

For and on behalf of

**Strategic Land Planning Trust**

**The London Borough of Hounslow  
Population & Housing Report**

Prepared by  
**DLP Planning Ltd**

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## **i Preamble**

In December 2008 the Mayor of London, Boris Johnson, announced a full and comprehensive review of the London Plan to ensure that, as London develops, '*it remains a truly world-beating city in which to live, work and do business in*'.

The announcement followed the results of public consultation after publication of '*Planning for a Better London*' in July 2008, which set out his intentions to improve the quality of life for Londoners through the capital's planning system and, specifically, through revising the London Plan. The consultation document pledged to 'work with boroughs', moving away from 'direction, targets and attempts to exert control' and towards a new consensual approach.

The consultation had suggested a full review of the London Plan, rather than making successive alterations to the existing one as the best means of delivering the mayor's electoral pledges. A more collaborative approach to planning in the capital was an underlying theme of the consultation which included a proposal to establish an annual London Planning Convention to provide planning professionals with the opportunity to help make improvements to the capital's planning system. Other key points included:

- The need for a shorter, more concise, plan and a reduction in the amount of supplementary guidance produced, which would be avoided by a full review
- The scrapping of the prescriptive (50%) affordable housing target
- Greater emphasis on the suburbs
- The need for new quality standards in house building
- The need for the plan to focus more strongly on the development of a diverse economy to foster the growth of all types and sizes of enterprises, by providing the kinds of workspace they need.

Preparation of the new plan will take place during 2009 with initial public consultations at the end of the year or early in 2010 and final adoption expected in 2012.

As part of the preparatory process, in November 2008 the Mayor launched his draft housing strategy. This re-iterates the themes of his Manifesto 'pledges' with a strong emphasis on home ownership and setting out further details of his *First Step* initiative to help low and middle income groups onto the housing ladder. The strategy confirmed the intention to scrap the universal affordable housing target and replace it with local targets agreed with each Borough. The draft strategy has been subject to statutory consultation with the London Assembly and functional bodies and a further draft will be produced for a three-month public consultation period in spring 2009. The intention is that agreed targets will be in place by early summer.

Also part of the preparatory process, the new London Plan will have regard to the conclusions set out in '*Semi-Detached: Reconnecting London's Suburbs*' **prepared by the GLA's Planning and Spatial Development Committee in 2007**. This report found that London is a "City of Villages" containing nearly 200 district centres and 1300 neighbourhood centres, each with their own identity and character. It pointed out that two thirds of Londoners live in suburbs and while the more urban parts of London have been subject to concentrated efforts to revive, regenerate and rejuvenate them, the suburbs have been thought to be relatively stable and in need of little attention.

Reflecting that many suburbs are less sustainable now than when they were first built, the report argued for a much greater emphasis on addressing suburban issues – particularly how Suburban London must avoid becoming just a series of dormitories – and therefore needs to

retain a mix of housing, local employment, shops and other services that can be accessed in ways that are not always by car.

Based upon this the previous Mayor decided that future housing growth should be largely contained within the city's existing boundaries and set initial targets for each borough to increase its housing stock so that 47% of all new housing in London would be built in the suburbs in the period up to 2016. Mayor Johnson has already indicated that these targets, which his predecessor described as 'ambitious' can be bettered but has also some question about whether higher suburban densities will allow for larger family homes, which have been traditionally provided in low-density suburban areas.

Mayor Johnson has therefore, in launching the new London Plan, called for the start of a debate between key decision-makers and residents in suburban communities about what the future of suburbia in 21st century London should be like - about ways to invigorate the suburbs and to make them sustainable; to reconnect homes, jobs and community assets; to improve the quality of life and reduce the environmental impact of the reliance on the car.

One of the key issues is the extent to which the suburbs, and those in Hounslow in particular, need to accommodate growth, including the scale and sources of demand over the extended period to 2026.

## **1. Present Market Conditions**

- 1.1 This section considers the housing pressures in London and has utilised both the Chelmer projections and the Experian projections when used with the latest information on population and household formation.
- 1.2 Against these high levels of projected demand and need is the recognition that in the next few years there is likely to be an underperformance against the existing requirements of the London Plan and that the step change in delivery required to meet the likely demand and need will start later in the period, and then gain momentum. It is very important however that the short term decrease in the rate of delivery should not be regarded as a decrease in either need or future demand.
- 1.3 Past experience is clear that times of under provision of housing due to adverse market conditions are often followed by periods of increased demand as the backlog of housing demand and need tries to take advantage of improving market conditions to enter the housing market either in the form of social or market housing. Past experience has also been very clear that if supply is constrained to levels of delivery set during periods of poor market condition then the pressure from the backlog of demand and need leads to increased pressure on prices and will exacerbate the cyclical nature of the housing market.
- 1.4 Considering the response of the house building industry in the past, it has demonstrated the ability to increase output levels considerably in short periods of time. While every recession is different and the socio-economic nature of the recovery will be different, the common factor is that when coming out of a recession there will be an increased backlog of demand. This will either lead to a sharp upturn in supply or, if planning policy has not identified the appropriate level of land in the right places, this demand will lead to a steady increase in residential land value and hence increased house prices.
- 1.5 From a low point of 98,900 market housing completions in 1981, the completion rate had increased by over 40% to 138,970 in the 3 years to 1984. By 1988 the rate of completions had almost doubled at 176,020.
- 1.6 Of course during this period there was a positive policy approach to release land to meet identified housing requirement including the release of unallocated greenfield sites in locations where a 5 year land supply could not be demonstrated. This policy framework encouraged some authorities to make an appropriate level of housing provision in their plans which therefore enhanced delivery.
- 1.7 The recovery from the recession of the early 1990's, with a low point of 119,530 dwelling completions in 1992, was much slower. Partly there was a very different policy regime which simply did not encourage the identification and release of land for housing. It is perhaps pertinent to note that completions in 2000 (118,330 dwellings) were lower than they were in 1992. This low level of completions was clearly not a result of lack of demand as house prices at the time would testify but was an issue of the supply of land.
- 1.8 Historically it would appear that even when the building industry has been adversely affected by recession it has the ability to respond quickly to market recovery providing there is a favourable policy position regarding the supply of land.

**Table 1: England Completions Table 244 House building: permanent dwellings completed, by tenure', England, historical calendar year series**

Year	Private Enterprise	% Change	5yr annual average	% Change in 5yr annual average	All Dwellings	5yr annual average	% Change in 5yr annual average
1946	28,760				<b>49,250</b>		
1947	38,630	34			<b>120,860</b>		
1948	30,370	-21			<b>193,590</b>		
1949	23,800	-22	<b>30,390</b>		<b>162,110</b>	<b>131,453</b>	
1950	25,310	6			<b>163,340</b>		
1951	20,170	-20			<b>162,290</b>		
1952	30,500	51			<b>196,930</b>		
1953	58,270	91			<b>263,680</b>		
1954	85,380	47	<b>43,926</b>	45	<b>293,110</b>	<b>215,870</b>	64
1955	106,800	25			<b>270,010</b>		
1956	115,940	9			<b>256,100</b>		
1957	118,820	2			<b>256,360</b>		
1958	119,910	1			<b>231,150</b>		
1959	141,510	18	<b>120,596</b>	175	<b>238,600</b>	<b>250,444</b>	16
1960	156,020	10			<b>257,620</b>		
1961	163,350	5			<b>256,160</b>		
1962	159,520	-2			<b>263,560</b>		
1963	160,630	1			<b>256,580</b>		
1964	200,670	25	<b>168,038</b>	39	<b>317,540</b>	<b>270,292</b>	8
1965	196,750	-2			<b>327,660</b>		
1966	187,890	-5			<b>330,120</b>		
1967	183,720	-2			<b>342,740</b>		
1968	203,320	11			<b>352,540</b>		
1969	164,070	-19	<b>187,150</b>	11	<b>306,860</b>	<b>331,984</b>	23
1970	153,440	-6			<b>291,790</b>		
1971	170,820	11			<b>294,680</b>		
1972	173,990	2			<b>272,520</b>		
1973	163,460	-6			<b>249,710</b>		
1974	121,490	-26	<b>156,640</b>	-16	<b>229,360</b>	<b>267,612</b>	-19
1975	131,480	8			<b>261,460</b>		
1976	130,900	-0			<b>263,430</b>		
1977	121,570	-7			<b>261,600</b>		
1978	127,490	5			<b>241,360</b>		
1979	118,390	-7	<b>125,966</b>	-20	<b>209,460</b>	<b>247,462</b>	-8
1980	110,230	-7			<b>204,370</b>		
1981	98,900	-10			<b>170,600</b>		
1982	108,790	10			<b>151,630</b>		
1983	129,490	19			<b>173,720</b>		
1984	138,970	7	<b>117,276</b>	-7	<b>182,080</b>	<b>176,480</b>	-29
1985	135,460	-3			<b>170,040</b>		

1986	148,890	10			<b>179,140</b>		
1987	161,740	9			<b>189,300</b>		
1988	176,020	9			<b>202,930</b>		
1989	154,000	-13	<b>155,222</b>	32	<b>179,360</b>	<b>184,154</b>	4
1990	136,060	-12			<b>163,900</b>		
1991	131,170	-4			<b>154,600</b>		
1992	119,530	-9			<b>143,830</b>		
1993	116,630	-2			<b>147,840</b>		
1994	122,700	5	<b>125,218</b>	-19	<b>154,640</b>	<b>152,962</b>	-17
1995	125,470	2			<b>157,140</b>		
1996	121,550	-3			<b>149,090</b>		
1997	128,240	6			<b>149,490</b>		
1998	122,510	-4			<b>142,650</b>		
1999	123,180	1	<b>124,190</b>	-1	<b>141,010</b>	<b>147,876</b>	-3
2000	118,330	-4			<b>135,100</b>		
2001	114,850	-3			<b>129,510</b>		
2002	123,320	7			<b>136,800</b>		
2003	131,060	6			<b>144,060</b>		
2004	137,330	5	<b>124,978</b>	1	<b>154,070</b>	<b>139,908</b>	-5
2005	141,740	3			<b>159,450</b>		
2006	139,910	-1			<b>160,850</b>		
2007	152,090	9			<b>174,530</b>		
2008	115,720	-24	<b>137,365</b>	10	<b>141,910</b>	<b>159,185</b>	14

- 1.9 The advice of the National Housing and planning Advice Unit (NHPAU), not to be diverted by the short term down turn in the economic cycle should be taken. The future plans for London should take a long term view on the average rate of delivery to produce the required level of housing in the long term required to address the demands and needs of the region in a way that addresses affordability within the capital and beyond.
- 1.10 The Unit's response to the existing economic situation is as follows:  
*We recognise the difficult short-term outlook for the economy in general and the housing market in particular – we have given this proper weight, but will not be distracted by it. Fundamentally our advice is based on available evidence about medium and long-term affordability, demographic and economic trends.*
- 1.11 In paragraph 24 of their report (*Meeting the housing requirements of an aspiring and growing nation: taking the medium and long-term view* June 2008) it states that while there may be a short-term downturn, prices will not permanently stagnate and that any easing in prices in the next year or two will do little to help the affordability problem because falls are effectively being driven by mortgage rationing for first-time buyers.
- 1.12 The advice from the Unit goes on to suggest (paragraph 25) that price volatility in England's housing market has, in part, been caused by the under-supply of new homes over decades and in paragraph 26 the report stresses that it is vital that planning authorities and decision makers take a medium and long-term view. This includes, in their view, moving quickly to identify up to 15 years of developable land for homes, and

ensuring realistic plans in terms of numbers, type and location. The report goes onto state:

*Indeed an important factor in achieving a less volatile housing market cycle in England, where house price inflation is moderated and risk reduced, is to ensure a proper supply of new homes. Preparation and action today will help to achieve this.*

## 2. The most recent evidence on housing demand

- 2.1 The Chelmer model has recently been updated to incorporate migration patterns from 1996 to 2006 and 2001 to 2006, as well as information from the 2004 household projections and as such these represent an important consideration.
- 2.2 Table 2 sets out three projections from the Chelmer model; these are Zero Net Migration (ZNM) (an approximate to locally generated need/demand) Long Term Migration (1996 to 2006) (LTM) and Short Term Migration (2001 to 2006) (STM).

**Table 2:Chelmer model projection of average annual rate of provision for future households 2006 to 2026 for all London boroughs**

annual rates	ZNM	LTM	STM
CITY	45	180	45
CAMDEN	1,171	2,566	2,877
HACKNEY	1,679	1,065	272
HAM'SMTH	756	867	195
HARINGEY	1,519	1,088	732
ISLINGTN	1,178	1,072	1,083
KENSINGN	876	2,246	1,876
LAMBETH	2,153	1,419	499
LEWISHAM	1,824	1,523	904
NEWHAM	2,440	1,782	678
SOUTHWRK	1,968	2,383	1,866
TOW'HAMS	2,155	2,629	1,996
WANDWRTH	1,327	1,145	811
W'MINSTR	1,289	3,709	3,769
BARKINGD	967	963	480
BARNET	1,507	1,998	1,516
BEXLEY	804	686	759
BRENT	1,545	1,358	596
BROMLEY	859	881	765
CROYDON	1,859	1,306	1,091
EALING	1,653	1,264	509
ENFIELD	1,155	1,326	1,052
GREENWCH	1,437	1,376	1,098
HARROW	975	872	869
HAVERING	561	554	786
HILLINGDON	1,040	818	832
<b>HOUNSLOW</b>	<b>1,306</b>	<b>1,119</b>	<b>721</b>
KINGSTON	706	1,214	1,040
MERTON	1,180	1,414	1,140
REDBRDGE	1,168	1,467	1,412
RICHMOND	781	817	712
SUTTON	799	961	808
WALTHAM	1,631	839	613
<b>Total</b>	<b>42,313</b>	<b>44,906</b>	<b>34,402</b>

**Table 3: Summary of Chelmer model projection of average annual rate of provision for future households 2006 to 2026**

annual rates	ZNM	LTM	STM
Inner London	20,380	23,674	17,604
Outer London	21,932	21,232	16,799
North Sub Total	9,499	12,824	11,301
North East Sub Total	8,966	8,414	6,011
South East Sub Total	6,892	6,849	5,391
South West Sub Total	8,805	8,275	6,101
West Sub Total	8,151	8,544	5,598
<b>Total</b>	<b>42,313</b>	<b>44,906</b>	<b>34,402</b>

- 2.3 In terms of the pressure for increased housing provision much of this is generated by the existing population (The Zero Net Migration projection ZNM). In the past this has been added to by an increase in demand from in-migration (Long Term Migration LTM) however more recently the pressure has been reduced by increased out migration from London in the shorter term (Short Term Migration STM).

#### **The backlog of housing need**

- 2.4 The approach favoured by the NHPAU to calculating the regional housing requirement is to include an allowance for the backlog of both affordable housing need and market housing demand. There are two methods that maybe used to address this issue at the sub regional level. The first method for quantifying the backlog of demand and need is to use the census information on sharing and concealed households. This is set out in Table 3 at Appendix 2 for each district.
- 2.5 The second approach favoured by Councils and used in the SHMA undertaken in support of the RSS's uses locally derived information on household formation and housing need. It should be noted that the following table only sets out the Councils' estimate of the backlog of affordable housing need and not the backlog of market housing demand which will be in addition to these figures. As such these figures could reasonably be regarded as a minimum figure.
- 2.6 The backlog as estimated by Table 8 of NHPAU Advice to the Minister for London is some 156,000 dwellings (7,800 per year x 20).
- 2.7 If the Councils' are seeking to address the existing unmet need for housing in the capital this level of housing will need to be added to the overall level of housing requirement set for the capital.

#### **The gross requirement for housing**

- 2.8 **It is our view that the housing figure in the next London Plan should be a net figure so that demolitions monitored on an annual basis can be taken into account. It nevertheless is important in the future planning of the capital that there is a clear understanding of the level of replacement dwellings that are likely to be required so that development plans can make adequate provision for these in a phased manner.**

**Meeting the housing requirements of an aspiring and growing nation: taking the medium and long-term view, Advice to the Minister about the housing supply range to be tested by Regional Planning Authorities (NHPAU)**

- 2.9 Table 1 of this report states that the minimum average level of housing to be delivered in London by 2026 is 33,800 dwellings and the upper end of the scale is 42,600 by 2016.
- 2.10 Table 5 of the NHPAU report suggests that just to stabilise affordability some 641,661 dwellings will be required to be provided in London by 2026.
- 2.11 It is also relevant to note that **the NHPAU have not taken into account the uplift in housing demand suggested by the 2006 population projections but state in paragraph 54 that Regional Planning Authorities (including the GLA) will however want to consider the potential impact of future projections on their plans – a factor on which we should seek to influence the GLA to reflect upon our proposed supply range.**
- 2.12 Further strong advice is given regarding the importance of the new 2006 based projections in paragraph 81 which states that Planning Authorities should not regard the NHPAU advice on the supply range as set in stone, but should review the advice in light of the latest round of household projections. It warns:

*Failure to take account of new projections when reviewing regional plans could result in an under-estimate of newly forming households, which if fed through into supply would result in worsening affordability, and increase the backlog of need and demand for housing.*

**Regional household forecasts and scenarios: 2006 based scenarios (Experian)**

- 2.13 The supporting evidence published at the same time as the NHPAU advice was Experian's two reports on regional household forecasts and scenarios both 2006 and 2004 based.
- 2.14 The evidence using the 2006 based data contains a number of forecasts and this suggests a range of household formation rates for the region of between of 45,400 and 49,010 as set out Table 3.10 replicated on the following page.
- 2.15 These are different from the evidence base used by NHPAU, as like the Chelmer model used in this report, the above projections have incorporated more up to date information including that from the following sources:
- a. ONS mid-year national and sub-national estimates, 1982-2006
  - b. 2006-based Government Actuary Department's (GAD) national projections, 2006-2041
  - c. ONS 2004-based sub-national projections, 2004-2028 (revised, September 2007)
  - d. DCLG revised 2004-based household projections (released February 2008)

**Table 3.10 – Summary results – average annual newly forming households, 2006-2031**

	Baseline	Economic convergence	Economic divergence	All regions hit RES target	Individual region hits RES target
North East	7,760	8,257	6,564	8,388	8,680
Yorkshire & the Humber	26,560	27,976	25,237	27,132	27,720
East Midlands	27,800	26,813	27,747	28,058	28,640
East of England	35,040	34,673	35,196	34,835	35,360
Greater London	46,120	46,199	49,010	45,400	46,120
South East	51,040	50,010	51,224	50,498	51,400
South West	33,480	32,048	33,248	34,017	34,480
West Midlands	24,520	25,184	23,979	24,481	25,120
North West	29,320	30,898	28,736	30,038	30,760
England	281,640	282,057	280,941	282,846	288,280
Source: Experian Ltd					

- 2.16 These levels of requirement are relatively consistent and are consistent with the overall level of housing that we have considered in this report as needed to meet the Government’s housing objectives.
- 2.17 **This most recent data should clearly be strongly weighted in the consideration of the appropriate level of housing for Greater London.**
- 2.18 These are total new household projections and they do not include an allowance for the accommodation of the NHPAU’s calculation of backlog of need for the region of 7,800 dwellings a year (see Table 8 Advice to Ministers NHPAU). To be comparable to the advice offered to Ministers this element needs to be added to the 2006 based projections.
- 2.19 In addition, these projections do not include an allowance for vacant units or second homes in the region (which amount to 600 and 1230 dwellings a year respectively see Table 9 Advice to Ministers NHPAU).
- 2.20 If these three elements, which total some 9,630 (7,800 + 600 + 1230) are factored in, a “like for like” total net dwelling requirement emerges from the Experian projections (see Table 4 below) of between 55,030 and 55,829 dwellings a year.

### 3. Housing demand compared to policy and past rates of provision

3.1 Comparison of the projected level of demand against past rates of completions and future rates of planned provision illustrates a substantial difference suggesting that the current London Plan is unlikely to deliver the level of housing required to meet any of these recent projections.

**Table 4: Housing projections compared to London Plan's requirements and actual build rates.**

	Required and actual build rates			5 yr Performance			Adopted London Plan
	Adopted London Plan	10 yr build rate (1998 to 208)	5yr Build rate (2003 to 2008)	ZNM	LTM	STM	
CITY	110	120	60	135%	33%	135%	55%
CAMDEN	850	313	319	27%	12%	11%	37%
HACKNEY	720	492	494	29%	46%	181%	69%
HAM'SMTH	400	138	188	25%	22%	96%	47%
HARINGEY	970	237	326	21%	30%	45%	34%
ISLINGTN	900	374	431	37%	40%	40%	48%
KENSINGN	540	197	199	23%	9%	11%	37%
LAMBETH	1,450	414	574	27%	40%	115%	40%
LEWISHAM	870	427	533	29%	35%	59%	61%
NEWHAM	890	458	591	24%	33%	87%	66%
SOUTHWRK	1,480	658	898	46%	38%	48%	61%
TOW'HAMS	2,070	1,662	2,035	94%	77%	102%	98%
WANDWRTH	820	584	700	53%	61%	86%	85%
W'MINSTR	970	631	409	32%	11%	11%	42%
BARKINGD	510	385	564	58%	59%	117%	111%
BARNET	890	717	761	50%	38%	50%	86%
BEXLEY	280	305	332	41%	48%	44%	119%
BRENT	680	434	448	29%	33%	75%	66%
BROMLEY	570	364	461	54%	52%	60%	81%
CROYDON	850	493	618	33%	47%	57%	73%
EALING	650	562	838	51%	66%	165%	129%
ENFIELD	660	748	719	62%	54%	68%	109%
GREENWCH	800	1,017	1,111	77%	81%	101%	139%
HARROW	330	245	290	30%	33%	33%	88%
HAVERING	350	393	510	91%	92%	65%	146%
HILLINGDON	440	397	402	39%	49%	48%	91%
<b>HOUNSLOW</b>	<b>470</b>	<b>840</b>	<b>1,299</b>	<b>99%</b>	<b>116%</b>	<b>180%</b>	<b>276%</b>
KINGSTON	540	278	265	38%	22%	25%	49%
MERTON	430	458	591	50%	42%	52%	137%
REDBRDE	540	491	668	57%	46%	47%	124%
RICHMOND	270	336	397	51%	49%	56%	147%
SUTTON	370	371	428	54%	45%	53%	116%
WALTHAM	460	387	311	19%	37%	51%	68%
Total	23,130	17,852	21,001	50%	47%	61%	91%

**Table 5: Summary of housing projections compared to London Plan's requirements and actual build rates.**

	Required and actual build rates			5 yr Performance compared to:			
	Adopted London Plan	10 yr build rate (1998 to 208)	5yr Build rate (2003 to 2008)	ZNM	LTM	STM	Adopted London Plan
Inner London	13,040	6,702	7,757	38%	33%	44%	59%
Outer London	10,090	9,220	11,011	50%	52%	66%	109%
North Sub Total	5,960	3,510	3,459	36%	27%	31%	58%
North East Sub Total	4,930	3,895	4,738	53%	56%	79%	96%
South East Sub Total	4,000	2,771	3,334	48%	49%	62%	83%
South West Sub Total	4,730	2,933	3,574	41%	43%	59%	76%
West Sub Total	3,510	2,813	3,664	45%	43%	65%	104%
Total	23,130	15,922	18,769	44%	42%	55%	81%

- 3.2 In respect of the London Plan only 81% of its housing requirement has been met; in other words over the last 5 years there has only been 4 years worth of new housing completed. Two in ten new households whom the Plan sought to house have been denied access to housing.
- 3.3 This level of under provision is all the more serious given the fact that the Plan itself is substantially underrepresenting the level of potential requirement compared to the latest projections.
- 3.4 Only in the Western Sub Area have completions been in accordance with the Plan's requirements and the Table illustrates, delivery in Hounslow has far outpaced the policy requirement, especially over the last five years.
- 3.5 All of the projected levels of housing requirement suggested by the projections are substantially higher than that required in the London Plan. In fact at some 23,130 dwellings a year the current London Plan provides for a level of housing supply that undershoots the capital's projected housing requirement by between 11,000 and almost 22,000 dwellings a year.
- 3.6 Just to meet the needs of London's present population would require the London Plan figure to be exceeded by over 19,000 dwellings a year.
- 3.7 The situation when actual past rates of completions are considered is even more striking. Inner London is only meeting some 38% to 44% of the projected level of future housing requirement. Outer London is meeting a higher percentage of future projected needs in terms of between 50% and 62%.
- 3.8 In terms of the sub areas identified in the London Plan the North Sub Area has the worst under performance against the projections only meeting between 27% and 36% of the projection.

- 3.9 None of the Sub Areas are meeting much more than half of the housing needs generated from their current populations according to the Chelmer projections.
- 3.10 The implications of these projections is that, if housing provision does not increase within the capital as a whole, there will be increased stress in the housing market in the medium to long term as well as increased demographic pressure for higher levels of out migration from almost all Sub Areas and Boroughs.

## 4. Relationship between housing and the regional economy

4.1 The implications for the economy in terms of the balance of jobs to workers has also been modelled using Chelmer model to project the change in the number of participants in the labour market as at 2026 for the 3 different migration based scenarios.

4.2 Table 6 suggests that the lowest projection (representing some 34,400 dwellings a year) would result in an average of just over 23,000 participants a year compared to a projected average rate of job growth of 41,000 per year. This suggest that that even if higher rates of housing were provided then labour market constraints might still adversely impact on employment creation or fuel higher levels of in commuting.

**Table 6: Change in Participants as a result of Chelmer Projections**

	ZNM	LTM	STM	Tempro Workers	Tempro Jobs
CITY	756	3,751	756	2,153	130,270
CAMDEN	22,739	59,969	68,474	23,542	60,595
HACKNEY	32,343	17,241	-2,834	25,327	4,883
HAM'SMTH	21,321	25,269	4,144	16,092	17,162
HARINGEY	30,342	18,244	8,187	16,511	7,518
ISLINGTN	22,454	19,454	19,976	28,946	27,833
KENSINGN	10,587	45,079	35,636	16,387	19,186
LAMBETH	43,534	22,343	-4,220	29,305	13,183
LEWISHAM	29,873	21,687	4,981	24,452	6,364
NEWHAM	42,185	26,246	133	65,819	6,808
SOUTHWRK	35,867	46,180	33,168	38,300	33,813
TOW'HAMS	35,117	46,179	31,412	68,635	69,278
WANDWRTH	43,026	37,568	27,096	26,169	14,715
W'MINSTR	19,363	76,673	78,061	32,356	120,987
BARKINGD	17,288	17,243	4,950	24,963	3,908
BARNET	18,505	32,250	18,757	39,071	15,318
BEXLEY	2,251	-1,120	1,002	8,267	14,395
BRENT	26,363	21,648	-3,108	21,854	14,785
BROMLEY	6,476	7,257	3,889	11,541	27,688
CROYDON	19,368	4,633	-891	23,409	24,710
EALING	27,038	14,408	-10,026	42,559	13,135
ENFIELD	17,677	22,376	14,757	11,794	16,546
GREENWCH	23,474	22,027	15,160	41,476	14,439
HARROW	9,822	6,370	6,470	7,774	17,080
HAVERING	-2,394	-3,044	3,938	9,586	15,244
HILLINGDON	18,870	11,882	12,470	19,483	30,339
<b>HOUNSLOW</b>	<b>23,351</b>	<b>17,523</b>	<b>5,254</b>	<b>17,720</b>	<b>15,104</b>
KINGSTON	11,352	26,983	21,603	11,286	15,365
MERTON	20,398	27,243	19,264	13,237	8,315
REDBRDE	18,357	27,225	25,453	23,315	14,173
RICHMOND	12,806	13,914	10,806	15,236	16,289
SUTTON	9,343	13,987	9,611	9,657	12,284
WALTHAM	29,461	8,402	2,545	15,806	11,145
Total	699,313	757,090	466,874	782,028	832,857
annual	34,966	37,855	23,344	39,101	41,643

**Table 7: Summary of change in Participants as a result of Chelmer Projections**

	Change in Participants			Tempro Workers	Tempro Jobs
	ZNM	LTM	STM		
Inner London	389,507	465,883	304,970	413,994	532,595
Outer London	309,806	291,207	161,904	368,034	300,262
North Sub Total	163,423	246,207	205,378	177,547	253,680
North East Sub Total	140,770	126,002	69,187	210,277	250,826
South East Sub Total	97,941	96,031	58,200	124,036	96,699
South West Sub Total	159,827	146,671	83,269	128,299	104,861
West Sub Total	137,352	142,179	50,840	141,869	126,791
Total	699,313	757,090	466,874	782,028	832,857

- 4.3 The potential imbalance of participants to employment growth does suggest that in all Sub Areas labour supply might be a constraint to economic growth or that labour costs are a constraint to growth.
- 4.4 The potential mismatch of changes to the labour force and employment growth is highlighted in the next table and this provides an indication as to where future commuting flows may increase or weaken. Very high levels of employment growth in the City and Westminster means that for all projections the North and North East Sub Areas have large shortfalls of workers.
- 4.5 The South East and South West Sub Areas which do not have these major employment generators still show a shortfall in participants if the lowest level of housing suggested by the projection is provided. At over 34,000 dwellings a year this projection is still substantially higher than that which will be achieved by the London Plan.
- 4.6 The information suggests that the level of housing provision being promoted by the current London Plan is unlikely to provide the potential to grow the economy in the medium to long term as there are likely to be severe labour supply constraints to economic growth as well as increased costs of labour, notably though increased levels of commuting into the capital.
- 4.7 While provision of housing in line with the LTM projection might bring London into a degree of balance over the longer term regarding new jobs and new participants, it must be recognised this level of house building would require a significant movement away from the policies of the London Plan.

**Table 8: Surplus or shortfall of new workers to new jobs**

	ZNM	LTM	STM
CITY	-129,514	-126,519	-129,514
CAMDEN	-37,856	-626	7,879
HACKNEY	27,460	12,358	-7,717
HAM'SMTH	4,159	8,107	-13,018
HARINGEY	22,824	10,726	669
ISLINGTN	-5,379	-8,379	-7,857
KENSINGN	-8,599	25,893	16,450
LAMBETH	30,351	9,160	-17,403
LEWISHAM	23,509	15,323	-1,383
NEWHAM	35,377	19,438	-6,675
SOUTHWRK	2,054	12,367	-645
TOW'HAMS	-34,161	-23,099	-37,866
WANDWRTH	28,311	22,853	12,381
W'MINSTR	-101,624	-44,314	-42,926
BARKINGD	13,380	13,335	1,042
BARNET	3,187	16,932	3,439
BEXLEY	-12,144	-15,515	-13,393
BRENT	11,578	6,863	-17,893
BROMLEY	-21,212	-20,431	-23,799
CROYDON	-5,342	-20,077	-25,601
EALING	13,903	1,273	-23,161
ENFIELD	1,131	5,830	-1,789
GREENWCH	9,035	7,588	721
HARROW	-7,258	-10,710	-10,610
HAVERING	-17,638	-18,288	-11,306
HILLINGDON	-11,469	-18,457	-17,869
<b>HOUNSLOW</b>	<b>8,247</b>	<b>2,419</b>	<b>-9,850</b>
KINGSTON	-4,013	11,618	6,238
MERTON	12,083	18,928	10,949
REDBRIDGE	4,184	13,052	11,280
RICHMOND	-3,483	-2,375	-5,483
SUTTON	-2,941	1,703	-2,673
WALTHAM	18,316	-2,743	-8,600
Inner London	-143,088	-66,712	-227,625
Outer London	9,544	-9,055	-138,358
North Sub Total	-90,257	-7,473	-48,302
North East Sub Total	-110,056	-124,824	-181,639
South East Sub Total	1,242	-668	-38,499
South West Sub Total	54,966	41,810	-21,592
West Sub Total	10,561	15,388	-75,951
Total	-133,544	-75,767	-365,983

## 5. Migration Patterns

- 5.1 It is clear that migration patterns might change in the short term, although it is equally important to understand how migration has impacted on the growth of London in recent years and what might be the underlying trends and the demographic and economic drivers to these patterns of migration.
- 5.2 Table 12 sets out the level of international migration modelled in both the LTM and STM projections. This table suggests that migration by the existing residents of London will, with the exception of four Boroughs, continue along the traditional pattern of a movement out of the city to the surrounding regions and beyond.
- 5.3 The implication of this is not that international migration is essential to achieve the future levels of economic growth by augmenting the labour supply, but that it is important to offset the continued out migration of existing residents. The demand for housing in London is therefore supported by the levels of international migration.
- 5.4 Consequentially, a reduction in the level of international migration may have a significant impact on the rate of urban regeneration unless the housing offer within the main urban areas changes to overcome the underlying pattern of out migration displayed by the resident population. **The change in the nature and type of housing is likely to require a substantial movement in current policy so that housing is produced to meet the housing aspirations of the existing population.**
- 5.5 Changing the housing offer within London to reflect a lower level of international migration will require a significant policy shift and have clear implications for the spatial distribution of development.

**Table 9: Changes to population due to migration 2006 to 2026.**

	Net Migration		Net International Migration		Net National Migration	
	LTM	STM	LTM	STM	LTM	STM
CITY	3,600	0	2,180	-1,060	1,420	1,060
CAMDEN	56,000	51,300	98,832	110,616	-42,832	-59,316
HACKNEY	-24,800	-42,600	56,208	48,900	-81,008	-91,500
HAM'SMTH	5,200	-18,000	60,076	40,844	-54,876	-58,844
HARINGEY	-18,400	-25,200	88,924	87,868	-107,324	-113,068
ISLINGTN	-4,000	-2,700	39,632	47,556	-43,632	-50,256
KENSINGN	52,800	28,800	102,704	82,332	-49,904	-53,532
LAMBETH	-28,400	-48,000	66,380	66,280	-94,780	-114,280
LEWISHAM	-12,000	-27,600	48,012	50,248	-60,012	-77,848
NEWHAM	-28,000	-56,400	106,348	110,836	-134,348	-167,236
SOUTHWRK	16,000	-3,000	92,200	107,444	-76,200	-110,444
TOW'HAMS	17,600	-4,500	68,680	61,864	-51,080	-66,364
WANDWRTH	-7,200	-15,600	62,428	53,976	-69,628	-69,576
W'MINSTR	83,200	63,900	121,360	111,024	-38,160	-47,124
BARKINGD	-400	-16,200	20,544	18,388	-20,944	-34,588
BARNET	21,600	300	53,584	57,100	-31,984	-56,800
BEXLEY	-5,200	-1,500	-1,604	1,344	-3,596	-2,844
BRENT	-8,400	-34,200	123,972	106,380	-132,372	-140,580
BROMLEY	800	-3,000	3,584	-4,124	-2,784	1,124
CROYDON	-22,400	-23,400	31,488	38,412	-53,888	-61,812
EALING	-18,400	-40,500	89,376	89,400	-107,776	-129,900
ENFIELD	8,000	-3,600	38,172	41,896	-30,172	-45,496
GREENWCH	-2,400	-9,900	28,620	26,968	-31,020	-36,868
HARROW	-5,200	-3,900	17,440	23,740	-22,640	-27,640
HAVERING	-400	7,800	-7,084	2,116	6,684	5,684
HILLINGDON	-10,000	-7,200	14,976	23,776	-24,976	-30,976
<b>HOUNSLOW</b>	<b>-8,400</b>	<b>-19,800</b>	<b>50,748</b>	<b>53,500</b>	<b>-59,148</b>	<b>-73,300</b>
KINGSTON	22,000	10,800	29,028	27,680	-7,028	-16,880
MERTON	9,600	-1,200	44,264	42,484	-34,664	-43,684
REDBRDE	14,000	8,700	30,060	24,616	-16,060	-15,916
RICHMOND	1,600	-2,100	8,840	4,116	-7,240	-6,216
SUTTON	6,800	300	2,668	1,256	4,132	-956
WALTHAM	-32,000	-30,900	43,360	46,220	-75,360	-77,120
Inner London	111,600	-99,600	1,013,964	978,728	-902,364	-1,078,328
Outer London	-28,800	-169,500	622,036	625,268	-650,836	-794,768
North Sub Total	121,600	41,400	496,712	504,960	-375,112	-463,560
North East Sub Total	-25,600	-91,500	264,088	262,980	-289,688	-354,480
South East Sub Total	-2,800	-45,000	170,812	181,880	-173,612	-226,880
South West Sub Total	-18,000	-79,200	245,096	234,204	-263,096	-313,404
West Sub Total	7,600	-94,800	459,292	419,972	-451,692	-514,772
Total	82,800	-269,100	1,636,000	1,603,996	-1,553,200	-1,873,096

## 6. Summary on the future of housing provision

- 6.1 It is important that the process of reaching an appropriate level of housing for London is broken down into two constituent parts. First it is necessary to identify what ideally would be the most appropriate level of housing to provide. Only once this figure has been arrived at should consideration be given to the constraints that may result in a different level of provision finally being settled upon.
- 6.2 It has been a failure of the drafting process in many Regional Spatial Strategies in recent years, including the London Plan, that the process of determining the most appropriate level of housing has been constrained at the outset by predetermined concepts regarding capacity. This approach limits the ability to consider all potential solutions with regard to accommodating the most appropriate level of growth.
- 6.3 This is not to suggest that issues of “bottom up” constraints should not be a consideration but that slavish adherence to policy based constraints should be avoided and a realistic appraisal of physical and environmental constraints should form the evidence base for influencing the final level of housing provision to be made.
- 6.4 There is strong evidence that the housing requirement to meet the future demand and needs of London in the period 2006 to 2026 should be between 34,000 dwellings and 45,000 dwellings a year. This does not make an allowance for meeting the identified backlog of unmet need. These levels are supported by the most recent projections for Greater London, taking into account the headship rates from the 2004 household projections and the 2006 population projections.
- 6.5 The higher of the two projections is clearly within the range suggested by work on the 1996 population forecasts undertaken by Experian for NHPAU.
- 6.6 The lower level of provision of 34,000 dwellings a year assumes a slightly reduced level of international migration but an increased level of out migration to the surrounding regions.
- 6.7 Evidence regarding the needs of the London's economy and the requirement for a balance to be maintained between labour requirements and the supply of workers also supports a much higher level of housing provision than that currently being proposed in the London Plan.
- 6.8 **There is compelling evidence that the actual requirement to meet the likely housing demand and needs of the capital should be significantly in excess of 34,000 dwellings a year.**
- 6.9 Against this is the recognition that early in the period of any new strategy it is likely that there will be a substantial level of under performance both against past rates and those in the current London Plan. The step change in delivery to meet likely demand and need will start later in the period, and then gain momentum. **It is very important however that the short term decrease in the rate of delivery should not be regarded as a decrease in either need or future demand.** Past experience has been clear that times of under provision of housing due to adverse market conditions are often followed by periods of increased demand as the backlog of housing demand and need tries to take advantage of improving market conditions to enter the housing market either in the form of social or market housing. Past experience has also been very clear that if supply is constrained to levels of delivery set during periods of poor market condition then the pressure from the backlog of demand and need leads to increased pressure on prices and will exacerbate the cyclic nature of the housing market.

### **Implications for the Western Sub Area and Hounslow**

- 7.1 In the period 1998 to 2003 the Western Sub Area was accommodating more households migrating inwards than those it was losing through out migration. More recently out migration has significantly increased – probably due to gains in affluence and an increasing mismatch between housing stock size and quality and housing aspirations and housing need. Projecting these two trends into the future would suggest that the Western Sub Area would need to accommodate between 5,600 to 8,500 new households per annum. If the Sub Area was only to meet the needs of the households generated in its area (in other words if the trend to out migration were to be arrested), it would need to accommodate some 8,150 new households in the period to 2026.
- 7.2 Hounslow has, over both time periods experienced a loss of more households than it has gained from in migration. To meet the Boroughs own needs in the future there would need to be an annual rate of provision of some 1,300 dwellings (table 2) a year. This figure does not include any allowance made for existing housing need or demand.
- 7.3 Just to meet the needs of the Borough's own population in the future it would have to provide approaching three times the level of housing than is presently allowed for in the London Plan.
- 7.4 The level of provision set in the London Plan of 470 dwellings a year has been substantially exceeded in the past decade with the 10 year average running at 840 completions a year and the 5 year average being even higher at 1,299 dwellings a year (table 3) – almost exactly the figure needed to meet the needs of the local population. The important factors arising from this are that this level of development appears to demonstrate:
- that there are both the opportunities for house building and the demand for dwellings within the Borough,
  - the Borough has been meeting an element of unmet demand transferred from other parts of London due to its ability to deliver new homes,
  - that potentially higher levels of local needs are being met than in other Boroughs; and
  - that the implications for future needs in London as a whole means that Hounslow needs to sustain present delivery rates over the whole forthcoming planning period.
- 7.5 Although allowing for the recent historically high levels of housing provision to be sustained in the longer term may result in the potential participants in the workforce growing faster than new jobs in the Borough this should not be a major concern as the Sub Area as a whole needs to contribute to the major shortfall in the future labour supply of Greater London.
- 7.6 In terms of migration the Borough has been losing population over the last ten years in that more people have moved out than moved in (table 9). Projecting this pattern forward does not mean that the population of the Borough will decrease as the growth in the existing population has also to be taken into account. In the case of Hounslow the growth from the existing population is projected to be a further 46,200 people by 2026 (ZNM). Neither of the migration led projections suggests that this level of population can be retained in the Borough hence the lower levels of housing requirement from the ZNM

projection (table 2). These projections still assume that some 8,400 to 19,800 people will leave the Borough, thereby reducing the overall population by 2026.

- 7.7 This population growth and net loss of population from out migration do not reveal the extent of actual movements within the population. Table 9 illustrates that there are high levels of migration into and out of the Borough in terms of existing residents and international migration. This evidence suggests that there are still strong drivers for existing residents to move out of Hounslow while at the same time the Borough attracts international migration. Some care needs to be taken with the interpretation of this information as an international migrant will only count as an international migrant if the Borough is their first destination - so an international migrant who arrives in Hounslow to set up home would become a national migrant if they were to subsequently move on from Hounslow to another location in the UK.
- 7.8 The main issue to come out of this analysis is that Hounslow, like London as a whole, in recent years has been unable to meet the housing needs generated by its own population. While international migration adds to the churn of migration movements the reality is that this has just added to the net outflow of migrants from the capital. The only logical conclusion is that housing provision has reflected the workings of the housing market and has helped sustain more Hounslow residents in the Borough than would have been the case had the Council had the ability to constrain delivery to the unrealistically low figures in the London Plan.
- 7.9 It is therefore imperative that the new Plan properly allows for the needs of the Borough and provides for at least 1300 dwellings per annum for the period 2011-2031. We will seek to establish this level through the preparatory stages of the plan making process.