

Housing Policy & Affordability Commission

Meeting 1 – Wednesday 16th December 2015

Housing need and affordability

Martin Ling – Housing Strategy Manager

Overview of Tower Hamlets



Population overview

- 2011 Census day population estimate **254,100**, an increase of 29.4% since the last census.
- Population density – 4th most densely populated regionally and nationally with 12,845 residents per square kilometre.
- 19,040 Tower Hamlets residents (7.5%) had a second address outside the borough. re usually residents elsewhere.
- Population expected to rise to over **370,000** by 2035

Changing Tenure

Tenure	2003	%	2011	%	2014	%
Owner occupied	27308	31%	25339	23%	27179	23%
Council owned	24200	28%	12500	12%	12087	10%
Registered Provider	17828	20%	26484	24%	30540	26%
PRS	17513	20%	41870	39%	45978	39%
Shared ownership	500	1%	2000	2%	2340	2%
Total	87349		108193		118125	

London SHMA projections – Per year

Housing Type	Number	%
Market Housing	23,217	48%
Intermediate housing	9,902	20%
Social rented housing	15,722	32%
	48,841	100%

LBTH 2013/14 SHMA projections to 2035

Housing Type	Number	%
Market Housing	19,400	32.8%
Intermediate housing	2,500	4.4%
Social rented housing (including affordable rented housing)	36,300	62.8%
	58,300	

Measuring Need – Waiting List

(Includes over 2000 households in temporary accommodation)

	April 2011	April 2012	April 2013	April 2014	April 2015
Band 1	2,638	2,480	2,364	2,073	1,976
Band 2	9,457	9,325	9,339	9,225	8,720
Band 3	7,988	8,471	9,358	9,127	9,087
Band 4	3,053	3,109	3,353	Band no longer exists	
TOTAL	23,136	23,385	24,414	20,425	19,783

Annual Social Housing Lettings

Lets by bed size	10/11	11/12	12/13	13/14	14/15
Bedsit	168	88	106	88	78
1 Bed	816	854	840	652	722
2 Bed	799	1013	843	699	662
3 Bed	361	545	432	361	313
4 Bed+	108	203	214	107	97
TOTAL	2,252	2,703	2,435	1,907	1,872

LBTH – Affordable New Build Housing Delivery

	Total Rent	Social Rent	Affordable Rent	Total Intermediate	Total
2010/11	323	323		323	646
2011/12	1597	1597		371	1968
2012/13	384	382	2	185	569
2013/14	390	303	87	191	581
2014/15	463	242	221	147	610
2015/16 (Forecast)	965	374	591	358	1323

Projected Housing Growth

Year	Annual Housing Target – London Plan	Housing Target - Cumulative	LBTH SHMA	LBTH SHMA - Cumulative
2015/16	2,885	2,885	2,885	2,885
2016/17	2,885	5,770	2,885	5,770
2017/18	3,931	9,701	2,885	8,655
2018/19	3,931	13,632	2,885	11,540
2019/20	3,931	17,563	2,885	14,425
2020/21	3,931	21,494	2,885	17,310
2021/22	3,931	25,425	2,885	20,195
2022/23	3,931	29,356	2,885	23,080
2023/24	3,931	33,287	2,885	25,965
2024/25	3,931	37,218	2,885	28,850
2025/26	3,931	41,149	2,885	31,735
2026/27	3,931	45,080	2,885	34,620
2027/28	3,931	49,011	2,885	37,505
2028/29			2,885	40,390
2029/30			2,885	43,275
2030/31			2,885	46,160
2031/32			2,885	49,045
2032/33			2,885	51,930
2033/34			2,885	54,815
2034/35			2,885	57,700
2035/36			2,885	60,585

The Housing Market



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1 bed flat for sale

Knottisford Street, London E2

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£300,000

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2 bed property for sale

Quilter Street, Columbia Road E2

£1,100,000

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Studio for sale

Burrells Wharf, Isle Of Dogs E14

£299,999

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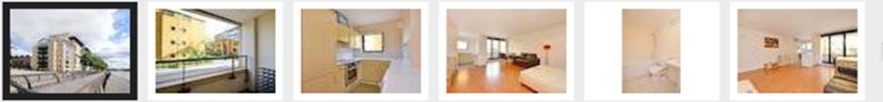
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3 bed flat for sale

Pan Peninsula Square, London E14

3

£3,000,000

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Listing history

Local Rents - Overview

	1 Bed	2 Bed	3 Bed	4 Bed	5 bed
2015/16 LBTH Social Rents - Council	£99	£112	£126	£141	£157
2014/15 Social Rent Housing Association	£138	£146	£154	£162	£170
2014/15 Affordable rent	£206	£244	£266	£284	£312
2014/15 Local Housing Allowance	£255	£299	£351	£413	£413
2014/15 80% Market rents	£254	£354	£425	£484	£555
2014/15 Market rents	£317	£442	£531	£604	£694

Local Housing Allowances

Type of accommodation	Local Housing Allowance (April 2014, weekly)	Local Housing Allowance (April 2015, weekly)
*Shared Accommodation	£98.16	£102.09
1 Bedroom	£254.80	£257.35
2 Bedroom	£299.34	£302.33
3 Bedroom	£350.95	£354.46
4 Bedroom and above	£412.89	£417.02

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Room to rent

Wallwood Street, London E14

£498 pcm (£115 pw)

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3 bed shared accommodation to rent

£700 pcm (£162 pw)

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Thomas Road, London E14

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1 bed flat to rent

Kirkwall Place, London E2

£1,300 pcm (£300 pw)

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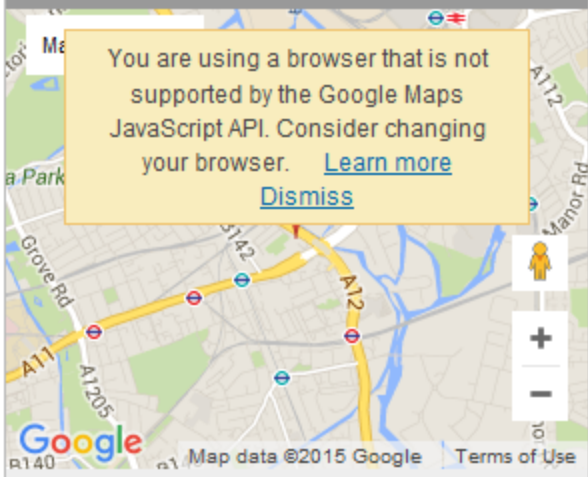
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Nearest Tube Stations

- 0.3m Bow Church
- 0.3m Pudding Mill Lane
- 0.4m Bow Road

Mocha Court, Bow, London, London - East, E3 2PQ

Full price £290,000

minimum share £87,000 (30%)

Affordable housing scheme: resales ('part buy part rent' on 2nd hand homes)

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Budget calculator ?

Min deposit (£)	Share percentage (%)	Share price (£)
<input type="text" value="8,700"/>	<input type="text" value="30"/> %	<input type="text" value="87,000"/>

[Update](#)

Estimated total monthly cost £977 (includes: rent £465, service charge £155, estimated mortgage £357) ?



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2 bed flat to rent

Buckfast Street, Bethnal Green E2

£1,733 pcm (£400 pw)

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Location Map enlarge

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Nearest Tube Stations

- 0.3m Bow Church
- 0.3m Padding Mill Lane

Caramel Court, Bow, London, London - East, E3 2PP

Full price £360,000 minimum share

Two bedroom apartment in Bow
Affordable housing scheme: resales ('part buy part rent' on 2nd hand homes)

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Budget calculator ?

Min deposit (£)	Share percentage (%)	Share price (£)
<input type="text" value="10,800"/>	<input type="text" value="30"/> %	<input type="text" value="108,000"/>

Estimated total monthly cost £1,201 (includes: rent £578, service charge £180, estima



Affordability – It's getting confusing?



Affordability – It's getting confusing?

- Rents as a % of market rent or Rents as a % of income – 30, 40 or 50% +
- GLA Rent guidance – two products; a lower 'capped' rent (50 % market rent) aimed at those most in need and a 'discounted' product (80% market rent or LHA) which is aimed at low income working Londoners.
- 1% rent cut for next 4 years for Council and Housing Association tenants – Reducing the deficit, increasing affordability?
- In work benefits and the welfare cap further distort the picture....

Household 1: Married parents with 2 children of junior school age, neither of whom are working

Annual Incomes at different rent levels	2 Bed	Annual Rent	Taxable earned income	Income Support	Working tax credit	Child tax credit	Child benefit	Housing benefit	Council tax Support	Weekly income	Annual Total Income
2015/16 LBTH Social Rents Council	£112	5824	0	114.85	0	117.52	34.40	112	17.66	396.	20614
2014/15 Social Rent Cap Levels Registered Provider	£146	7592	0	114.85	0	117.52	34.40	146	17.16	430	22382
2014/15 POD Affordable rent levels	£244	12688	0	114.85	0	117.52	34.40	233.23	17.16	518	26918
2014/15 Local Housing Allowance	£299	15548	0	114.85	0	117.52	34.40	233.23	17.16	518	26918
2014/15 80% Market rents	£354	18408	0	114.85	0	117.52	34.40	233.23	17.16	518	26918

Impact on affordability of each rent level	2 Bed	Annual Rent	Annual Total Income	Income after rent	Rent as % of income	Commentary – Benefit system assumes weekly income of £266pw/£13832pa is adequate to meet all costs beyond rent and council tax. A POD rent requires the family to contribute towards the rent so could be considered unaffordable . The reduction in the benefit cap will compound this situation.
2015/16 LBTH Social Rents Council	£112	5824	20614	14790	28%	Affordable
2014/15 Social Rent Cap Levels Registered Provider	£146	7592	22382	14790	34%	Affordable
2014/15 POD Affordable rent levels	£244	12688	26918	14230	47%	Borderline affordable at present, with HB top up required from other benefits. Rent will be unaffordable when benefit cap is reduced to £23k reducing HB entitlement
2014/15 Local Housing Allowance	£299	15548	26918	11344	58%	Unaffordable
2014/15 80% Market rents	£354	18408	26918	8485	68%	Unaffordable

Household : 2 parent, 3 children, single earner on 40 hour week, minimum wage

Annual Incomes at different rent levels	3 Bed	Annual Rent	Taxable earned income	Income Support	Working tax credit	Child tax credit	Child benefit	Housing benefit	Council tax Support	Weekly income
2015/16 LBTH Social Rents Council	£126	6552	12564	0	36.14	171.02	48.10	68.37	0	565
2014/15 Social Rent Cap Levels Registered Provider	£154	8008	12564	0	36.14	171.02	48.10	96.37	0	593
2014/15 POD Affordable rent levels	£266	13832	12564	0	36.14	171.02	48.10	208.37	0	705
2014/15 Local Housing Allowance	£354	18431	12564	0	36.14	171.02	48.10	296.37	0	793
2014/15 80% Market rents	£425	22100	12564	0	36.14	171.02	48.10	296.37	0	793

Impact on affordability of each rent level	3 Bed	Annual Rent	Annual Total Income	Income after rent	Rent as % of income	Commentary: – Benefit system assumes weekly income of £292pw/£15195 pa is adequate to meet all costs beyond rent and council tax. HB top up is required to support all rents and as long as person remains in work they will be affordable. If the main earner was to lose his/her job then they would not be able to afford POD rents and above.
2015/16 LBTH Social Rents Council	£126	6552	29393	22841	22%	Affordable
2014/15 Social Rent Cap Levels Registered Provider	£154	8008	30849	22841	26%	Affordable
2014/15 POD Affordable rent levels	£266	13832	36673	22840	38%	Affordable
2014/15 Local Housing Allowance	£354	18431	41428	22840	45%	Affordable
2014/15 80% Market rents	£425	22100	41428	19149	54%	Affordable

Affordability – It's getting confusing?

- Home ownership - Salary x 3.5 plus 5% or 10% deposit?
- Starter Home ownership - Under 40 and a 1st Time buyer = 20% discount...
or
- Whatever you can afford.... 'Everything is affordable to someone'

Government Direction – Home Ownership please....



- Definition of Affordable Homes – to include Starter Homes
- Registered Providers - Right to Buy available to 1.3m tenants
- Local Authorities – Sale of high value voids and ‘Pay to Stay’
- Higher stamp duty/tax changes for Buy to Let landlords

Summary

- Families on full benefits only have access to existing social rented housing
- Families in low paid work, reliant on benefit are at risk if they fall out of work
- Existing waited list reveals large numbers of households excluded from the open market housing
- SHMA forecasts majority of new homes have to be well below market rents to be affordable to local people

Summary

- Private rented sector provides an option for those who don't qualify or don't feel it is worth joining local waiting list
- Many people in the PRS will be spending a large % of their income on rent
- Shared Ownership may provide a more secure option for these people at similar costs
- Provision of further affordable housing may be hindered by the provisions in the Housing and Planning Bill – more detail will be required.