

# The 2013 GLA SHMA

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# Outline

- Purpose of a SHMA
- Quick recap of the 2008 London SHMA
- Recent trends in London's housing
- Data and methodology
- Household growth and backlog need
- Next steps and scenario modelling, including welfare reform

# Purpose of a Strategic Housing Market Assessment

- To provide evidence of London's current and future housing requirements – the number of homes and the mix of sizes and types
- Informs the development of the Mayor's London Plan and Housing Strategy
- NB: This evidence provides an input to the policy-making process but doesn't determine policy by itself

# The 2008 London SHMA

- Published in April 2009

**Table 1: Housing requirements, 2007 to 2017 – Main scenario**

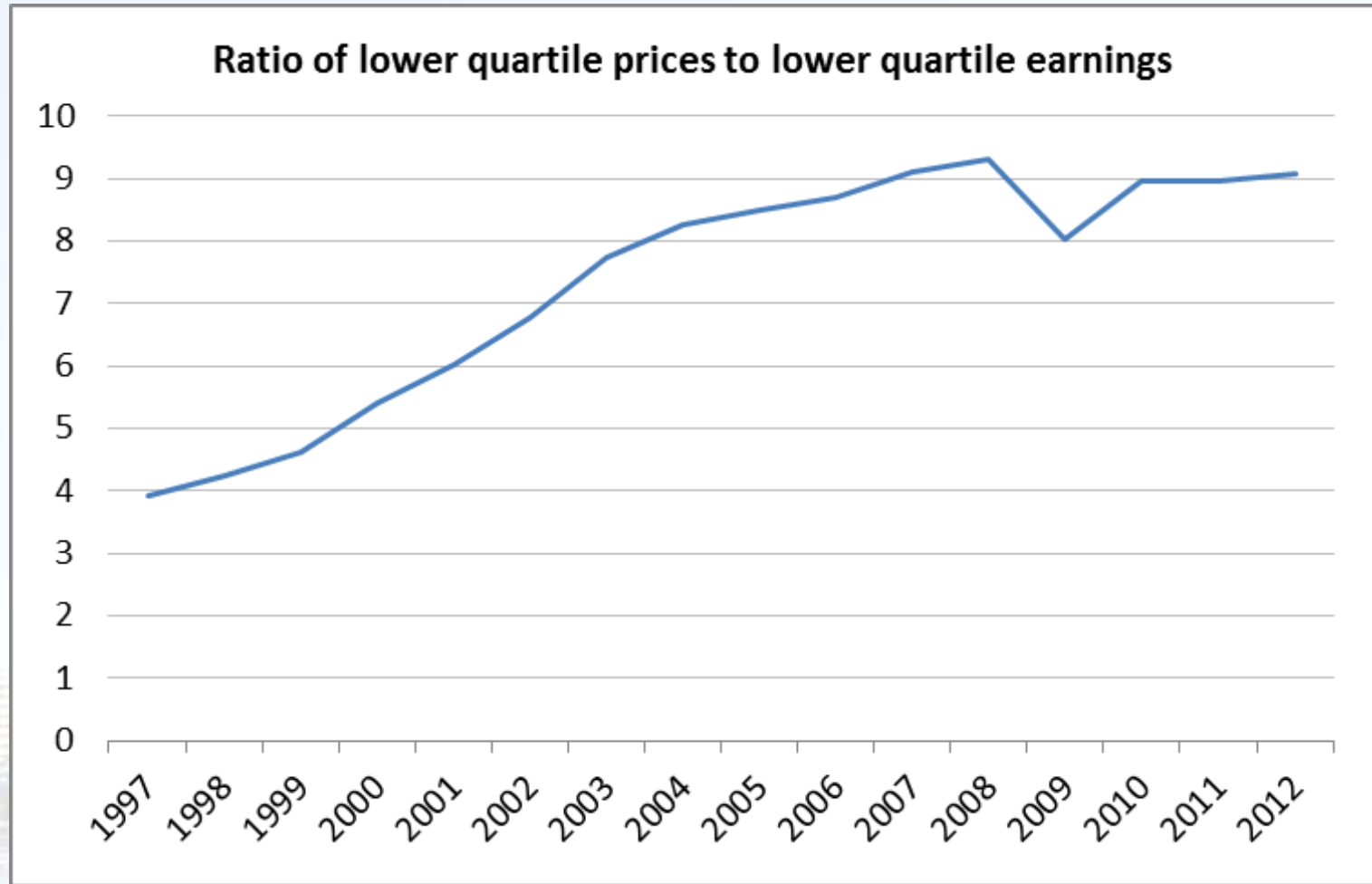
Size	Housing tenure			All tenures
	Market	Intermediate	Social	
1 bedroom	56,500	-	-	56,400
2 bedrooms	67,800	5,300	88,400	161,500
3 bedrooms	19,400	12,000	-	31,300
4+ bedrooms	-	19,300	57,200	76,500
<b>Total</b>	<b>143,600</b>	<b>36,500</b>	<b>145,600</b>	<b>325,800</b>

Note: a dash indicates no net requirement or surplus as requirements and supply are in balance.  
Totals may not sum due to rounding

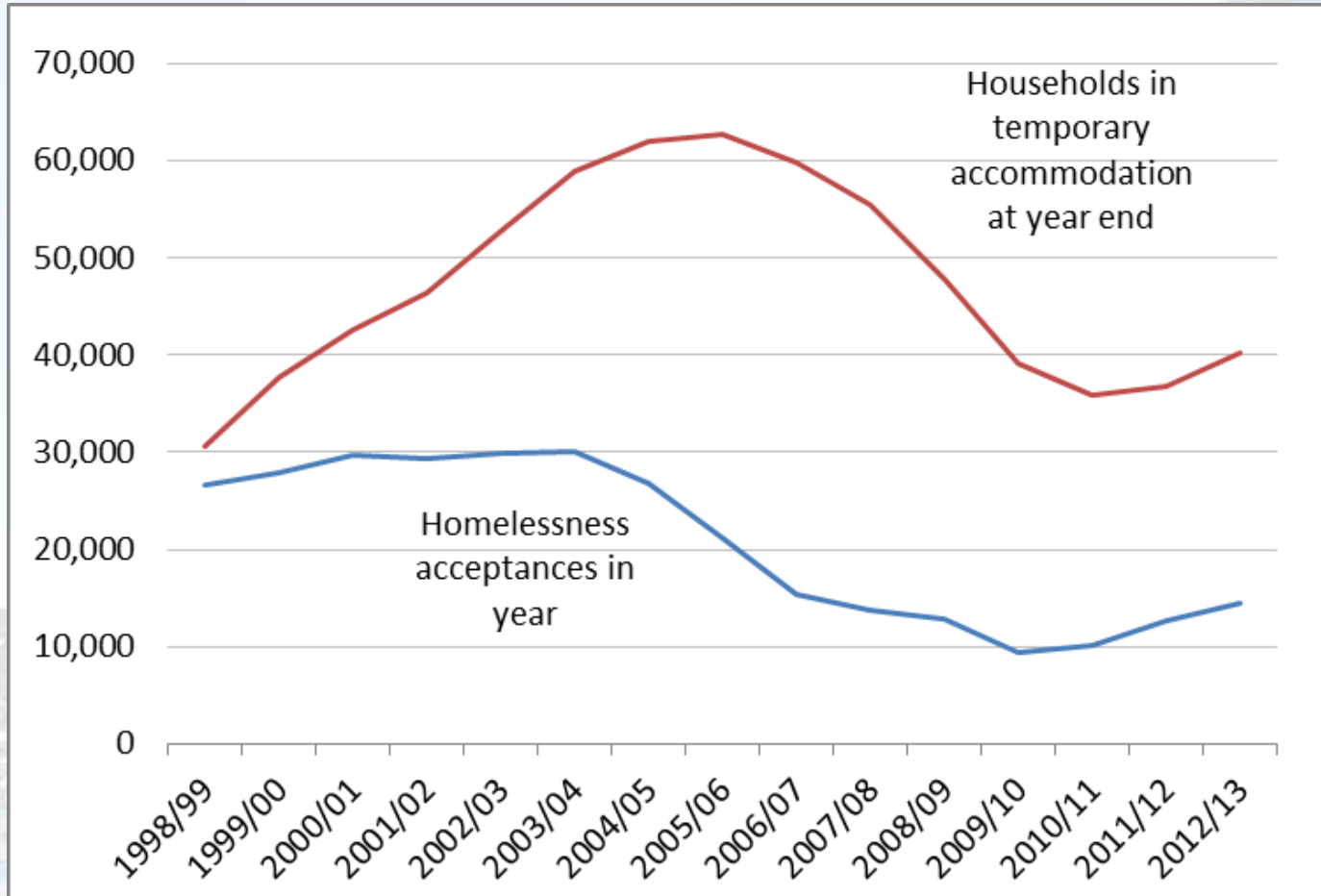
# Context for the new SHMA

- Three main factors to take into account
- Demographics: How fast is the population growing and how does that translate into households?
- Affordability: What can households afford?
- Backlog need: How many households are already in need of new housing because of past under-supply?

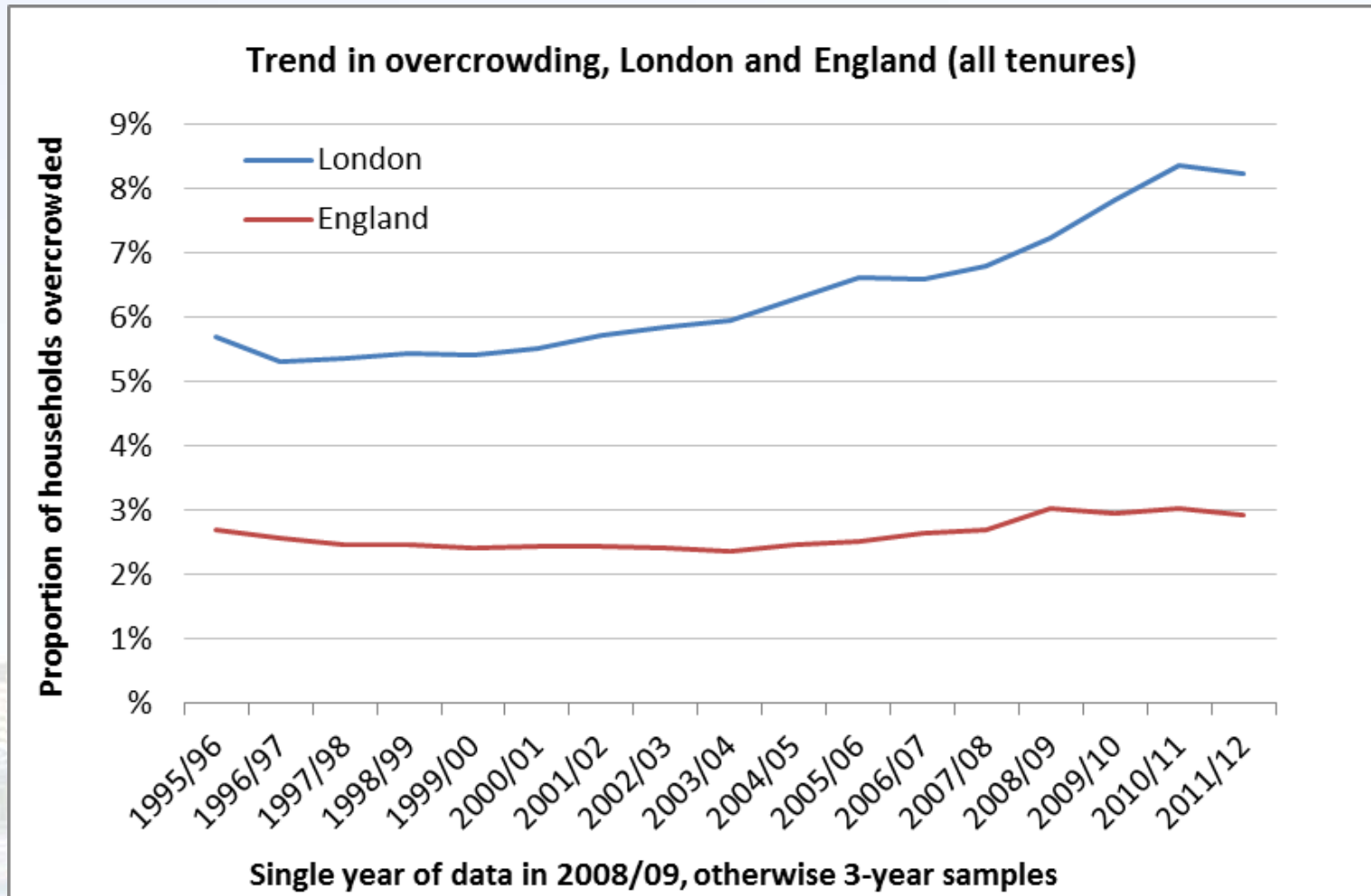
# Affordability



# Backlog need – Homelessness



# Backlog need – Overcrowding





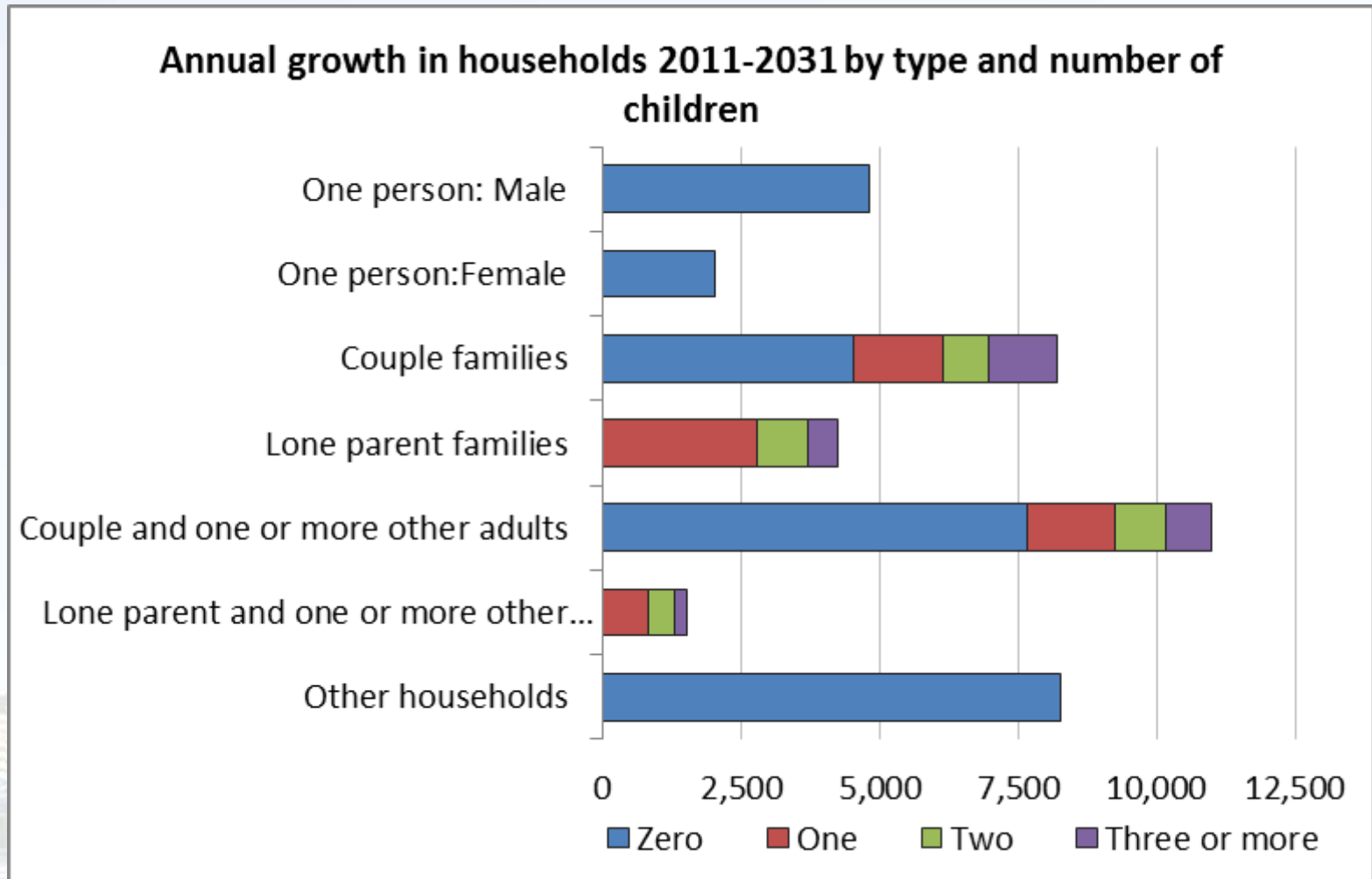
# Data availability

- While we can't rely on the 2002 London Household Survey any more, we can instead use three year's of English Housing Survey data (08/09 to 10/11)
- ONS house prices
- DCLG homelessness data
- DCLG vacant and second homes

# Methodology

- The 'net stock' approach identifies housing requirements by comparing the forecast future housing stock with what we have now
- Future housing stock is forecast using household projections, affordability and data on the backlog of need
- Can also test scenarios and impacts of changing variables

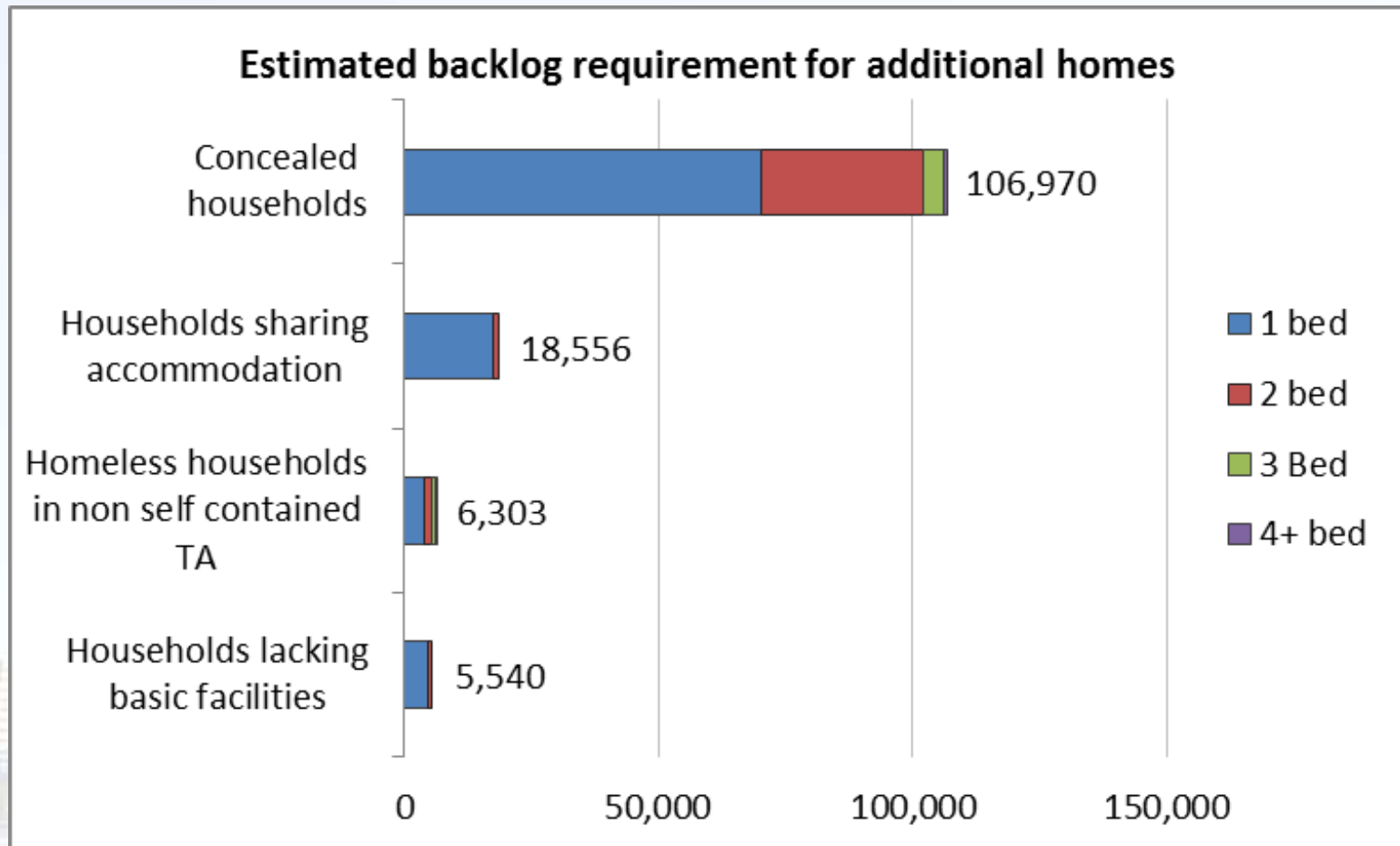
# Projected growth by household type



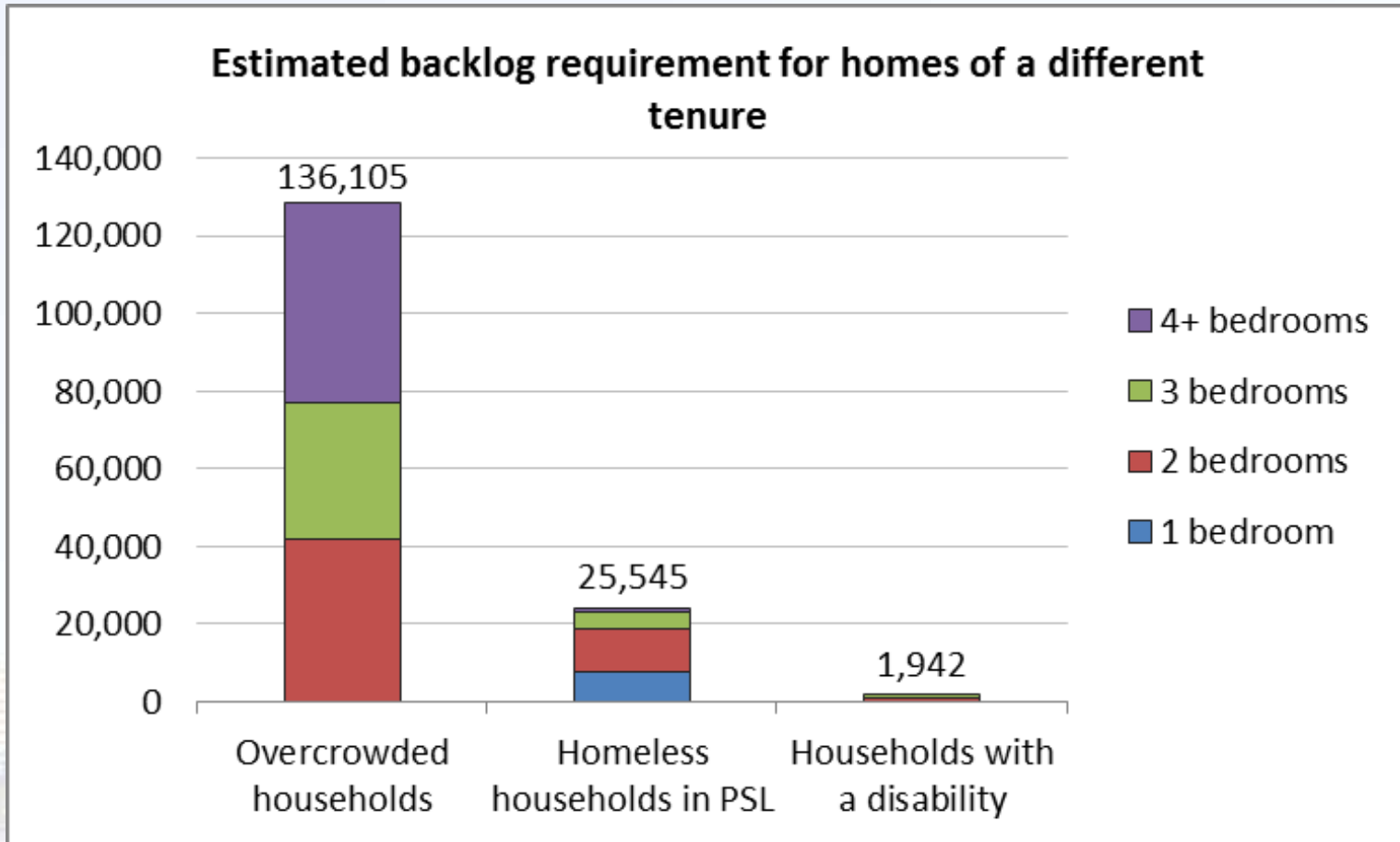
# Estimating backlog need

- Some categories add to total requirement, e.g.:
  - Homeless households in non self-contained TA
  - Concealed or sharing households
- Some categories change tenure/size mix:
  - Homeless households in self-contained TA
  - Overcrowded/unsuitable housing

# Backlog housing need



# Backlog housing need



# Next steps: Tenure and size mix

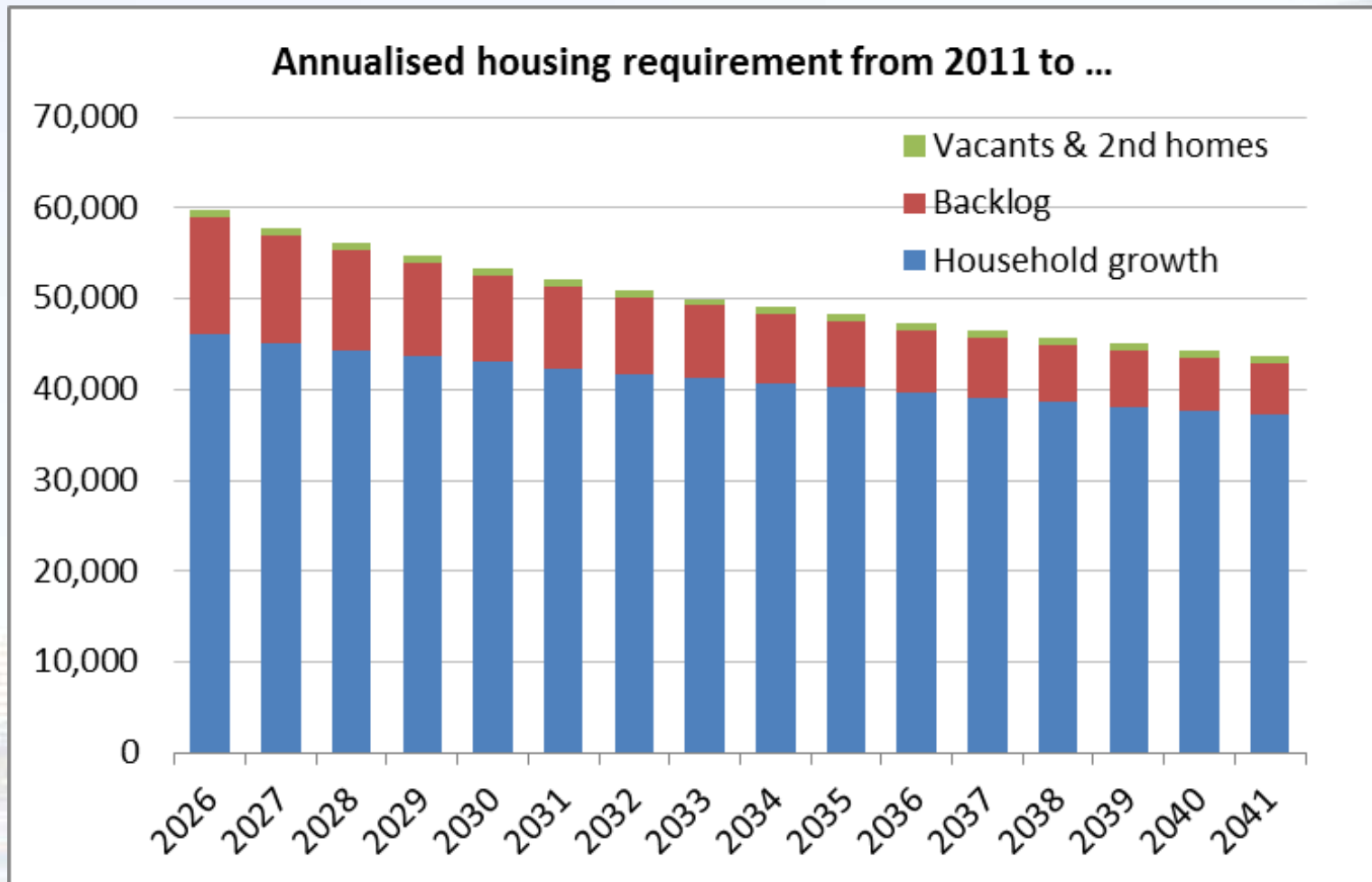
- The simplest net stocks model forecasts future requirement based on housing currently occupied by each household type
- We can improve the forecasts of future requirements by estimating what tenure households who want to move from current accommodation can afford
- Households who want to move identified as those who do not report being satisfied with their accommodation

# Affordability tests

- Home ownership: Use income multiples and lower quartile prices, taking into account savings and equity
- Private rent: Rent as a % of income (LQ rent no more than 25% for those on < £20k, increasing to 30% for those on >£40k)
- Intermediate housing: Likely to use lower decile housing costs
- Social/affordable rent: Those who can't afford other tenures



# Annualised requirement with different timescales (DRAFT)




# Next steps

- Testing what tenure households can afford, taking into account satisfaction with current accommodation
- Identifying the size mix of housing required
- Housing requirements of sub-groups
- Scenario tests, including the impacts of welfare reform

# Welfare reform

- Our 2011 base date predates welfare reform, and in any case the full effects will not be known for some time.
- So we can try to estimate the likely impacts by running some scenarios. But there are challenges with this ...
- Some moves likely as a result of LHA cuts but we don't know how many within London and how many outside.
- Social sector size criteria: Our method already takes account of the size of home households need
- Total benefit cap: Unclear how many households in different tenures in London will be affected



Thank you

Questions or comments?