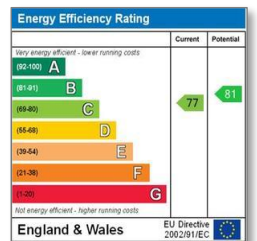




Westminster Strategic Housing Market Assessment

Report of Findings
January 2024





Opinion Research Services, The Strand, Swansea SA1 1AF
Jonathan Lee, Belinda Herbert, Trevor Baker, Nigel Moore,
Scott Lawrence, Hugo Marchant, Elliot Muldoon
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

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Executive Summary

Summary of key findings and conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by Westminster City Council to prepare a Strategic Housing Market Assessment. The study seeks to build upon the evidence base for the Westminster City Plan 2019-2040, which was adopted in April 2021.
2. The Westminster Plan sets a housing target of 985 dwellings per annum over the 21 years, or a total of 20,685 dwellings over the 21 year period. However, in the period 2019-2023, a total of 2,732 dwellings were delivered. This leaves an total need over the period 2023-2040 of 17,953 dwellings over 17 years. This study treats this figure as the dwelling target and seeks to understand the mix of housing which is required within this total.
3. This current study represents an update to the evidence base in Westminster in relation to housing needs. The previous Westminster Housing Needs Analysis¹ and associated Technical Appendix 2019² was produced to support the development of the Westminster City Plan and is referenced throughout this report for comparison purposes. However, we would note that the methodology used for the two studies, particularly around newly forming households, household dissolution, intermediate housing and migrant households is very different, so it is difficult to compare on a like for like basis. However, the differences between the reports are set out in the report.
4. This current updated study considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Westminster.

Government Policy

5. The Government published the original National Policy Planning Framework (the Original NPPF) in 2012. A revised version of the National Policy Planning Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019, July 2021 and December 2023 to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

¹ [city_plan_revisions - housing_needs_analysis_june_2019.pdf \(westminster.gov.uk\)](#)

² [Housing evidence | Westminster City Council](#)

Assessing Housing Needs in London

6. The Strategic Planning Authority for London is the Greater London Authority, and the London Plan is the statutory spatial development strategy for London. The London Plan (2021) sets out a need for 66,000 additional homes per year in London from 2016 to 2041.
7. The housing targets for London Boroughs in the London Plan sum to 52,287 dwellings per annum across London, not the nearly 66,000 housing need. The London Plan sets a 10-year housing target for net housing completions (2019/20 -2028/29). In the case of Westminster, this is 9,850 dwellings, or 985 dwellings per annum. This figure, rather than the standard method, forms the basis for part of the analysis in this study.

Establishing Current Unmet Need for Affordable Housing

8. To assess the current need for affordable housing, we initially calculated the number of households in Westminster who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in the social or private rented sector, and people otherwise not counted who are in a reasonable preference category on the housing register. Given these categories for current need, there is a high correlation between those who are included on the housing register in Westminster and those considered to be in current need.
9. Based on a detailed review of both the past trends and current estimates, our analysis has concluded that 11,532 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible. Of these households, 5,095 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
10. There is, therefore, a net current affordable housing need of 6,437 households (11,532 less 5,095 = 6,437). Providing the net affordable housing need 6,437 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 3,178 households who live in Westminster currently. They combine with the 3,259 households which are housed outside Westminster in temporary accommodation, are homeless or concealed and thus do not release dwellings to give the total of 6,437 households in affordable housing need. The 3,178 dwellings are occupied by people living in unsuitable conditions whose needs would be met by new homes of the right size, if provided.

Overall Need for Affordable Housing

11. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future and also those who can afford market rents but aspire to home ownership. This includes:
 - » New households adding to housing need;
 - » The households no longer present reducing housing need; and
 - » The changes in circumstances impacting existing households.

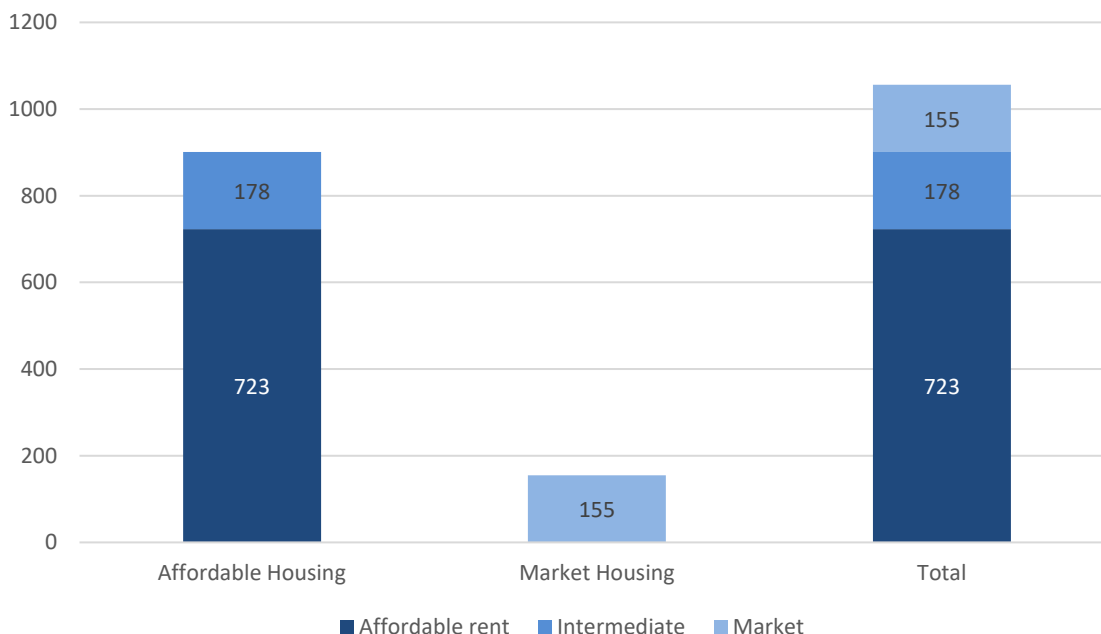
12. This data can then be combined with the 6,437 backlog of need as of 2021 and the overall capacity based dwelling target of 17,953 dwellings over the period 2023-2040 to estimate the mix of housing required in the area. The London Plan sets housing delivery targets for each borough based on an assessment of capacity to deliver those targets. Each year there are very high flows of households in and out of Westminster, but the impact of this is to reduce affordable housing need. The key driver of affordable housing need in Westminster is local households falling into need before they often migrate away from the area.
13. This study identifies an overall affordable housing need from 15,326 households, shown in Figure 1, over the 17-year period 2023-40 (902 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. The NPPF no longer included the terms intermediate housing, but this is still used in the Westminster Local Plan, so those who can afford London Living Rents or other affordable properties to own are included as intermediate housing need. The focus in Westminster cannot be on helping relatively high earning households into owner occupation when Westminster is seeing such high levels of overcrowding and use of temporary accommodation.
14. Affordable to own housing products in Westminster are very difficult to deliver because prices must be set below £420,000 and household income must be below £90,000 per annum, with the exception of London Living Rent where incomes must be below £60,000. In particular, this throws up an anomaly for those with income between £60,000 and £90,000 where they cannot afford market housing, but do not qualify for affordable to rent housing. This leaves a very clear potential to either extend London Living Rent thresholds to £90,000 income in Westminster, or bring in a new discounted market rent product for those earning £60,000-£90,000.
15. The size mix for each tenure is derived from a mixture of the household type and past trend. The key driver of size for affordable to rent is the high number of overcrowded households in Westminster.

Figure 1 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rents	Unable to afford intermediate	Require intermediate housing	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,523	1,050	462	4,036	1,796	5,832
2 bedrooms	2,317	1,086	780	4,183	1,381	5,564
3 bedrooms	2,108	1,075	1023	4,206	860	5,066
4+ bedrooms	1,418	718	765	2,901	-1,605	1,296
C2 Dwellings	-	-	-	-	195	195
TOTAL	8,366	3,930	3,030	15,326	2,627	17,953
1 bedroom	14.1%	5.9%	2.6%	22.5%	10.0%	32.5%
2 bedrooms	12.9%	6.0%	4.3%	23.3%	7.7%	31.0%
3 bedrooms	11.7%	6.0%	5.7%	23.4%	4.8%	28.2%
4+ bedrooms	7.9%	4.0%	4.3%	16.2%	-8.9%	7.2%
C2 Dwellings	-	-	-	-	1.1%	1.1%

16. The annualised delivery of affordable and market dwellings is shown below.

Figure 2: Annual Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)



Policy Implications for Affordable Housing Need

17. This document represents a technical analysis for the housing needs of Westminster. We do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
18. The extant London Plan sets capacity based housing targets for Westminster upon which this study is based. Westminster has a crucial role in seeking to meet the wider needs of London, but the situation in Westminster is complex due to income limits on existing affordable housing products.
19. Of the 17,953 dwelling total, the modelling process identifies a need for 15,326 of these to be affordable. This includes a current unmet need for 6,437 households who require affordable housing, predominantly because they are in temporary accommodation, hostels, are overcrowded or are concealed households.
20. There is an extremely high need for affordable to rent housing such as social or affordable rent. This accounts for the vast majority of the total need and the ability to deliver for this need is heavily constrained by viability factors. The need for affordable to rent along with other tenures and number of bedrooms is based on demography rather than Government or local authority policies. Therefore, for example, the need for one bedroom properties reflects the number of single and two person households in need rather than those whom Westminster City has a statutory duty to house.
21. There is a role for London Living Rent in the housing mix in Westminster, but this is constrained by the fact that household income must be less than £60,000 to be able to access. Many households in private rent struggle to afford their rents, but have incomes between £60,000 and £90,000 and therefore cannot access London Living Rent.
22. While Shared Ownership and First Homes have a role to play in most local authorities housing mix, in Westminster they are too expensive to meet identified needs and should be largely replaced by London Living

- Rent and other intermediate housing options which are affordable to those earning £60,000 to £90,000 per annum.
23. There is a clear need in Westminster for a discount market rent scheme where the household pays an annual rent of around £20,000 to £30,000. This would allow households earning £60,000 to £90,000 to spend one third of their income on rent while still being a lower rate of rent than market prices.
 24. Westminster cannot influence any market rents set through Build to Rent schemes, but for the affordable component, 30% should be at London Living Rent rates and the remainder will require to be at, or below, LHA rates to ensure that their costs can be met from housing benefit.
 25. Private rent is a very important tenure in Westminster. Continuing to monitor and enforce standards in the private rented sector will remain an important function for the council. Given current affordability pressures, the cost of living crisis and high interest rates there is a real risk of a deterioration in the quality of the housing stock in Westminster. There is also a current shortage of cheaper private rented accommodation for those in receipt of housing benefit or requiring temporary accommodation and this situation is likely to become worse.
 26. The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes as discussed in *Needs of Different Groups* below. In summary:
 - » As of 2023, there are around 123 units of older person housing for every 1,000 older persons in Westminster aged over 75 years. Applying a rate of 123 per 1,000 persons to the projected growth in the 75+ population of 12,245 generates a need of 1,506 over the 17 year period.
 - » This is fully consistent with the London Plan figure of 1,700 over 17 years. We would therefore recommend to Westminster that the London Plan target of 100 older person units per annum be adopted.
 - » The government are now proposing that all homes be delivered to M4(2) accessible and adaptable dwellings standard, which is also consistent with the London Plan.
 - » The need for wheelchair adapted housing in Westminster is likely to increase by 1,780 over the 17-year period. This is 10% of the total housing need in Westminster. This would suggest a need for a minimum of 10% of new dwellings to be built to M4(3) standard.
 - » The minimum of 10% matches the 'at least' 10% stated in the London Plan Policy D7. The London Plan target provides support for the conclusion that 10% is the minimum need to build to M4(3) standard.
 - » It is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. The scale of the student numbers in Westminster would suggest that there may be a market for post-student self-contained units, but these may be required short term rather than permanent housing.
 - » In the London Plan, Policy H15 considers the need for purpose-built student accommodation (PBSA). The Plan identifies an annual need for 3,500 units of PBSA across London, but does not allocate borough benchmarks or targets. For an *additional* PBSA, the Greater London SHMA 2017 assumes that 2.5 additional bedspaces equates to the provision of 1 additional dwelling and there would appear to be no reason to diverge from this for Westminster.

- » The current self and custom housebuilding register in Westminster contains one person. Therefore, measured demand is extremely low. This is unsurprising in a densely developed area such as Westminster where land prices are extremely high. Very few households will seek to self-build on land not currently containing housing and very few opportunities to do so will arise.

27. **These dwellings are included and not in addition to the overall housing need.** All of these would contribute to the overall delivery of dwellings in Westminster.

1. Introducing the Study

Background to the project

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Westminster City Council to prepare a Strategic Housing Market Assessment. The study seeks to build upon the evidence base for the Westminster City Plan 2019-2040, which was adopted in April 2021.
- 1.2 The Westminster Plan sets a housing target of 985 dwellings per annum over the 21 years, or a total of 20,685 dwellings over the 21 year period. However, in the period 2019-2023, a total of 2,732 dwellings were delivered. This leaves a total need over the period 2023-2040 of 17,953 dwellings over 17 years. This study treats this figure as the dwelling target and seeks to understand the mix of housing which is required within this total.
- 1.3 This current study represents an update to the evidence base in Westminster in relation to housing needs. The previous Westminster Housing Needs Analysis³ and associated Technical Appendix 2019⁴ was produced to support the development of the Westminster City Plan and is referenced throughout this report for comparison purposes. However, we would note that the methodology used for the two studies, particularly around newly forming households, household dissolution and migrant households is very different, so it is difficult to compare on a like for like basis.
- 1.4 This current updated study considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Westminster.

Government Policy

- 1.5 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.6 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.7 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the NPPF 2019 placed specific emphasis on affordable homeownership and this was retained in the NPPF 2021 and 2023 updates. Since the February 2019 update to the present, the PPG states that assessments must now include the needs of “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [ID 2a-020-

³ [city plan revisions - housing needs analysis june 2019.pdf \(westminster.gov.uk\)](#)

⁴ [Housing evidence | Westminster City Council](#)

20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

Assessing Housing Needs in London

- 1.8 Paragraph 61 of the National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the Planning Practice Guidance for assessing local housing need. PPG on Housing and Economic Needs Assessment (paragraph 013) sets out that local housing need assessments may cover more than one area, in particular where strategic policies are being produced jointly, or where spatial development strategies are prepared by elected Mayors. In such cases, it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area. Where a spatial development strategy has been published, local planning authorities should use the local housing need figure in the spatial development strategy and should not seek to re-visit their local housing need figure. The London Plan is the Spatial Development Strategy for London prepared by the elected Mayor and therefore Westminster should use the local housing need figure in the London Plan.
- 1.9 The Strategic Planning Authority for London is the Greater London Authority and the London Plan is the statutory spatial development strategy for London. The Secretary of State accepted that the London Plan could be published on 29th January 2021, and it was formally published on March 2nd 2021 as the London Plan 2021.
- 1.10 The London Plan sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). The London Plan sets out ten-year housing targets for individual boroughs using a capacity-based methodology. The Inspectors found that the general approach to devising the housing targets and the contribution that large sites would make was justified. However, they found issue with the contribution expected from small sites and subsequently recommended that the contribution from small sites be reduced with the overall targets for each Borough reduced by a corresponding amount. The Mayor accepted this recommendation of the Inspectors and the housing targets for London Boroughs have subsequently been revised down in the Published London Plan.
- 1.11 Policy H1 of the London Plan sets the ten-year targets for net housing completions that each local planning authority should plan for. It states that boroughs must include these targets in their Development Plan targets. For the purposes of the Plan, London is considered as a single housing market area. The supporting text (para 4.1.2) sets out the advantage of planning strategically in that it allows London to focus development in the most sustainable locations, allowing all of London's land use needs to be planned for with an understanding of how best to deliver them across the capital. Due to London's ability to plan strategically, boroughs are not required to carry out their own housing needs assessment but must plan for, and seek to deliver, the housing targets in this Plan.
- 1.12 From the point of view of this study, the London Plan sets a 10-year housing target at Table 4.1 for net housing completions (2019/20-2028/29). In the case of Westminster, this is 9,850 dwellings, or 985 dwellings per annum and is the basis for the adopted Westminster Plan. We would also note that the 985 figure covers both conventional housing supply and also non-conventional accommodation such as purpose built student accommodation, shared housing and dedicate older person scheme. Therefore, there is no need for this study to revisit the target in the Westminster City Plan 2019-2040 as it already uses the local housing need figure in the London Plan.
- 1.13 The London Plan contains Policy H10 Housing size mix which sets out the following requirements:

A Schemes should generally consist of a range of unit sizes. To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to:

- 1) Robust local evidence of need where available or, where this is not available, the range of housing need and demand identified by the 2017 London Strategic Housing Market Assessment
- 2) The requirement to deliver mixed and inclusive neighbourhoods
- 3) The need to deliver a range of unit types at different price points across London
- 4) The mix of uses in the scheme
- 5) The range of tenures in the scheme
- 6) The nature and location of the site, with a higher proportion of one and two bed units generally more appropriate in locations which are closer to a town centre or station or with higher public transport access and connectivity
- 7) The aim to optimise housing potential on sites
- 8) Amalgamation of existing stock
- 9) The role of one and two bed units in freeing up family housing.

Duty to Co-operate

- ^{1.14} The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *“the homes and jobs needed in the area”*.
- ^{1.15} However, housing is a strategic issue and the London Plan therefore sets borough housing targets to meet London’s strategic need. This in turn implies that in housing need terms Duty to Cooperate is not a major issue provided all boroughs meet their own targets

Jobs and Housing

- ^{1.16} Westminster is part of the Greater London Housing Market Area (GLHMA) and it is at this level that there requires to be a balance of jobs and workers. The Greater London Authority prepared the SHMA 2017 and Addendum 2019 for the GLHMA to inform the London Plan, which considers jobs and housing at the London-wide level; and LPAs in London are required to conform to the London Plan.
- ^{1.17} It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting or migration – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London.
- ^{1.18} In determining the number of homes needed at Borough level, the Westminster SHMA will need to be consistent with the London Plan and the projected population/households consistent with GLA figures. By doing so, Westminster will, therefore, contribute to balancing jobs and workers across the GLHMA, consistent with the London Plan.

Overview of the SHMA

- ^{1.19} The first key objective of this SHMA is to establish the need for housing (both market and affordable) in the City of Westminster on the assumption that it delivers its outstanding Westminster City Plan target of 17,953 homes. The final calculation for this task is set out in Figure 46.
- ^{1.20} This report considers the key outputs from the SHMA – namely establishing the overall balance between market and affordable housing over the 17-year period 2023-40. It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies and in particular will link strongly to issues around viability. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Summary of the ORS Approach to Modelling Housing Need

- ^{1.21} As noted above, this SHMA seeks to establish the need for housing (both market and affordable) in the City of Westminster on the assumption that it delivers housing to meet the Westminster City Plan dwelling delivery target over the period 2023-2040, which is 17,953 dwellings.
- ^{1.22} In Chapter 2, we consider the demographic profile of the population and households. The demographic projections for this SHMA are based on the GLA dwelling led projections and cover the 17-year period 2023-2040. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published for Westminster which are tied to the dwelling delivery target.
- ^{1.23} The estimates for affordable housing need in Chapter 4 are therefore based directly upon the GLA projections which in turn are tied to delivering 985 dwellings per annum in Westminster.
- ^{1.24} Therefore, the figures produced in Chapter 4 are the overall conclusions for housing need in Westminster.
- ^{1.25} It should also be noted that this study looks at other housing issues such as future need for student housing, older people homes, co-living, built to rent, HMOs, and the number of homes that may need to be specially designed for older people and people with disabilities/illnesses.
- ^{1.26} Figure 3 sets out a flow chart of the study process building from demographic data and housing costs to consider a wide range of housing needs.

Figure 3: Flow Chart of the Study



UK Census of Population 2021

- ^{1.27} Caveat to all Census 2021 results: The Census 2021 was delivered during the Covid Pandemic, with almost 90% of completions being online⁵. Along with this, some questions were designed for a Census carried out under normal circumstances rather than under the exceptional circumstances of voluntary and statutory lockdowns. Some Census 2021 results appear to be anomalous and the circumstances of the Census delivery are often put forward as the reason for anomalous results. Any apparent irregularities in the Census results are addressed where they arise throughout this report. However, as noted below in this section: outputs set out in this report are dwelling led from the undelivered dwellings from the existing Westminster City Plan, rather than reliant upon Census or MYE data.
- ^{1.28} We would note the initial results from the Census of Population 2021 were released in June 2022 and these show a population of 204,235 for Westminster compared to a Mid-Year Population Estimate for 2020 of 269,848. This is one of the highest discrepancies in the country between the 2020 and 2021 figures.
- ^{1.29} In many local authorities there appears to be some under-counting of students at term-time addresses in the 2021 Census, with students who would otherwise have been at their university term-time address living at their family homes or overseas. However, Figure 4 shows that the discrepancy between the data extends to a much wider range of ages, so cannot be entirely explained by student numbers. This in turn would lead to the conclusion that there were issues with either the ONS' population estimates for Westminster prior to the UK Census of Population 2021, or with the Census 2021 itself in Westminster.
- ^{1.30} The Census empty home rate in Westminster was recorded as being 25.4%, which effectively means that one in four properties in Westminster were marked as being empty at the time of the Census. The equivalent figure for the 2011 Census was 10.6% vacant, so that represents an enormous rise. Nearly, 30,000 homes were found as having no full-time residents, and 4,400 as second homes. Many of the 30,000 with no full-time residents are occupied but as short-term lets. In turn, many of these can be ascribed to around 10,000 properties are listed on Airbnb in Westminster and would have appeared as vacant at the time of the Census⁶. The most likely explanation for the other growth in vacant homes is that the impact on the pandemic on

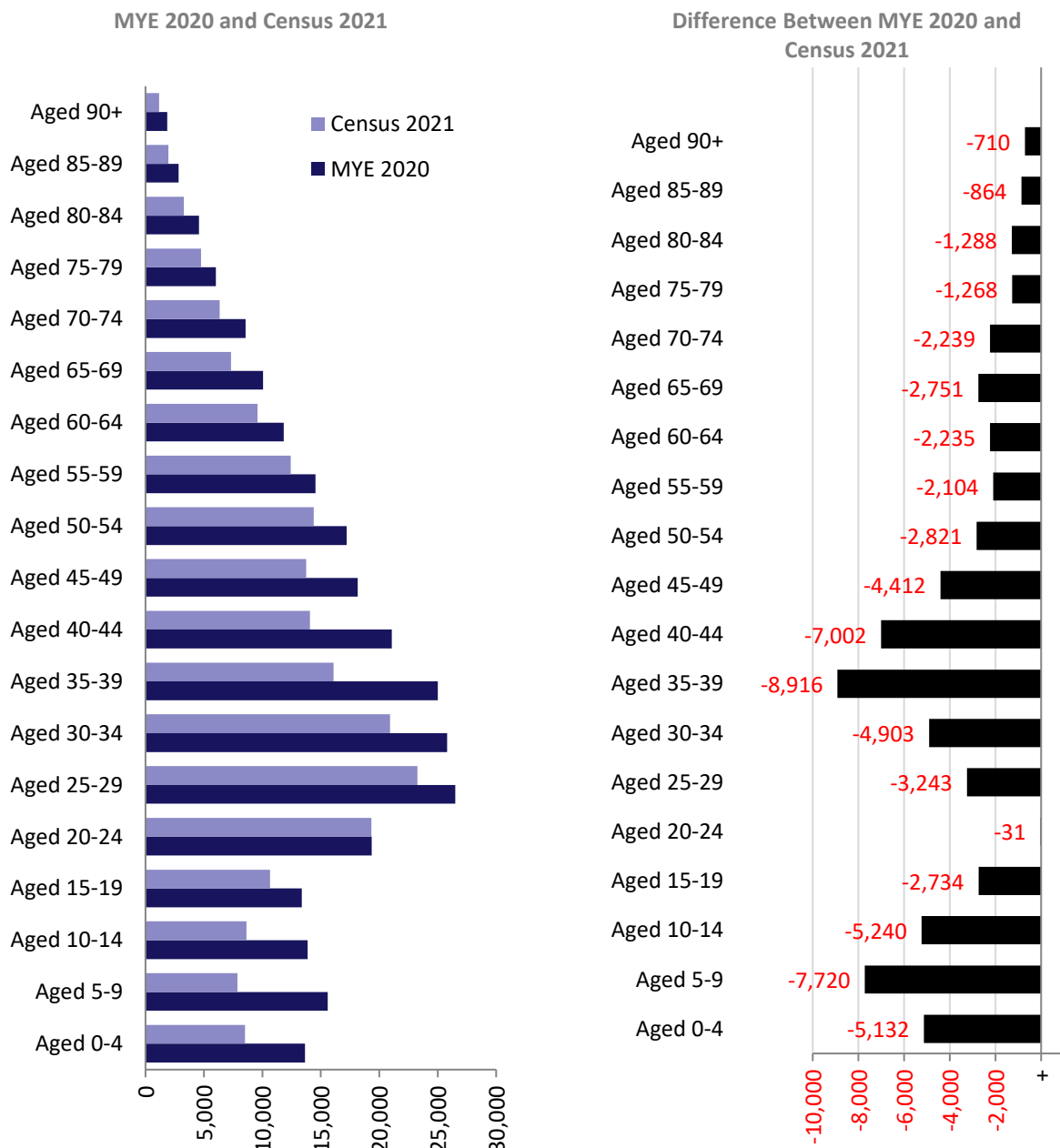
⁵ [Delivering the Census 2021 digital service - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

⁶ [More than 10,000 properties in Westminster are Airbnbs | Ham & High \(hamhigh.co.uk\)](https://hamhigh.co.uk)

Central London saw students, migrant workers and those with second homes elsewhere not living in Westminster at the time of the Census.

^{1.31} Westminster Councils' own internal population estimates for 2023, show a figure of around 225,000 to 235,000 for Westminster's resident population, which sit between the Census and the MYE data. However, the final conclusions of this report, as set out in table are underwritten by the GLA capacity targets for Westminster, and therefore will not be impacted directly by the outputs from the MYE and Census 2021. On this basis, the outputs set out in this report are dwelling led from the undelivered dwellings from the existing Westminster City Plan, rather than reliant upon Census or MYE data.

Figure 4: Comparison of MYE 2020 and UK Census of Population 2021 for Westminster (Source: 2020 MYE and UK Census of Population 2021)



2. Demographic Projections

The baseline for establishing housing need

Introduction

- 2.1 This chapter uses the available population projections for Westminster to explain the predicted growth of households during the plan period. All the data relates to the period before 2020, so does not consider a fall in the population in 2021, which is suspected to be temporary for reason set out in the previous chapter (UK Census of Population 2021). We would note that identifying the population of Westminster at any point in time is very difficult because of the high number of short-term lets, second homes and a very mobile population.

Official Household Projections

- 2.2 Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

PPG ID 2a-005-20190220

- 2.3 The first step in analysing housing needs must therefore be to identify the household projection for Westminster which is used as the basis for this report. We would note that for official ONS projections, the most recent are 2018 based and no future projections will be produced before 2025. The projections which will be produced in 2025 are likely to be based heavily upon the 2021 Census, which as noted in Chapter 1, was probably a very large underestimate for the true population of Westminster.
- 2.4 Figure 5 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach. The 2018 based principle projection is based upon migration from only 2016-2018 and therefore are very unstable across England as a whole.
- 2.5 While PPG proposes that housing needs should be based upon the 2014 based CLG household projections, the GLA 2018 based projections were the bespoke projections developed for the Draft London Plan 2019. The Inspectors for the draft London Plan 2019 noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. They concluded that the approach followed by the GLA was appropriate for London.

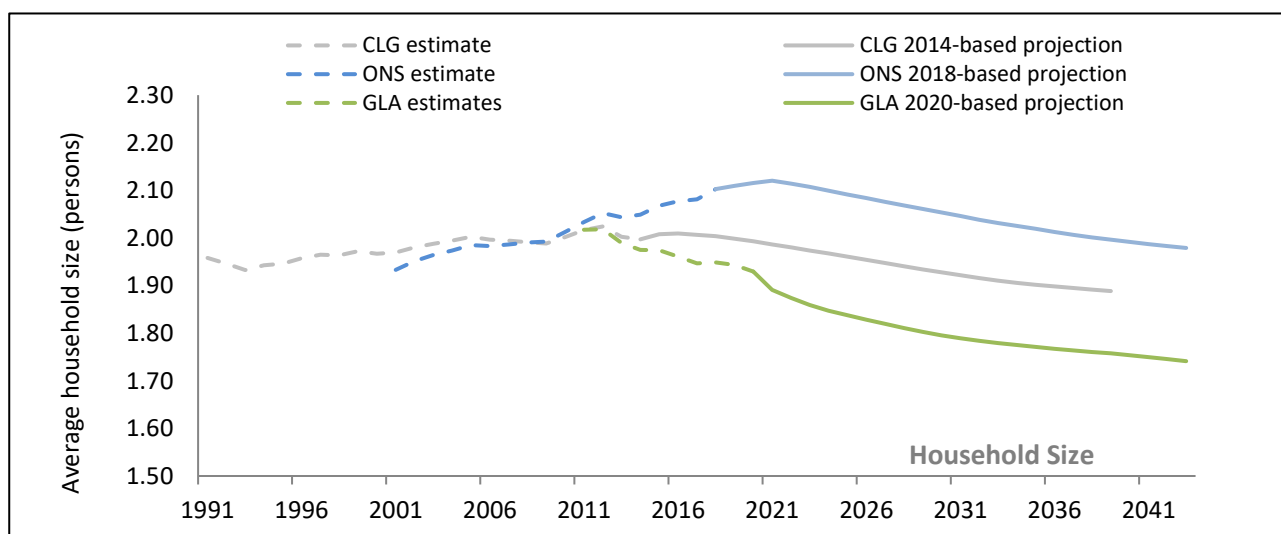
Figure 5: Household projections 2023-40 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Change in Households 2023-2033	
		10-year change	Annual average
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+14,949	+1,495
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+9,611	+961
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+13,359	+1,336
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+11,331	+1,133
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+12,557	+1,256
Alternative Internal (5-year trend) 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+12,505	+1,251
10-year trend 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+10,846	+1,085

Projected Household Size

2.6 The projected household size is not a number which is calculated directly as part of the population and household projections. The data calculated for household size (Figure 6) divides the population in the area by the associated household projection. This is a recognised, standard approach.

Figure 6: Average household size estimates and projections for Westminster for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections)



- 2.7 As the chart shows, average household sizes rose very sharply in Westminster between 2001 and 2011 and their future path is dependent upon how many additional households and persons are assumed to live in Westminster.

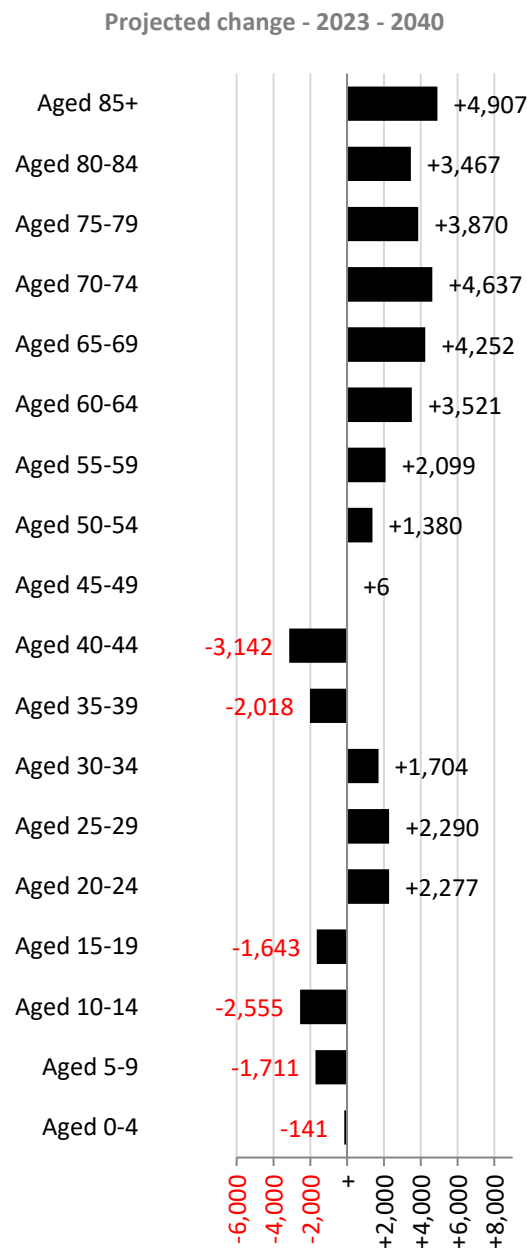
Population and Household Projections for Affordable Housing Need

- 2.8 The demographic projections for this SHMA are based on the GLA 2020 based capacity target projections and cover the 17-year period 2023-40. This yields a household growth over the period 2023-40 of just over 17,000 households which, when an implied vacancy rate and impact of communally housed population is added, sums to the total need of 17,953 dwellings are needed to meet the London Plan target over the remainder of the plan period, given under-provision to date. **Therefore, the data used in this report is not based upon out-of-date ONS forecasts, but instead is explicitly tied to the projected dwelling delivery of Westminster over the next 17 years.**

Projected Population Age Profile

- 2.9 The overall population is projected to grow by 23,200 people by 2040 (Figure 7). The figures are calculated from assuming the 17,953 additional dwellings will be delivered in Westminster over the period 2023-2040. Westminster is projected to see a decline in the number of children and also in adults aged 35-44 years. This may be considered as a key concern for Westminster, as families are projected to leave to find more affordable and available accommodation elsewhere.
- 2.10 However, all other groups are projected to rise. The most significant rise is in the population aged over 65 years, which represents a growth of 27,000 persons, with a growth of 5,400 in those aged 85 years or more, which again will represent a key policy concern. This outcome is dependent upon the older population remaining in Westminster as they age and not moving elsewhere, which has tended to happen in the past. There was little growth in the older population between 2011 and 2021, but this was in the context of the overall population being under-estimated by the 2021 census. There are currently a very high number of people aged 50 years and above in Westminster and if they do not migrate away then the older person population will grow rapidly.

Figure 7: Population projections 2023-40 by 5-year age cohort for Westminster (Source: ONS 2018 based Population Projections, GLA 2020 Based Capacity Target Projections and ORS)



Household Projections by Age

- 2.11 An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 8: Total projected households in Westminster for 2023 and 2040 (Note: Figures may not sum due to rounding)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
TOTAL CHANGE	+300	+200	-2,900	+900	+3,500	+6,400	+4,900	+3,700	+17,000

- 2.12 The table shows an overall increase of 17,000 households over the 17-year period 2023-40 with over 80% of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 17-year period. Therefore, there will be more older person households in Westminster in 2040. Again, we caution that in the past many households have left Westminster as they age, but currently more younger households are projected to leave. Those who are already owner occupiers or in social rent are less likely to leave than those in private rent and they do tend to be younger households.
- 2.13 It is important to consider household growth in relation to age cohorts. Figure 9 shows the projected number of households in each cohort, showing their age in both 2023 and 2040. Clearly, no household representatives are aged under 8 (in 2023), but children aged under 10 in 2023, or born before 2021, will be aged 15-24 in 2040, and thus will be potentially heads of a household.

Figure 9: Total projected households for 2023 and 2040 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2023	<8	8-17	18-27	28-37	38-47	48-57	58-67	68+	TOTAL
Age in 2040	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
TOTAL CHANGE	+4,900	+21,500	+15,600	+900	-3,900	-2,000	-4,800	-15,100	+17,000

- 2.14 For example, there were if we take households aged 28-37 in 2023, they will be 45-54 in 2040. There are projected to be an extra 900 households: partly due to new household formations and partly due to net migration. This figure is measuring new households to the area, so it is measuring the impact of existing households ageing and the age profile of new households in Westminster.
- 2.15 Based on the cohort analysis, around 42,900 extra households will be formed over the 17-year period 2023-40 by those who will be aged under 55 in 2040. These extra households are offset against a reduction of 25,900 households aged 55 or over. While the number of older person households will increase in Westminster, this will be due to existing households ageing and new households moving to the area, while there will be a loss of existing older households.
- 2.16 Most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form and there are very high numbers of these households in Westminster. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

2.17 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.

2.18 Figure 10 shows the household numbers and net change for Westminster from 2023 to 2040 separated out by the age of the household representative person (HRP).

Figure 10: Total projected households for 2023 and 2040 and change by household type and age of household representative
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
Change	Single person	+150	+70	-1,080	+340	+1,430	+3,400	+2,860	+2,280	+9,500
Change	Couple without children	+30	+50	-500	+130	+880	+1,870	+1,390	+850	+4,700
Change	Families with child(ren)	+10	+20	-930	+300	+430	+140	+30	+10	+0
Change	Other households	+130	+50	-380	+140	+730	+1,030	+660	+540	+2,900
Change	TOTAL	+300	+200	-2,900	+900	+3,500	+6,400	+4,900	+3,700	+17,000

2.19 In summary over the 17-year period:

- » Single person households are projected to increase by 9,500 but this includes a decrease of 860 with a household representative aged under 45;
- » Families with dependent children have no net growth, with a drop for those aged 35-44 years projected, as discussed earlier;
- » Couples without dependent children are projected to rise by 4,700 households;
- » The increase in “Other” households represents 5,200 households.⁷

2.20 The final group of ‘Other’ households is very important because it implies that much of the projected household growth in Westminster will be unrelated households, students and multi-generation households. This is a point we will return to in Chapter 4.

2.21 Therefore, overall, the majority of new housing is required for single people and couples without children, with many aged over 55 years, but some also under 35 years. Westminster could agree a policy to build housing designed for families to attempt to change this trend.

⁷ Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

3. Local Housing Market

Housing trends and cost of housing in Westminster

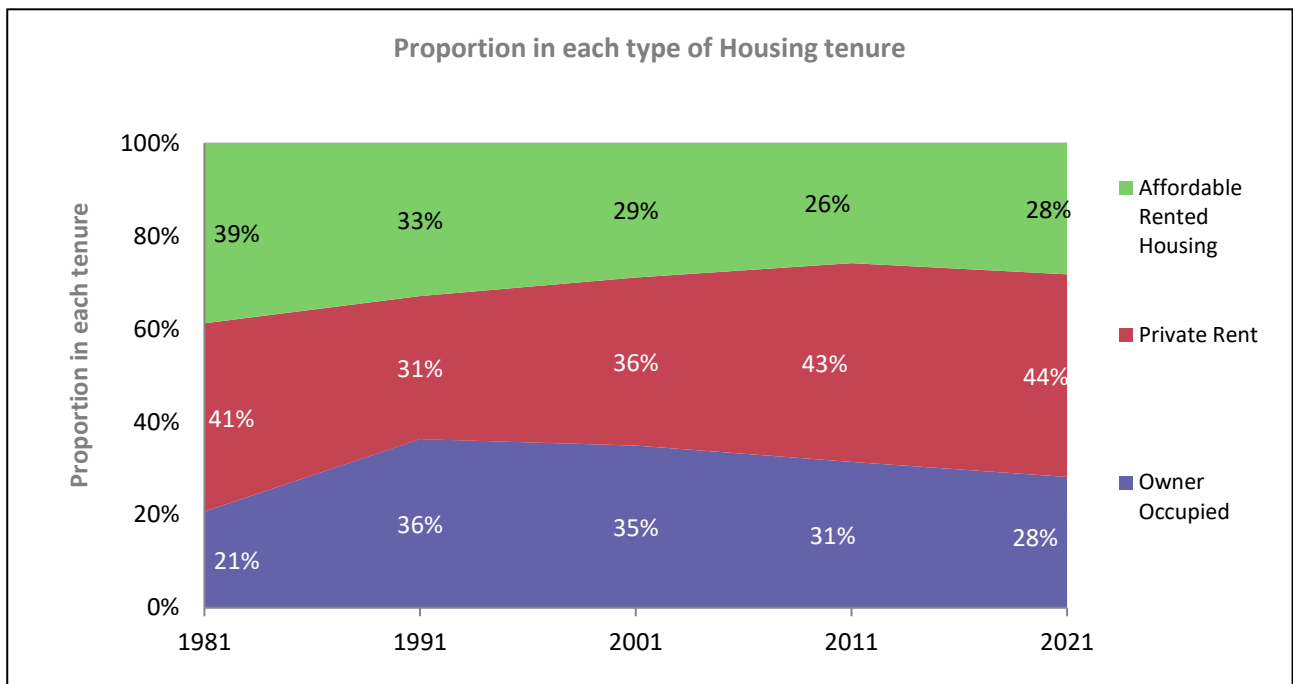
Introduction

- 3.1 This chapter explores the cost of housing in Westminster and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and identify where and how people may fall into affordable housing need. This includes consideration of Social Rent, London Living Rent, Shared Ownership and First Homes and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies. Our modelling has a focus upon First Homes because it is the current recommended government scheme, but we do note that the scheme has yet to be adopted in London. In practice, households who can afford First Homes can also normally afford Shared Ownership, so there is a large overlap between their needs.

Housing Tenure Trends

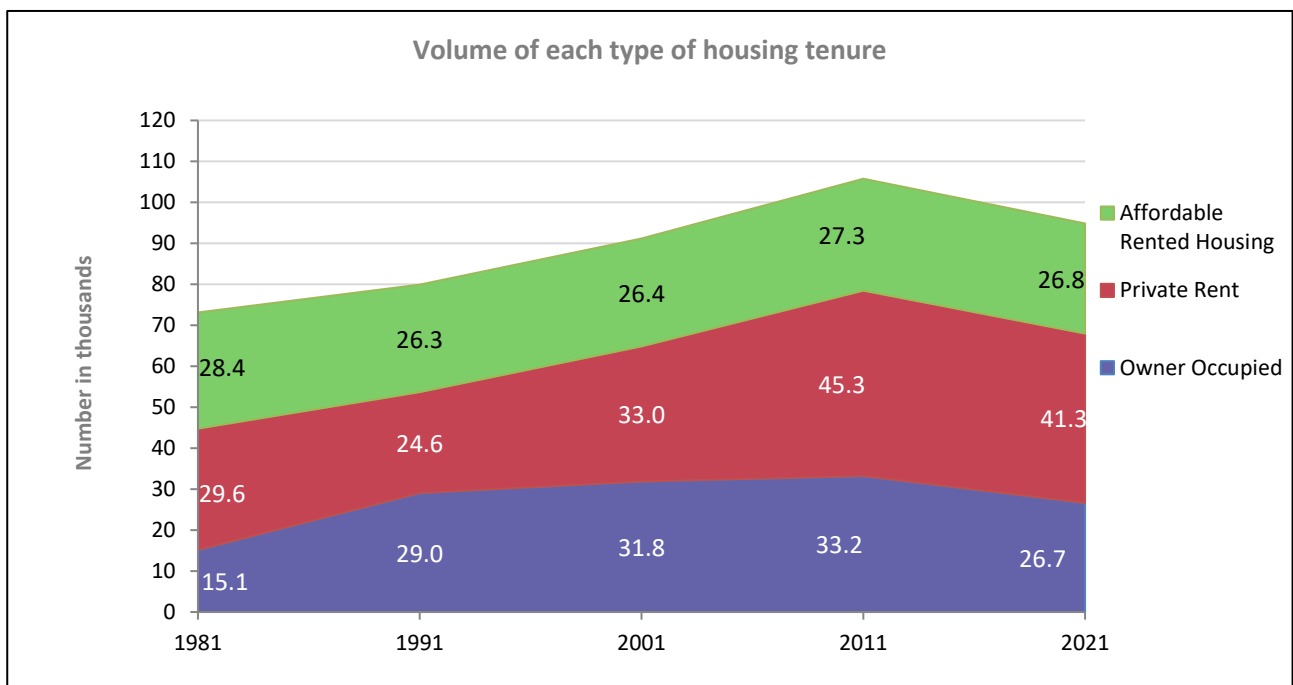
- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years. We would note the 2001 Census contained an under-estimate of housing numbers for many London Boroughs and it also appears that the 2021 Census was problematic in Westminster, with high numbers of households, most likely private renters and some owner occupiers not being present. On this basis, the data for 2021 should be treated with caution.
- 3.4 Figure 11 shows how the most notable change has been the decline in the proportion of people in affordable rented properties (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 39% to 28%). In contrast, private rent has seen a sharp growth. Between 1981 and 1991, there was a strong growth in owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 36% in Westminster and is now falling again.

Figure 11: Housing tenure trends for Westminster (1981 – 2021). Source: UK Census of Population



3.5 During the period 1981-2011 same period the actual volume of housing in Westminster has risen from 73,100 to 105,800 households. The strange result of the 2021 Census can be seen, with over 10,000 fewer occupied households in 2021 than in 2011.

Figure 12: Housing tenure trends for Westminster (1981 - 2011). Source: UK Census of Population



3.6 Figure 13 provides the detailed data for the period, with the 2021 Census clearly being an outlier in the trend growth in private rent and owner occupation.

Figure 13: Number of Households in Westminster by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	15,141	29,026	31,831	33,172	26,657	+13,885	+2,805	+1,341	-6,515
Private rent	29,618	24,621	32,976	45,252	41,347	-4,997	+8,355	+12,276	-3,905
Affordable Rented Housing	28,359	26,310	26,365	27,348	26,810	-2,049	+55	+983	-538
TOTAL	73,118	79,957	91,172	105,772	94,814	+6,839	+11,215	+14,600	-10,958

- 3.7 The long-term growth in the private rented sector (PRS) in Westminster is consistent with national trends. Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

Planning Practice Guidance, ID 67-002-20190722

- 3.8 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices;
 - » Pensions reform: pension drawdowns invested in BTL property.
- 3.9 The growth of the private rented sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. If the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 3.10 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

- 3.11 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁸ (including the Build to Rent investment scheme⁹).
- 3.12 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom Social Rented or Affordable Rented property. The private rented sector makes an important contribution towards providing affordable housing options.
- 3.13 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.14 The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes. These Starter Homes were intended to provide affordable housing for first time buyers. However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes¹⁰.
- 3.15 The Government first consulted on First Homes ran from February to May 2020 indicating that they will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. In August 2020, MHCLG confirmed that they intended to proceed with First Homes as an affordable housing product and published a consultation "*Changes to the current planning system*", which included proposals on the detail of changes to planning policy to deliver First Homes¹¹. Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will own the entire property, but when they sell, they will only receive 70% of the value. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.16 As discussed later in this report, there are many households residing in the private rented sector in Westminster who aspire to home ownership. If affordable First Homes are provided for this group it would, potentially, reduce the size of the private rented sector. This in turn would be providing for households that meet government definitions of affordable housing, but in reality have other housing options, and are not in need of genuinely affordable, and providing any such homes would reduce the supply of social housing.
- 3.17 We would note that Mayor of London is currently not looking to progress First Homes in London and at the time of writing, Westminster had had no applications proposing First Homes. The current affordable housing programme in London assumes that the main affordable housing products delivered will be London Affordable Rent, London Living Rent and Shared Ownership.¹² In much of the rest of England, it is anticipated that First Homes will displace funding for Shared Ownership, but this is currently not the case in London.

⁸ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁹ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹⁰ <https://www.gov.uk/government/consultations/first-homes>

¹¹ [Changes to the current planning system - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/changes-to-the-current-planning-system)

¹² [Affordable Homes Programme 2021-2026 - Funding Guidance \(london.gov.uk\)](https://www.london.gov.uk/press-releases/major/affordable-homes-programme-2021-2026-funding-guidance)

Housing Property Type Trends

- ^{3.18} As noted above, a striking statistic relating to property type is shown in Figure 14. This shows that the 2021 Census found a smaller number of household occupied properties than the 2011 Census. This is despite an estimated 10,600 dwelling being added to the dwelling stock in Westminster between 2011 and 2021. Therefore, effectively an additional 20,000 properties were empty during the 2021 Census. However, as discussed previously, this snapshot in time should be treated with caution given the likelihood that it reflects a time when many households had temporarily moved away.

Figure 14: Number of Dwellings in Westminster by Property Type 2011-2021 (Source: UK Census of Population)

	Number of Households		2011-2021
	2011	2021	
Detached	1,229	1,047	-182
Semi-detached	1,992	1,735	-257
Terraced	8,075	6,847	-1,228
Flat or maisonette (purpose built or converted house)	89,323	81,709	-7,614
Flats in converted commercial buildings)	3,096	3,366	+270
TOTAL	103,715	94,704	-9,011

Housing Delivery

- ^{3.19} Figure 15 and Figure 16 show the number of market and affordable dwellings delivered in Westminster in 2019-22. There was a clear drop-off in delivery for 2020-22 which would in part be pandemic related. Market housing shows a growth in one, two and three bedroom properties, while the affordable housing has been concentrated upon the intermediate tenure properties such as London Living Rent.

Figure 15: Number of Market Dwellings Delivered in Westminster by 2019-2022 (Source: Westminster City Council Records)

Property Size	2019/20	2020/21	2021/22	Net Total
Studio	47	2	34	83
1 bedroom	170	139	91	400
2 bedrooms	175	176	106	457
3 bedrooms	156	152	159	467
4+ bedrooms	43	43	37	123
TOTAL	591	512	427	1,530

Figure 16: Number of Affordable Dwellings Delivered in Westminster by 2019-2022 (Source: Westminster City Council Records)

Property Type	2019/20	2020/21	2021/22	Net Total
Affordable Rent	31	0	0	31
Intermediate	346	16	32	394
LA Housing	-27	1	-4	-30
Social rented	54	35	0	89
Net affordable homes	404	52	28	484

Cost of Renting

^{3.20} When considering renting in Westminster, it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Westminster. These include:

- » Median and lower quartile private rent;
- » Local Housing Allowance (LHA) for Inner North London BRMA¹³;
- » Affordable Rent; based on existing dwellings available for affordable rent; and
- » Social Rents.

^{3.21} The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget.

^{3.22} Figure 17 sets out the median weekly rents for different property sizes in Westminster together with the local housing allowances and the calculated affordable rent rates.

Figure 17: Weekly rent thresholds in Westminster (Source: Valuation Office Agency 2021-22; SDR 2021)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Central London BRMA	Affordable Rent	Social Rent
1 bedroom	£473.30	£392.34	£295.49	£210.51	£124.87
2 bedrooms	£617.95	£505.95	£365.92	£215.26	£139.38
3 bedrooms	£867.02	£692.70	£441.86	£194.45	£149.79
4+ bedrooms	£1,145.99	£991.67	£593.75	£205.79	£159.62

^{3.23} Across all property sizes, the lower quartile private rent is higher than the maximum LHA in Westminster and Social Rents are also always lower. This is unsurprising in a high value area such as Westminster. It also highlights (unsurprisingly) that the needs of those on benefits cannot be met in the private rental sector.

¹³ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

- 3.24 Figure 18 shows a comparison between weekly rents in Westminster in 2017/18 and 2021/22. While most rents have risen, the growth appears to be below the rate of inflation¹⁴. Reports in London currently show very high rates of growth in rents, but these have not come through into official statistics yet. Factors driving the rent rises are likely to include a return to urban living and also the impact of rising interest rates on landlords. We would also note that the number of properties in the rental survey fell sharply between 2017/18 and 2021/22 implying that there are only very small samples for larger property sizes.

Figure 18: Weekly rent thresholds in Westminster 2017/18 and 2021/22 (Source: Valuation Office Agency 2017/18 and 2021-22; SDR 2021)

Weekly Rent £	Median Private Rent 2017/18	Lower Quartile Private Rent 2017/18	Median Private Rent 2021/22	Lower Quartile Private Rent 2021/22	Percentage change in Median Private Rent 2017/18- 2021/22	Percentage change in Lower Quartile Private Rent 2017/18- 2021/22
1 bedroom	£423.62	£373.72	£473.30	£392.34	11.7%	5.0%
2 bedrooms	£573.11	£478.36	£617.95	£505.95	7.8%	5.8%
3 bedrooms	£797.34	£622.78	£867.02	£692.70	8.7%	11.2%
4+ bedrooms	£1,444.96	£971.66	£1,145.99	£991.67	-20.7%	2.1%

Income Needed to Rent Housing

- 3.25 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)¹⁵ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income” (page 42)*

- 3.26 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include only those households who cannot afford to access suitable housing in the market”* (ID 2a-024, emphasis added).

- 3.27 The English Housing Survey (EHS) 2015-16¹⁶ provides information about the percentage of gross household income that households currently spend on their housing costs¹⁷:

- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in affordable rented housing; and
- » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in affordable rented housing.

¹⁴ The Bank of England place inflation between 2017 and 2022 at a total of 17.7% [Inflation calculator | Bank of England](#)

¹⁵ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

¹⁶ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

¹⁷ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

- 3.28 The EHS thus demonstrates that many households, in both private and affordable rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs.¹⁸ Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay. We would also note that Westminster's own draft Planning Obligations and Affordable Housing Supplementary Planning Document (POAH SPD) assumes that households spend 40% of net on affordable housing, which would normally be slightly lower than the 35% gross figure we have assumed.
- 3.29 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier¹⁹:
- » The median weekly rent recorded was £473.30;
 - » Based on a 35% income multiplier, a weekly income of £1,352 would be needed which equates to a gross annual income of £70,560.
- 3.30 To rent the same property based on a 25% income multiplier would increase the gross income required to £98,446 per year whereas households with an annual income of £54,692 per year could afford the rent if 45% of their income was allocated to housing costs.
- 3.31 To place these figure in context, the GLA²⁰ produced a study of key worker incomes in London in 2021 and found that only 20% of key workers earned over £60,000 per annum. Therefore, a very high number of key workers employed in Westminster will not be able to afford market rents. Those working in the service industries such as tourism, retail and the restaurant sectors are even less likely to have incomes over £60,000 per annum.
- 3.32 Figure 19 shows the gross household incomes needed to afford median and lower quartile private rent, Affordable Rent and Social Rent if 35% is spent on housing.

Figure 19: Annual income required to afford to rent proprieties at the lower quartile and median price based on 35% income multiplier by property size in Westminster (Source: ORS based on Valuation Office Agency data April 2020 to March 2021)

WESTMINSTER	Private Rent Median	Private Rent Lower Quartile	Affordable Rent (SDR 2021)	Social Rent
1 bedroom	£70,560	£58,491	£31,383	£18,616
2 bedrooms	£92,126	£75,429	£32,091	£20,779
3 bedrooms	£129,257	£103,269	£28,989	£22,331
4+ bedrooms	£170,846	£147,840	£30,680	£23,796

- 3.33 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is "*housing that*

¹⁸ The London Plan uses a figure of up to 40% of gross income on housing costs, while London Living Rents are based upon setting rents at one third of average income in a ward.

¹⁹ $473.30 / (35/100) = 1,352$. Multiplied by the exact number of weeks in a year (52.189) = £70,560

²⁰ GLA Housing Policy Practice Note - Allocating Intermediate Homes to London's Key Workers

is too expensive compared to disposable income” that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.34 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.

3.35 We should also consider the differing potential levels of housing benefit:

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

3.36 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. **It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions. This will take into account the different amounts of disposable income for various types of households, based on the rents for suitable housing.** Therefore, a key consideration in the ORS Model as to whether a household can afford market rents is whether they receive housing benefit or Universal Credit to assist with their housing costs. **If a household is renting privately and does not receive housing benefit, then they are covering their own rents. This shows the household is capable of affording it's rent without government assistance.** This implies that the earlier discussion around the amount of income required to rent housing was largely for illustrative purposes because the receipt of housing benefit is a stronger indicator that a household cannot afford their rents.

3.37 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed.

3.38 Figure 20 sets out the incomes for housing benefit eligibility for different types of households.

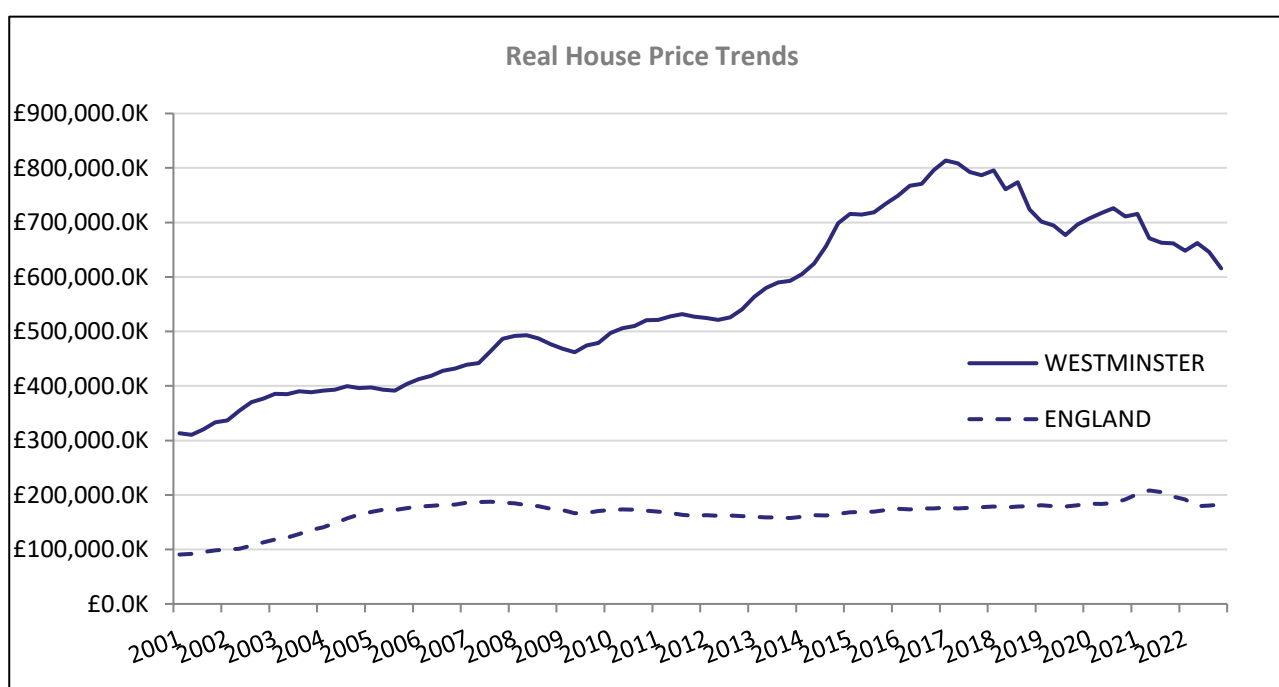
Figure 20: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on Department for Work and Pensions data)

Property type	Household type	CENTRAL LONDON BRMA
ROOM ONLY	Single person aged 16-24	£15,884
ROOM ONLY	Single person aged 25-34	£16,802
1 BEDROOM PROPERTIES	Single person aged 35+	£28,145
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£29,017
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£30,676
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£37,857
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£41,916
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£40,388
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£44,446

Cost of Home Ownership

- 3.39 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2022) are shown in Figure 21. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.40 Real house prices in Westminster, are both higher and increasingly divergent from England as a whole. Overall prices increased substantially in the period 2001-2008 before falling 2009. Values then grew steadily until 2018 but have been falling in real terms since that time. This is out of step with most of the rest of England where real house prices only started to fall in 2022 as inflation and interest rates rose. Westminster still remains one of the most expensive areas of England, but the height of the market does appear to have passed for now. Of course, there may be discrepancies across the City and it may be that what is underpinning the early fall is the prime market in the most affluent parts.

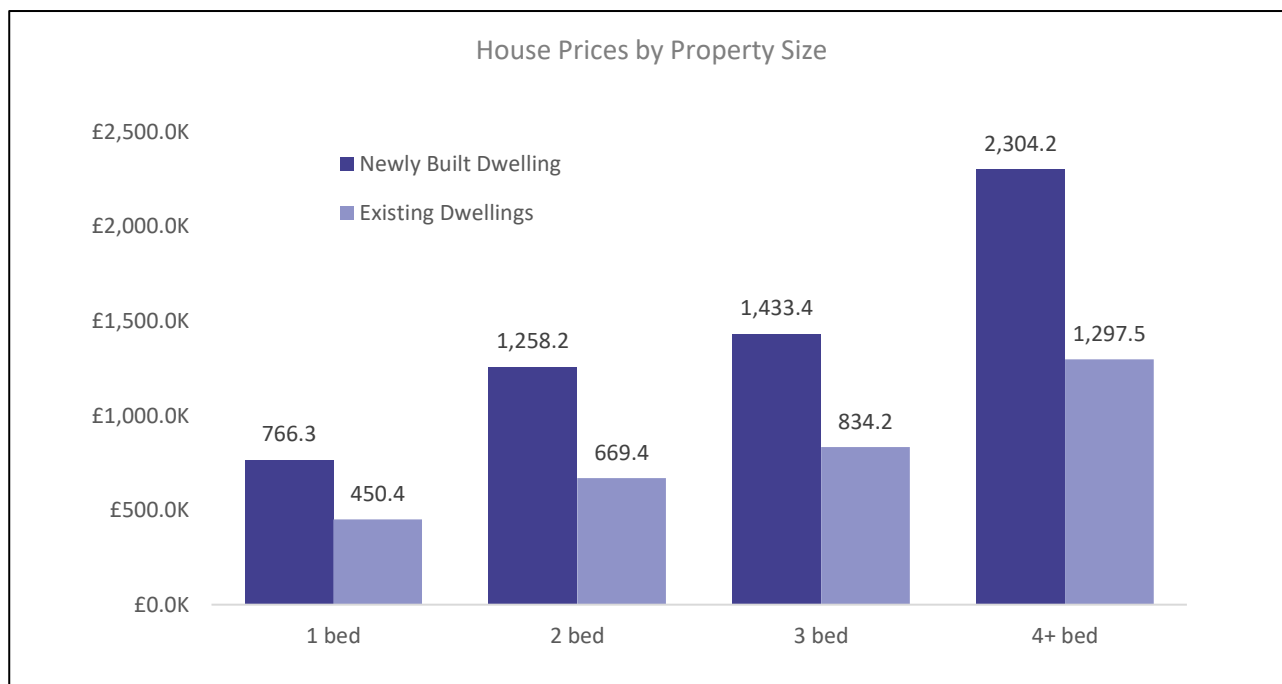
Figure 21: Real House Price Trends: Lower Quartile Prices adjusted to 2022 values using CPI (Source: ONS; Bank of England)



3.41 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 22 shows lower quartile house prices in Westminster by bedroom size.

3.42 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, and this is particularly the case in Westminster.

Figure 22: Lower quartile prices (adjusted by CPI) (2022) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



3.43 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, comparative quality and condition of existing stock, and other intangible issues such as character.

3.44 More detailed profile data for the wards of shows how diverse is the City of Westminster. In Church Street, the median house price is £408,000 while in Knightsbridge and Belgravia the median price is £3,750,000. Even removing more expensive houses from the picture, the median flat price in Knightsbridge and Belgravia is still over £3,000,000.

3.45 These differences in value are relevant if we are considering the potential location for newbuild affordable homeownership housing. Applying the First Homes criteria, the maximum price for affordable newbuild in London is £420,000 with a maximum income of £90,000 per annum with shared ownership being more expensive. Therefore, most areas of Westminster are not going to be able to deliver newbuild affordable homeownership. However, areas such as Church Street, Harrow Road, Queen's Park, and Westbourne have the potential to be able to deliver some affordable home ownership products in their cheaper sectors.

Figure 23: Median property prices by Westminster Ward 2023 (Source: ONS - HPSSA (House Price Statistics for Small Areas) Dataset 37 (median price paid by ward) for year ending Mar 2023)

Median Property Prices by Ward	Median Price – all properties	Median Price - Flats
Abbey Road	£1,027,500	£750,000
Bayswater	£760,000	£720,000
Bryanston and Dorset Square	£1,250,000	£1,085,000
Church Street	£408,000	£408,000
Churchill	£860,000	£646,000
Harrow Road	£573,675	£560,000
Hyde Park	£950,000	£920,000
Knightsbridge and Belgravia	£3,750,000	£3,031,250
Lancaster Gate	£870,000	£798,000
Little Venice	£1,107,000	£1,020,000
Maida Vale	£860,500	£828,000
Marylebone High Street	£1,325,200	£1,300,000
Queen's Park	£755,000	£570,000
Regent's Park	£1,145,000	£1,100,000
St James's	£1,500,000	£1,430,000
Tachbrook	£820,000	£745,000
Vincent Square	£770,000	£765,000
Westbourne	£605,000	£605,000
West End	£1,872,500	£1,830,663
Warwick	£919,400	£800,000

Identifying the Gap for Intermediate Housing and Affordable Home Ownership

- ^{3.46} The NPPF encourages local authorities to widen opportunities for home ownership.
- ^{3.47} When identifying the need for Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- ^{3.48} Figure 24 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Westminster which emphasises that owner occupation is much less affordable. This also make London Living Rent a very attractive option in Westminster for households with incomes of less than £60,000.

Figure 24: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own a newly built dwelling with 10% deposit and 3.5x mortgage	£197,100	£323,500
Minimum income needed to own an existing dwelling with 10% deposit and 3.5x mortgage	£115,800	£172,100
Minimum income needed for median private rent to be less than 35% in Westminster	£70,600	£92,100
Minimum income needed for lower quartile private rent to be less than 35% in Westminster	£58,500	£75,400
Minimum income needed for affordable rent to be less than 35% in Westminster	£31,400	£32,100
Minimum income needed for social rent to be less than 35% in Westminster	£18,600	£20,800
Upper end of range of maximum income for Housing Benefit support in Westminster	£30,700	£44,400
Lower end of range of maximum income for Housing Benefit support in Westminster	£28,100	£37,900

- 3.49 There is large income gap between being able to afford market rent (£58,500) and being able to afford home ownership (£115,800) which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). AHO products could be developed aimed at this income gap. It is probable that some households who could afford market rent would prefer to own their own home. However, households renting who can afford to rent in one of the most expensive parts of London may also just choose to buy in a more affordable area. In London, AHO products have a maximum income of £90,000 per household. This leaves households with a higher income than £90,000 unable to afford to buy in the open market in Westminster, but ineligible for AHOs. The only options for these households are to continue renting in Westminster or to buy in a more affordable area. **Westminster can help households with incomes between £58,500 and £90,000 through developing AHO products, but is unlikely to be able to help households who are unable to afford market home ownership with incomes above £90,000.**

Low Cost Home Ownership

- 3.50 A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership, including London Living Rent, Shared Ownership and First Homes.

Shared Ownership

- 3.51 Figure 25 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 30-year repayment mortgage at 4.0% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £30 per week.

- 3.52 This calculation demonstrates that the weekly costs for shared ownership are higher than the equivalent median private rent for all property sizes (Figure 18). This also implies that shared ownership will not be an effective housing product in Westminster because it is too expensive. The minimum income required to be able to afford a 40% shared ownership one bedroom property with a 10% deposit is still nearly £70,000 per annum and the household would have to meet rent and service charges on top of the mortgage.

Figure 25: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Char	TOTAL of weekly costs
1 bedroom	£766,339	£306,536	£30,654	£305.97	£242.50	£30.00	£578.47
2 bedrooms	£1,258,182	£503,273	£50,327	£502.35	£398.14	£30.00	£930.49
3 bedrooms	£1,433,374	£573,350	£57,335	£572.30	£453.57	£30.00	£1,055.87
4+ bedrooms	£2,304,211	£921,684	£92,168	£919.99	£729.14	£30.00	£1,679.13

- 3.53 Figure 26 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents which run from a median rent for a 1 bedroom property of £424 per week to £1,445 per week for a 4 bedroom plus property. This model uses a 4% interest rate for modelling purposes, if rates are lower in the future, then shared ownership will be more affordable, conversely higher rates make it less affordable. As can be seen in Figure 26 the cost of shared ownership is always more expensive than the cost of median rent.

Figure 26: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £30 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	25% Equity Share	30% Equity Share	35% Equity Share	40% Equity Share	45% Equity Share	50% Equity Share
1 bedroom	£766,339	£524.36	£542.40	£560.43	£578.47	£596.51	£614.55
2 bedrooms	£1,258,182	£841.64	£871.25	£900.87	£930.49	£960.10	£989.72
3 bedrooms	£1,433,374	£954.65	£988.39	£1,022.13	£1,055.87	£1,089.61	£1,123.35
4+ bedrooms	£2,304,211	£1,516.42	£1,570.66	£1,624.89	£1,679.13	£1,733.37	£1,787.61

First Homes

- 3.54 Meanwhile, Figure 27 sets out the weekly costs associated with First Homes properties with 50%, 60% and 70% equity, taking account of the differential full market prices and based on the following assumptions:

- » 70% equity share purchased by the occupier;
- » 10% of the remaining equity purchased is available as a deposit; and
- » Mortgage costs base based on a 30-year repayment mortgage at 3.5% interest²¹.

²¹ For shared ownership we have assumed a 4% mortgage rate and for First Homes we have assumed a 3.5% rate. In general there is a mortgage premium for Shared Ownership when compared to full ownership.

Figure 27: Total weekly costs for First Homes with 50%, 60% and 70% Equity Share (Note: Mortgage costs based on a 30-year repayment mortgage at 3.5% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	First Homes with 50% equity share	First Homes with 60% equity share	First Homes with 70% equity share
1 bedroom	£766,339	£359.59	£431.51	£503.43
2 bedrooms	£1,258,182	£590.38	£708.46	£826.53
3 bedrooms	£1,433,374	£672.59	£807.10	£941.62
4+ bedrooms	£2,304,211	£1,081.21	£1,297.45	£1,513.69

- 3.55 First Homes will only be more affordable than private rent with a 50% equity share, which represents a large discount from market rate. **However, a household would still require an income over £70,000 per annum and a 10% deposit to be able to access a one bedroom First Home, so it is not an attractive product in Westminster, with more households seeking a lower cost intermediate option.**

London Living Rent

- 3.56 We also considered the cost of a London Living Rent property. The estimated cost of London Living Rents in Westminster is taken from the GLA data for 2022/23²² and is the average across Westminster. In terms of required annual income, these equate to a figures of between £49,000 and £54,000 depending upon the size of the property.

Figure 28: Average Total weekly costs for London Living Rent (Source: GLA London Living Rents 2022/23)

Total Weekly Cost £	London Living Rent
1 bedroom	£291.14
2 bedrooms	£309.46
3 bedrooms	£318.54
4+ bedrooms	£321.97

- 3.57 London Living Rent can be seen to be a more affordable option than First Homes and Shared Ownership in Westminster.

Income Needed for Other Types of Housing

- 3.58 Another housing option that could be made available in Westminster, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2023 (Glossary)

²² [London Living Rent | London City Hall](#)

- 3.59 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 3.60 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.61 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL²³ shows that the average Build to Rent option is 9.3% more expensive than the median rent. This therefore tends to lead to the affordable Build to Rent options being more expensive than Affordable Rent and are best considered as a form of Discount Market Rent.
- 3.62 Policy M29 of the London Plan states:

The policy requires 30 per cent of DMR homes to be pegged to London Living Rent and the remainder to be provided at a discount that meets local affordable housing needs, having regard to local circumstances relating to viability.

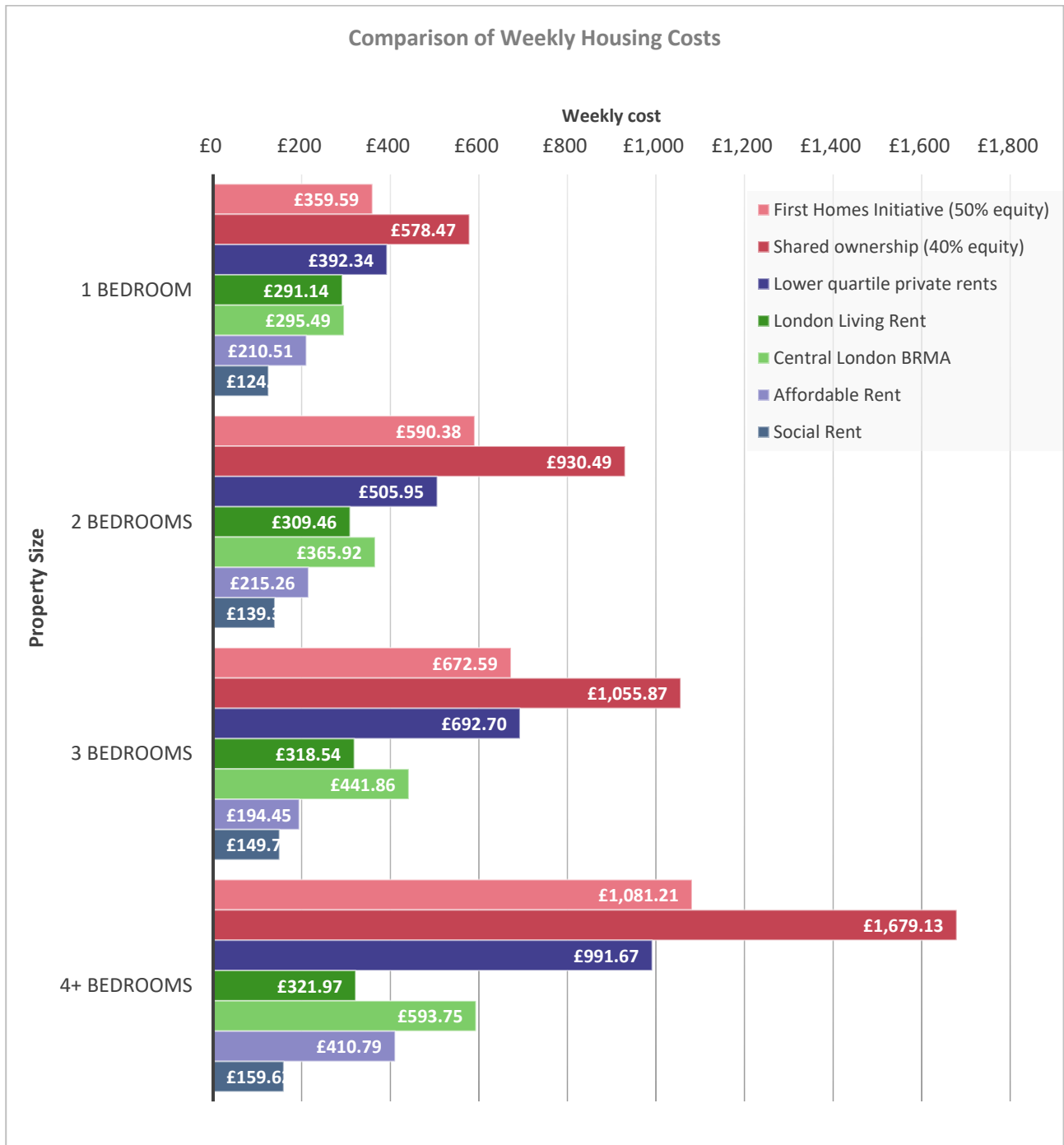
- 3.63 **Westminster cannot influence any market rents that are set through Build to Rent schemes. However, it can influence the rents on the affordable component. The current London Plan policy proposes that 30% of homes should be set at London Living Rent rates and the remainder will need to be at or below LHA rates, to ensure that their costs can be met from housing benefit.**

Summary of Housing Costs

- 3.64 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 29 summarises these costs for each property size with all costs are adjusted to 2021 levels using the most recent data available. Social Rent is significantly cheaper than any other tenure. Both shared ownership and First Homes have extremely high costs when compared to renting privately: Shared ownership with a 40% equity stake is more expensive than a First Homes property with a 50% equity stake, but neither of these fall within £420,000 price and £90,000 income caps in London with the exception of 1 bedroom First Homes. In London, the London Living Rent scheme also provides affordable to own properties and this requires much lower costs than First Homes or Shared Ownership.

²³ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 29: Comparison of weekly housing costs by property size including any service charges (Source: Valuation Office Agency and Land Registry Price Paid Data)



4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 4.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2021 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

Affordable housing

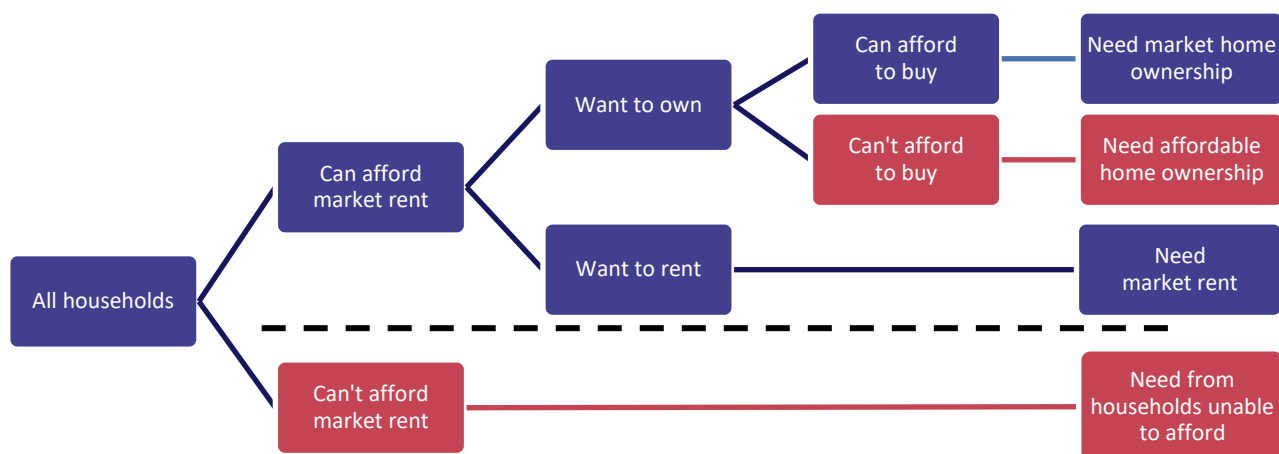
Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

NPPF 2023, Annex 2

- 4.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “*Housing needs of different groups*” published on 22nd July 2019²⁴, which covered:
- » Addressing the need for different types of housing
 - » Affordable housing
 - » Rural Housing.
- 4.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021.
- 4.4 Relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [PPG ID 2a-020-20190220]. The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy. In Figure 30, blue indicates that the household can afford the option while red indicates that the household cannot afford the option.

²⁴ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

Figure 30: Establishing the need for market and affordable housing



- 4.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed. Guidance is also absent for identifying the needs of some other groups such as people that can only afford to rent privately in a house share but may prefer to live independently, and households in the PRS who spend more than 40% or 50% of their income on rent. Therefore, the key household groups who enter into affordable housing to rent calculations are those unsuitably housed in affordable housing, those in temporary accommodation and those in receipt of housing benefit. In other local authorities, many of those who can afford to rent would benefit from affordable to own properties. However, housing costs are so high in Westminster that affordable to own products typically are of little assistance, as discussed later in this chapter.

Assessing Affordable Housing Needs

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will need to take into account 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” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 31 are calculated using detailed information from the 2021 Census alongside data published by the Department of Work and Pensions (DWP) about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable

housing or receive housing benefit to enable them to afford market housing. This shows a high level of affordable need for lone parents and also for older persons. There is also a need of younger households. Almost a quarter of single person households aged under 25 cannot afford market housing and this rises to half of couple families aged under 25 with dependent children.

Figure 31: Assessing affordability by household type and age (Source: Census 2021 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	22%	12%	31%	52%	62%	69%
Couple family with no dependent children	4%	2%	9%	27%	33%	43%
Couple family with 1 or more dependent children	51%	42%	37%	39%	43%	76%
Lone parent family with 1 or more dependent children	80%	80%	75%	80%	84%	95%
Other household type ²⁵	13%	15%	49%	66%	67%	72%

Current Unmet Needs of Households Unable to Afford

- 4.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing 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 overcrowded 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.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (February 2019), ID 2a-020-20190220

- 4.11 Households assumed to be unable to afford housing include:

- » All households that are currently **homeless**;
- » All those currently housed in **temporary accommodation**; and
- » People in a **reasonable preference category** on the housing register, where their needs have not already been counted. A reasonable preference is a household who has been accepted by the local housing authority (Westminster City Council) as having a housing need.

²⁵ Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

- 4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2021. The evidence is predominantly derived from data collected by Westminster on homelessness or households otherwise unsuitably housed, but we also consider the needs of households who are overcrowded in both the social and private rented sector.
- 4.13 All households in temporary accommodation are counted as being in need, irrespective of whether they are housed in Westminster. Like many councils, Westminster is currently making extensive use of temporary market housing and also bed and breakfast and hostel accommodation. This has a number of negative consequences in that it fails to provide stability for households, the quality of the accommodation is often poor and the accommodation can be very expensive as an emergency measures, so the cost to Westminster is high. Therefore, it is appropriate to count all of these households as being in current need.
- 4.14 Overcrowding is assessed against the number of bedrooms the household requires which is calculated according to the Bedroom Standard, where the following should have their own bedroom:
1. Adult couple
 2. Any remaining adult (aged 21 years or over)
 3. Two males (aged 10 to 20 years)
 4. One male (aged 10 to 20 years) and one male (aged 9 years or under), if there are an odd number of males aged 10-20
 5. One male aged 10-20 if there are no males aged 0-9 to pair with him.
 6. Repeat steps 3-5 for females
 7. Two children (aged 9 years or under) regardless of sex
 8. Any remaining child (aged 9 years or under)
- 4.15 An occupancy rating of:
- 1 or less implies that a household's accommodation has fewer bedrooms than required (overcrowded)
 - +1 or more implies that a household's accommodation has more bedrooms than required (under-occupied)
 - 0 suggests that a household's accommodation has an ideal number of bedrooms.
- 4.16 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). We do not count those in owner occupied housing because these households would typically not qualify for affordable housing. Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Westminster.
- 4.17 Concealed families are an important part of unmet housing need. Concealed families are identified through Census data and include lone parents or couple with or without children who are sharing with another household. They do not include single persons living at home or individuals who are house sharing in the private rented sector who may wish to occupy affordable housing, but have little chance of doing so. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to

poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).

- 4.18 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 4.19 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.
- 4.20 The increase in overall need is shown for information and consists of households in temporary housing situations where release of their current housing will not add to the supply of housing for another household.

4.21 Figure 32 sets out the assessment of current unmet affordable housing need for Westminster:

Figure 32: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	177		177	177
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	2,545		2,545	2,545
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	179	179	0	
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	32		32	32
Concealed households [Source: Census 2001 and 2021]	Growth in concealed families with family representatives aged under 55	505		505	505
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded private rented housing	2,930		2,930	
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded social rented housing	4,863	4,863	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	301	53	248	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in Westminster, where failure to meet that need would cause hardship	0	0	0	
TOTAL	TOTAL	11,532	5,095	6,437	3,259

4.22 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 11,532 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.

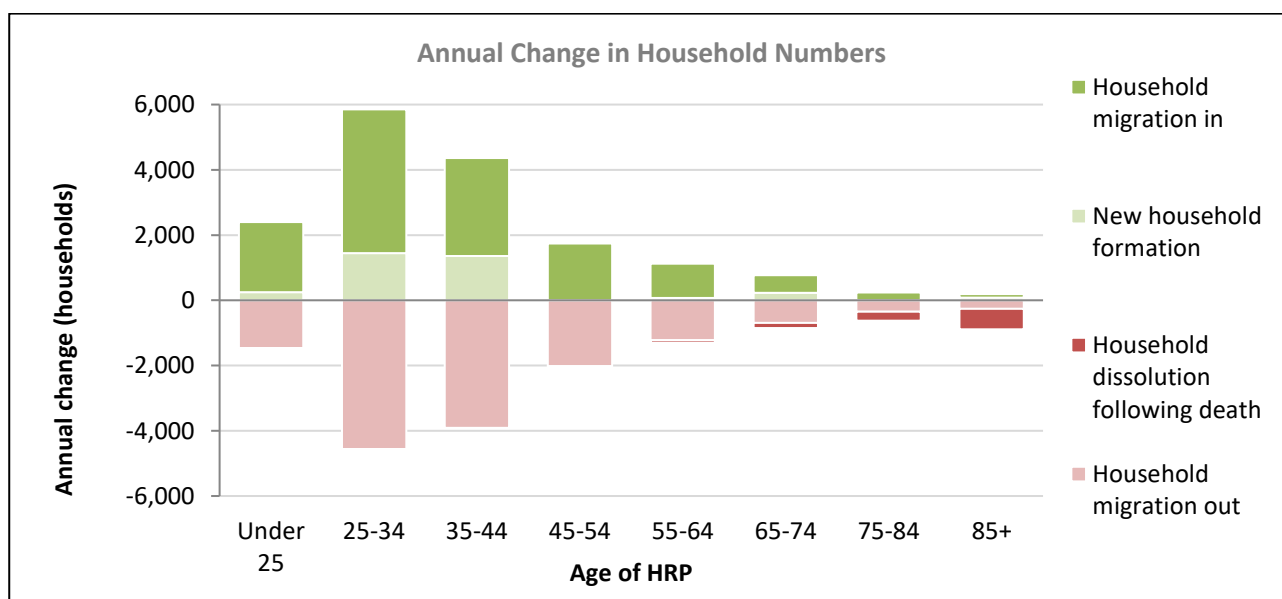
4.23 Of these households, 5,095 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

- 4.24 There is, therefore, a net affordable housing need of 6,437 households (11,532 less 5,095 = 6,437). Providing the net affordable housing need 6,437 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 3,178 households (6,437 less the 3,259 households which are housed outside Westminster in temporary accommodation, are homeless or concealed and thus do not release dwellings). The 3,178 dwellings are occupied by people living in unsuitable conditions (e.g. too small for their needs) whose needs would be met by new homes of the right size, if provided. While the 2017 London SHMA sought to address the backlog of need over 25 years, for this study we treat this as a backlog of need to be addressed over 17 years at an annual rate of 379 households per annum (6,437/17) to ensure that the needs are addressed within the current plan period.
- 4.25 As a comparison, the Westminster Housing Needs Analysis and associated Technical Appendix 2019 found used a 20 year period to address the backlog of need and estimated that the current backlog fell in the range of 281 and 387 households per annum. The current study uses more up to date data and it would be expected that the backlog of need will have grown since the 2019 study. Therefore, the figures in the 2019 study are broadly consistent with the current study and this is unsurprising as they count similar needs.

Projected Future Need of Households Unable to Afford

- 4.26 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-021) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-024).
- 4.27 Figure 33 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group. The data shows a high rate of household formation for those aged 25-44 years, but these households also have high in and out migration rates to the City. For older age groups, formation and migration is much lower, but household dissolution starts to become higher for those aged 65 years and over.

Figure 33: Annual change in household numbers in each age cohort by age of HRP in Westminster (Source: ORS Housing Model)



- 4.28 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household. The percentage of households unable to afford are based upon those in receipt of housing benefit by household type and age and also those allocated to affordable housing in the past. The split between newly formation and migrating households is derived from components of the household projections, which take account of new household formation through natural growth in the population alongside growth due to all in and out migrating households.

Figure 34: Annual components of Household Growth 2023-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,427	2,458	969	28%
Households migrating in to the area	13,236	9,153	4,083	31%
All new households	16,662	11,610	5,052	30%

- 4.29 The ORS Model identifies 3,427 new households projected to form in Westminster each year, of which 28% will be unable to afford their housing costs. This amounts to 969 households each year.
- 4.30 The model also considers new households migrating to the area. The projection is for 13,236 households per annum of which 31% (4,083 households) will be unable to afford their housing costs. For clarity, these households cannot afford to meet their own housing costs and it is not just the case that they cannot afford to purchase a property. It is completely normal for a London Borough to see more affordable housing need generated by households moving to the area than through local household formation, but the difference in Westminster is extremely high. It should be remembered that households in affordable housing need will also leave Westminster, thus reducing need.
- 4.31 This results in a total of 5,052 new households in need of affordable housing per annum, considerably more than the total dwelling need per annum in the London Plan of 985 (Figure 34).

Figure 35: Annual components of Household Growth 2023-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,193	462	731	61%
Households migrating <u>out</u> of the area	14,467	9,671	4,796	33%
All households no longer present	15,660	10,133	5,527	35%

- 4.32 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 4.33 The model identifies 1,193 households are likely to dissolve following the death of all household members. This is based upon the age profile of households, with deaths being modelled by locally specific mortality rates, with the death of the final household member creating a dissolution. Many of these households will

own their homes outright, however 731 of these are likely to have been unable to afford market housing and will mostly be living in affordable rented housing.

- 4.34 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 14,467 households will migrate out of the area each year, again derived from components of the household projections which measure all households migrating in and out of the borough, including 4,796 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.35 Altogether, there are 5,527 households who will vacate affordable dwellings or will no longer be waiting for a home (Figure 35). Therefore, more households dissolve or out-migrate from Westminster than those who form or migrate into the area, so these changes reduce the level of projected future affordable housing need. The level for in and out-migration to Westminster is exceptionally high, but it is not this factor which is driving the need for affordable housing in the area.
- 4.36 Figure 36 shows the change in the number of households who can afford their housing costs in terms of the number of households falling into need, usually due to their income decreasing and those climbing out of need, usually because of their income increasing. This is explained more fully below the table and is based on incomes and demographic data.

Figure 36: Annual components of Household Growth 2023-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-1,550	1,550	100%
Existing households climbing out of need	-	559	-559	0%
Change in existing households	-	-991	+991	-

- 4.37 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Westminster will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 1,550 established households will fall into need in Westminster each year.
- 4.38 This is the change in the number of established households of each type in each age group identified as being unable to afford market housing. The analysis only considers established households, so households that form or dissolve during the period and migrant households are all excluded. Established households are analysed on a cohort basis, using 5-year bands and periods. That means that the same households are considered at the start and the end of the period; so at the end of the period they will be 5 years older than at the start of the period. For example, the number of established households aged 30-34 unable to afford market housing at the start of the period is compared with the number aged 35-39 at the end of the period 5 years later. The analysis is undertaken based on a matrix of 15 age groups and 5 household types and repeated for 4 five-year periods. Those sub-groups where the number of established households unable to afford has increased are summed to identify the total falling into need. Those sub-groups where the number

has reduced are summed to identify the total climbing out of need. For example: If at the start of a 5 year period, 1,000 households aged 30-34 cannot afford market housing, and at the end of the period 1,500 households aged 35-39 cannot afford market housing, then the number of households in that cohort have fallen into need.

4.39 However, established households' circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

4.40 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies by again considering household types by age bands by affordability that the circumstances of 559 households will improve such that they become able to afford their housing costs having previously being unable to afford.

4.41 Therefore, considering the changing needs of existing households overall, **there is a net increase of 991 existing households needing affordable housing each year**. (Figure 36). We would note that typically the number of households falling into and climbing out of need broadly balances in a local authority. However, the position in Westminster is that far more households fall into need, but also far more households in need migrate away from the area. Households appear to be falling into need in Westminster, but then leaving the area to resolve their needs. This seems to be a key feature of the Westminster housing market where households form, find the area to be too expensive and then move out.

4.42 The following table (Figure 37) summarises the overall impact of:

- » New households adding to housing need;
- » The households no longer present reducing housing need; and
- » The changes in circumstances impacting existing households.

Figure 37: Annual components of Household Growth 2023-40 (Source: ORS Housing Model)

WESTMINSTER 2023-40	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	16,662	+11,610	+5,052
All households no longer present	15,660	-10,133	-5,527
Change in existing households	-	-991	+991
Future affordable housing need 2023-40 (Annual average)	+1,003	+486	+517
Future affordable housing need 2023-40 (17 Year change)	+17,044	+8,260	+8,784

4.43 Overall reviewing the contribution of each element amounts to an additional 8,784 households needing affordable housing over the 17-year period 2023-40, or a rate of 517 per annum. Each year, there are very high flows of households in and out of Westminster, but the impact of this is to reduce affordable housing need. The key driver of affordable housing need in Westminster is local households falling into need before they often migrate away from the area.

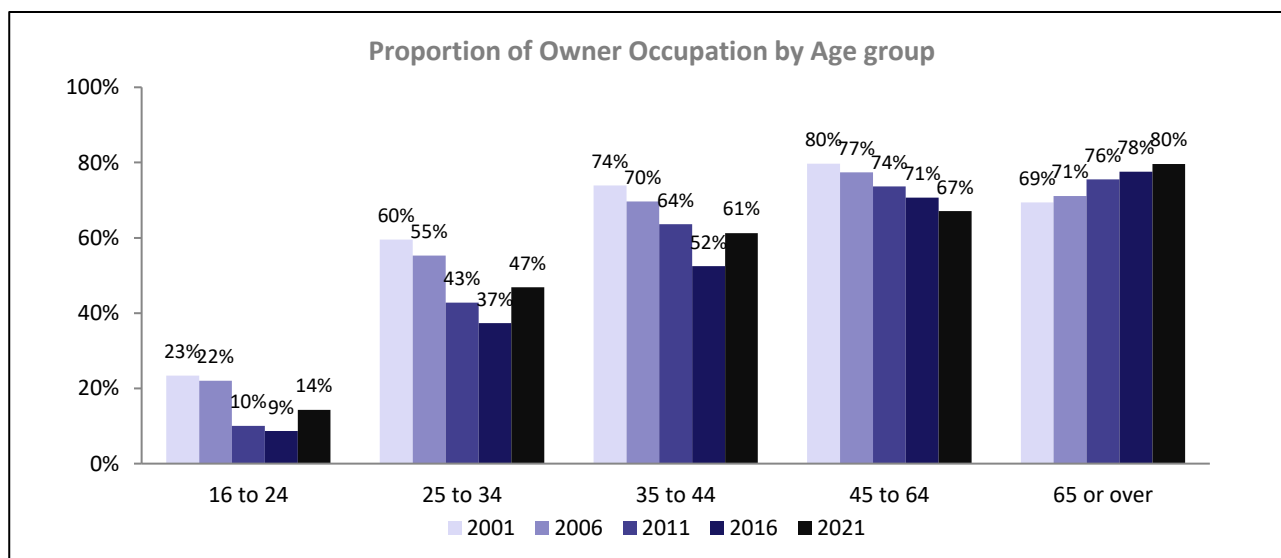
4.44 As a comparison with the Westminster Housing Needs Analysis and associated Technical Appendix 2019, the equivalent emerging need ranged from 405 to 496 households per annum and social housing supply was 443 dwellings per annum. The impact is therefore that emerging need approximately balances supply, so the housing needs of Westminster would not be growing. However, the 2019 study counted only small numbers of migrant households in need and also counted low numbers falling not need and didn't count any direct impact of newly forming households. Therefore, it took a different approach to the consideration of affordable needs, but also took a more restrictive view of affordable supply, with only turnover in the existing supply being considered. The model used in the current study is therefore much more comprehensive and considers the gross flows for all needs and supply.

Needs of Households Aspiring to Homeownership

Home Ownership Trends

- 4.45 In London, the need for home affordable home ownership products is widely recognised due to the very high costs of outright home ownership. The Mayor of London has developed the London Living Rent scheme as one which initially sees households renting their property, but with the option to eventually start buying it in the future. This type of scheme is compatible with the need to affordable housing to own.
- 4.46 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016, but have stabilised since that time. Over the same period, the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%. While this data is clearly not reflective of Westminster, it does set a framework for understanding the need of assisting households into owner occupation.
- 4.47 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 38). The rises in 2021 may be another component of the problems with the 2021 Census with private rented households being absent from Westminster.

Figure 38: Percentage of Owner Occupiers by Age Group 2001-2021 (Source: English Housing Survey)



Establishing the number of households aspiring to home ownership

- 4.48 English Housing Survey data from 2013/14 shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. The English Housing Survey 2013/14 was the last time these questions were included in the survey. So no more recent data has been collected. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in affordable rented housing aspire to homeownership.

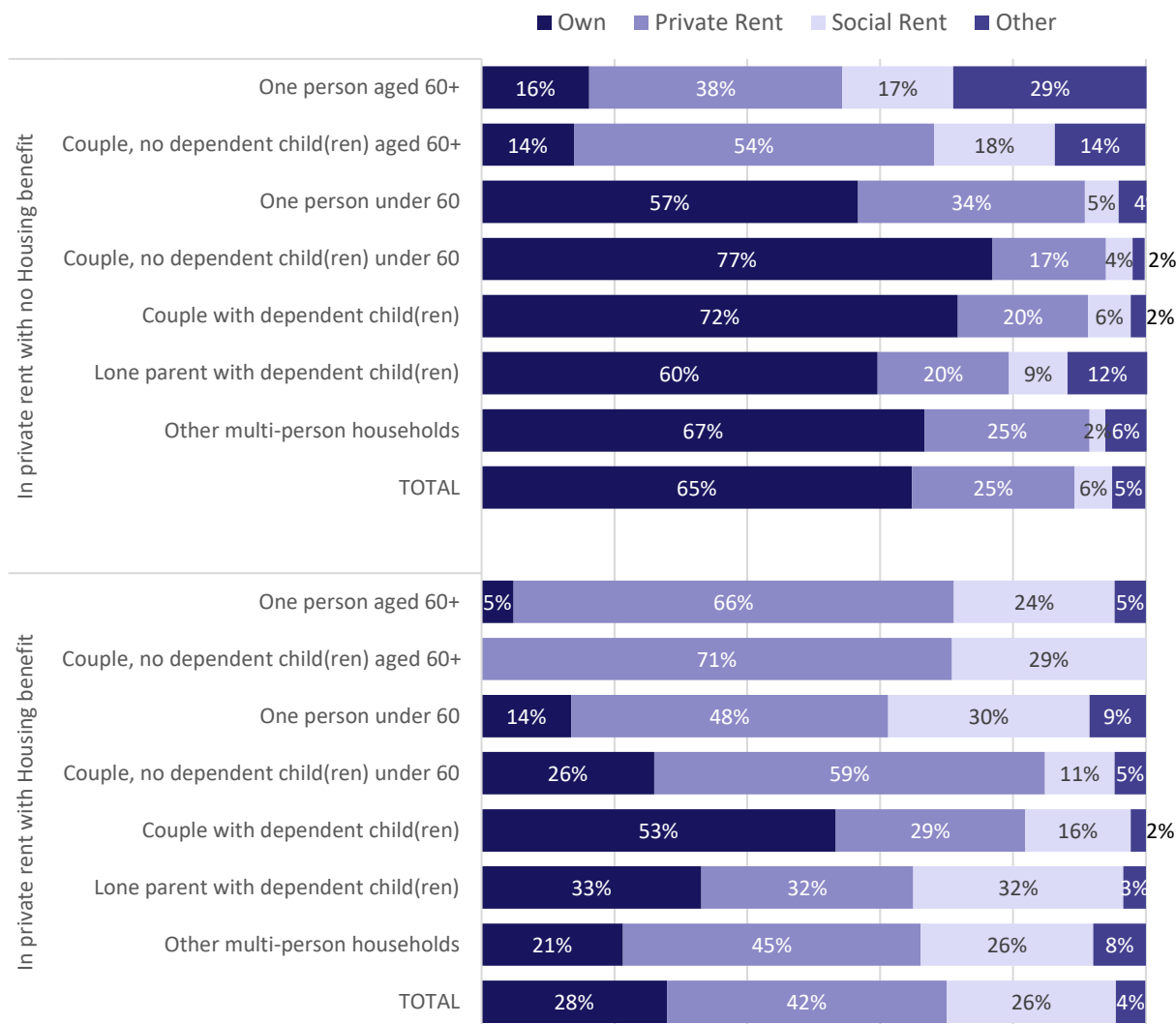
Figure 39: Long-term aspirations (Source: English Housing Survey 2013/4)

Current Tenure	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Affordable rented	18.1%	1.8%	1.9%	77.0%	1.1%

- 4.49 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 4.50 The following chart (Figure 40) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 4.51 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future, which is unsurprising. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 4.52 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 40: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector



Additional Need for Affordable Homeownership

- 4.53 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent, with the aspiration data from the EHS 2013-14, Figure 41 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. We would note that Westminster hold their own intermediate housing register. Any households who are on that register will be included in the figures below, but we have included all private renters who aspire to own.

Figure 41: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	815	3,348	4,001	987	484	130	9,764
Couple without children	252	3,630	2,515	764	430	169	7,760
Families with child(ren)	3	443	2,459	1,100	0	0	4,005
Other households	397	2,808	1,104	330	305	0	4,944
Total Volume	1,466	10,229	10,079	3,181	1,219	299	26,473
<i>Percentage of households</i>	<i>6%</i>	<i>39%</i>	<i>38%</i>	<i>12%</i>	<i>5%</i>	<i>1%</i>	<i>100%</i>

- 4.54 Based on this analysis, we can estimate that there is a total of around 26,473 households currently resident in Westminster who cannot afford to own their own home but would aspire to do so. 45% of these households are aged 15-34 with the substantial majority (82%) aged under 45. There is nothing in the modelling to state that the households need or would want to buy in Westminster, just that they are currently renting and want to buy a property. The NPPF specific talks about housing need, but demand for affordable to own properties, but in terms of existing policies in Westminster, many could be considered to be demanding current intermediate housing.
- 4.55 In addition to the current need, it is also important to consider new households that are projected to form over the period 2023-40. Through the same modelling process of combining future household projections with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 20,017 households that form over the 17-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 46,490 households who aspire to homeownership but who cannot afford to buy their own home over the period 2023-40, a net annual need of 2,735 per year. Again, it should be stated that this is much higher than the annual dwelling target for Westminster and also that there is no specific need for these households to buy a property in Westminster. All of these households can potentially afford London Living Rents because they are cheaper than market rents.**
- 4.56 When identifying the need for Affordable Home Ownership (AHO) including First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

Identifying the Overall Affordable Housing Need

- 4.57 Figure 42 brings together the information on assessing the unmet need for affordable housing in 2023 from Figure 32 and Figure 37 together with the future need for affordable housing and those aspiring to home ownership arising over the 17-year period 2023-40. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options. We would also note that there is no double counting between those who cannot afford market rents and those who aspire to own. However, there is potential for some households who cannot afford market rents to also aspire to own because, as shown in Figure 29, London Living Rent is cheaper than Lower Quartile private rent.
- 4.58 Again, it should be noted that aspiring home ownership hugely inflates need and also doesn't capture if these people want to live in the same borough they rent, or that they might be able to buy elsewhere in the London housing market.

Figure 42: Assessing total need for affordable housing in the Westminster 2023-2040 (Source: ORS Housing Model)

WESTMINSTER 2023-40	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2023	6,437	26,473	32,910
Future housing need 2023-40	8,784	20,017	28,801
TOTAL HOUSING NEED	15,221	46,490	61,711

- 4.59 On this basis, we can conclude that the potential overall need for affordable housing for Westminster would comprise a total 61,711 households over the 17-year period 2023-2040, equivalent to an average of 3,630 per annum. We would note immediately that this does not represent the final need for affordable housing in Westminster for the reasons set out below.
- 4.60 The figure of 61,711 represents around three and a half times the total capacity led housing target of 985 dwellings per annum for Westminster from the London Plan. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need 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. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

4.61 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

Planning Practice Guidance, ID: 67-001-20190722

4.62 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established. It will be important for the local authorities to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing.

4.63 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent without the support of housing benefit. However, these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive smaller second-hand housing market or they will move elsewhere in London to find cheaper housing. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes. It is likely that many households would choose affordable home ownership or rent, with London Living Rent looking to be the most favourable option to deliver based on cost and the nature of the product.

4.64 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.

Planning Practice Guidance, ID: 70-002-20210524

4.65 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

Planning Practice Guidance, ID: 70-004-20210524

4.66 Figure 22 shows that the current lower quartile newbuild prices for a 1-bedroom property in the Westminster is around £766,300, so 70% of this price would be outside the cap limit, but a 50% reduction would be just inside the cap limit. For all other property sizes, a 50% reduction still sits above the £420,000 figure and so can be immediately discounted as undeliverable.

- 4.67 Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for 1 bedroom properties which are compatible with the First Homes scheme.
- 4.68 Given this context, Figure 43 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 29, First Homes are typically more affordable than shared ownership in the Westminster, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 4.69 Of the 46,490 households who can afford to rent but who aspire to homeownership, there would be 30,661 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future) or where their property size needs cannot be delivered for less than £420,000. There would be a further 15,609 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 43). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 114 where the household had savings of less than £5,000²⁶ and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 43: Affordable homeownership housing mix by household affordability 2023-2040 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS properties over the cap limit or where the household can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	17,579	1,750	15,829	15,609	220	114	105
2 bedrooms	26,151	26,151	0	0	0	0	0
3 bedrooms	2,212	2,212	0	0	0	0	0
4+ bedrooms	549	549	0	0	0	0	0
TOTAL	46,490	30,661	15,829	15,609	220	114	105

- 4.70 On this basis, between 2023 and 2040, 105 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than 0.25% of the total that was originally identified. This is unsurprising as First Homes can only be delivered inside the £420,000 cap as one bedroom properties and households must have incomes of over £80,000 but under £90,000 to be able to access these, so it is a very small group.

²⁶ £5,000 is a minimum amount required as the seed of saving for a deposit, though in more affordable areas it approaches the amount of a 5% deposit. The modelling is not prescriptive regarding the amount of savings, only that the savings and income should give the household a reasonable chance of being able to buy a property, including the need to save more in many cases.

- 4.71 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 105 households likely to be able to afford the various products that will potentially be available, in addition to the 15,221 households unable to afford to rent or own market housing from Figure 32 and Figure 37. Figure 44 provides a breakdown of the affordable housing on this basis.

Figure 44: Overall need for Affordable Housing 2023-40, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

WESTMINSTER	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	3,931	105	4,036
2 bedrooms	4,183	0	4,183
3 bedrooms	4,206	0	4,206
4+ bedrooms	2,901	0	2,901
TOTAL HOUSING NEED	15,221	105	15,326

- 4.72 This study identifies an overall affordable housing need from 15,326 households over the 17-year period 2023-40 (902 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. It is this figure, not the 61,711 set out in Figure 42, which represent the affordable housing need for households in Westminster over the period 2023-40. The focus in Westminster cannot be on helping relatively high earning households into owner occupation when Westminster seeing such high levels of overcrowding and use of temporary accommodation.
- 4.73 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. Many of these households require an intermediate rent or ownership product if they are to be able to move from private rented in Westminster, though they may also decide to move to a more affordable area. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Future Policy on Housing Benefit in the Private Rented Sector

- 4.74 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control. Tax changes for landlords introduced in 2020 along with the impact of the Renters Reform Bill if it is implemented in 2024 may see fewer households being able to find housing benefit supported properties in the City as landlords withdraw from the market. Local Housing Allowance rates are increasing in 2024, but the impact of this on an area as expensive as Westminster is likely to be minimal due to a lack of available stock to rent at LHA rates.
- 4.75 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for

affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

- 4.76 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.77 PPG (both the current version and the previous version) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.
- 4.78 It is well-established that housing need should be established leaving aside policy considerations,²⁷ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the SHMA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need.
- 4.79 However, we would note the impact of current benefit policies is seeing fewer and fewer properties become available to the City to be used as a temporary accommodation. More households will also struggle to retain their tenancies as rents rise faster than their housing benefit payments and the costs of renting for landlords, such as tax payments and regulation, rise seeing landlords leave the market. Therefore, the size of the private rented properties, particularly for cheaper properties, may shrink in the future and this will increase the need for affordable housing.

Affordable Mix

- 4.80 Within the overall need of 15,221 affordable homes identified for those unable to afford market rents, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing²⁸. In order to profile affordability, income data from the English Housing Survey (2012-14)²⁹ and ONS Survey of Personal Incomes (2014 and 2018) has been used and modelled to establish the income distribution by household type and age in Westminster. The reason for using this data is that it excludes any income from housing benefit, while other datasets such as CACI Paycheck include benefit data, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group. The data therefore considers the income profile of households in Westminster against the cost of housing for each property size required by a household.
- 4.81 As discussed in Chapter 3, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 19 identified the minimum annual income in the Westminster needed to afford London Living Rents by property size (based on spending up to 35% of total income). This allows for disaggregation that are unable to afford market rents

²⁷ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

²⁸ While this section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

²⁹ This is the most recent data available that allows this analysis

to be split into those who can, and those that cannot afford London Living Rents. Figure 45 presents the same data as Figure 44, but with those unable to afford disaggregated in this manner. The model looks at households affordability before housing benefit is added, so households who cannot afford Social Rent are assumed to be able to access housing benefit to assist with their housing costs. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 29 this is typically more affordable than shared ownership, but does not allow flexibility for households to adjust to any changes in circumstances by means such as staircasing up and down. Therefore, additional households may be able to access shared ownership as a means to home ownership.

- 4.82 The most striking feature in the data is the overwhelming need for Social Rent. Households in this category are unable to cover their own housing costs in Social Rent and will instead require support through housing benefit or Universal Credit.

Figure 45: Overall need for Affordable Housing 2023-40 disaggregated based on ability to access affordable rents and London Living Rent, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Able to afford Social Rent - unable to afford Affordable Rent	Able to afford Affordable Rent - unable to afford London Living Rent	Able to afford London Living Rent - unable to afford Private Rent	TOTAL
1 bedroom	2,523	757	293	357	3,931
2 bedrooms	2,317	644	442	780	4,183
3 bedrooms	2,108	382	693	1,023	4,206
4+ bedrooms	1,418	259	459	765	2,901
TOTAL HOUSING NEED	8,366	2,041	1,888	2,925	15,221

Size and Tenure Mix based Upon Overall Housing Needs

- 4.83 Figure 46 provides a breakdown of the need for 17,953 dwellings between market and affordable housing on this basis. Figure 46 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 44. These affordable homes are subtracted from the overall dwelling need calculated above. The size mix for each tenure is derived from a mixture of the household type and past trend. The key driver of size for affordable to rent is the high number of overcrowded households in Westminster.
- 4.84 It is important to note that the affordable housing figures quoted are for the net delivery. Therefore, if any properties are sold under right to buy, or lost through demolition then they require to be added to the figures one for one. Similarly, we have not counted any pipeline supply delivery and any homes brought back into use can be counted against the needs.
- 4.85 The NPPF no longer included the terms intermediate housing, but this is still used in the Westminster Local Plan, so those who can afford London Living Rents or other affordable properties to own are included as intermediate housing need.
- 4.86 The figures allow for all dwellings for households who cannot afford market housing, namely 12,296 who cannot afford London Living Rent (15,221– 2,925 from Figure 45). It is also the case that Affordable Rent is now no longer supported by the GLA, so schemes will no longer be developed, but potentially any Affordable Rent properties could help to meet the Social Rent need. Unless an alternative is developed, then effectively these 12,296 households will be in need of social housing.
- 4.87 In terms of affordable home ownership, we have included all households who potentially can afford London Living Rents but cannot afford private rents and also those who can afford private rents but who aspire to

own and have a realistic prospect of doing so through schemes such as First Homes. Within the figures set out in Figure 46 we have not capped London Living for households with incomes above £60,000, but this is addressed in Figure 47. As the First Homes scheme is now proceeding it is likely to absorb much of the Section 106 payments currently used for shared ownership at an England-wide level, but this may not apply in London who have developed their own Shared Ownership product. However, it is also likely that most new Housing Association properties will contain the option to become shared ownership properties and it is also the case in London that the London Living Rent scheme will continue to meet the definition of affordable home ownership and many more households in the private rented sector in Westminster can potentially afford London Living Rents if they were available.

- ^{4.88} The market housing figure contains both market rent and owned occupied dwellings. As noted above, market rent will grow by over 20,000 dwellings for those who aspire to own (Figure 42) unless affordability improves so the market rented sector is likely to grow considerably.

Figure 46 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rents	Unable to afford intermediate	Require intermediate housing	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,523	1,050	462	4,036	1,796	5,832
2 bedrooms	2,317	1,086	780	4,183	1,381	5,564
3 bedrooms	2,108	1,075	1023	4,206	860	5,066
4+ bedrooms	1,418	718	765	2,901	-1,605	1,296
C2 Dwellings	-	-	-	-	195	195
TOTAL	8,366	3,930	3,030	15,326	2,627	17,953
1 bedroom	14.1%	5.9%	2.6%	22.5%	10.0%	32.5%
2 bedrooms	12.9%	6.0%	4.3%	23.3%	7.7%	31.0%
3 bedrooms	11.7%	6.0%	5.7%	23.4%	4.8%	28.2%
4+ bedrooms	7.9%	4.0%	4.3%	16.2%	-8.9%	7.2%
C2 Dwellings	-	-	-	-	1.1%	1.1%

- ^{4.89} As noted above in Figure 46, there is a potential for 3,030 intermediate to rent or own properties in Westminster. Figure 47 below breaks this figure down in more detail. Only 814 of the need comes from households with income below £60,000 who would be able to access London Living Rent under the current set of rules. A further 105 dwellings are needed for the very small pool of households who could potentially access First Homes in Westminster. This leaves 2,111 for households who cannot afford market housing, but who have incomes between £60,000 and £90,000 and who therefore would not be able to access London Living Rents.³⁰ This is clearly an extremely unusual position, but the house costs in Westminster are such that even households on relatively high incomes struggle with private rents. London Living Rent is a London wide policy, with only a small amount of variation in rents between boroughs and the situation in Westminster is such that either the income cap for London Living Rents requires to be higher, or a new product is required for those with incomes over £60,000 per annum.

³⁰ This modelling will include households looking for and eligible for intermediate housing who are registered on the Westminster Intermediate Housing Register

- 4.90 These households are effectively in limbo because they cannot afford market housing, but cannot access any affordable housing. In practice, households with incomes between £60,000 and £90,000 are likely to be among those migrating away from Westminster because market housing is too expensive and there are no intermediate to rent housing options available to them.

Figure 47 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Dwelling size	Can afford London Living Rent and under 60k cap	Household Income above London Living Rent 60K cap	First Homes	Aspiring to home ownership and affordable home ownership
1 bedroom	95	262	105	462
2 bedrooms	229	550	0	780
3 bedrooms	280	743	0	1,023
4+ bedrooms	210	555	0	765
Total	814	2,111	105	3,030

- 4.91 The most significant finding overall from Figure 46 is that **the need for affordable to rent housing, which effectively will be social housing is 12,296 (i.e. 8,366 plus 3,930) dwellings**, with much of this being driven by a backlog of need of 6,437 which is included in this figure.

Policy Implications for Affordable Housing Need

- 4.92 This document represents a technical analysis for the housing needs of Westminster. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
- 4.93 The extant London Plan sets capacity based housing targets for Westminster upon which this study is based. Westminster has a crucial role in seeking to meet the wider needs of London, but the situation in Westminster is complex due to income limits on existing affordable housing products.
- 4.94 The core issue facing Westminster is that in Figure 46 the ORS model estimates a need for 12,296 (i.e. 8,366 plus 3,930) affordable to rent dwellings for households unable to afford market housing, from an overall total of 17,953 over the period 2023-2040. This represent around 68% of the total need for Westminster and is clearly not going to viable to deliver. This figure does include nearly 3,000 households who are housed outside of Westminster who are the housing responsibility of Westminster. Even discounting those households would leave the need at over 50% and places a clear need to proprieties delivering affordable to rent housing.
- 4.95 **Affordable to own housing products in Westminster are very difficult to deliver because prices must be set below £420,000 and household income must be below £90,000 per annum, with the exception of London Living Rent where incomes must be below £60,000. In particular this throws up an anomaly for those with income between £60,000 and £90,000 where they cannot afford market housing, but do not qualify for affordable to rent housing. This leaves a very clear potential to either extend London Living Rent thresholds to £90,000 income in Westminster, or bring in a new discounted market rent product for those earning £60,000-£90,000.**

- ^{4.96} This could have higher rents than London Living Rent, with a figure such as £20,000 a year, or £1,670 a month being a possible figure for a 1 bedroom property and increasing by 10% for each additional bedroom. This would follow the London Living Rent assumption that households spend 33% of the gross income on rent. It could also be capped at households aged under 40 years old because, as noted earlier, it is these households who are migrating out from Westminster to find more affordable housing.
- ^{4.97} A further important consideration in Westminster is the Mayor of London's portfolio approach to affordable housing with affordable housing being delivered away from the site of some market housing on alternative sites and also the impact of the vacant building credit. Clearly, Westminster has an enormous level of need to meet within its own City area. The portfolio approach has only been used for one site in Westminster, but it is clearly important that as much affordable housing as possible is delivered within Westminster.
- ^{4.98} Similarly, vacant building credit is designed to encourage the redevelopment of abandoned properties in areas with market failures. Westminster does not have market failure, so the use of vacant building credit should be extremely limited.
- ^{4.99} A further issue to consider in Westminster is Build to Rent. Build to Rent is not a need category, instead it is a type of property designed to predominantly meet market needs. As discussed in Chapter 3, Build To Rent properties tend to be premium market rent and would help to meet market needs in Westminster. **However, there is also an affordable element to Build to Rent, with guidance suggesting a minimum discount of 20% on the market prices. However, this would be meaningless in terms of affordable housing in Westminster. To be truly affordable in Westminster, rented housing requires prices to be set at or very near Local Housing Allowance rates.**
- ^{4.100} As noted in Chapter 3, the Mayor of London is not currently seeking to progress First Homes as a policy in London for the foreseeable future. The needs for those who are potentially seeking First Homes overlaps with the need for Shared Ownership, so their needs could be met within existing policies in London. First Homes would not meet needs which are not already addressed in policy in London and in general they are slightly reduce viability when compared with the delivery of Shared Ownership properties.
- ^{4.101} The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Westminster and are considered below.

5. Needs of Different Groups

An exploration of need for target groups

Introduction

- 5.1 Paragraph 63 of the NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers the specific groups in turn. However, the affordable needs of families with children and those who rent their homes have already been considered within earlier chapters and are therefore not repeated.

63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.

NPPF December 2023, paragraph 63

Housing for Older People

- 5.2 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.³¹ Figure 5 shows that the population of Westminster is projected to age considerably in the period to 2040.
- 5.3 Given this context, PPG recognises the importance of providing housing for older people. Additionally, PPG “*Housing for older and disabled people*” was published on 26th June 2019, specifies the need to break down the older persons assessment by tenure and type and suggests using the online toolkits:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ (Strategic Housing for Older People Analysis Tool), which is a tool for forecasting the housing and care needs of older people. Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.

Planning Practice Guidance, ID 63-004-20190626

- 5.4 This housing comes in a number of different forms and the distribution between these different types needs to be explored. In terms of formal definitions and terminology, the following list was developed by Three Dragons for a joint study undertaken with ORS.

³¹ ONS 2016-based sub-national population projections.

- a. Age Exclusive housing: housing which is age restricted (typically to age 55 and over) and may offer access to the careline service which is available to households living in general needs housing but does not offer warden support or any communal facilities, meals or bespoke site specific care packages. Residents in age exclusive housing tend to be younger than residents in sheltered or extra care housing and are less likely to experience a range of frailties or disabilities.
- b. Sheltered housing: this is also age restricted but will normally have either an onsite or visiting scheme manager or access to a bespoke helpline. There will normally be communal facilities which may include a café or shop but there is no bespoke site specific care package. Scheme residents are typically 75 or over, but the scheme may include some residents aged 65-74
- c. Extra Care housing: this is also age restricted, will normally have an onsite scheme manager and provide a range of communal facilities. However residents will also have access to a site specific bespoke care package, usually including paying for a specified minimum number of hours of care a week with the option to increase usage if required. The care provider is Care Quality Commission (CQC) registered with specific carers allocated to the scheme. Scheme residents are typically 75 or over. Extra care housing can also be known as very sheltered housing, assisted living, enhanced sheltered or as housing with care.
- d. Dementia housing: this type of housing is designed to offer specific support to people with mid-stage dementia who struggle with general needs housing but are not so frail that they need to live in a care home. Scheme layout is dementia friendly and there will normally be onsite care and support as well as a range of communal activities and a café. The care provider is CQC registered with specific carers allocated to the scheme.
- e. Care Homes – non independent accommodation for high care needs (residential and nursing C2) and is not directly considered in this section, but was factored in to the household projections.
- f. Accessible housing - housing which is, or can be, adapted for the use of someone with a limiting health condition or who is a wheelchair user. This is considered below in a separate section.

5.5 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.

5.6 The London Plan (March 2021)³² states that there is a potential demand for over 4,000 specialist older persons units a year until 2029 and allocates annual borough benchmarks:

4.13.8 Research has identified a total potential demand in London across all tenures for just over 4,000 specialist older persons units a year between 2017 and 2029. Table 4.3 provides annual borough benchmarks for specialist older persons housing 2017-2029

4.13.9 These benchmarks are designed to inform local level assessments of specialist housing need. Boroughs should plan proactively to meet identified need for older persons accommodation.

³² [the_london_plan_2021.pdf](#)

4.13.10 Looking beyond 2029 to 2043, the number of older persons households will continue to increase, although at a slightly slower rate than from 2017 to 2029.

London Plan March 2021

(Emphasis ORS)

- 5.7 Meeting the London Plan annual benchmark for Westminster of 100 would mean providing a total of 1,200 units for older people over the 12 years 2017 to 2029. **Over the 17 years of the Westminster plan period of 2023 to 2040, providing 100 units a year would provide 1,700 units in Westminster for older people.** It should be noted that these totals are based on the units of the London Plan benchmarks to 2029 and do not take account of a slightly lower rate of increase forecast in the older population after 2029.
- 5.8 As a test of the validity of this figure, we would note that between 2023 and 2040 the older person population of Westminster is projected to grow by 12,245 persons aged 75 years or more. As of 2023, there were 17,447 persons aged 75 years or more in Westminster and there were 2,143 units of dedicated older person accommodation in the area, almost all of which is in the form of rented sheltered housing. This means that there are around 123 units of older person housing for every 1,000 older persons in Westminster aged over 75 years.
- 5.9 Applying a rate of 123 per 1,000 persons to a growth in the population of 12,245 generates a need of 1,506 over the 17 year period. Therefore, this is fully consistent with the London Plan figure of 1,700 over 17 years. We would therefore recommend to Westminster that the London Plan target of 100 older person units per annum be adopted and would note that this is included and not additional to the overall housing need.

Accessible and Adaptable Housing

- 5.10 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).³³
- 5.11 Three standards are covered:
- » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
- 5.12 In terms of new developments, Part M states that: *“Where no condition is imposed, dwellings only need to meet requirements M4(1)”* (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Westminster City Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

³³ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- 5.13 In July 2022, the government issued their response to a consultation ran in 2020 on the future of accessibility standards.³⁴ Paragraph 73 of the response concluded that:

73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.

- 5.14 Previously, local authorities were required to assess the need to M4(2) accessible homes in their local area and develop policies to deliver these the properties. The government are now proposing that all homes be delivered to M4(2) standard, which is also consistent with the London Plan, and therefore this evidence is no longer required.
- 5.15 However, local authorities are still required to assess the need for the higher M4(3) standard which covers the need for wheelchair adapted and adaptable home.

Housing for Wheelchair Users

- 5.16 Building Regulations for M4(3) Category 3: Wheelchair user dwellings state that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

- 5.17 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.
- 5.18 The CLG guide to available disability data³⁵ referenced by PPG³⁶ [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 48 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative. The data relates to 2013/14 when the issue was last explored in the English Housing Survey.

Figure 48: Percentage of households with a wheelchair user by type of housing and age of household representative
 (Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

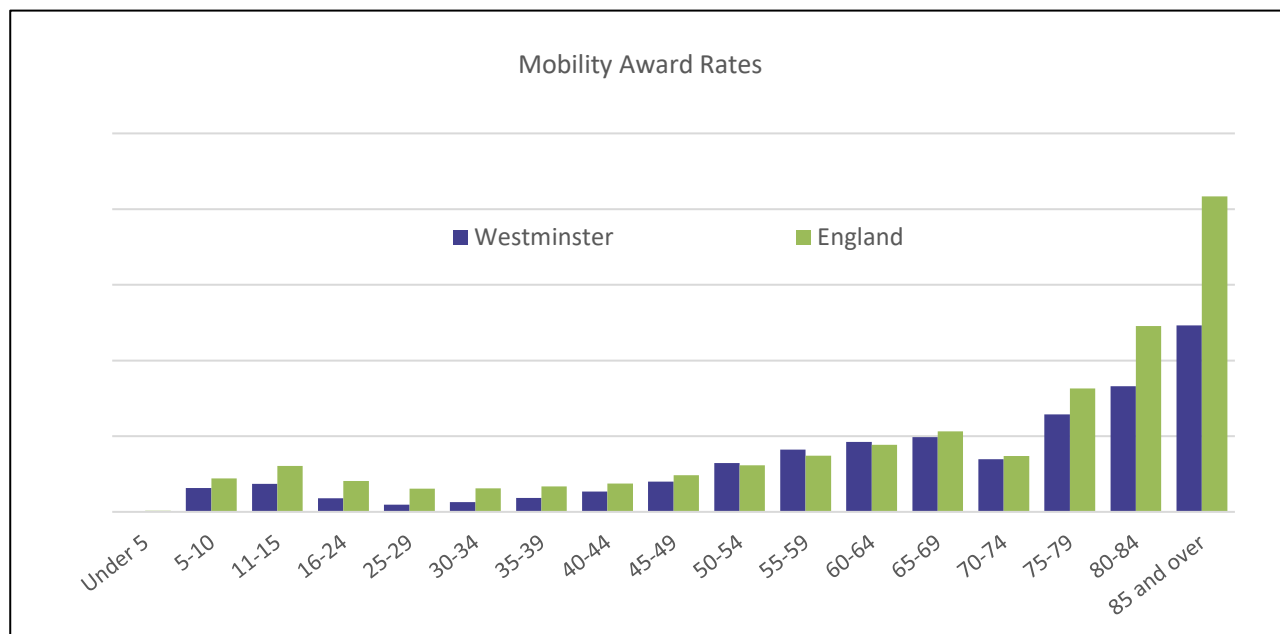
³⁴ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response>

³⁵ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

³⁶ [Housing: optional technical standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/housing-optional-technical-standards)

- 5.19 To get a better understanding of the local Westminster data, Figure 49 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Westminster against the figures for England.

Figure 49: Disability benefit claimants in receipt of mobility award by age (Source: DWP, Aug 2022)



- 5.20 Through combining the information on local rates with the national data, we can establish the proportion of households in Westminster likely to include a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 50).

Figure 50: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Westminster								
Market housing	< 0.1%	0.4%	0.9%	1.5%	3.0%	3.9%	5.6%	7.1%
Affordable housing	0.3%	1.9%	2.8%	5.8%	6.0%	10.2%	11.8%	15.3%

- 5.21 If we apply these proportions to the population and household data for the area, then we can identify the net change in the number of households with a wheelchair user over the period 2023 to 2040. (Figure 51). Using this approach, we calculate the number of households likely to need wheelchair adapted housing in Westminster is likely to increase by 1,780 over the 17-year period. This is 10% of the total housing need in Westminster. This would suggest a need for a minimum of 10% of new dwellings to be built to M4(3) standard.
- 5.22 The minimum of 10% matches the 'at least' 10% stated in the London Plan Policy D7. The London Plan target provides support for the conclusion that 10% is the minimum need to build to M4(3) standard:

Policy D7 Accessible housing

A To provide suitable housing and genuine choice for London's diverse population, including disabled people, older people and families with young children, residential development must ensure that:

- 1) at least 10 per cent of dwellings (which are created via works to which Part M volume 1 of the Building Regulations applies) meet Building Regulation requirement M4(3) 'wheelchair user dwellings'
- 2) all other dwellings (which are created via works to which Part M volume 1 of the Building Regulations applies) meet Building Regulation requirement M4(2) 'accessible and adaptable dwellings'.

London Plan 2021

Figure 51: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2023	2040	Net change 2023-40
Westminster			
Market housing	1,220	1,460	+240
Affordable housing	3,670	5,200	+1,540
Total	4,890	6,670	+1,780

- 5.23 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (57%) comes from households which are aged over 75. This can be seen in Figure 52.

Figure 52: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2023	2040	Net change 2023-40	2023	2040	Net change 2023-40
Westminster						
Market housing	920	1,000	+80	300	460	+160
Affordable housing	2,610	3,300	+690	1,060	1,910	+850
Total	3,530	4,300	+770	1,360	2,370	+1,010

- 5.24 This means that there are likely to be some people who are identified in both categories – Wheelchair adapted housing and specialist older person housing.
- 5.25 Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that around half of those living in specialist older housing will need wheelchair adapted homes if Westminster were to provide 1,700 extra older person units. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health.
- 5.26 On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Studio Apartments and Co-Housing

5.27 A studio apartment can be defined as:

“an apartment with only one room, a bathroom, and a kitchen area”³⁷

5.28 Figure 46 identifies a need for around 1,800 market 1-bedroom properties in Westminster over the period 2021-30. However, this assumes that there is continuation of household formation trends in Westminster.

5.29 One very startling statistic from the demographic data for Westminster is that while the number of persons aged 25-34 years is projected to rise by 6,300 in Westminster (Figure 7), single person households aged 25-34 years are projected to rise by 70 in Westminster in the period to 2040 (Figure 10). At the same time, the number of ‘Other’ households headed by someone aged 25-34 years is projected to rise by 50 in Westminster. Therefore, there is going to be a significant decline in headship rates for single persons aged 25-34 years in Westminster. At the heart of this issue is that many recent graduates will not form their own household immediately, but will instead share properties with other young adults. The increasing pressures for social housing and rising private rents have seen fewer young households living on their own and more living in HMO type accommodation.

5.30 One type of dwelling which may be seen as addressing this issue is shared housing-with small purpose-built units with shared amenity spaces such as high-quality purpose-built co-housing rather than traditional HMOs. A succinct definition of co-housing is:

“Co-housing, a generic term, covers various forms of housing, owned and rented, that are developed and/or owned and/or managed by their residents as a distinct community”³⁸

5.31 While more specifically, the definition of co-housing that we are using here is:

“the practice of living with other people in a group of homes that include some shared facilities”³⁹

5.32 This study works to the definition above so as to be clear what is meant by the term co-housing without tying it in to any particular model. Nevertheless, co-housing or co-living can involve a greater level of community involvement:

“Co-living is a type of intentional community providing shared housing for people with shared intentions. This may simply be coming together for activities such as meals and discussion in the common living areas, yet may extend to shared workspace and collective endeavours such as living more sustainably”⁴⁰.

5.33 However, the London Plan Guidance on Large-scale Purpose-built Shared Living (LSPBSL), January 2022 notes that purpose built shared living is not considered a long term option for most people:

“LSPBSL provides accommodation for single person households who choose not to live in self-contained houses, flat shares, or HMOs and may use this product on a transition basis until they find suitable long-term housing. Whilst LSPBSL provides an additional housing option for some people, due to the unique offer of this type of accommodation, it does not

³⁷ <https://dictionary.cambridge.org/dictionary/english/studio-apartment>

³⁸ http://www.cih.org/resources/PDF/Wales%20Events/older_peoples_housing/Jon%20Stevens.pdf

³⁹ <https://dictionary.cambridge.org/dictionary/english/co-living>

⁴⁰ <https://en.wikipedia.org/wiki/Coliving>

meet minimum housing standards and is not therefore considered to meet the ongoing needs of most single person households in London.”⁴¹

- 5.34 Given that Westminster is projected to see a small rise in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in the area, the schemes could have a role in short term housing for groups such as recent graduates looking to establish themselves in Westminster as an alternative to living in HMOs.
- 5.35 At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. However, Article 4 policies limit the conversion of family housing to HMOs⁴². In the future, these properties could be re-used as family housing if high quality housing for single people or couples could be built. This raises the question of whether purpose built co-living schemes would have a place in a market where there was sufficient alternative single person or couple accommodation that meet minimum housing standards. Purpose built co-living could meet the needs of some single people and couples as a short-term lifestyle choice, but these individual people and couples will be looking to move to permanent accommodation of one form or another.
- 5.36 In conclusion, it is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. The scale of the student numbers in Westminster would suggest that there may be a market for post-student self-contained units which could run in to hundreds of units and that this is likely in turn to reduce the need for larger market properties to be converted to HMOs, but LSPBSL provides short term rather than permanent housing. Therefore, as with any active policy, there is a risk of an over-supply of LSPBSL.

Student Housing

- 5.37 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

Planning Practice Guidance, ID 2a-017-20190220

- 5.38 Westminster is a very attractive area for students and includes campuses for a wide range of universities including:
- » University of Westminster;
 - » Imperial College London;
 - » London School of Economics;
 - » Westminster Business School;

⁴¹ [Large-scale Purpose-built Shared Living LPG | London City Hall](#)

⁴² Article 4 of the Town and Country Planning (General Permitted Development) Order 2015

- » Kings College London;
- » London Business School;
- » Royal Ballet School;
- » The Courtauld Institute of Art; and
- » Royal College of Art.

- 5.39 The nature of the transport network in London implies that students can study in one borough, but live elsewhere. As discussed earlier, the 2021 Census shows a lack of students at term-time addresses. The 2011 Census showed 1,069 all student private rented households, which is a relatively small number, but unsurprising given rental costs in Westminster. A further 3,133 people lived in communal education establishments. This includes boarding schools, but many would have been students in purpose built student accommodation (PBSA). Therefore, there are many existing students living in the area.
- 5.40 Westminster provides us with details of recent planning applications involving PSBA from 2010-2023 during which time a total of 15 applications were received. However, almost all of the applications related to alteration or changes in planning conditions for existing accommodation. Since 2014 only one new planning has been received for new PBSA which would involve the demolition of a builders merchant. The scheme was refused by the planning committee. Therefore, Westminster has not been a location where PSBA has seen a significant focus.
- 5.41 In the London Plan, Policy H15 considers the need for Purpose-built student accommodation (PBSA). The Plan identifies an annual need for 3,500 units of PBSA, but does not allocate borough benchmarks or targets. The Plan states that the need will vary with changes in higher education provider' estates.

4.15.2 The overall strategic requirement for PBSA in London has been established through the work of the Mayor's Academic Forum, and a requirement for 3,500 PBSA bed spaces to be provided annually over the Plan period has been identified.⁷⁸ Meeting the requirement for PBSA should not undermine policy to secure mixed and inclusive neighbourhoods.

4.15.3 The strategic need for PBSA is not broken down into borough-level targets as the location of this need will vary over the Plan period with changes in higher education providers' estate and expansion plans, availability of appropriate sites, and changes in Government policy that affect their growth and funding.

London Plan, March 2021

- 5.42 It will be necessary to consider how the supply of any *additional* student bedspaces will be counted within the overall housing supply. The Greater London SHMA 2017 assumes that 2.5 additional bedspaces equates to the provision of 1 additional dwelling, which is in line with the Housing Delivery Test guidance, and there would appear to be no reason to diverge from this for Westminster.

Service Families

- 5.43 Paragraph 63 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families:

Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.

National Planning Policy Framework December 2023, Paragraph 63

- 5.44 The only military base in Westminster is Hyde Park Barracks which means that Armed Forces personnel represent a minimal impact on the housing market of the area.

People Wishing to Build their Own Homes

- 5.45 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- 5.46 For most local authorities, we would consider in detail the demand for self and custom housebuilding in the area. However, the current self and custom housebuilding register in Westminster contains one person. Therefore, measured demand is extremely low. This is unsurprising in a densely developed area such as Westminster where land prices are extremely high. Very few households will seek to self-build on land not currently containing housing and very few opportunities to do so will arise.

Essential Local Workers

5.47 Annex 2 of the NPPF also includes the needs of essential local workers:

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

NPPF – Annex 2

5.48 It is notable that the definition provided by the NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.

5.49 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. **Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.**

6. Housing Profiles of Ethnicity, Religion and Sexual Orientation

Ethnicity

- 6.1 Data from 2011 and 2021 shows that the White population of Westminster has declined by over 22,500 people, while most other ethnic groups have seen a rise in their number. However, we would again note that the Census was probably an under-estimate of the population of Westminster and this under-estimate may have focused upon the White population with more affluent households at second homes and European workers not being present.

Figure 53: Number of Persons by Ethnic Group 2011-2021 (Source: UK Census of Population)

	Number of Persons		2011-2021
	2011	2021	
White	135,330	112,732	-22,598
Asian	31,862	34,242	2,380
Black	16,472	16,455	-17
Mixed	11,395	13,336	1,941
Other Ethnic Group	24,337	27,471	3,134
TOTAL	219,396	204,236	-15,160

- 6.2 The White and Asian populations are the most likely to be found in owner occupation, with a low share in affordable rented housing. The Black population is much more likely to be in affordable rented housing rent, while the Mixed and Other Ethnic Groups are disproportionately in private rent.

Figure 54: Percentage of Persons by Ethnic Group and Tenure 2021 (Source: UK Census of Population)

	Tenure			Total
	Owner occupied	Private rent	Affordable Rented Housing	
White	33.1%	46.5%	20.4%	100%
Asian	27.0%	39.8%	33.2%	100%
Black	11.5%	16.3%	72.2%	100%
Mixed	22.0%	39.4%	38.6%	100%
Other Ethnic Group	13.8%	37.8%	48.3%	100%
TOTAL	27.0%	41.3%	31.7%	100%

- 6.3 Overcrowding in Westminster shows the households with White representatives are much less likely to be overcrowded than other ethnic groups. Around 38.3% of all Black households were overcrowded in 2021.

Figure 55: Percentage of Persons by Ethnic Group and Overcrowding 2021 (Source: UK Census of Population)

	Overcrowding					Total
	Under-occupied by 2+ bed rooms	Under-occupied by 1 bedroom	Correct number of rooms	Overcrowded by 1 bedroom	Overcrowded by 2+ bedrooms	
White	14.4%	27.9%	46.3%	8.8%	2.6%	100%
Asian	10.8%	20.9%	41.9%	16.2%	10.2%	100%
Black	4.7%	12.5%	44.5%	24.1%	14.2%	100%
Mixed	8.4%	20.9%	46.8%	18.2%	5.8%	100%
Other Ethnic Group	6.2%	15.0%	43.8%	24.8%	10.2%	100%
TOTAL	11.5%	23.3%	45.1%	14.1%	6.0%	100%

Religion

- 6.4 Data from 2011 and 2021 shows that the Christian population of Westminster fell by 21,600 persons. This is in line with national trends showing a falling Christian population. The number of persons reporting that they have no religion showed a rise of 8,400 persons, while the number of Muslim persons rose by 800. The Jewish population fell by 1,600.

Figure 56: Number of Persons by Religion 2011-2021 (Source: UK Census of Population)

	Number of Persons		2011-2021
	2011	2021	
Christian	97,877	76,245	-21,632
Muslim	40,073	40,873	800
Hindu	4,178	4,457	279
Jewish	7,237	5,628	-1,609
Sikh	496	573	77
Buddhist	3,194	2,603	-591
Other Religion	1,280	1,741	461
No Religion	44,542	52,936	8,394
Religion not stated	20,519	19,179	-1,340
TOTAL	219,396	204,235	-15,161

- 6.5 Muslim households are more likely to be found in affordable rented housing, while the Hindu and Jewish populations are much more likely to be owner occupiers.

Figure 57: Percentage of Persons by Religion and Tenure 2021 (Source: UK Census of Population)

	Tenure			
	Owner occupied	Private rent	Affordable Rented Housing	Total
Christian	30.4%	38.9%	30.7%	100%
Muslim	11.6%	27.6%	60.8%	100%
Hindu	46.6%	47.3%	6.2%	100%
Jewish	61.3%	34.3%	4.4%	100%
Sikh	51.6%	40.0%	8.4%	100%
Buddhist	29.1%	49.0%	21.9%	100%
Other Religion	28.9%	46.1%	25.0%	100%
No Religion	28.5%	53.5%	18.1%	100%
Religion not stated	26.8%	47.1%	26.2%	100%
TOTAL	27.0%	41.3%	31.7%	100%

- 6.6 Overcrowding is much higher for Muslim households and much lower for Hindus and those with no religion.

Figure 58: Percentage of Persons by Religion and Overcrowding 2021 (Source: UK Census of Population)

	Overcrowding					Total
	Under-occupied by 2+ bed rooms	Under-occupied by 1 bedroom	Correct number of rooms	Overcrowded by 1 bedroom	Overcrowded by 2+ bedrooms	
Christian	13.2%	25.1%	45.8%	11.8%	4.1%	100%
Muslim	5.2%	11.1%	39.4%	28.2%	16.2%	100%
Hindu	19.2%	32.1%	40.3%	6.9%	1.4%	100%
Jewish	33.0%	35.5%	29.0%	2.4%	0.2%	100%
Sikh	15.9%	33.0%	35.8%	13.1%	2.2%	100%
Buddhist	9.2%	24.8%	47.6%	11.6%	6.9%	100%
Other Religion	11.5%	25.1%	50.6%	9.7%	3.2%	100%
No Religion	11.3%	28.1%	50.4%	8.2%	2.0%	100%
Religion not stated	10.9%	22.8%	46.1%	14.2%	5.9%	100%
TOTAL	11.5%	23.3%	45.1%	14.1%	6.0%	100%

Sexual Orientation

- 6.7 For the first time, the 2021 Census included questions relating to sexual orientation and also whether a person is transgender. However, the transgender question appears to have been poorly understood. With a very high number of people whose first language is not English reporting that they were transgender.
- 6.8 However, the questions relating to whether someone is gay, lesbian or bisexual were much more fully completed, with 5% of all adults in Westminster reporting that they are in one of those categories. Householders who report that they are gay or lesbian are more likely to be owner occupiers and less likely to be in affordable rented housing.

Figure 59: Percentage of Persons by Sexual orientation and Tenure 2021 (Source: UK Census of Population)

	Tenure			
	Owner occupied	Private rent	Affordable Rented Housing	Total
Heterosexual	27.4%	41.6%	31.0%	100%
Gay or Lesbian	34.2%	49.2%	16.6%	100%
Bisexual	20.6%	60.2%	19.2%	100%
Any other sexual orientation	18.2%	53.6%	28.2%	100%
No answer	26.2%	45.2%	28.6%	100%
TOTAL	27.4%	42.6%	30.1%	100%

6.9 Households headed by someone who is gay, lesbian or bisexual are less likely to be overcrowded.

Figure 60: Percentage of Persons by Sexual orientation and Overcrowding 2021 (Source: UK Census of Population)

	Overcrowding					Total
	Under-occupied by 2+ bed rooms	Under-occupied by 1 bedroom	Correct number of rooms	Overcrowded by 1 bedroom	Overcrowded by 2+ bedrooms	
Heterosexual	12.1%	24.3%	45.7%	12.1%	5.7%	100%
Gay or Lesbian	10.7%	29.1%	52.4%	5.6%	2.2%	100%
Bisexual	7.9%	23.2%	54.5%	11.2%	3.2%	100%
Any other sexual orientation	12.9%	21.0%	51.0%	12.2%	2.8%	100%
No answer	10.6%	21.8%	47.5%	13.7%	6.4%	100%
TOTAL	11.9%	24.2%	46.3%	12.1%	5.6%	100%

7. Conclusions

Overall Summary

Overall Housing Need

- 7.1 The Westminster Plan sets a housing target of 985 dwellings per annum over the 21 years, or a total of 20,685 dwellings over the 21 year period. However, in the period 2019-2023, a total of 2,732 dwellings were delivered. This leaves an total need over the period 2023-2040 of 17,953 dwellings over 17 years. This study treats this figure as the dwelling target and seeks to understand the mix of housing which is required within this total.

Affordable Housing Need

- 7.2 The extant London Plan sets capacity based housing targets for Westminster upon which this study is based. Westminster has a crucial role in seeking to meet the wider needs of London, but the situation in Westminster is complex due to income limits on existing affordable housing products.
- 7.3 Of the 17,953 dwelling total, the modelling process identifies a need for 15,326 of these to be affordable. This includes a current unmet need for 6,437 households who require affordable housing, predominantly because they are in temporary accommodation, hostels, are overcrowded or are concealed households.
- 7.4 In terms of the required tenure mix the following conclusions apply:

Affordable to Rent

- 7.5 There is an extremely high need for affordable to rent housing such as social or affordable rent. This accounts for the vast majority of the total need and the ability to deliver for this need is heavily constrained by viability factors. Figure 46 details a need for 12,296 affordable to rent dwellings, which in turn should be London Social Rent. This is 68% of the total need for 17,953 affordable and market dwellings of all tenures.

London Living Rent

- 7.6 There is a role for London Living Rent in the housing mix in Westminster, but this is constrained by the fact that household income must be less than £60,000 to be able to access. Many households in private rent struggle to afford their rents, but have incomes between £60,000 and £90,000 and therefore cannot access London Living Rent. Figure 28 demonstrates that London Living Rent is more affordable than First Homes and Shared Ownership in Westminster and requires incomes of between £49,000 and £54,000 depending on the size of the property.

Shared Ownership and First Homes

- 7.7 While Shared Ownership and First Homes have a role to play in most local authorities housing mix, in Westminster they are too expensive to meet identified needs and should be largely replaced by London Living Rent and other intermediate housing options which are affordable to those earning £60,000 to £90,000 per annum.

Discount Market Rent

- 7.8 There is a clear need in Westminster for a discount market rent scheme where the household pays an annual rent of around £20,000 to £30,000 (£1,667 to £2,500 per calendar month). This would allow households earning £60,000 to £90,000 to spend one third of their income on rent while still being able a lower rate of rent than market prices.

Build to Rent

- 7.9 Westminster cannot influence any market rents set through Build to Rent schemes, but for the affordable component, 30% should be at London Living Rent rates and the remainder will require to be at or below LHA rates to ensure that their costs can be met from housing benefit.

Private Rent

- 7.10 Private rent is a very important tenure in Westminster. Continuing to monitor and enforce standards in the private rented sector will remain an important function for the council. Given current affordability pressures, the cost of living crisis and high interest rates there is a real risk of a deterioration in the quality of the housing stock in Westminster.

Other Needs

- 7.11 The overall need for housing also requires to be set in the context of other policy objectives. For example, there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes as follows:

- » A need for 1,506 units of specialist older persons accommodation over the 17 year period. This is fully consistent with the London Plan figure of 1,700 over 17 years. We would therefore recommend to Westminster that the London Plan target of 100 older person units per annum be adopted.
- » The government are now proposing that all homes be delivered to M4(2) accessible and adaptable dwellings standard, which is also consistent with the London Plan.
- » The need for wheelchair adapted housing in Westminster is likely to increase by 1,780 over the 17-year period. This suggests a need for a minimum of 10% of new dwellings to be built to M4(3) standard. The minimum of 10% matches the 'at least' 10% stated in the London Plan Policy D7.
- » It is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit.
- » In the London Plan, Policy H15 considers the need for Purpose-built student accommodation (PBSA). The Plan identifies an annual need for 3,500 units of PBSA across London, but does not allocate borough benchmarks or targets.
- » The current self and custom housebuilding register in Westminster contains one person. Therefore, measured demand is extremely low. It is likely that very few households will seek to self-build on land not currently containing housing and very few opportunities to do so will arise.

- 7.12 **These dwellings are included and not in addition to the overall housing need.** All would contribute to the overall delivery of dwellings in Westminster.

Delivery options

- 7.13 There are currently very few options available to Westminster to increase the delivery of affordable housing. The disposal of City owned land for affordable housing is an option, but clearly with current budget pressures facing all councils the disposal of land must deliver value for money.
- 7.14 While the London Plan targets for delivery on small sites has been reduced, given the scale of need in Westminster it is important to consider what contribution small sites could make to providing affordable housing. In recent years, Tower Hamlets, Hackney, Southwark and Brent have brought in contributions for small sites after Inspectors ruled them as justified. However, Lambeth, whose plan originally proposed small sites contributions was directed to remove this policy as it was inconsistent with national policy. Therefore, Westminster can seek to lower the threshold for affordable housing contributions to sites below 10 units and there is precedent in London for doing so.
- 7.15 A portfolio approach to affordable housing with affordable housing being delivered away from the site of some market housing on alternative sites is a realistic way to increase delivery of affordable housing in Westminster.
- 7.16 Vacant building credit should be considered, but is designed to encourage the redevelopment of abandoned properties in areas with market failures. Westminster does not have market failure, so the use of vacant building credit should be extremely limited.

Equality Impact

- 7.17 The six strands of equality have been considered at points in this report. We will now bring together the equality impacts of the findings.

Age

- 7.18 The population of Westminster is projected to age in the next 17 years and this will see an increased need for older person and adapted housing. If this is not provided then older person households may leave the area to seek alternative accommodation. Older person households in general have lower household incomes, but in Westminster many will have very high equity levels in their existing home.

Disability

- 7.19 The modelling set out in Figure 52 shows a growing need for adapted and adaptable housing in Westminster. While we have no direct evidence for Westminster, surveys undertaken elsewhere by ORS show those with disabilities typically have lower incomes and are therefore less able to meet their own housing costs.

Gender

- 7.20 The major gender impact on housing needs is that lone parents tend to be much more likely to be female than male and they in turn have a higher need for affordable housing.

Ethnicity

- 7.21 Overcrowding in Westminster is generally higher for ethnic minority households than for the White population. Black and Asian households are much more likely to be overcrowded. The Black population is also more likely to be found in affordable rented housing and therefore will be less able to address any

overcrowding they experience without assistance. Maximising future affordable housing provision would meet some of the aims of the *Creating a Fairer Westminster* plan⁴³.

Religion

- ^{7.22} Overcrowding is much higher for Muslim households who are also much more likely to be found in affordable rented housing. Some of this may relate to cultural reasons; multi-generational sharing.

Sexuality

- ^{7.23} Households who are gay, lesbian or bisexual are much less likely to be overcrowded or to be found in affordable rented housing.

⁴³ [Delivering on our plan to build a Fairer Westminster | Westminster City Council](#)

Appendix A: Glossary

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Affordable Rent is a type of low cost rented housing, targeted at the same groups as Social Rent, but with rents set at a maximum of 80% of market rents.

Affordable rented housing is provided by social landlords and rented for less than would be paid if renting privately and included both Affordable Rent and Social Rent.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”⁴⁴.

A Dwelling as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: “the proportion of people in each age group and household type who are the ‘head’ of a household”⁴⁵

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

⁴⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁴⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of affordable rented housing, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or Shared ownership is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority Boroughs, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social Rented housing is housing where the landlord is a Registered Provider, usually the Council or a housing association, and where social rents are charged. These rents are significantly lower than market rents, and set in accordance with a formula set by Government.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leasehold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NPPF	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

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