)** was published in March 2012. It set out the Government's planning policies for England and formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. The NPPF 2012 has now been superseded by the NPPF 2018 (July 2018), as set out below. National **Planning Practice Guidance (NPPG)** on a range of specific topics has been made available through an online system since March 2014. PPG topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

2015-2016 (Conservative Government under David Cameron)

- A.12 Following the election of a majority Conservative Government in May 2015 under David Cameron, the Government's **Summer Budget 2015** was presented to Parliament by the then-Chancellor George Osborne. The Budget set out widespread reforms to the welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.
- A.13 Alongside the Summer Budget 2015 the Government published a '**Productivity Plan**', **Fixing the foundations: Creating a more prosperous nation** (July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy. Of particular relevance to housing was the topic regarding 'planning freedoms and more houses to buy'. This set out a number of proposals in order to increase the rate of housebuilding and enable more people to own their own home, including a zonal system to give planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.
- A.14 The Spending Review and Autumn Statement 2015 (November 2015) continued the policy themes of the Summer Budget. This included:

- Plans to extend the ‘Local Housing Allowance’ to social landlords so that the Housing Benefit paid to tenants living in housing association properties will be capped at the LHA rate;
- A new ‘Help to Buy Shared Ownership’ scheme, removing restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;
- ‘London Help to Buy’ – an equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);
- 200,000 ‘Starter Homes’ to be built over the following five years;
- From 1st April 2016 an extra 3% in stamp duty to be levied on people purchasing additional properties such as buy-to-let properties or second homes;
- Right to Buy extension to housing association tenants;
- £400 million for housing associations and the private sector to build more than 8,000 new ‘specialist’ homes for older people and people with disabilities;
- Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care; and
- A commitment to extra funding for targeted homelessness intervention.

A.15 The 2015-16 Parliament saw several Acts passed with special relevance to housing and planning, implementing some of the policies set out in the preceding Budgets:

- The Cities and Local Government Devolution Act 2016 makes provision for the election of mayors for the areas of combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government’s devolution plans for England, facilitating its vision of a ‘Northern Powerhouse’.
- The Welfare Reform and Work Act 2016 makes provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.
- The Housing and Planning Act 2016 sets out the legislative framework for the Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

A.16 The **Budget 2016 (March 2016)** continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new ‘Lifetime ISA’ was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of relevance to the private rented sector were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership,

announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated 'duty to prevent' homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

- A.17 A **Technical consultation on Starter Homes regulations** (March 2016) sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposed that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). However, secondary legislation relating to Starter Homes has still not been published.

Post EU-Referendum (Theresa May Administration)

- A.18 The resignation of David Cameron following the European Union Referendum of June 2016 and subsequent appointment of Theresa May as Prime Minister led to a Cabinet reshuffle and a change in the policy climate within Government. The **Autumn Statement (2016)** brought an important focus onto housing; provisions included:
- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;
 - £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;
 - £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;
 - New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;
 - £1.7 billion to pilot 'accelerated construction' on public sector land;
 - Letting agents in the private rented sector to be banned from charging fees; and
 - Confirmation that compulsory Pay to Stay will not be implemented for councils.
- A.19 The Autumn Statement indicated a clear shift in housing policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.
- A.20 Many of the 'flagship' housing policies of the Cameron Administration have their legislative basis in the provisions of the Housing and Planning Act 2016, but require further secondary legislation. Their implementation has been subject to ongoing delay and seem increasingly unlikely to be carried forward in practice as originally envisaged.

These schemes include the Voluntary Right to Buy, the higher asset levy (intended to fund the building of new homes) and Pay to Stay (no longer compulsory for councils).

A.21 The **Housing White Paper, *Fixing our broken housing market***, was published in February 2017. The White Paper proposed a number of changes to reshape the approach to housebuilding and increase housing supply. These changes centred around the following four areas:

- Planning for the right homes in the right places, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.
- Building homes faster, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.
- Diversifying the market, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.
- Helping people through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

A.22 In April 2017 some of the welfare reform provisions came into effect. This included Universal Credit claimants aged 18-21 no longer being able to claim benefits to support their housing costs unless they fit into at least one of 11 exemption categories. However, the Government also announced that they were cancelling controversial plans to cap benefit for Supported Housing tenants at the LHA rates.

A.23 During the 2016-17 Parliament there were two Acts that gained Royal Assent that have particular relevance to emerging housing policy:

- The Neighbourhood Planning Act 2017 aims to speed up the delivery of new homes by strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, use of the planning register and the reform of compulsory purchase. During its passage through Parliament, the Bill was subject to various amendments, including changes to the Local Plan process to allow the Secretary of State to intervene and invite county councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This followed the recommendations of the Local Plans Expert Group (LPEG) report of March 2016 . Some of the provisions of the Act require secondary legislation. A commencement order introduced in July 2017 under the Act requires post-examination neighbourhood plans to be treated as ‘material considerations’ in the determination of planning applications.
 - The Homelessness Reduction Act 2017 requires councils to seek to prevent homelessness by starting work with households threatened with homelessness 56 days in advance of the date on which they are expected to become homeless (28 days earlier than under the previous legislation). It also requires the provision of advisory services to specified groups including (but not limited to) people leaving prison, young people leaving care, people leaving armed forces, people leaving hospital, people with a learning disability and people receiving mental health services in the community. The Act sets out that councils must assess and develop a personalised plan during the initial presentation to the service. In addition, they must help prevent an applicant from becoming homeless and take reasonable steps to help those who are eligible for assistance to secure accommodation for at least six months (during a 56 day period before a homeless decision can be made). The Act dissolves the local connections rules apart from a duty to provide care leavers with accommodation (under the Children Act 1989) to the age of 21.
- A.24 Following the snap General Election in June 2017, Theresa May’s Conservative Government formed an alliance with the DUP and the Cabinet was subject to another reshuffle.
- A.25 ***Planning for homes in the right places*** was published for consultation in September 2017, setting out the Government’s proposals for a standardised approach to assessing housing need. The overall rationale is that local authorities across England currently use inconsistent methods to assess housing requirements, leading to long debates over whether local plans include the correct housing targets. The proposed new standardised approach to assessing housing need therefore aims to have all local authorities use the same formula to calculate their housing requirement. The standardised approach would set a minimum figure but local authorities would be able to increase their target from this baseline, for example if they plan for employment growth and want to provide an uplift in housing provision to account for this. The consultation document proposes that the new housing need calculation method would be applied for assessing five-year housing land supply from 31st March 2018 onwards.
- A.26 The **Autumn Budget 2017** (November 2017) included a range of provisions focused on housing, although these were welcomed cautiously by some who would have preferred a greater emphasis on affordability. Provisions included:

- A commitment to be providing 300,000 new homes per year by the mid-2020s;
 - A total of £15.3 billion of new capital funding, guarantee and loan-based funding;
 - £1 billion of extra borrowing capacity for councils in high demand areas to build new affordable homes;
 - £1.5 billion of changes to Universal Credit, including scrapping the seven-day waiting period at the beginning of a claim, making a full month's advance available within five days of making a claim and allowing claimants on housing benefit to continue claiming for two weeks;
 - £125 million increase over two years in Targeted Affordability Funding for LHA claimants in the private sector who are struggling to pay their rents;
 - Stamp duty scrapped on the first £300,000 for first-time buyers (on properties worth up to £500,000);
 - New Housing First pilots announced for West Midlands, Manchester and Liverpool;
 - Power to councils to charge 100% Council Tax premium on empty properties;
 - Five new garden towns; and
 - A review to look at land banking, including considering compulsory purchase powers.
- A.27 In December 2017 the Government announced new measures to crack down on bad practices, reduce overcrowding and improve standards in the private rented sector. The measures have been introduced under the provisions of the Housing and Planning Act 2016.
- A.28 The £5 billion Housing Infrastructure Fund is a Government capital grant programme to help unlock new homes in areas with the greatest housing demand, assisting in reaching the target of building 300,000 homes a year by the mid-2020s. Funding is awarded to local authorities on a highly competitive basis. The fund is divided into 2 streams, a Marginal Viability Fund (available to all single and lower tier local authorities in England to provide a piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly with bids of up to £10 million) and a Forward Fund (available to the uppermost tier of local authorities in England for a small number of strategic and high-impact infrastructure projects with bids of up to £250 million). On 1st February 2018, the Minister for Housing, Communities and Local Government Sajid Javid and Chancellor Philip Hammond announced that 133 council-led projects across the country will receive £866 million investment in local housing projects, the first wave of funding from the £5 billion Housing Infrastructure Fund. The finances will support vital infrastructure such as roads, schools and bridges. On 18th February 2018, Housing Minister Dominic Raab announced a £45 million cash injection into 79 key community projects across 41 local authorities to councils to combat barriers that would otherwise make land unusable for development. This will support building up to 7,280 homes on council-owned land.
- A.29 In March 2018 the Ministry of Housing, Communities and Local Government (MHCLG) published a **Draft Revised National Planning Policy Framework** (Draft Revised NPPF) for consultation. Alongside this the Government also published **Draft Planning Practice**

Guidance (Draft PPG) on the following topics: Viability, Housing Delivery, Local Housing Need Assessment, Neighbourhood Plans, Plan-making and Build to rent.

- A.30 **Draft PPG: Housing Delivery** requires that authorities demonstrate a five-year land supply of specific deliverable sites to meet their housing requirements. The five-year land supply should be reviewed each year in an annual position statement. Areas which have or are producing joint plans will have the option to monitor land supply and the Housing Delivery Test over the joint planning area or on a single-authority basis. Draft PPG sets out that where delivery is under 85% of the identified housing requirement, the buffer will be increased to 20% with immediate effect from the publication of Housing Delivery Test results.
- A.31 **Draft PPG: Local Housing Need Assessment** sets out the expectation that strategic plan-making authorities will follow the standard approach for assessing local housing need, unless there are exceptional circumstances that justify an alternative. This approach is set out in three steps: Setting the baseline using household projections; an adjustment to take account of market signals (particularly affordability); and the application of a cap on the level of increase required. The draft guidance states that the need figure generated by the standard method should be considered as the 'minimum starting point' in establishing a need figure for the purposes of plan production. The final version was published in September 2018.
- A.32 The **Revised National Planning Policy Framework (NPPF)** was published in July 2018 and updated in February 2019. It introduces a housing delivery test for local authorities, which will measure the number of homes created against local housing need. The Revised NPPF 2018/19 also introduces a new standardised method of calculating housing need; this approach uses the Government's household growth projections and applies an affordability ratio to the figures, comparing local house prices with workplace earnings to produce a need figure. The Government has said that it will consider adjusting the methodology in order to ensure it meets the target of delivering 300,000 new homes per year by the mid-2020s. The presumption in favour of sustainable development includes a requirement that strategic policies should, as a minimum, provide for objectively assessed needs for housing.
- A.33 **The Housing Delivery Test Measurement Rule Book** was also published in July 2018. This sets out the methodology for calculating the Housing Delivery Test (HDL) measurement. The HDL is the annual measurement of housing delivery performance, to commence in November 2018.
- A.34 In August 2018, the Government published their **Green Paper, A new deal for social housing** for public consultation. This sets out a positive view of social housing and proposes a '*fundamental shift in the state's approach to social housing and the people who call it home*'. The paper sets out five principles, as follows:
- a safe and decent home which is fundamental to a sense of security and our ability to get on in life;
 - improving and speeding up how complaints are resolved;
 - empowering residents and ensuring their voices are heard so that landlords are held to account;

- tackling stigma and celebrating thriving communities, challenging the stereotypes that exist about residents and their communities; and,
 - building the social homes that we need and ensuring that those homes can act as a springboard to home ownership.
- A.35 The Green Paper also recommends changes to the Housing and Planning Act 2016 – noting that the government will seek to repeal legislation relating to the forced sale of high value assets, that it recognises the significance of lifetime homes and will not compel LAs to remove this. A consultation on the use of RTB receipts and rent policy was also launched.

Technical Appendix B: Housing need calculations

Introduction

- B.1 The purpose of this section is to set out the affordable housing need calculations for the Borough of Lewisham using the framework for analysis established in the 2019 PPG.
- B.2 All households whose needs are not met by the market can be considered (to be) in affordable housing need⁵⁹. PPG 2019 then considers how affordable housing need should be calculated:
- ‘Strategic policy-makers will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market. This should involve working with colleagues in their relevant authority (e.g. housing, health and social care departments).’⁶⁰*
- B.3 Housing register data and data on affordable housing lettings provides an appropriate source of data from which a robust assessment of need can be calculated.
- B.4 Housing needs analysis and affordable housing modelling has been prepared in accordance with PPG guidance at the borough and ward level. In summary, the model reviews in a step-wise process:
- Stage 1: Current need
 - Stage 2: Future need
 - Stage 3: Affordable housing supply
 - Stage 4: Estimate of annual housing need
- B.5 Table B1 provides an overall summary of needs analysis and a description of each stage of the model is then presented.

⁵⁹ PPG 2019 Paragraph: 018 Reference ID: 2a-018-20190220

⁶⁰ PPG 2019 Paragraph: 019 Reference ID: 2a-019-20190220

Table B1 CLG Needs Assessment Summary for Lewisham			
Step	Stage and Step description	Calculation	Lewisham Total
Stage 1: CURRENT NEED			
1.1	TOTAL in need and cannot afford open market (buying or renting)	Total	9,765
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on 1.49% national household formation rate	1,985
2.2	Number of new households requiring affordable housing	% based on affordability of open market prices	81.7
2.2	Number of new households requiring affordable housing	2.1 X 2.2 Number cannot afford	1,622
2.3	Existing households falling into need	Annual requirement	0 (Captured in 1.1)
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	1,622
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need and likely to move in next 5 years		1,528
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Estimated supply of new affordable units		1,251
3.4	Units to be taken out of management	None assumed	0
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	2,779
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	1,388
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	67
3.8	Annual supply of affordable housing	3.6+3.7	1,455
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.1-3.5	6,986
4.2	Quota to reduce over Plan Period (5%)		20%
4.3	Annual backlog reduction	4.1 x 4.2 Annual requirement	1,397
4.4	Newly-arising need	2.4	1,622
4.5	Total annual affordable need	4.3+4.4	3,019
4.6	Annual affordable capacity	3.8	1,455
4.7	NET ANNUAL SHORTFALL	NET (4.5-4.6)	1,564

Source: LB Lewisham Council Data, RP Core Lettings and Sales data.

Source: Housing Register Data, RP Core Lettings and Sales data

Stage 1: Current households in affordable housing need

- B.6 PPG 2019 suggests⁶¹ how current unmet gross need for affordable housing should be calculated with reference to past trends and recording current estimates of:
- the number of homeless households;
 - the number of those in priority need who are currently housed in temporary accommodation;
 - the number of households in over-crowded housing ;
 - the number of concealed households;
 - the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
 - the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own if that is their aspiration.
- B.7 PPG 2019 notes that care should be taken to avoid double-counting and to only include those households who cannot afford to access suitable housing in the market.
- B.8 Using the latest (April 2018) Council housing register data, an up to date position on the number of households in each of the above categories of need can be established (Table B2).

Factor	Number	%
N1 Homeless Households	1,692	17.3
N2 Priority need	86	0.9
N3 Overcrowded	1,643	44.6
N4 Concealed households	491	5.0
N5 Existing affordable tenants in need	3,027	31.0
N6 From other tenures in need	118	1.2
Total	9,765	100.0

Source: 2018 Lewisham Housing Register

Note due to the categorisation of households on the register the breakdown of needs factors is estimated based on the primary reason the household is on the register

Homelessness

- B.9 Table B2 identifies a total of 1,692 households who are homeless or threatened with homelessness. Table B3 considers longer-term trends in decisions and acceptances of homeless households and indicates that an annual average of 755 households have been accepted as homeless.

⁶¹ 2019 PPG Paragraph: 020 Reference ID: 2a-021-20190220

Table B3 Homeless decisions and acceptances 2013/14 to 2016/17		
Year	Decisions made	Accepted as homeless
2013/14	886	710
2014/15	1,227	769
2015/16	1,180	772
2016/17	1,176	768
Total	4,449	3,019
Annual Average	1,112	755

Source: CLG Homelessness Statistics

Overcrowding

- B.10 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.
- B.11 According to the housing register data, 1,643 households are currently living in overcrowded accommodation.

Total current housing need summary

- B.12 Analysis indicates a total of 9,765 households who are in housing need which represents 7.6% of all households (arc4 would expect between 5 and 10% of households are in need based on our other studies). As accurate household income data is not available from housing register data, it is assumed that all households on the register are in need of affordable housing. The relative affordability of alternative tenure options has been tested using CAMEO household income.

Stage 2: Newly-arising affordable need

- B.13 The 2019 PPG considers how the number of newly-arising households are likely to need affordable housing: *'Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current cost in this process, but may wish to factor in anticipated*

*changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.*⁶²

New household formation (gross per year)

- B.14 The national household formation rate reported in the English Housing Survey is currently 1.49% based on the latest three-year average national rate reported in the English Housing Survey over the period 2015/16 to 2017/18. According to the 2014-based MHCLG household projections, the total number of households in 2018 is 134,147. Applying the gross national household formation rate establishes an annual household formation of 1,985.
- B.15 Accurate income data is not available from the housing register; therefore, we have tested the extent to which households could afford lower quartile open market prices by utilising CAMEO income data (2018). Comparing incomes with lower quartile market prices indicates that 81.7% of households could not afford lower quartile rents and 96.9% could not afford to buy on the open market. Using the figure for those who could not afford to rent in the open market, there is a need for 1,622 affordable dwellings each year for newly-forming households.

Existing households expected to fall into need

- B.16 The housing register will contain households who have fallen into need and likely to appear as in priority need however it is difficult to isolate this figure from the data available, therefore, we have suggested that this is already captured in step 1.1.

Total newly arising housing need (gross per year)

- B.17 Total newly arising need is calculated to be 1,622 households each year across the borough.

Stage 3: Affordable housing supply

- B.18 The 2019 PPG states how the current stock of affordable housing supply should be calculated:
- *the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;*
 - *suitable surplus stock (vacant properties); and*
 - *the committed supply of new net affordable homes at the point of the assessment (number and size).*⁶³

⁶² PPG 2019 Paragraph: 021 Reference ID: 2a-021-20190220

⁶³ PPG 2019 Paragraph: 022 Reference ID: 2a-022-20190220

- B.19 The CLG model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

Step 3.1 Affordable dwellings occupied by households in need

- B.20 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need.
- B.21 A total of 5,454 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the type of property they would 'free up' if they moved is considered in modelling. However, it is anticipated that only a proportion of these households are likely to move in the next 5 years to address their housing need. Around 5.6%⁶⁴ of stock is relet each year and assuming this is applied to the current occupiers in need, it is assumed that 305 move each year to address their need or 1,528 over 5 years.

Step 3.2 Surplus stock

- B.22 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across the borough.

Step 3.3 Committed supply of new affordable units

- B.23 Over the period 2013/14 to 2017/18, a total of 1,251 affordable dwellings were built. This level of delivery is assumed to continue over the next 5 years.

Step 3.4 Units to be taken out of management

- B.24 The model assumes there will be no social rented units taken out of management over the next five years.

Step 3.5 Total affordable housing stock available

- B.25 It is assumed that there are 2,779 social (affordable) rented dwellings available over the five year period arising from households moving within the stock and the estimated supply of new affordable units.

⁶⁴ Annual average lettings of 1,388 over period 2015/16 to 2017/18 and total stock of 24,771 (2018 SDR return) =5.6% stock relet each year

Step 3.6 Annual supply of social re-lets

- B.26 Analysis of CORE lettings data would suggest that an average of 1,388 social/affordable rented dwellings were let over the three years 2015/16 and 2017/18.

Step 3.7 Annual supply of intermediate re-lets/sales

- B.27 Annual Monitoring Return data indicates a total of 405 intermediate tenure dwellings have been built across the borough over the five years 2013/14 and 2017/18. In the past three years, 201 have been built (67 each year which is used in the model).

Summary of Stage 3

- B.28 Overall, the model assumes an annual affordable supply of 1,455 dwellings: 1,388 affordable/social rented and 67 intermediate tenure sales.

Stage 4: Estimate of annual housing need

Overview

- B.29 Analysis has carefully considered how housing need is arising within the borough by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- B.30 This has been reconciled with the overall supply of affordable dwellings. Based on the affordable needs framework model, analysis suggests that **there is an overall annual net imbalance of 1,564 dwellings each year.**
- B.31 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1 Total backlog need

- B.32 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.1 minus total affordable housing stock available (Step 3.5). The total backlog need is 6,986.

Steps 4.2 to 4.6

- B.33 Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% (this was the standard modelling assumption in former CLG guidance).
- B.34 Step 4.3 is the annual backlog reduction based on Step 4.2 (1,397 each year).
- B.35 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (1,622 each year).
- B.36 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (3,019 each year) (*this is also the gross need*).

- B.37 Step 4.6 is the annual social/affordable rented and intermediate tenure capacity based on Step 3.8 (1,455 each year).

Total gross and net imbalance

- B.38 Table B4 summarises the overall annual gross and net affordable housing requirements for the borough by property size. The gross figure refers to the annual need for affordable housing and the net figure takes into account the likely supply of affordable housing through affordable lettings and intermediate sales.

Shortfall and supply	Number of bedrooms				Total
	1 Bed	2 Beds	3 Beds	4+ Bed	
Gross imbalance	687	1,120	827	384	3,019
Net imbalance	356	580	429	199	1,564
% by dwelling size	22.7	37.1	27.4	12.7	100.0

Sources: 2018 Housing Register; Council lettings data

Technical Appendix C: Stakeholder survey

C.1 Stakeholders were invited to participate in a questionnaire survey aimed at identifying a range of information, including establishing the key perceived housing market issues in Lewisham. Stakeholders were asked to respond to any of the questions within the survey that they felt related to their area of knowledge or experience. A total of 20 separate responses to the stakeholder consultation were obtained and represents a small sample of opinions. Respondents were asked to answer only the questions that they felt were relevant to their knowledge and experience. This is a qualitative summary of the views expressed by stakeholders responding to the online survey.

Priorities

C.2 Stakeholders were asked to rank a range of housing priorities as high, medium or low, their responses are summarised in Table C.1.

Proposed priorities	Low	Medium	High
Building homes to buy on the open market	24%	59%	18%
Building affordable homes to rent	6%	0%	94%
Building affordable homes to buy (shared ownership, shared equity, starter homes, rent to buy)	6%	19%	75%
Building executive homes	63%	38%	0%
Building properties designed for older people	0%	50%	50%
Building properties designed for people with specialist needs	6%	44%	50%
Improving the quality of existing stock	0%	25%	75%
Encouraging and enabling self-build	31%	63%	6%
Student housing	38%	63%	0%
Family housing	0%	13%	88%
Multiple Occupation homes (HMOs)	53%	33%	13%

C.3 Building affordable homes to rent and family housing were ranked as the highest priorities by stakeholders, with 94% and 88% of respondents (respectively) considering these as high priority. Building affordable homes to buy (shared ownership etc.) and improving the quality of existing stock were also predominantly ranked as high priority (75% of respondents ranked these as high priority).

- C.4 Building properties designed for older people and building properties designed for people with specialist needs were also ranked highly by stakeholders, with 50% of respondents considering these to be high priority.
- C.5 Building properties to buy on the open market, student housing and encouraging self-build were typically considered as medium priority by the majority of respondents.
- C.6 The lowest priority was given to building executive homes and homes in multiple occupation; over 50% of respondents ranked these as low priority.
- C.7 Stakeholders gave a range of reasons for identifying these priorities, including:
- General housing shortage/housing crisis in London, with mismatch between supply and demand;
 - High demand for social rented housing - many households on housing benefits cannot afford to rent properties at current market price, long waiting list, high numbers of households in temporary accommodation and B&B;
 - There is a political drive to build 1,000 new council homes, in addition to the 500 already promised;
 - Ageing population living in homes that are too large for them, but not enough housing stock to meet their needs or aspirations;
 - Homes in multiple occupation (HMOs) are needed for people who cannot afford to rent on their own because of the high rent costs in London;
 - Affordable homes for rent will allow young households save for a deposit to buy their own homes; and
 - Improving existing stock and building homes for people with specialist needs will save money for the Council.
- C.8 Asked what other key housing priorities there are in Lewisham, stakeholders identified the following, in addition to those above:
- Market renting as an important category – good quality private renting has an important role in a well-functioning housing market;
 - The need for a mix of rental products, ranging from social to intermediate;
 - Housing for young people generally;
 - Affordable housing options for single people who do not fall within a priority need category, but who have the private rented sector as their only housing option, usually shared housing. This demand is not just from single people under 30 - also from single people aged over 40, often from broken relationships;
 - Temporary accommodation; and
 - Mental health and wellbeing.

The current and future housing market in Lewisham and housing market drivers

- C.9 Stakeholders were asked whether they are aware of employees who travel to work in Lewisham from outside the borough. Several respondents were aware of people commuting into the area for work; reasons for this include: high housing costs in Lewisham, good accessibility into the borough by train, lack of suitable employment opportunities in other boroughs and family commitments. Choice and the desire to separate work and home were also mentioned. It was noted that people are travelling further rather than relocating. When asked whether they thought that employees who live outside of the borough would move to Lewisham if suitable housing was made available, four respondents said yes and four said no. Some felt that cheaper housing would attract more employees to also live in the borough. On the other hand, existing ties, schools and a resistance to move house were also noted as reasons why people would stay in their current residence and commute into Lewisham for work.
- C.10 Stakeholders were asked to identify what they perceive to be the main drivers of housing demand in Lewisham. Drivers identified included:
- Population growth, with growing demand from younger people;
 - Relative affordability of Lewisham, compared with other London boroughs;
 - Good amenities within the Borough make it attractive;
 - Good employment prospects; and
 - Historic shortfall in housing supply, including a lack of affordable housing.

Open-market housing: the owner-occupied and private rented sectors

- C.11 The survey asked stakeholders to identify the areas of high and low demand within the borough, and the factors that influence this. Two stakeholders commented that demand is high across the Borough. However, high demand was noted in the north of Lewisham, including New Cross and Deptford, due to transport hubs. High demand close to railway stations such as Hither Green, Lee and Grove Park was also reported. By contrast, it was commented by one stakeholder that south Lewisham is not well served by transport links or large-scale employment opportunities and is not as popular as other areas. In addition to transport links, factors affecting demand were considered to include relative affordability, the environment, proximity to good schools and amenities/services. Houses were considered to be more attractive than blocks of flats.
- C.12 Asked what they considered the current limitations of the housing market to be across the Borough of Lewisham, stakeholders mentioned affordability, supply, availability and flexibility (to meet changing needs over time). Access to social housing was mentioned as a current problem within the housing market. In addition, it was noted that the high density of some new developments (i.e. flats and apartments) is driving some people away as they would prefer a traditional, three-bedroom house.

- C.13 In terms of demand, this was considered to be strong in many areas and across all tenures. A mixed demand was reported, including new families looking for houses and single people looking for flats. In-migration was mentioned, with new households moving into the Borough from elsewhere and driving demand. However, homelessness was also highlighted. One stakeholder expressed the view that the gentrification of the area is driving poorer families to homelessness.
- C.14 Stakeholders were asked for their views on house price and rental price trends in the survey area, including the impact of changes in mortgage finances. Increasing house prices in Brockley, Forest Hill, Hither Green, Sydenham and New Cross were mentioned, with have a knock-on effect on other areas. Some stakeholders felt that prices have stabilised, due to a general downward trend across London and affected by interests rates, availability of mortgage finance and the size of deposits (savings). Affordability tests from lenders are considered to have softened demand slightly, but supply shortfalls have outweighed this impacting on prices too much. Uncertainty arising from Brexit may dampen market sentiment in the short term, but prices are expected to recover as the fundamental supply and demand issues will remain. One stakeholder reported that there is weakening demand for Buy to Let, driven by tax changes, but this is having the effect of helping first time buyers to compete in the market. One social landlord stated that requests to buy homes from existing tenants peaked after Right to Buy (RTB) discounts were increased but have decreased since; even with high RTB discounts some working tenants cannot afford the cost of buying their house.
- C.15 Regarding the private rented sector, stakeholders were asked about its size in Lewisham. One stakeholder felt that the private rented sector (PRS) must be too small because of the continued high level of demand; others expressed the view that the PRS appears to currently be in line with demand and is 'OK'. One respondent stated that quality is a bigger issue, rather than size of the sector. This respondent expressed a preference for growth in Built to Rent (BTR) and a reduction in Buy to Let (BTL). An awareness of PRS providers investing in blocks close to Lewisham mainline station was noted; it was felt that this will result in increased competition within this market.
- C.16 The characteristics of the PRS in Lewisham were considered to include private landlords who have invested for the purposes of their own pension: these buy-to-let landlords typically hold a small number of units and are unregulated. These PRS properties are across the borough, often focused in areas that were formerly Housing Action areas or in ex-council houses. In addition, an increasing number of major developers were reported, who are providing private rented properties through new-build schemes - some flagship - often comprising of flat/apartment schemes with property managers, concierge and wi-fi. The larger London-based PRS operators tend to focus on high density schemes that are located in town centres or close to mainline train stations.
- C.17 Demand for PRS was considered to be strong across the Borough, with some of this attributed to the lack of other housing options for people who cannot afford to buy and are not eligible for social rented housing. One stakeholder reported that close to the centre the PRS demographic is mainly young professional couples or sharers, with a split of approximately 60/40 between UK nationals and people from abroad coming

to find work in London. Stakeholders reported that there is demand for PRS from a wide range of tenants, with the profile varying depending upon pricing and location within the borough. For example, larger landlords with flagship schemes in central locations may have strict criteria for prospective tenants which results in predominantly young professional sharers and a small number of mainly foreign students. Less restrictive landlords attract a wider range of tenants, and families and lower income households often live in the PRS as a default because there are no other options (as above). In addition, some single people live in the PRS following relationship breakdown, often middle-aged men who have been asked to leave their family home.

- C.18 In terms of buy-to-let, one stakeholder reported that this has a 'massive' role in the PRS in Lewisham. However, in terms of trends, another stakeholder noted that some landlords are now selling up because of the 'landlords tax'. Another respondent reported an overall drop in the buy-to-let market as a result of interest rate rises and increases in stamp duty.
- C.19 Other changes noted by stakeholders include a reported drop in the number of tenants coming to work in London from abroad, attributed to uncertainty surrounding Brexit. Welfare changes were considered to have had an impact, with Universal Credit and benefit cuts making it very difficult for some tenants, particularly those who really need social housing. This results in benefit-dependent families being forced into low-quality PRS housing. It was noted that some landlords will not accept tenants that are benefit claimants (described colloquially as DSS tenants). The trend towards landlords selling up is also resulting in a lot of tenants being evicted.
- C.20 One stakeholder reported that the most common reasons for PRS tenants to move are as follows:
1. Buying a property of their own, often as part of a move out of London;
 2. Moving elsewhere for work, or only being in London for a work contract; and
 3. Rent renewal price is set too high.
- C.21 Another respondent commented that it is very difficult to access social housing or to raise a deposit and mortgage to access home ownership. As a result it is almost impossible for many tenants to leave the PRS.
- C.22 Affordability was generally acknowledged to be an issue across the entire Borough area, but with some spatial variation: *'some parts are hugely unaffordable, some affordable to the higher earners, all unaffordable to those on low incomes'*. It was noted that affordability is a particular problem for single people and those on fixed incomes. One stakeholder noted that it is not only rents that are increasing, with increasing numbers of people experiencing food and fuel poverty on a regular basis.
- C.23 In terms of anti-social behaviour (ASB), stakeholders identified that this is a perceived problem in parts of Deptford, New Cross and Downham. It was considered to be a localised issue, and one stakeholder noted that they see more neighbourhood nuisance issues rather than hard-core ASB. Another respondent noted that the impact of ASB becomes greater as housing developments become denser.

New housing provision

- C.24 In terms of new-build activity, one stakeholder reported that there has been less taking place than in previous years. However, another respondent noted activity in the following locations: Central Lewisham, Deptford, parts of Lower Sydenham and Catford.
- C.25 Respondents considered that demand for new development is strong across the borough, with transport links, schools, amenities etc. being determining local drivers. The availability of land was identified as a key factor in new-build activity.
- C.26 In terms of the demand profile, it was noted that most people would buy if they could afford to, but if this is unrealistic then they rent. A high demand for all tenures was identified, with private rental and social rented accommodation being specifically mentioned.
- C.27 Demand for new-build housing was considered to come from both households currently living within Lewisham and households seeking to move to the area from elsewhere.
- C.28 Stakeholders were asked where they consider new housing should be built. Three respondents felt that new homes should be built across the borough, so that no one area becomes over-developed at a high density. Another stakeholder expressed concern regarding the demolition of existing council estates, which are typically replaced with unaffordable, private new-build flats.
- C.29 In terms of the types of new housing that should be built within Lewisham, stakeholders suggested the following:
- A mix of housing types based on local planning policy, which should reflect local need;
 - Houses with two, three and four bedrooms;
 - Larger houses for sharers;
 - Flats for singles;
 - Affordable housing; and
 - Flats with two or three bedrooms with capped rents so that they are affordable.
- C.30 A few of the stakeholders identified their commitment to the development of new housing within the borough. This included a long-term stakeholder with established stock within the Borough and a developer for whom the borough fits their profile of being relatively affordable with good development opportunities. Lewisham is considered to have strong demand, being a popular location with good transport links into Central London.
- C.31 Barriers to new development reported by stakeholders include:
- Site availability and assembly issues;
 - Land costs, finance and market uncertainties;
 - Planning – identified as a risk and challenge to development;

- Safeguarding of strategic industrial sites;
 - Lack of local infrastructure;
 - Construction skills; and
 - Inertia.
- C.32 In terms of the future of new-build development, increased offsite manufacture and a more creative approach to infilling were mentioned by stakeholders. However, whilst offsite manufacture may improve the speed of delivery, it is considered that affordability will continue to be a major problem. One stakeholder commented that new-build housing will continue to be unaffordable to families. In addition, any current slowdown or correction of the market will serve to slow the rate of development. One stakeholder predicted that house price growth will be muted, with key determining factors including the hardness of Brexit, interest rates and consumer sentiment in the wider economy. Market rent was reported to have increased significantly in recent years, as an alternative to private sale, and this is considered likely to continue as more institutional investors come into the market.
- C.33 In terms of the key messages relating to housing markets, respondents made the following points:
- Making housing more affordable is a key priority;
 - Tackling undersupply is another key priority;
 - There is a need for genuinely social housing and affordable homes – not at market rents that are unaffordable to those with average incomes;
 - There should be a mix of tenures;
 - Older people’s housing needs should be considered; and
 - Do not keep developing at high densities, as general aspirations are for a small, traditional house with a garden;

Affordable housing

- C.34 The stakeholder survey included a number of registered providers and housing associations who work within Lewisham. They reported managing a range of affordable housing accommodation within the Borough, including houses, flats and shared accommodation. Where relevant to the respondent, it was reported that Decent Homes targets have been met. Two stakeholders stated that new schemes are being built to Building Regulations and the London Plan standards, which are considered to represent a good standard of design quality. One housing association set out that they use additional standards within their development, covering space, sound proofing and fire safety measures.
- C.35 High demand for social rented and affordable housing was reported across the borough. No areas of particular high or low demand were identified by stakeholders. Three of the respondents identified that their organisations have been involved in building affordable housing within the Borough of Lewisham. However, two of these

- respondents identified barriers to development, particularly including site availability and costs, the costs of building and financial viability.
- C.36 The survey asked stakeholders whether they felt that the reductions in rental income imposed by the Government in July 2015 have had an effect on the number and type of affordable housing developed since. Three stakeholders reported that this has had an impact upon their development activity, having negatively affected their financial modelling and the investment value of rented stock. One respondent stated that their organisation has had to increase the amount of subsidy they put into their rented developments in order to offset the reductions caused by the policy; another stated that the policy has caused them to build less rented and more shared ownership accommodation.
- C.37 When asked whether they consider that the reinstated rent settlement (Consumer Price Index plus 1% from 2020) will encourage organisations to develop further social housing one stakeholder felt that this may be possible, but noted that it would be dependent upon the availability of small sites. Another stakeholder stated that the earlier policy did not deter them from seeking to invest in social rented housing, but this change increases the scope of opportunities to bring schemes forward and the quantum of rented accommodation that is deliverable.
- C.38 Three of the stakeholders reported that their organisation is developing affordable housing products. These include: social rent, affordable rent, London Living Rent and the other GLA products.
- C.39 Two stakeholders identified that their organisation is developing home ownership products; both stated shared ownership. In addition, one of the stakeholders said that they have developed some Help to Buy products and are currently developing some London Living Rent, but only as a minor part of their development programme. Households purchasing affordable home ownership products were identified as predominantly young singles and couples. One respondent reported that across London boroughs, one-bedroom properties always sell the quickest and those with three or more bedrooms take the longest to sell.
- C.40 In terms of household movement within existing affordable housing stock, one stakeholder stated that they have very little movement and when this happens it is usually due to an increase in family size and changed requirements. Another stakeholder reported that for social rented housing the households come from Borough nominations.
- C.41 Two stakeholders were aware of anti-social behaviour issues within the affordable stock in the Borough of Lewisham. One of the stakeholders noted that these are very localised, with good processes in place and well-trained staff to deal promptly with reports. Stakeholders reported good levels of customer satisfaction.
- C.42 Asked what they considered the key messages should be regarding affordable housing, the following were mentioned:
- The need for more affordable housing;
 - Affordable should mean affordable – many of the new-build developments described as affordable are actually not affordable to those in need;

- The need for a mix of tenures;
- The need to build homes that people want to live in, not just homes that will give the highest return on investment for developers – quality of life issues; and
- An acknowledgement of the challenge of developing affordable housing due to the subsidy levels required – a need for higher grant per home.

Specialist Housing

- C.43 Several of the stakeholder survey respondents are directly involved in the specialist housing sector. They work with a range of client groups including: students, older people, Extra Care, people with physical disabilities, people with learning disabilities and people in temporary housing. In addition, one stakeholder noted that within general needs homes there are a lot of people with vulnerabilities, disabilities and support needs.
- C.44 Specialist housing stakeholders were asked to provide information on the accommodation that is currently available to these client groups. The feedback included Extra Care housing and shared houses.
- C.45 Stakeholders were asked how housing policy changes have affected their ability to deliver services to vulnerable groups over recent years. One stakeholder commented that the loss of the ring-fence from Supporting People funding has seen a considerable decrease in the funding of support for customers living in Extra Care. They noted that care hours are generally commissioned for the delivery of care, leaving little or no time for housing-related support to be offered to customers to ensure that this vulnerable group can manage a tenancy. Another stakeholder reported that their organisation pulled out of Supporting People due to viability, and in addition Government changes to LHA caps for supported and sheltered housing have also affected the sector's appetite to develop.
- C.46 Asked about areas of high and low demand for specialist housing, one respondent stated that demand is high '*across the board*'. Another of the stakeholders reported a huge increase in interest from local authorities across London to develop more Extra Care services. This is predominantly to meet the needs of an increasingly ageing population, together with reducing costs for Adult Social Care (Extra Care offers a less expensive and more enabling environment). In terms of changes in client groups, two respondents commented that there is an increase in the number of vulnerable households. One of these respondents noted that this increasing vulnerability is seen within general needs housing nominees, many without a diagnosis or care package.
- C.47 Barriers to the development of further supported housing and/or support services were identified as predominantly including viability issues relating to:
- Uncertainty around revenue funding,
 - Security of care contracts, and
 - Welfare policy.

- C.48 Stakeholders were asked about their biggest housing stock shortages for Independent Living. One stakeholder noted a shortage of properties for vulnerable groups and those on LHA. Another commented on a shortage of all types of Independent Living stock.
- C.49 One stakeholder responded to the survey question asking about the key issues regarding the physical adaptation of properties. They stated that the funding of aids and adaptations is the key issue.
- C.50 In terms of additional comments and key messages in relation to Supported living, Independent living and older people's housing, one stakeholder reported that the majority of older people's housing-with-care provision caters for those eligible for social/affordable rent (housing benefit). However, the majority of the older and ageing population fall into the 'middle market' bracket: those owning average sized two or three bedroom houses who would be ineligible for social rented accommodation, and unable to afford accessing high end provision. They expressed concern that this group is therefore particularly under-served, with currently only enough middle market stock to cater for around 0.1% of older people in this income bracket. There is great demand and limited supply. This stakeholder felt that there is a need for a new model of delivery to meet this growing need to deliver supported housing. Another stakeholder suggested that Government should take action, as low-level housing support saves on health and social care costs.

Technical Appendix D: In depth analysis of the private rented sector in Lewisham

Private Rented Market in Lewisham

Lewisham Council

July 2018

Main Contact: Helen Brzozowski
Email: Helen.brzozowski@arc4.co.uk
Telephone: 07721 011276
Website: www.arc4.co.uk



© 2018 arc⁴ Limited (Company No. 06205180)

Please note that in this report some of the tables include rounded figures. This can result in some column or row totals not adding up to 100 or to the anticipated row or column ‘total’ due to the use of rounded decimal figures. We include this description here as it covers all tables and associated textual commentary included. If tables or figures are to be used in-house then we recommend the addition of a similarly worded statement being included as a note to each table used.

This report takes into account the particular instructions and requirements of our client. It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party. arc⁴ Limited accepts no responsibility or liability for, and makes no representation or warranty with respect to, the accuracy or completeness of any third party information (including data) that is contained in this document.

1. Introduction

- 1.1 The Government's Housing Strategy, published in November 2011⁶⁵, set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances. In the most recent Housing White Paper 2017, the private rented sector continues to be an important sector and further growth is expected. The Council of Mortgage Lenders predicts that by 2020 only a quarter of 30 year old people will own their own home. In contrast, more than half the generation currently approaching retirement were homeowners by their 30th birthday.⁶⁶
- 1.2 The Census 2011 confirms that there are 29,375 (25.3%) households living in the private rented sector in Lewisham; this is higher than the national figure of 18.1% recorded in 2011. It is second only to Southwark with 24.9%. Westminster has the largest private rented sector at 42.8%.
- 1.3 Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would be' homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and the sector clearly now plays a vital role in meeting housing needs as well as providing an alternative to homeownership.
- 1.4 Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.
- 1.5 This sector is also of growing interest to housing associations that are looking to diversify their business opportunities, to create 'revenue and 'profit' to support their core business and, for some, also as a way of extending the number of properties that are available within their social letting arm; prioritising properties with rent levels within Local Housing Allowance. For others, the private rented sector offers an alternative market for those properties that are becoming more difficult to let because of the 'bedroom tax'. However, it is not as straightforward as many believe it is and many early adopters in the private rented sector have now withdrawn as the financial returns have not been delivered, the management is quite different from that of a social housing provider and it can be difficult to enter such a buoyant market with many competitors. That said, it is a massively growing market and forecast to increase further.
- 1.6 For London authorities, the market rented sector already plays a significant role in providing accommodation for economically active younger households in urban locations but it is also an important tenure for families.

⁶⁵ Laying The Foundations; A Housing Strategy for England, 2011

⁶⁶ Council of Mortgage Lenders (2015) The challenge facing first time buyers

- 1.7 One of the weaknesses for local authorities is the lack of good quality information about the activity and performance of different rental markets and therefore the potential yields available. This report provides an evidence base around the scale, growth and performance of the private rented sector in Lewisham since 2015 (a three-year period). It utilises data from a number of secondary sources which are identified in the report. Zoopla data is used extensively in this report and only includes private rented property that has been advertised and/or managed through a letting agent.
- 1.8 The report validates the data through detailed discussions with letting agents to identify what has been happening in the private rented market.

2. The size of the sector

- 2.1 The Census 2011 confirms (Table 2.1) that there are 29,375 (25.3%) households living in the private rented sector in Lewisham; this is higher than the national figure of 18.1% recorded in 2011. Lewisham has the second smallest private rented sector market of all the inner London boroughs. It is second only to Southwark with 24.9%. Westminster has the largest private rented sector at 42.8%.
- 2.2 However, this masks geographical diversity.
- 2.3 In a number of locations the percentage of private rented sector increase to over 30%. In Brockley (36.8%) which benefits from the East London Line to North London, Lewisham town centre (34.7%), New Cross (32.6%), where there are larger student populations and Rushey Green (31.2%) which focuses around Catford a lower value market with regeneration plans.

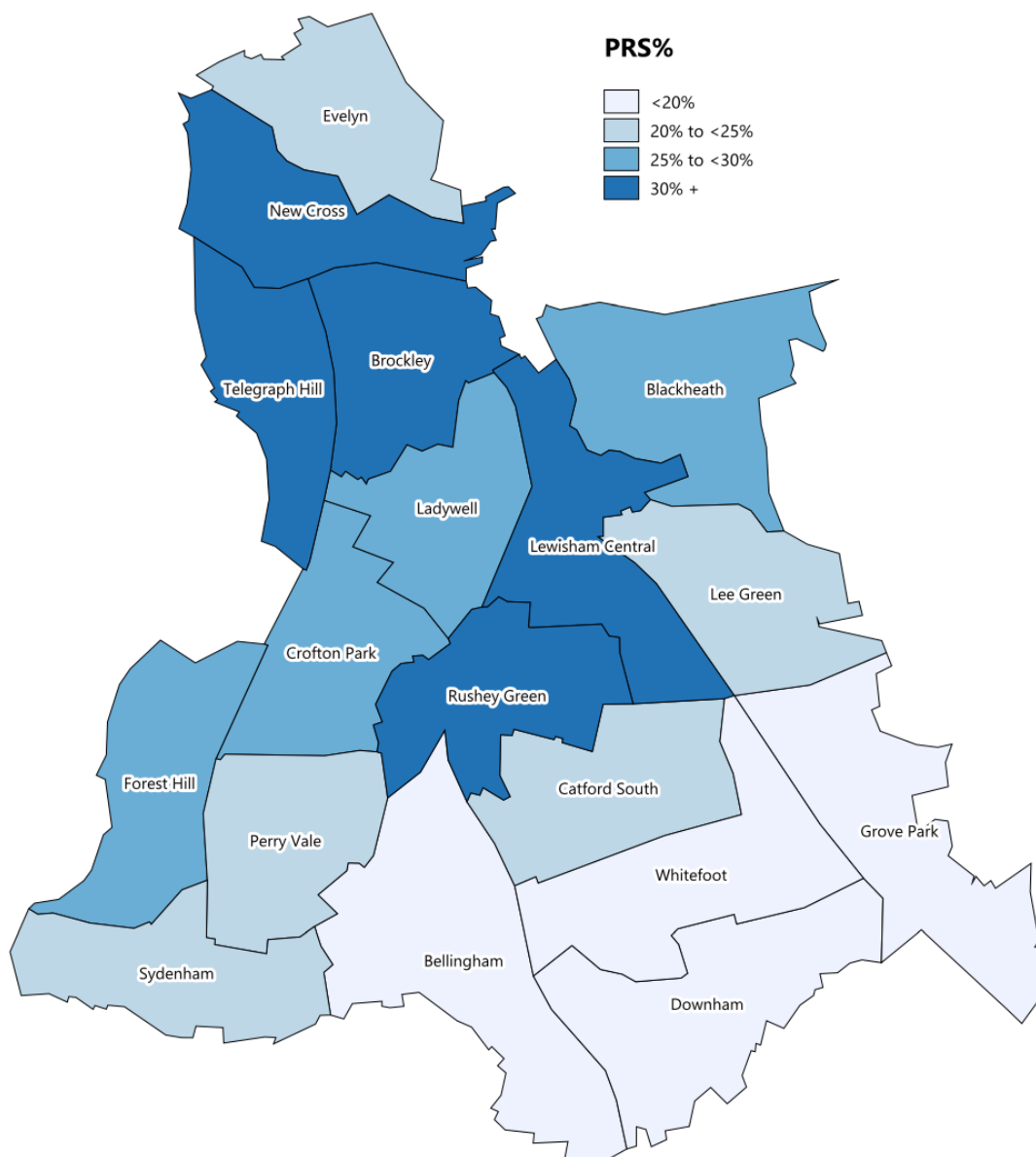
Ward	Owner No. (with and without a mortgage and Shared Ownership)	Aff Hsg rentNo.	PRS No.	Total	Owner %	Aff Hsg %	PRS %
Bellingham	2523	2689	895	6107	41.3	44.0	14.7
Blackheath	2790	1850	1783	6423	43.4	28.8	27.8
Brockley	2461	2237	2737	7435	33.1	30.1	36.8
Catford South	3794	718	1200	5712	66.4	12.6	21.0
Crofton Park	3538	1055	1670	6263	56.5	16.8	26.7
Downham	2729	2476	856	6061	45.0	40.9	14.1
Evelyn	1390	3943	1550	6883	20.2	57.3	22.5
Forest Hill	3130	1715	1661	6506	48.1	26.4	25.5
Grove Park	3373	1650	1159	6182	54.6	26.7	18.7
Ladywell	2864	1362	1536	5762	49.7	23.6	26.7
Lee Green	3453	1342	1525	6320	54.6	21.2	24.1
Lewisham Central	2928	2116	2678	7722	37.9	27.4	34.7
New Cross	1768	2662	2146	6576	26.9	40.5	32.6
Perry Vale	3321	1780	1606	6707	49.5	26.5	23.9
Rushey Green	2620	1683	1954	6257	41.9	26.9	31.2
Sydenham	2952	2360	1481	6793	43.5	34.7	21.8
Telegraph Hill	2277	2508	2070	6855	33.2	36.6	30.2
Whitefoot	2753	1906	868	5527	49.8	34.5	15.7
Lewisham	50664	36052	29375	116091	43.6	31.0	25.3

Source: Census 2011

PRS includes those living rent free

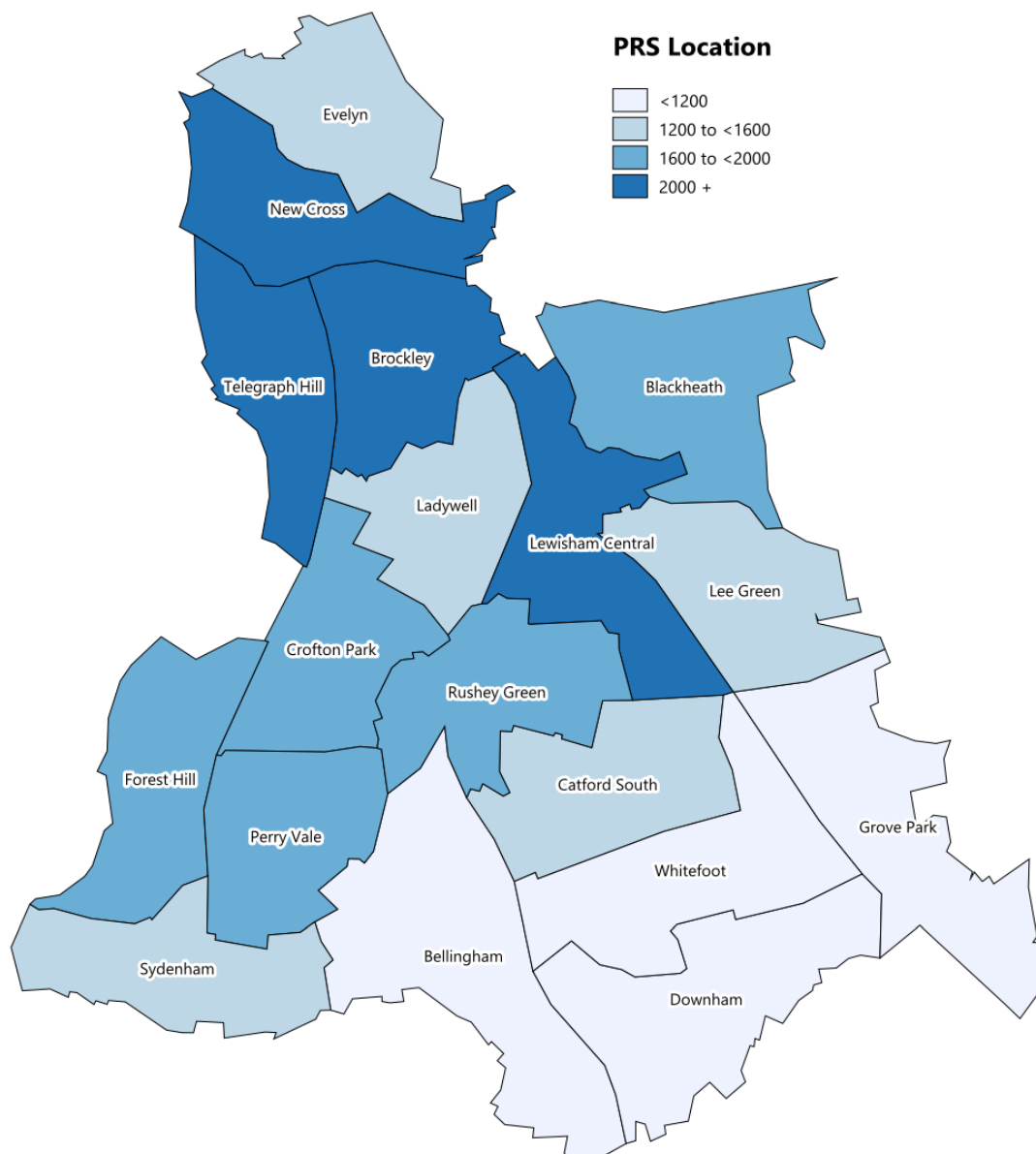
- 2.4 Map 2.1 illustrates the location of the private rented sector. It shows where the private rented sector is most significant as a sector compared to other tenures. As well as having very focused markets within Lewisham and Catford town centres, it is at scale toward the north of the borough focusing on Deptford, New Cross and Brockley.
- 2.5 To the south, levels are lower in terms of percentage of PRS.
- 2.6 Map 2.2 shows the actual distribution of the numbers of PRS within Lewisham.

Map 2.1 The percentage of PRS in each ward



- 2.7 In terms of numbers of units, the areas of focus are linked to those with the largest percentage of PRS.

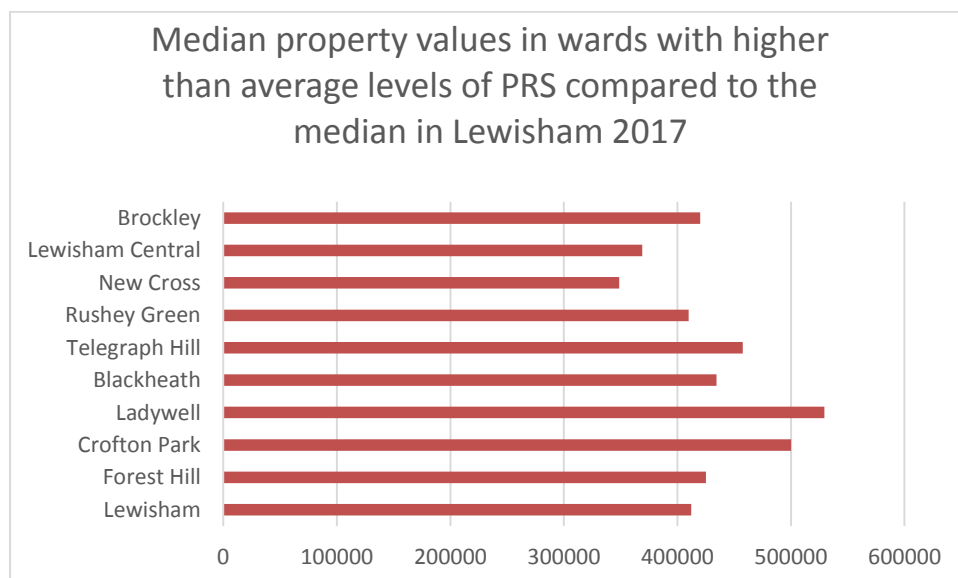
Map 2.2 The location of PRS in each ward



- 2.8 In Table 2.2 median property values in 2017 have been compared in each ward with the size of the private rented sector. The value of median property in wards with levels of market rented levels above the Lewisham average of 25.3% are illustrated in Chart 2.1. This confirms that 6 of the 18 wards have values higher than the median value for Lewisham. However, there are also 3 wards where values are below the Lewisham Median. This would suggest that the sector is providing an offer as an extension of the social rented sector and supporting those on lower income as well as providing an offer to economically active, higher income households.

Table 2.2 Median sales price in 2017 by ward		
Ward	Median sales values 2017	Total % of the PRS Census 2011
Bellingham	342000	14.7
Blackheath	434460	27.8
Brockley	420000	36.8
Catford South	470250	21.0
Crofton Park	500000	26.7
Downham	328500	14.1
Evelyn	520000	22.5
Forest Hill	425000	25.5
Grove Park	330000	18.7
Ladywell	529400	26.7
Lee Green	520000	24.1
Lewisham Central	369000	34.7
New Cross	348750	32.6
Perry Vale	444328	23.9
Rushey Green	410000	31.2
Sydenham	415000	21.8
Telegraph Hill	457500	30.2
Whitefoot	330000	15.7
Lewisham	412000	25.3

Chart 2.1 Median property values in wards with higher than average levels of PRS compared to the median in Lewisham 2017



Source Census 2011 and Land Registry

3. The performance of the market

- 3.1 The detailed analysis of Lewisham market rented sector has been undertaken by ward in Lewisham. The data relates to numbers of units advertised and let through the Zoopla website.

New properties coming onto the market

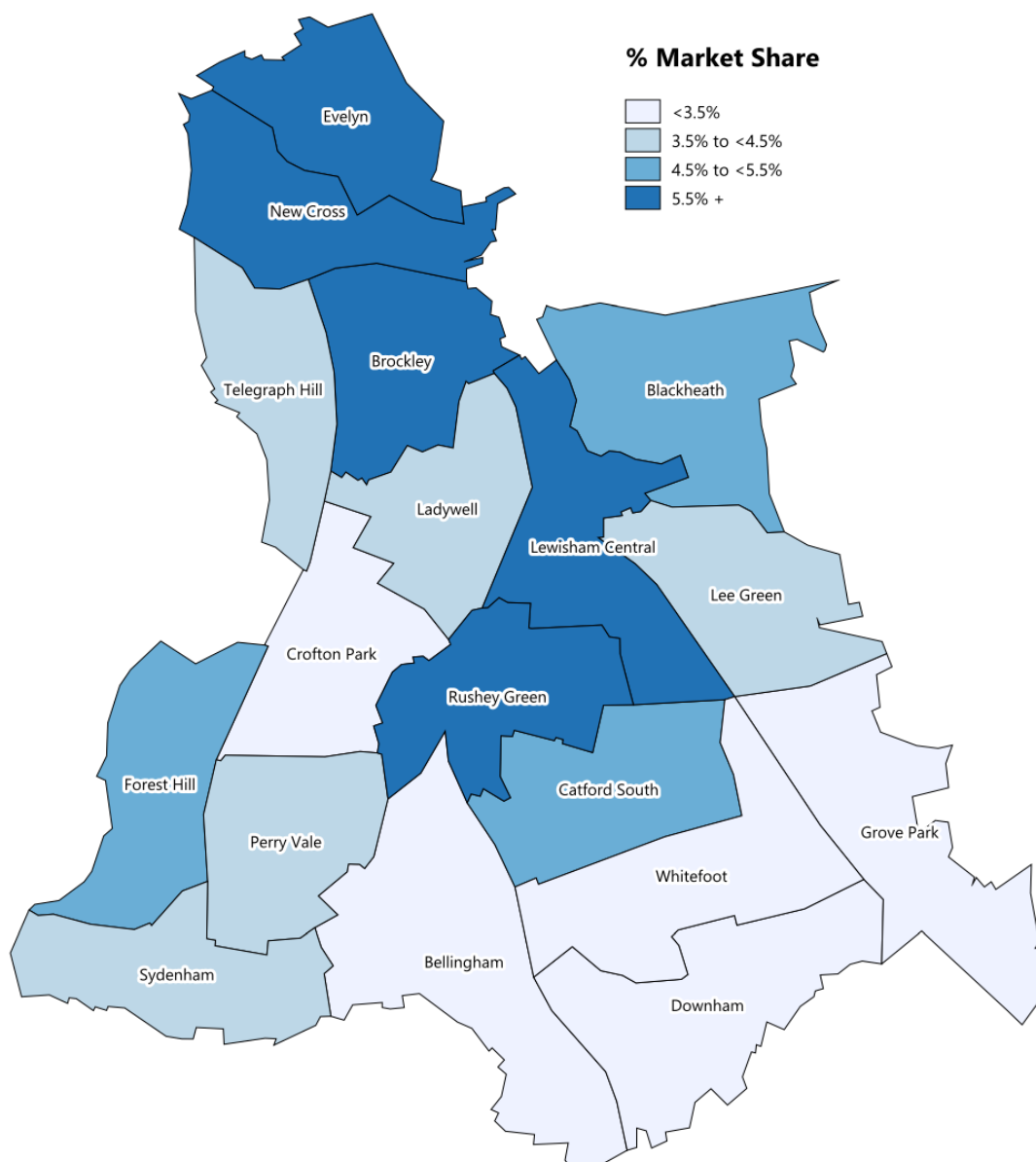
- 3.2 Initially, the total number of properties coming onto the market through Zoopla from 2015-2017 is considered. Table 3.1 shows the recorded number of properties coming onto the private rented market each year from 2015 to 2017 through the Zoopla website. Overall, the recorded number of properties coming onto the market has reduced by 2.7%. This could be increasing pressure in the market as households choose to move less frequently; potentially due to lack of alternative properties in the market.
- 3.3 These figures mask significant difference in locations. In Evelyn and Lewisham Central, wards that record the largest market share over the past 3 years there have been increases in the recorded number of properties coming onto the market. In other locations where market share is much lower there have been reduced numbers of properties recorded as coming onto the market, e.g. at Bellingham and Blackheath. However, there are no specific trends; in Ladywell the market share is relatively low yet the recorded number of properties coming onto the market has increased by almost 25%.
- 3.4 Where there are high numbers of properties coming onto a market this can be as a result of a number of reasons. It may be that the area is unpopular and so properties are turning over quickly, and tenants are not staying for long periods or it may be that investors are bringing new properties to market or that homeowners are unable to sell and are converting property to the private rented market. These reasons can usually be identified through discussions with letting agents. Likewise, where reducing numbers of properties are coming onto a market, this may indicate a settled popular community where tenants choose to remain for lengthy periods of time.

Ward	2015	2016	2017	Total	% change from 2015 to 2017	Percentage of the market in the past 3 years
Bellingham	223	281	177	681	-20.6	2.4
Blackheath	492	472	375	1339	-23.8	4.7
Brockley	775	985	691	2451	-10.8	8.7
Catford South	450	547	457	1454	1.6	5.1
Crofton Park	340	333	216	889	-36.5	3.1
Downham	218	310	218	746	0.0	2.6
Evelyn	811	1659	1000	3470	23.3	12.3
Forest Hill	448	509	409	1366	-8.7	4.8
Grove Park	317	334	251	902	-20.8	3.2
Ladywell	258	483	322	1063	24.8	3.8
Lee Green	342	432	305	1079	-10.8	3.8
Lewisham Central	1115	2205	1243	4563	11.5	16.2
New Cross	570	961	606	2137	6.3	7.6
Perry Vale	333	395	319	1047	-4.2	3.7
Rushey Green	560	680	530	1770	-5.4	6.3
Sydenham	418	476	334	1228	-20.1	4.3
Telegraph Hill	343	504	340	1187	-0.9	4.2
Whitefoot	246	375	245	866	-0.4	3.1
Lewisham	8259	11941	8038	28238	-2.7	100

Source: Zoopla and Census 2011

- 3.5 The percentage share of the market (2014-2017) is mapped in Map 3.2. Market share very much relates to location of the PRS. There is a higher market share in the wards of Evelyn, Brockley and New Cross as well as Lewisham Central; Rushey Green also has a larger market share but lower levels are recorded in Bellingham and Blackheath.

Map 3.2 The percentage of the market rented units coming onto the market 2015-2017



4. Property type and bed size

- 4.1 Table 4.1 shows the number and proportion of properties coming onto the market through Zoopla from 2015 to 2017.
- 4.2 The number of apartments that have come onto the market in Lewisham showed a significant increase in 2016 but reduced to 2015 levels in 2017. Apartments dominate the market and the market share is consistent at around 77%. A similar pattern is shown for houses.
- 4.3 Apartments/flats make up 7 in 10 of the properties that come onto the market; houses, 3 in every 10. This will be a challenging market for growing families living in the private rented sector to access appropriate housing.

Property type	2015 No	2016 No	2017 No	2015-2017 Total	Property type	2015 %	2016 %	2017 %	2015-2017 %
Apartments	6317	9307	6193	21817	Apartments	76.5	77.9	77.0	77.3
House	1942	2634	1845	6421	Houses	23.5	22.1	23.0	22.7
Lewisham	8259	11941	8038	28238	Lewisham	100	100	100	100

Source: Zoopla

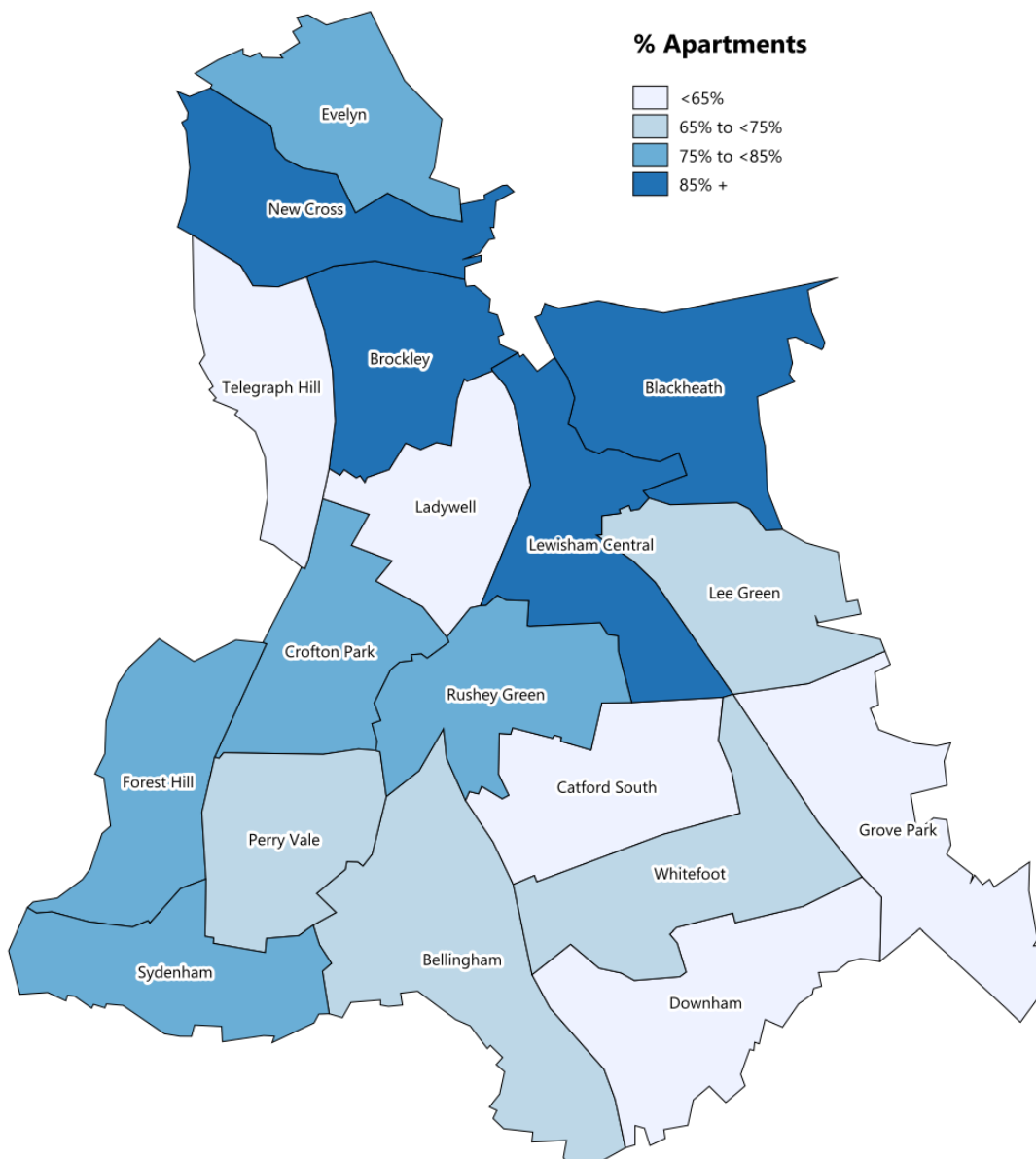
- 4.4 The overall property offer is significantly different in individual wards. Table 4.2 and Map 4.1 illustrate this data. Lewisham town centre, Brockley and New Cross is almost exclusively apartments. High levels of apartments are recorded in Blackheath and to the North of Catford. Lower levels are recorded in Catford South, Grove Park and Downham.

Ward	Apartments	Houses
Bellingham	70.6	29.4
Blackheath	85.9	14.1
Brockley	91.8	8.2
Catford South	49.0	51.0
Crofton Park	76.4	23.6
Downham	23.4	76.6
Evelyn	83.7	16.3
Forest Hill	81.4	18.6
Grove Park	49.4	50.6
Ladywell	64.3	35.7
Lee Green	68.9	31.1
Lewisham Central	90.2	9.8
New Cross	90.4	9.6
Perry Vale	74.2	25.8
Rushey Green	80.8	19.2
Sydenham	79.7	20.3
Telegraph Hill	51.0	49.0
Whitefoot	70.6	29.4
Lewisham	77.0	23.0

Source: Zoopla

4.5 Map 4.1 illustrates the percentage share in each ward that focuses on apartments.

Map 4.1 Percentage of apartments in each Ward 2017

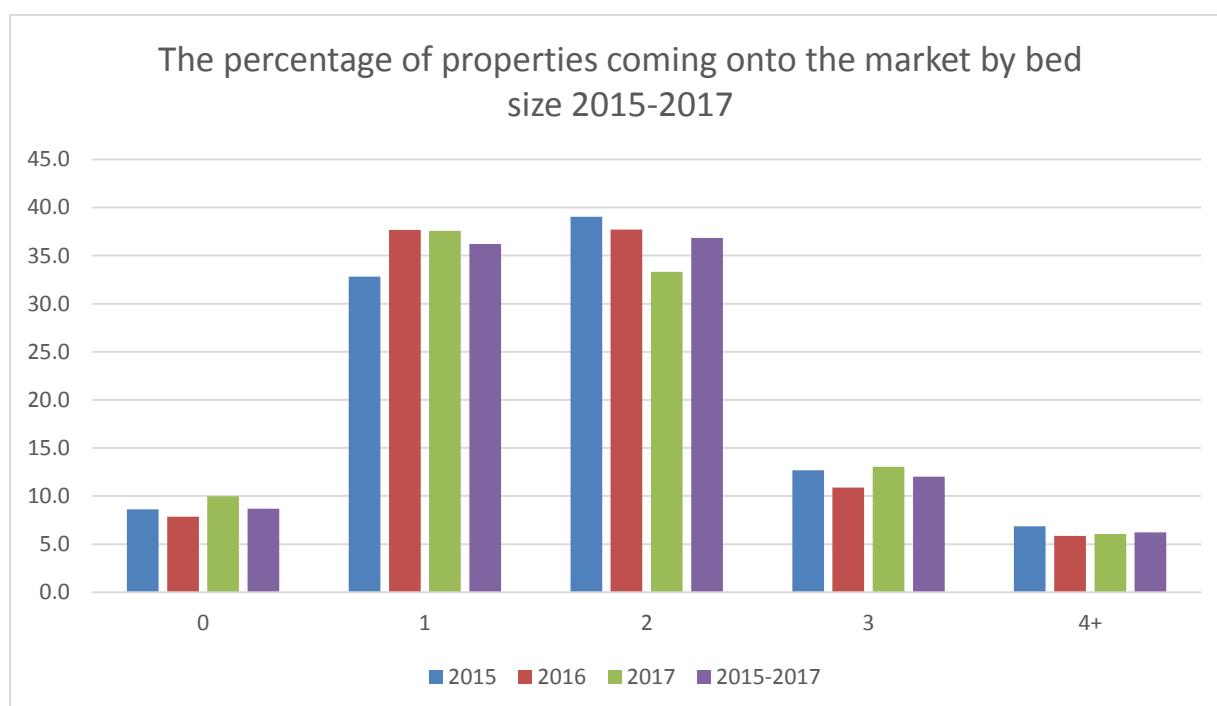


4.6 Table 4.3 illustrates the total number of properties recorded as coming onto the market by property size in Lewisham for the three years 2015-2017 and expresses these figures as a percentage for each year. The market is dominated by 1 and 2 bed properties with consistently low percentage of properties in smaller or larger categories.

4.7 Whilst, the one bed properties will accommodate those who are affected by welfare reforms and seeking smaller properties, the lack of larger homes will have an impact on families and also on the ability for households to share property and share the rent; a growing trend to tackle affordability. Only 18.2% of properties have been 3+-beds in the past 3 years, the remainder being smaller properties.

No of beds	2015 No	2016 No	2017 No	Total No 2015-17	No of beds	2014 %	2015 %	2016 %	Total 2015-17
Bed sit	713	939	803	2455	Bed sit	8.6	7.9	10.0	8.7
1	2709	4499	3021	10229	1	32.8	37.7	37.6	36.2
2	3225	4503	2679	10407	2	39.0	37.7	33.3	36.9
3	1046	1300	1048	3394	3	12.7	10.9	13.0	12.0
4+	566	700	487	1753	4+	6.9	5.9	6.1	6.2
Lewisham	8259	11941	8038	28238	Lewisham	100	100	100	100

Source: Zoopla

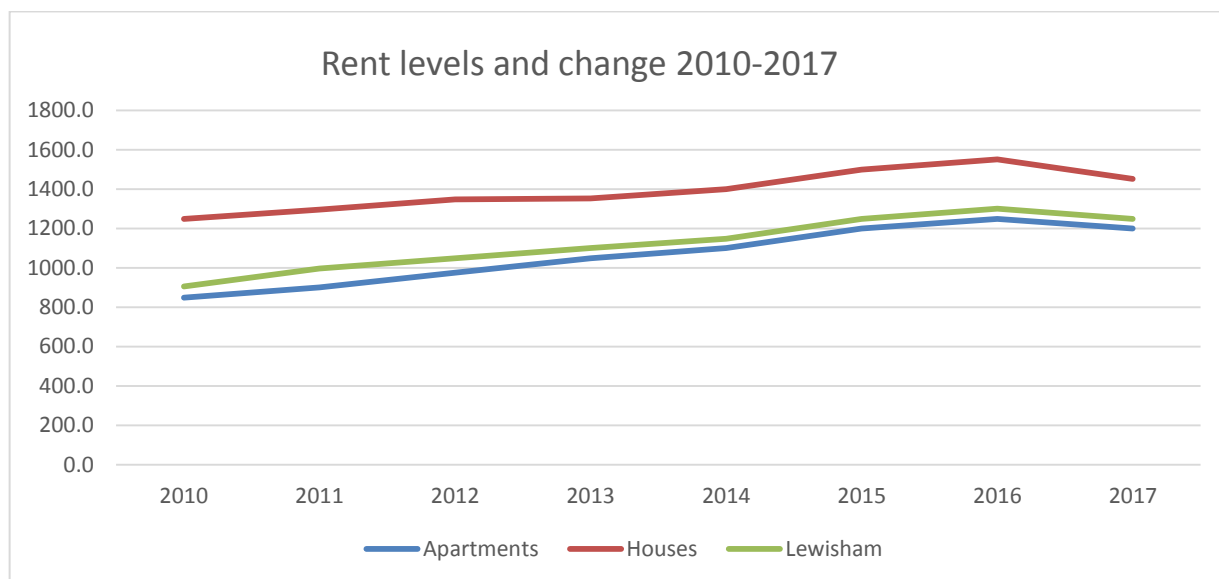
Chart 4.1 The percentage of properties coming onto the market by bed size 2015-2017

Source: Zoopla

5. Rent levels

- 5.1 Chart 5.1 illustrates the rent levels recorded for apartments, houses and overall in Lewisham since 2010. This longer-term trend shows the significant increases that have taken place and can be compared to a much more static position over the past 3 years.
- 5.2 Apartment rents have increased by 41.3% during this period, houses by 16.3% and overall median rents for property has increased by 37.7%.

Chart 5.1 The rent levels and change for apartments and houses in Lewisham since 2010



Source: Zoopla

- 5.3 Table 5.1 shows the median rent levels for all property let in each ward for the three years 2015-2017. It then shows the percentage change in rents for this period.
- 5.4 The median rent for property let in Lewisham in 2017 was £1,248pcm. Since 2015 this has been relatively static and over the 3 years has shown no overall increase.
- 5.5 There are 8 wards where rents have reduced overall and 5 wards where there has been no change. In 5 wards where rents have shown increases. The largest increases are in Downham, followed by Grove Park, and Lee Green. Two of those locations, Downham and Grove Park, have markets where houses are offered onto the market in larger proportions and could be pressured through family markets.

Ward	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Bellingham	1148	1196	1148	0.0
Blackheath	1352	1348	1300	-3.8
Brockley	1300	1300	1276	-1.8
Catford South	1200	1200	1101	-8.3
Crofton Park	1248	1300	1274	2.1
Downham	1174	1200	1274	8.5
Evelyn	1430	1517	1365	-4.5
Forest Hill	1200	1248	1200	0.0
Grove Park	1148	1200	1200	4.5
Ladywell	1300	1248	1300	0.0
Lee Green	1200	1248	1248	4.0
Lewisham Central	1248	1257	1248	0.0
New Cross	1170	1257	1181	0.9
Perry Vale	1248	1248	1200	-3.8
Rushey Green	1148	1101	1101	-4.1
Sydenham	1200	1248	1200	0.0
Telegraph Hill	1300	1300	1224	-5.8
Whitefoot	1200	1114	1049	-12.6
Lewisham	1248	1300	1248	0.0

Source: Zoopla

- 5.6 Table 5.2 shows the median rent levels for apartments let in each ward for the three years 2015-2017. It then shows the percentage change in rents for this period.
- 5.7 The median rent for apartments let in Lewisham in 2017 was £1,200pcm, slightly lower than the borough median. Over the past 3 years, apartment median rent levels have remained static.

Table 5.2 Average rent levels for apartments let by ward 2015-2017				
Ward	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Bellingham	1049	1127	1101	5.0
Blackheath	1300	1300	1300	0.0
Brockley	1296	1300	1248	-3.7
Catford South	1096	1001	1049	-4.3
Crofton Park	1183	1235	1200	1.4
Downham	949	1049	1125	18.5
Evelyn	1430	1517	1400	-2.1
Forest Hill	1148	1200	1196	4.2
Grove Park	1101	1148	1049	-4.7
Ladywell	1248	1200	1274	2.1
Lee Green	1148	1200	1200	4.5
Lewisham Central	1213	1248	1248	2.9
New Cross	1096	1148	1101	0.5
Perry Vale	1200	1248	1200	0.0
Rushey Green	1148	1101	1044	-9.1
Sydenham	1200	1200	1172	-2.3
Telegraph Hill	1274	1248	1200	-5.8
Whitefoot	975	997	901	-7.6
Lewisham	1200	1248	1200	0.0

Source: Zoopla

5.8 Table 5.3 shows the median rent levels for houses let in each ward for the three years 2015-2017. It then shows the percentage change in rents for this period.

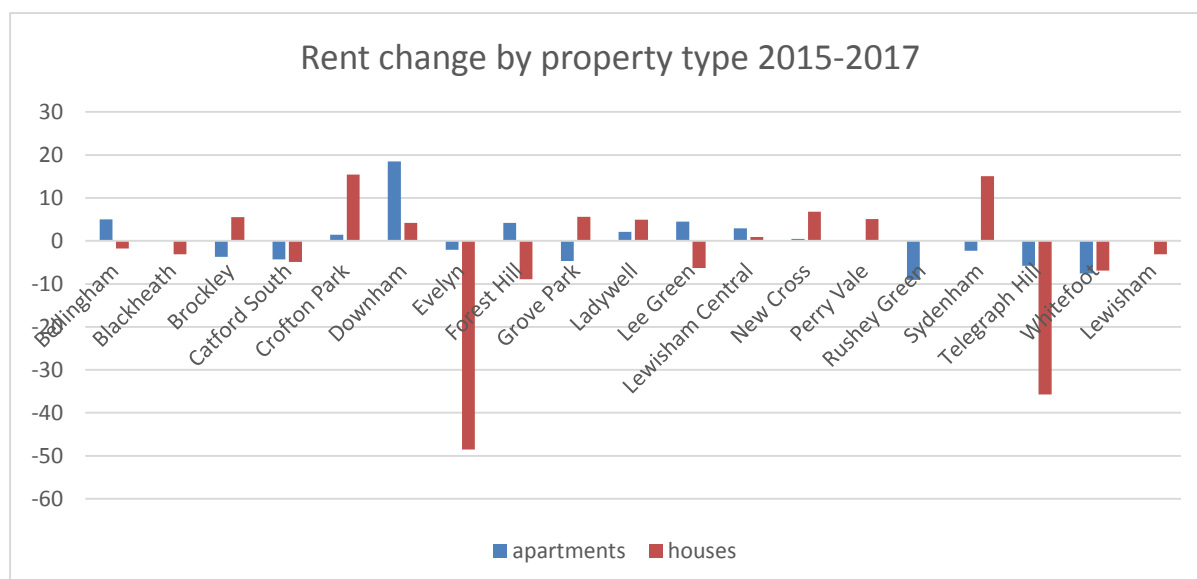
5.9 The mean rent for houses let in Lewisham in 2017 was £1,452pcm.

Ward	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Bellingham	1452	1599	1426	-1.8
Blackheath	1751	1773	1697	-3.1
Brockley	1898	2002	2002	5.5
Catford South	1499	1499	1426	-4.9
Crofton Park	1599	1699	1846	15.4
Downham	1248	1300	1300	4.2
Evelyn	1603	1733	826	-48.5
Forest Hill	1751	1749	1595	-8.9
Grove Park	1326	1374	1400	5.6
Ladywell	1551	1599	1627	4.9
Lee Green	1599	1599	1499	-6.3
Lewisham Central	1499	1476	1512	0.9
New Cross	1777	1898	1898	6.8
Perry Vale	1499	1651	1575	5.1
Rushey Green	1352	1400	1352	0.0
Sydenham	1499	1551	1725	15.1
Telegraph Hill	2102	2225	1352	-35.7
Whitefoot	1452	1300	1352	-6.9
Lewisham	1499	1551	1452	-3.1

Source: Zoopla *Based on small samples

5.10 The median rent change 2015 to 2017 for each property type in each ward is illustrated in Chart 5.2.

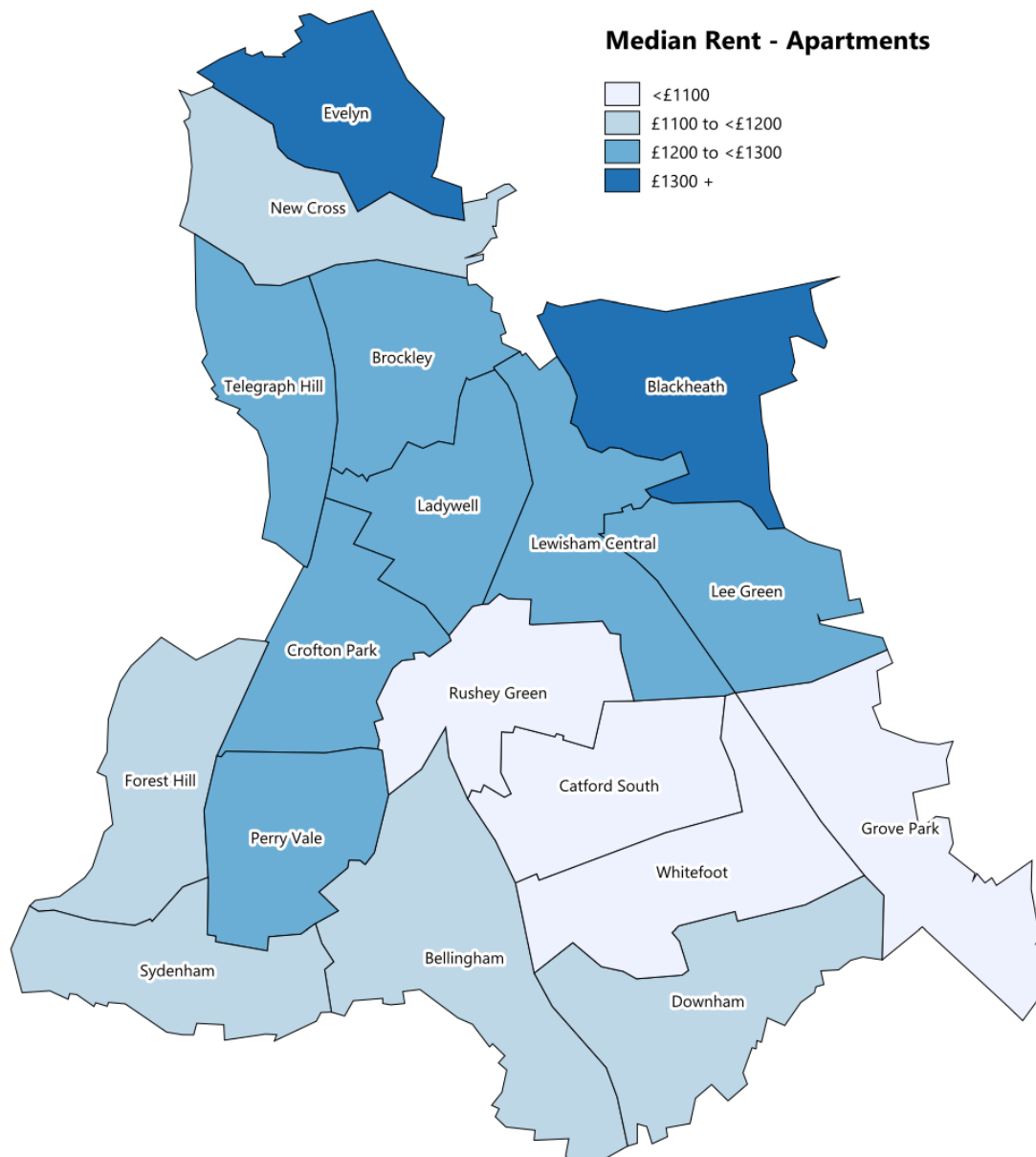
Chart 5.2 Rent change by property type 2014-2016



Source: Zoopla

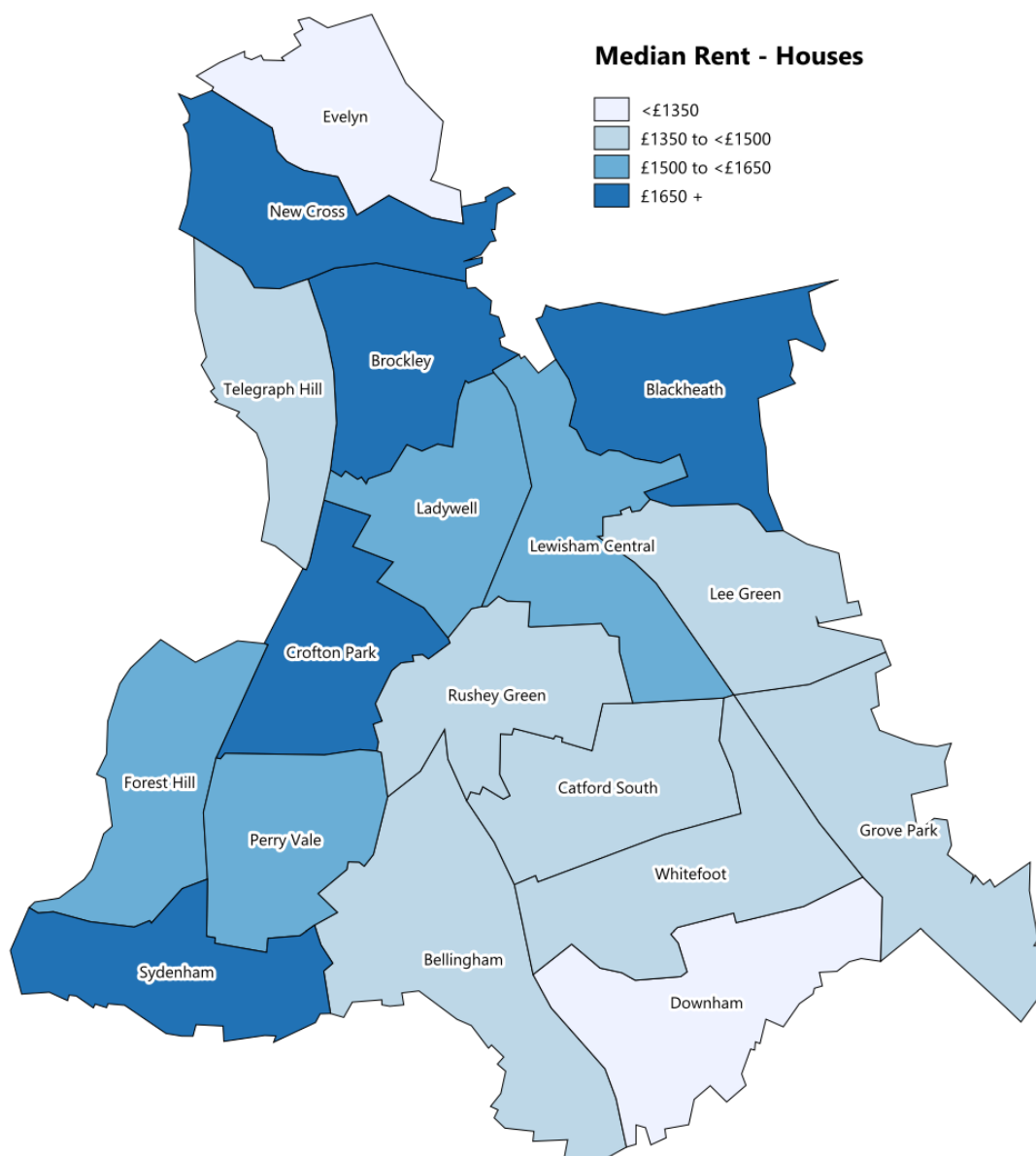
5.11 Rent levels for apartments and houses (2017) are mapped in Maps 5.1 and 5.2. Median rent levels for apartments are highest in the wards of Blackheath and Evelyn. Elsewhere rents are higher in Lewisham town centre, Brockley. Rents are lowest in Catford.

Map 5.1 Median rent levels – Flats 2017



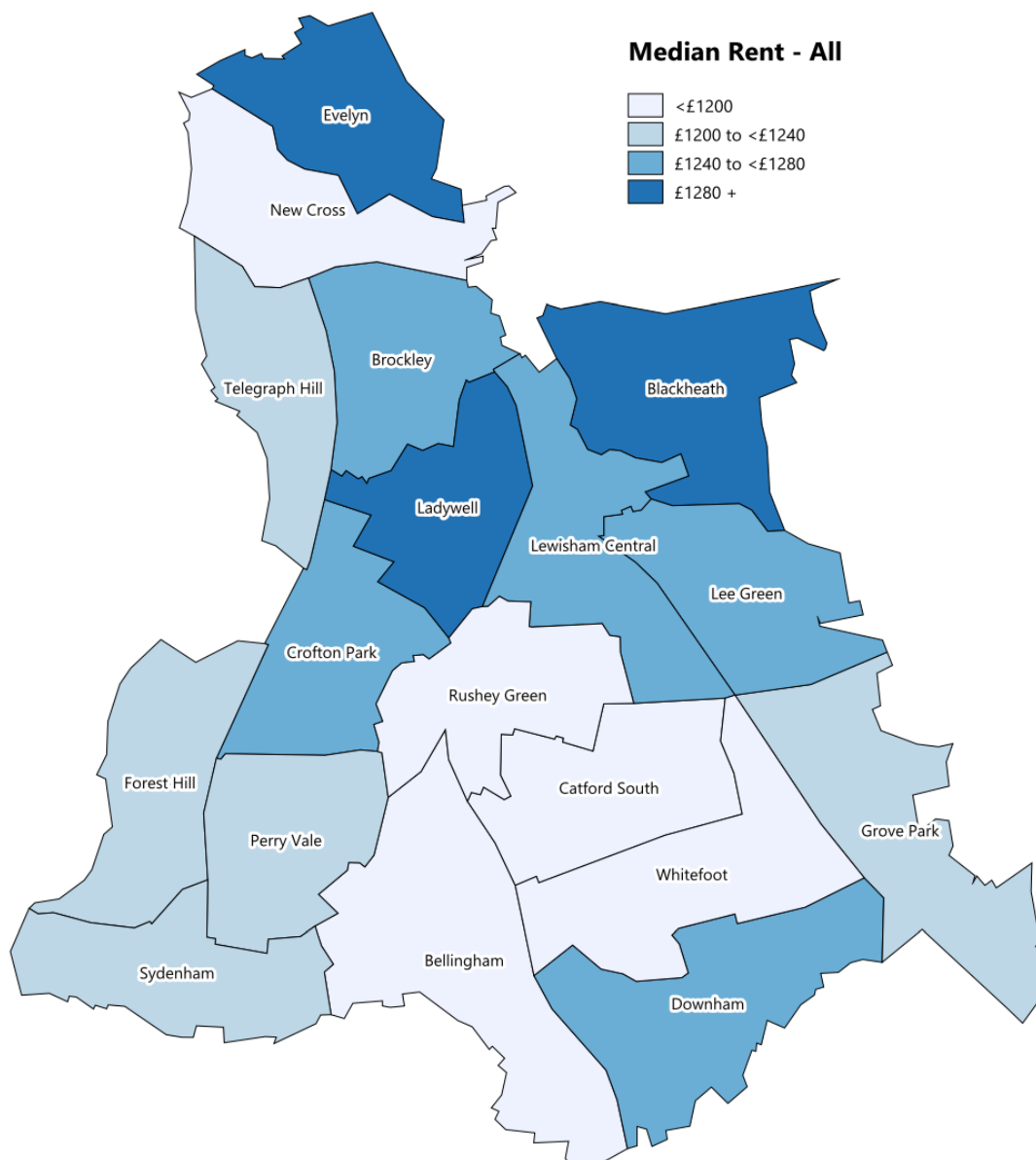
5.12 Map 5.2 shows rent levels for houses. Rents are the highest in New Cross, Brockley, Blackheath and other wards to the east of the borough. In New Cross, Brockley, and Blackheath there are very few houses coming to the market and this could account for the high rent levels.

Map 5.2 Median rent levels – Houses 2017



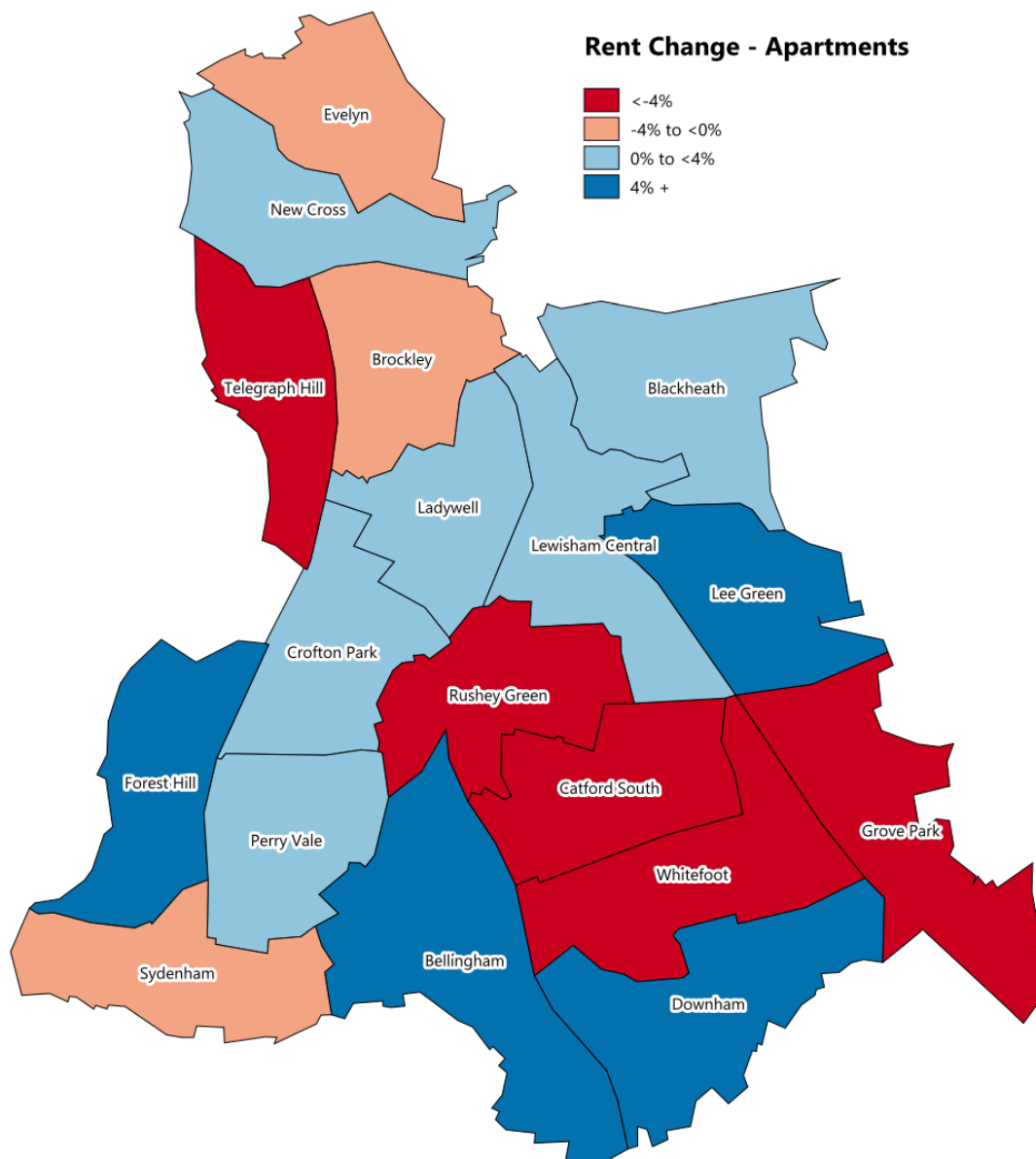
5.13 Map 5.3 shows median property values (2017); values are generally higher toward the north of the borough.

Map 5.3 Median rent - All properties 2017



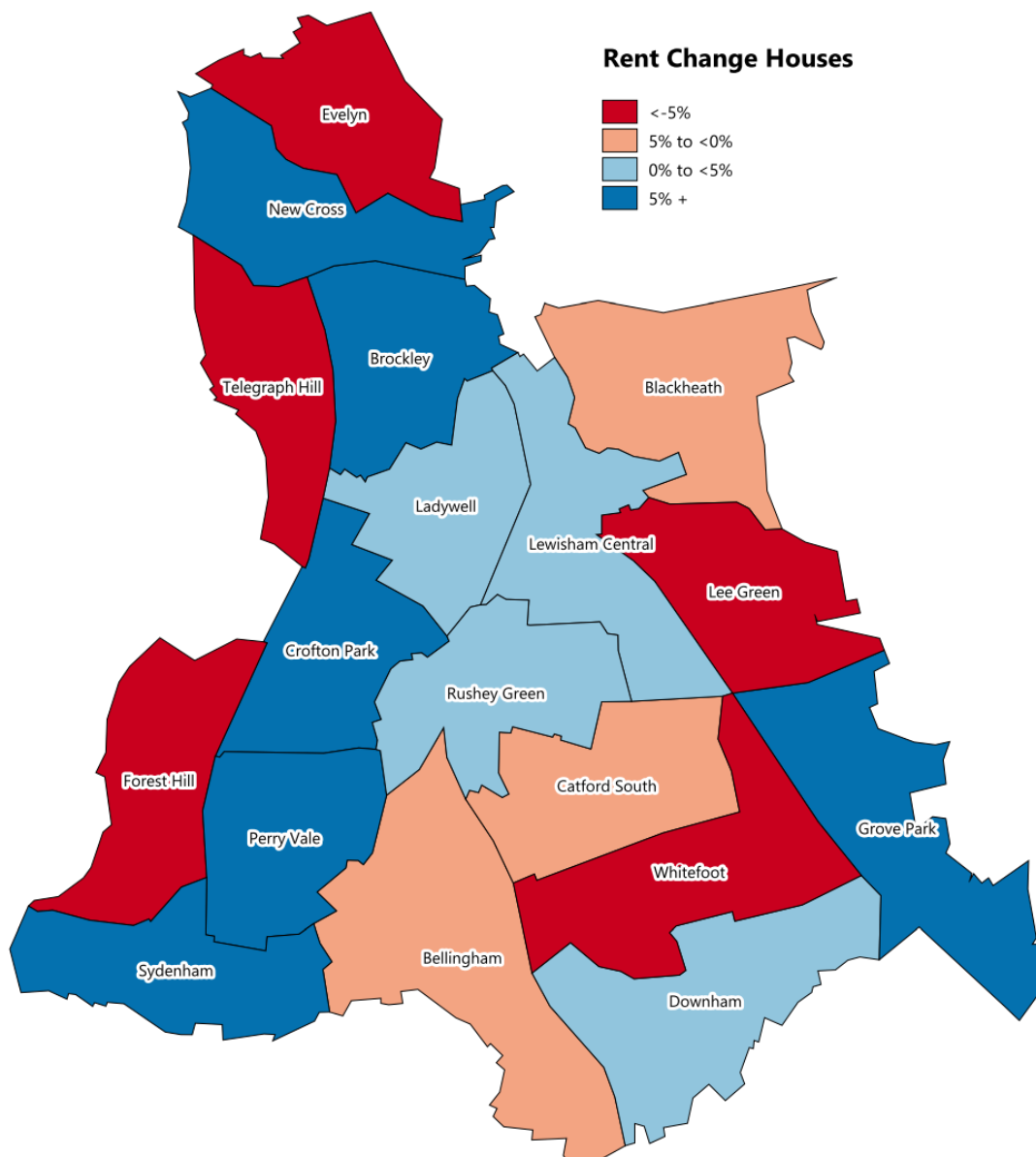
5.14 Map 5.4 shows rent change for apartments from 2015-2017. In 10 of the wards, values have increased, adding to affordability pressures; these focus in New Cross, Blackheath, Lewisham town centre and Bellingham. Catford is showing rent reductions.

Map 5.4 Rent change for apartments 2015-2017



5.15 Map 5.5 shows rent changes for houses. Rent increases are the highest in New Cross, Brockley, Lewisham town centre, toward the East of the borough and Grove Park. Again, reductions are recorded in Catford South and Evelyn.

Map 5.5 Rent change for houses 2015-2017



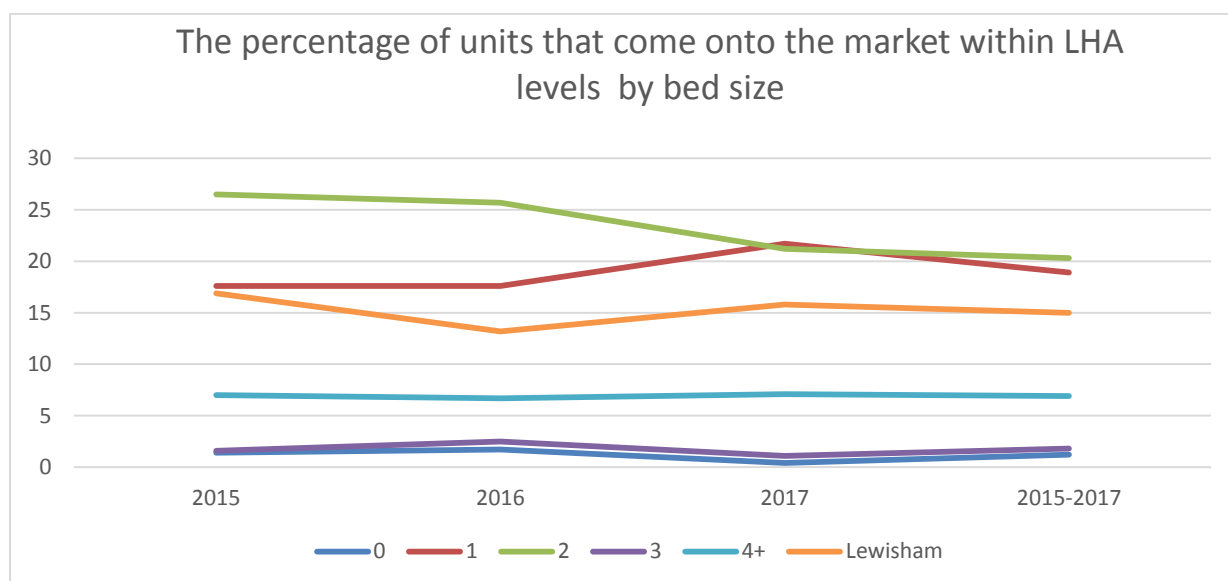
6. Affordability

- 6.1 Two types of affordability have been considered in Lewisham. The affordability for household's dependent on Local Housing Allowance and the affordability for economically active households.
- 6.2 All of the properties that came onto the market in each year from 2015 to 2017 have been recorded and the rent levels compared with the Local Housing Allowance caps for Lewisham. The number of properties that were available within the LHA caps by bed size has been recorded and expressed as a percentage of all of that property type available.
- 6.3 As Lewisham has rates for inner and outer Lewisham, an average of each has been taken for each bed size. Therefore, the results are approximate guides. The results are shown in Table 6.1 and Chart 6.1.
- 6.4 Since 2015, 15% of all properties coming to the market and recorded through Zoopla have been within the Local Housing Allowance caps and in 2017 this figure was 15.8%.
- 6.5 This confirms the problems of affordability in the market and the lack of choice for households reliant on Local Housing Allowance. This has reduced since 2014 but stabilised over the past few years, given the relatively static movement in rents.
- 6.6 It is very likely that additional properties are available within Local Housing Levels but that these are advertised locally through 'word of mouth' or directly through windows in properties etc. The difficulty with this is that those households that need to access properties with rents that are within Local Housing Allowance levels may struggle to find them as they are not widely advertised. It is also worth reflecting that just because a property is advertised at LHA it does not mean it will be let to a housing benefit claimant. Council research indicated that as few as 20% of properties available at LHA were being let to housing benefit claimants.

Table 6.1 Properties within LHA by bed size 2015-2017

No of beds	2015		2016		2017		Total	
	No	%	No	%	No	%	No	%
Bed-sit	10	1.4	16	1.7	3	0.4	29	1.2
1	478	17.6	796	17.6	655	21.7	1929	18.9
2	854	26.5	691	25.7	568	21.2	2113	20.3
3	17	1.6	33	2.5	12	1.1	62	1.8
4+	40	7.0	47	6.7	35	7.1	122	6.9
Lewisham	1399	16.9	1583	13.2	1273	15.8	4255	15.0

Source: Zoopla

Chart 6.1 Percentage of properties within LHA levels

Source: Zoopla

- 6.7 Table 6.2 illustrates the monthly and annual gross income levels that would be required to rent a property in each ward, if the rent accounted for 30% of household income.
- 6.8 Rents are based on those coming to market not those let and tenanted. The rent levels are based on 2017 figures when lower quartile annual gross income was £23,869 and the median annual gross income was £34,261⁶⁷.
- 6.9 The market is not affordable. There were no areas where households on lower quartile or median quartile gross incomes could afford median rent levels unless that used over 30% of their household income.

⁶⁷ Annual survey of hours and earning ONS Crown Copyright Reserved [from Nomis on 10th July 2018]

Ward	2017 median rent levels £pcm (full market)	Monthly Income required for rent to be within 30% of household gross income	Annual earned gross income required
Bellingham	1101	3670	44040
Blackheath	1352	4507	54080
Brockley	1300	4333	52000
Catford South	1001	3337	40040
Crofton Park	1300	4333	52000
Downham	1300	4333	52000
Evelyn	1508	5027	60320
Forest Hill	1200	4000	48000
Grove Park	1200	4000	48000
Ladywell	1248	4160	49920
Lee Green	1274	4247	50960
Lewisham Central	1300	4333	52000
New Cross	1200	4000	48000
Perry Vale	1300	4333	52000
Rushey Green	1001	3337	40040
Sydenham	1248	4160	49920
Telegraph Hill	1248	4160	49920
Whitefoot	1049	3497	41960
Lewisham	1248	4160	49920

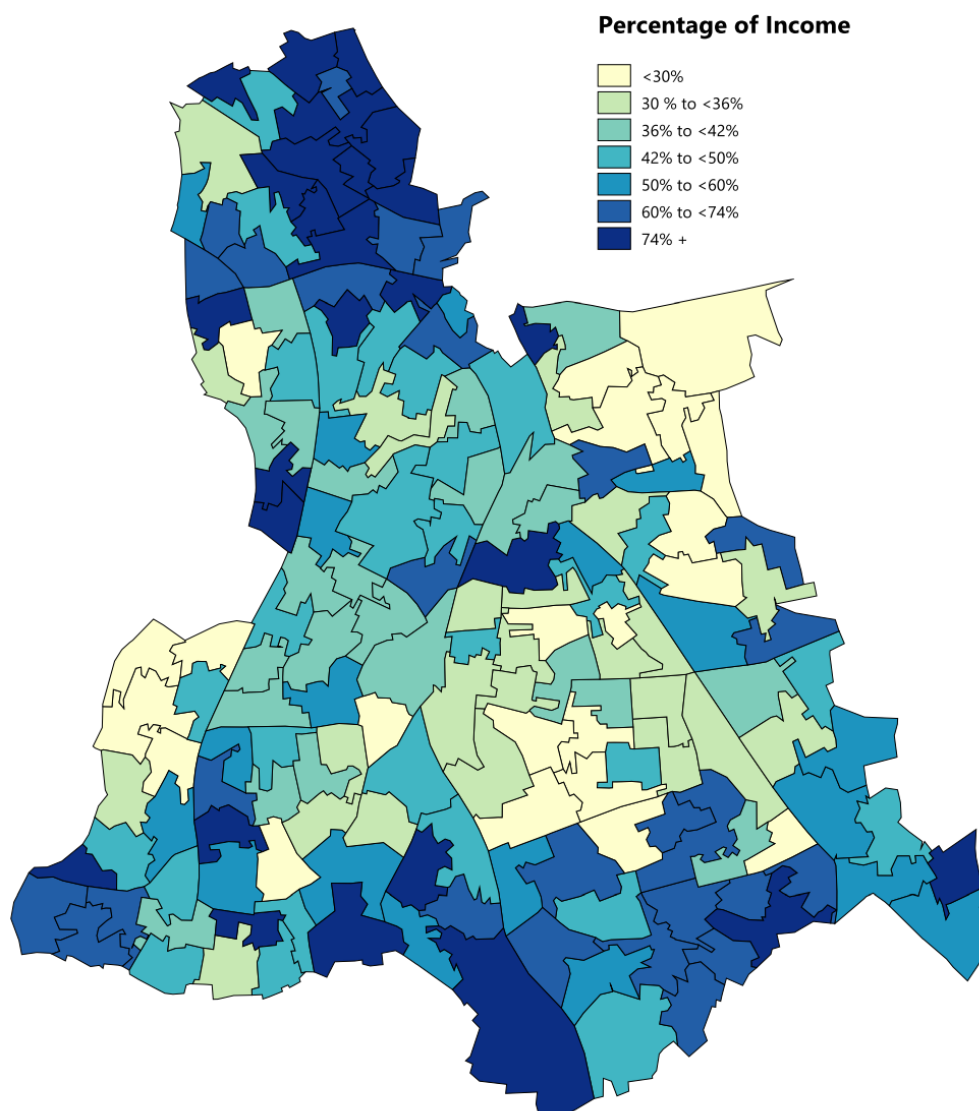
Source: Zoopla

Annual survey of hours and earnings - resident analysis

- 6.10 Additional affordability is now considered within the rental market. Map 6.1 considers the percentage of household income that would be required to be spent on rent to afford the median rent level for houses within locations. This uses CAMEO income data, available at smaller geographies.
- 6.11 Data is reported at Lower Super Output area. These areas contain a minimum of 400 households and a maximum of 1200.
- 6.12 There are a number of caveats to consider:
- CAMEO does not categorise all households in any area
 - Income levels in any locations are provided as a band and we have assumed midpoints of ranges. These are probably overstating the level, people's income will be lower than this.
 - Data has been considered by Lower Super Output Area (LSOA), where an LSOA has high and a low income results the average could be misleading
 - Data is mapped and ward boundaries overlaid across the LSOAs
- 6.13 There are many locations that fall within the 30% affordability definition. However, there are a significant percentage that do not. Blackheath would appear to have the most areas where affordability is more manageable plus locations in Catford. Toward the north of the borough the affordability pressures are most pressing.

6.14 Affordability will be challenging for families using the market rented sector as a tenure of choice and for those trying to save a deposit. In part, the affordability challenges will be an under supply of larger houses coming onto the market.

Map 6.1 The percentage of income to be spent on rent to afford a median rent for a house



Source: Cameo

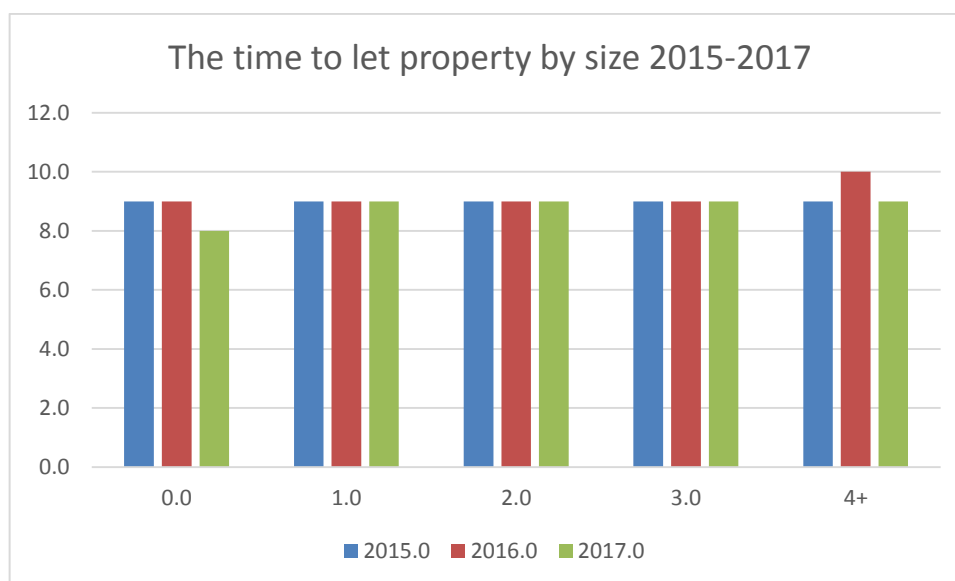
7. Time to let property

- 7.1 The time to let a property can indicate how popular a property type is, how popular an area is or whether a property is in good condition. It can also indicate an undersupply/oversupply of a particular property type. The time to let a property is a very useful measure of the health of the rental market and this section considers how long it took for property to be let after coming onto the market.
- 7.2 Table 7.1 shows the time to let flats and houses in each ward in 2017. This timescale includes notice periods, which we assume to be four weeks or one calendar month.

Ward	Time to let in weeks		
	Flat	House	All properties
Bellingham	10.0	8.0	10.0
Blackheath	9.0	9.0	8.0
Brockley	9.0	9.0	8.0
Catford South	9.0	10.0	10.0
Crofton Park	10.0	9.5	8.0
Downham	9.0	10.0	10.0
Evelyn	9.0	9.0	7.0
Forest Hill	9.0	9.0	10.0
Grove Park	9.0	10.0	10.0
Ladywell	9.0	10.0	7.0
Lee Green	9.0	8.0	9.0
Lewisham Central	8.0	9.0	8.0
New Cross	8.0	9.0	8.0
Perry Vale	9.0	9.0	10.0
Rushey Green	9.0	10.0	9.0
Sydenham	9.0	10.0	10.0
Telegraph Hill	9.0	10.0	9.0
Whitefoot	8.0	10.0	9.5
Lewisham	9.0	9.0	9.0

Source: Zoopla

- 7.3 Chart 7.1 shows the time to let property by size over the past 3 years 2015-2017.

Chart 7.1 The time to let property by size 2017

Source: Zoopla

- 7.4 Table 7.2 shows the average time to let a property in weeks in each of the years 2015-2017 by ward and shows the percentage change in the number of weeks, year on year and overall from 2015-2017. Over 2015 to 2017, the average time it took to let property in Lewisham was 9 weeks. This timescale includes notice periods, which we assume to be four weeks or one calendar month. These timescales are higher than usually seen for urban areas where it is common place to see figures as low as 4-5 weeks.
- 7.5 Reductions in the time to let over the past 3 years have been experienced in a number of locations.

Table 7.2 Time to let by ward 2015-2017				
Ward	Time to let in weeks			
	2015	2016	2017	% change 2015-2017
Bellingham	10.0	8.0	10.0	0.0
Blackheath	9.0	9.0	8.0	11.1
Brockley	9.0	9.0	8.0	11.1
Catford South	9.0	10.0	10.0	-11.1
Crofton Park	10.0	9.5	8.0	20.0
Downham	9.0	10.0	10.0	-11.1
Evelyn	9.0	9.0	7.0	22.2
Forest Hill	9.0	9.0	10.0	-11.1
Grove Park	9.0	10.0	10.0	-11.1
Ladywell	9.0	10.0	7.0	22.2
Lee Green	9.0	8.0	9.0	0.0
Lewisham Central	8.0	9.0	8.0	0.0
New Cross	8.0	9.0	8.0	0.0
Perry Vale	9.0	9.0	10.0	-11.1
Rushey Green	9.0	10.0	9.0	0.0
Sydenham	9.0	10.0	10.0	-11.1
Telegraph Hill	9.0	10.0	9.0	0.0
Whitefoot	8.0	10.0	9.5	-18.8
Lewisham	9.0	9.0	9.0	0.0

Source: Zoopla

8. Rental yields

8.1 Table 8.1 provides a guide to rental yields achievable in different wards. It assumes median rent levels and sales values⁶⁸. Yields are only based on average figures but appear relatively low. However, because they are based on median values different property types and sizes will achieve higher yields and where gross yields of 4% are recorded, experience tells us that far greater yields are achievable.

Ward	Median sales value 2017	Median Rent pcm 2017	Annual rental income	Potential yields
Bellingham	342000	1101	13212	3.9
Blackheath	434460	1352	16224	3.7
Brockley	420000	1300	15600	3.7
Catford South	470250	1001	12012	2.6
Crofton Park	500000	1300	15600	3.1
Downham	328500	1300	15600	4.7
Evelyn	520000	1508	18096	3.5
Forest Hill	425000	1200	14400	3.4
Grove Park	330000	1200	14400	4.4
Ladywell	529400	1248	14976	2.8
Lee Green	520000	1274	15288	2.9
Lewisham Central	369000	1300	15600	4.2
New Cross	348750	1200	14400	4.1
Perry Vale	444328	1300	15600	3.5
Rushey Green	410000	1001	12012	2.9
Sydenham	415000	1248	14976	3.6
Telegraph Hill	457500	1248	14976	3.3
Whitefoot	330000	1049	12588	3.8
Lewisham	412000	1248	14976	3.6

Source: Zoopla Average rent levels, Sales values CLG House Price Statistics; Land Registry Price Paid Dataset

⁶⁸ There will be significant difference between property types and specific locations

9. Concluding comments

- 9.1 Lewisham has the second smallest private rented sector market of all the inner London boroughs at 25.3%. However, this masks geographical diversity and there are locations where over a third of the stock is focused on the private rented sector. The stock is very much focused around urban centres and is providing an offer as an extension of the social rented sector and supporting those on lower income as well as providing an offer to economically active, higher income households. Whilst most locations are buoyant and experiencing rent increases where rents are already high, Catford stands out as a lower value stock offer.
- 9.2 Between 8-10,000 units are being advertised through Zoopla each year; this is a significant market; build is completely skewed toward apartments. Apartments/flats make up 7 in 10 of the properties that come onto the market; houses, 3 in every 10. This will be a challenging market for growing families living in the private rented sector to access appropriate housing.
- 9.3 The market is dominated by 1 and 2 bed properties with consistently low percentage of properties in smaller or larger categories.
- 9.4 Whilst, the one bed properties will accommodate those who are affected by welfare reforms and seeking smaller properties, the lack of larger homes will have an impact on families and also on the ability for households to share property and share the rent; a growing trend to tackle affordability. Only 18.2% of properties have been 3+-beds in the past 3 years, the remainder being smaller properties.
- 9.5 The median rent for property let in Lewisham in 2017 was £1,248pcm. Since 2015 this has been relatively static and over the 3 years has shown no overall increase. The largest increases are in Downham, followed by Grove Park, and Lee Green. Two of those locations, Downham and Grove Park, have markets where houses are offered onto the market in larger proportions and could be pressured through strong demand from family markets.
- 9.6 The median rent for apartments let in Lewisham in 2017 was £1,200pcm, slightly lower than the borough median. Over the past 3 years, apartment median rent levels have remained static.
- 9.7 The mean rent for houses let in Lewisham in 2017 was £1,452pcm and has reduced by 3.1% over the past 3 years.
- 9.8 The market is not affordable. There were no areas where households on lower quartile or median quartile gross incomes could afford median rent levels unless that used over 30% of their household income.
- 9.9 Since 2015, 15% of all properties coming to the market and recorded through Zoopla have been within the Local Housing Allowance caps and in 2017 this figure was 15.8%.
- 9.10 This confirms the problems of affordability in the market and the lack of choice for households reliant on local housing allowance. This has reduced since 2014 but stabilised over the past few years, given the relatively static movement in rents.
- 9.11 It is very likely that further properties are available within Local Housing Allowance Levels but that these are advertised locally through 'word of mouth' or directly through

windows in properties etc. The difficulty with this is that those households that need to access properties with rents that are within Local Housing Allowance levels may struggle to find them as they are not widely advertised.

- 9.12 The time to let a property can indicate how popular a property type is, how popular an area is or whether a property is in good condition. It can also indicate an undersupply/oversupply of a particular property type. This timescale includes notice periods, which we assume to be four weeks or one calendar month. These timescales are higher than usually seen for urban areas where it is common place to see figures as low as 4-5 weeks.

Appendix E: Glossary of terms

Affordability: A measure of whether households can access and sustain the costs of private sector housing. This is based on 35% of household income for rental affordability and 3.5x household income for mortgage affordability.

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers. It includes affordable rented, starter homes, discounted market and in London the definitions are extended to London Affordable Rent, London Living Rent and London Shared Ownership.

Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

BAME Black, Asian and Minority Ethnic.

Choice Based Lettings (CBL): Choice Based Lettings allows applicants for social housing (and tenants who want to transfer) to apply for vacancies which are advertised widely in the neighbourhood. Applicants can see the full range of available properties and can apply for any home to which they are matched.

MHCLG Ministry for Housing, Communities and Local Government: Is a Government department which has responsibility for local and regional government, housing, planning, fire, regeneration, social exclusion and neighbourhood renewal with the ambition to create sustainable communities for all. Previously known as DoE, DETR, DTLR, ODPM and DCLG.

Bedroom Standard: The standard number of bedrooms allocated to each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allocated to each married couple, any person aged 21 or over, each pair of adolescents aged 10 – 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 – 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms available for the sole use of the household and the differences are tabulated.

Built to rent refers to the emerging sub-market in private rented residential stock in the United Kingdom, designed specifically for **renting** rather than for sale, typically owned by institutional investors and managed with a high service-led culture by specialist operators

CML: Council of Mortgage Lenders

Concealed Household: A Concealed Household is someone living within a household wanting to move to their own accommodation and form a separate household (e.g. adult children living with their parents).

CORE: Continuous Recording System of new lettings in social rented and intermediate tenure dwellings

DFG: Disabled Facilities Grant

Discounted market sales housing is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households

English Housing Survey. is a continuous household survey that collects information from nearly 20,000 households about the characteristics of their housing and their attitudes to housing and related issues (previously known as the Survey of English Housing)

Extra Care Housing: This is housing designed with the needs of frailer older people in mind. It includes flats, bungalows and retirement villages. You have your own front door. Domestic support and personal care are available

GDP: Gross Domestic Product

FTB: First Time Buyer – a term used to describe people who are buying/have bought a dwelling and have not previously owned a home

HMO: House in Multiple Accommodation –) is a property rented out by at least three people who are not from one 'household' (for example a family) but share facilities like the bathroom and kitchen. A licence is required for a 'large' HMO, defined as a property where all of the following apply: It is rented for 5 or more people who form more than 1 household; some or all tenants share toilet, bathroom or kitchen facilities; and at least one tenant pays rent (or their employer pays it for them)

Homeless Household: A household is accepted as statutorily homeless by the authority if it meets the criteria set out in the Housing Act 1996.

Household: The Census defines a household as follows: "A household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping - that is, sharing at least one meal a day or sharing a living room or sitting room."

Housing Action Areas were set up through the 1974 Housing Act. They were a response to 'gentrification' and combined council action with bottom-up methods to tackle inner city decline in small areas of around 500 properties. Declared areas attracted generous improvement grants aimed at encouraging residents to stay. Tenants' rights were guaranteed and, where private landlords failed to improve, councils could compulsorily purchase and renovate.

Housing Delivery Test (HDL) is the annual measurement of housing delivery performance, to commence in November 2018

Housing Needs Survey (HNS)

A specialised research method for determining the need for additional housing in an area

Housing Register A register of people waiting for affordable housing. It may have two components: a list for those not currently occupying affordable housing (more properly known as the Housing Register) and a Transfer List for those tenants who wish to move to another affordable home within the same District.

HRP Household Reference Person is the individual taken to represent the household for statistical purposes.

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning

LA Local Authority.

Local Housing Allowance is used to work out how much housing benefit you can get if you rent your home from a private landlord.

LCHO Low Cost Home Ownership.

London Affordable Rent which is for households on low income with the rent level based on social rent levels. Nationally, affordable rent is set at up to 80% of market rent, but in London benchmarks are set substantially below this to ensure rents in London are genuinely affordable

London Living Rent offers Londoners on average incomes a below-market rent, enabling them to save for a deposit. The Mayor has set out London Living Rent levels that vary by ward across London, set at a third of local average household incomes. When funded through the Mayor’s Affordable Homes Programme, London Living Rent is designed to offer sub-market rents for up to 10 years, helping households to save for a deposit. Eligibility is restricted to households that are currently renting, with a maximum income of £60,000 and who are not currently able to purchase a home (including through shared ownership) in the local areas

London Shared Ownership: is based on the national shared ownership model but with extra assurances for Londoners over service charges.

LTV Loan to Value - the percentage of loan a person needs against the value of the property.

NOMIS National On-line Manpower Information System.

NPPF: National Planning Policy Framework

ONS: Office for National Statistics.

Overcrowding occurs when, using the bedroom standard, there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition.

PCM Per Calendar month

PFI: Private Finance Initiative

PRS Private Rented Sector comprises property owned by a landlord and leased to a tenant. The landlord, in this case, could be an individual, a property company or an institutional investor. The tenants would either deal directly with an individual landlord, or alternatively

with a management company or estate agency caring for the property on behalf of the landlord.

Relets Council/Registered Provider rented accommodation that becomes vacant due to the departure of a previous tenant; therefore the accommodation can be re-let to another tenant or new applicant on the Housing Register.

Registered Provider A Housing Association or a not-for-profit company, registered by the Tenants Services Authority (TSA), which provides social housing. Also referred to as a Registered Social Landlord

Registered Social landlord – see Registered Provider

Rental Yield is a measure of how much cash is produced each year as a percentage of a property's value. For private rented dwellings it is the **rental** income as a percentage of the property's value.

Residential Care Home is accommodation where you normally have a bedroom and the use of a shared lounge with other residents. Personal care is provided – bathing, help dressing, meals etc.

Right to Buy (RTB) The Right To Buy Scheme gives eligible council tenants the right to buy their property from their council at a discount. Many RP tenants have similar rights under the Right To Acquire.

Sheltered Housing is usually a group of bungalows or flats and you have your own front door. Schemes usually have a manager/warden to arrange services and are linked to a careline/alarm system.

SHLAA: Strategic Housing Land Availability Assessment

SHMA: Strategic Housing Market Assessment

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Starter homes is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

TSA: Tenant Services Authority

Under Occupation A household is under-occupying if more than one spare bedroom is available, using the bedroom standard as a test.