

## Chapter 7 Market signals

### Key messages

Paragraphs 17 and 158 of the NPPF indicate that local plans should take account of market signals, such as land prices and housing affordability, in addition to household projections when determining objectively assessed need (OAN).

High land values confirm that RBKC sits at the upper extreme of the housing market.

House prices in RBKC are the highest in Britain by a considerable margin. As a result, it is highly likely that there will be problems of affordability for households throughout much of the income spectrum, not merely those on lower incomes. Prices in recent years have risen extremely sharply relative to regional and national prices. However the volume of sales has moved in parallel to comparator areas and does not provide any indication that the market has experienced any atypical pattern of low or high volumes.

It is not therefore surprising that rents are also high to generate the returns which investors require. The supply of private rented accommodation is relatively large but this does not seem to have had any downward impact on rent levels.

Affordability ratios comparing lower quartile and median sale prices with lower quartile and median earnings have increased consistently over the 1997-2013 period in the Borough from about 2.5 times the national average in 2003 to almost five times that average in 2013. This is another demonstration that the RBKC market is detached from markets elsewhere and that the normal relationship between local prices and local incomes is not determining prices.

This suggests that in RBKC, the level of supply required to achieve a lower ratio would be very great and far larger than any realistic level of potential supply based on land availability. This is the most significant issue highlighted by market signals in the HMA. It will be taken into account when looking at the required breakdown between market housing and affordable provision in Chapter 8.

In terms of rates of development, a location in Central London ensures that the supply of developable land for housing will be highly constrained. There is a high degree of competition for land from a variety of alternative uses. High land values over a long period have tended to ensure that any available land has already been developed, so new sites are dependent on redevelopment. In RBKC, a very high proportion of the Borough is subject to planning controls to preserve the heritage and historic environment, which further constrains what is possible.

The increased target now enshrined in the London Plan places considerable demands on the Borough. Limitations on housing supply contribute to high house prices and rents, but in the Central London context it is impracticable to seek to impact significantly on prices through additional supply.

Overcrowding and concealment are also considered important market signals.

Despite high prices and rents, there is less overcrowding in RBKC than neighbouring authorities, and only marginally more than the England average. The highest level of overcrowding (one bedroom deficit or greater) is found in the social rented sector (15%). Conversely, under-occupation was found predominantly in the owner-occupied stock, but in the private sector this is a matter determined by the market. This market signal is suggesting that there is a need for more affordable housing in the social rented sector to facilitate movement within the stock, an increase in the proportion of large units in the private rented sector, and an increase in the number of smaller units in the owner occupied sector.

The combined impact of increasing house prices, private sector rents, reduction in benefit entitlement, and constrained wage levels have placed pressures on some families' ability to afford to meet their housing needs in RBKC. Although acceptances have dropped in the last two years, the use of temporary accommodation has not followed suit, and continues to rise, to a current record level of 1793 households. The substantial majority of these placements are in private leased accommodation, and many are out of borough. This signals clearly that the social rented market and the affordable private rented sector are not capable of addressing the housing requirements of the backlog of homeless acceptances, in spite of acceptance rates slowing.

Concealed families are families living within another household. In RBKC 1.5% of households fell into this category in 2011, a lower proportion than for the neighbouring boroughs, London or England. Most were couple-based families, of whom the substantial majority did not have children. 43% were lone parent- headed families.

It is clear from this review of market signals that the housing market in the Borough is unique, with the highest price levels in Britain, and signs that the gap with the rest of London is widening. Prices are so far detached from local income levels that it is evident that a significant proportion of the market is being driven by investors not local residents. This suggests that the demand for housing which is driving price increases is of a nature and order which is unlikely to respond to any practicable increase in supply.

A further conclusion is that there is a significant need for affordable housing evidenced in particular by the large numbers of homeless households who are unable to find affordable housing in the Borough. This suggests that a significant proportion of new housing provision will be required to meet affordable housing needs.

This is not to suggest that there should be no additional supply in the Borough in response to market signals, but rather that it is necessary to accept that the level of supply will be constrained by the availability of sites and that greater importance should be placed on the affordability of new housing in order to have the maximum impact on need.

7.1 Paragraphs 17 and 158 of the NPPF indicate that local plans should take account of market signals, such as land prices and housing affordability, in addition to household projections. The national Planning Practice Guidance (PPG) indicates that housing needs can be 'adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand'<sup>39</sup>. The indicators referred to are land prices; house prices; rents; affordability; rates of development and overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. Indicators should relate to both the price and the quantity of housing. The PPG indicates that appropriate comparisons are needed to set market signals in context. This includes examination of longer term trends (both in absolute levels and rates of change) in the housing market area, nearby areas and nationally. However, it is not expected that the precise increase in supply required to achieve a given improvement in an indicator should be calculated.

7.2 In examining market signals we assess trends over as long a period as is practicable given the available data sources and their frequency (some data for example is only available from the 2001 and 2011 Censuses).

#### **Land values/prices**

7.3 NPPG asks that land value be taken account of as a market signal, in relation to differential pricing dependent on designation for different use. Commenting on land value across an HMA is bound to be highly speculative, as values will vary site by site, depending on a range of factors – remediation, infrastructure provision, labour and material costs, Section 106 contributions, CIL, the extent of overage, site size, planning policy, to name but a few. While the cost of land will be the underpinning determinant in the eventual prices for new-build homes (be they for sale or for social rent), all the factors above will impact on this bottom line, site by site and development by development.

7.4 However, there are some fairly broad-brush analyses that are relevant, though these are not always consistent, given that they are based on surveys carried out by residential research teams in large estate agents.

7.5 In their most recent reports on residential development land (November 2015), Savills<sup>40</sup> noted that London residential land values had remained flat for the last six months, and that recent government announcements creating uncertainty around Buy to Let and affordable housing development exacerbated this. Growth had also been limited by increasing construction costs, scarcity of labour and materials, and fewer bids per site in parts of the UK.

7.6 Earlier months in 2015 had also been fairly 'flat'. This followed periods of very strong increases in 2013 and 2014 (25.8% in the year to March 2014), perhaps reflecting concern about CIL, construction costs and nervousness around the then-impending election and subsequent changes in policy. The flattening of prices for residential development land in

---

<sup>39</sup> CLG Planning Practice Guidance, *Housing and economic development needs assessments*, para 19.

<sup>40</sup> [http://www.savills.co.uk/research\\_articles/141280/196761-0](http://www.savills.co.uk/research_articles/141280/196761-0)

London is in contrast to that for hotel and office development land, which increased by around 4% over the six months to March 2015.

7.7 Knight Frank also noted that for Q 3 2015 'In prime central London, land price growth eased for the third consecutive quarter, underlining the market's return to more normal conditions.'<sup>41</sup>

7.8 Looking specifically at land prices and values in RBKC, according to the Molior database, the average land price per unit for properties in development is £426,346. These are reflected in a median price per square foot of £1,097, ranging from £630 (1 bed) to £2,083 (3 bed).

7.9 When one notes the fact that only 19% of London 2015 residential sales were of properties whose price psf was over £1,000, we can see this as confirmation of the extreme end of the market within which RBKC lies.

### **House Prices**

7.10 Chapter 2 set out data on trends in house prices in RBKC. It showed that in 2014 the median house price in RBKC at almost £1.2 million was the highest in Britain by a considerable margin. Prices had also risen steeply in recent years compared to the national average. Over the 2008-14 period, the median price in RBKC had risen by over 72%, compared to the national average increase of 15%. As a result, it is highly likely that there will be problems of affordability for households throughout much of the income spectrum, not merely those on lower incomes. This issue is addressed further below and when examining the demand for affordable housing in Chapter 8.

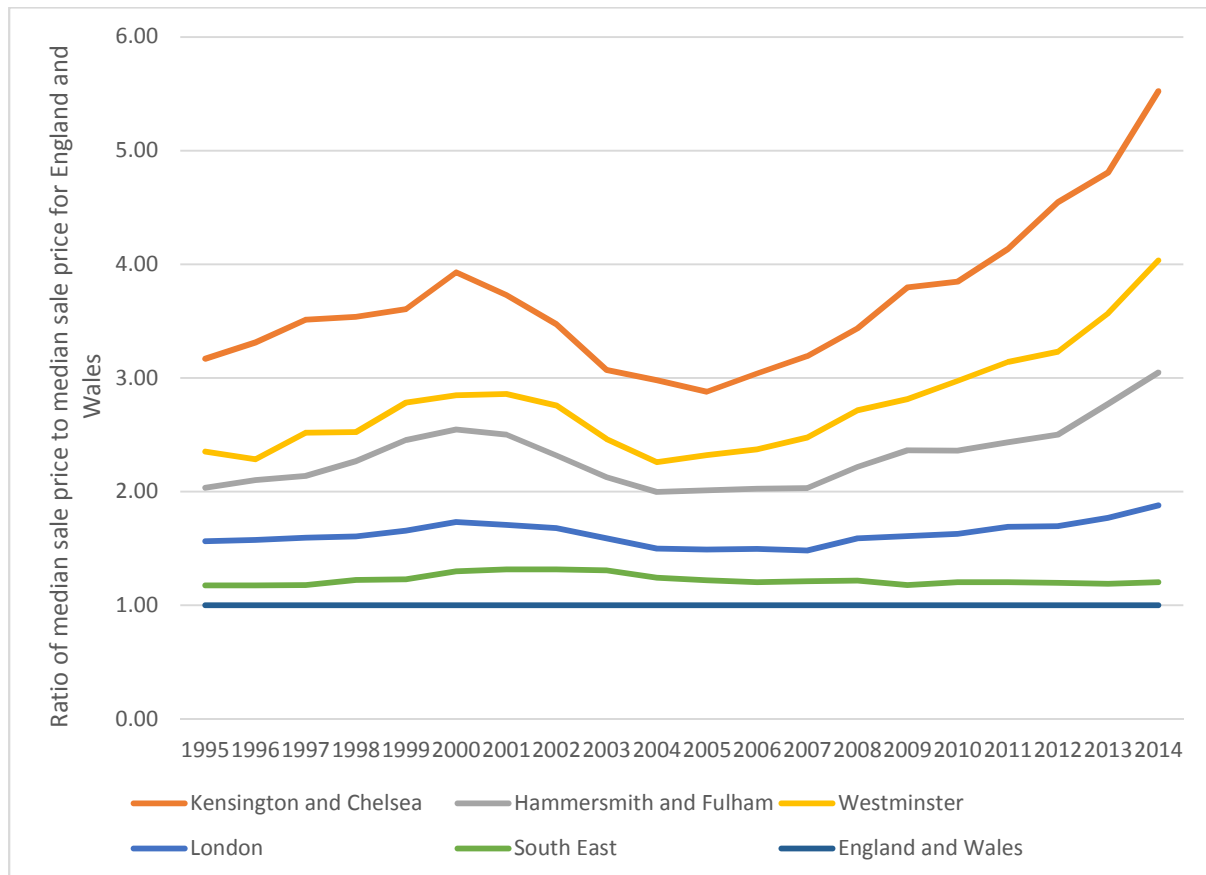
7.11 Differentiation in prices is an established feature of the housing market, and it would be unrealistic to expect to eliminate such differences as a result of changes to supply, especially in RBKC. Features such as the prosperity of the local economy, transport linkages to employment centres, the attractiveness of the local environment, local facilities and amenities, and intangibles such as reputation, create differences in demand which impact on prices. The key issue is whether there is evidence that prices in the HMA have changed relative to other areas. Figure 7.1 examines this, looking at prices over the longer term from 1995-2014. This covers the market before the boom of the late 1990s/early 2000s and through the post-2007 recession and subsequent period. The figure shows the ratio of the median sale price in RBKC (and Hammersmith and Fulham, Westminster, London and the South East) to the national median price. This provides a measure of the extent to which prices in each area have risen at a higher (or lower) rate than the national rate of change. A consistent pattern emerges. In all of the areas shown, the ratio increased during the late 1990s/early 2000s, then declined as prices elsewhere in Britain also increased, although the divergence was much greater for the three London boroughs shown than for London as whole or the South East. After some volatility in 2007-2008, the ratio has again shown a tendency to increase as prices in the HMA and in London have recovered more rapidly than those elsewhere in the UK. In RBKC and Westminster the ratio has arguably become completely detached from the national ratio. For London as a whole, and for the South East,

---

<sup>41</sup> <http://content.knightfrank.com/research/161/documents/en/q3-2015-3353.pdf>

the pattern may still be cyclical, although Hammersmith and Fulham prices also show clear signs of separation. For RBKC, there is a clear indication that prices have risen extremely sharply relative to regional and national prices.

**Figure 7.1 Ratio of median dwelling sale price to median sale price for England and Wales 1995-2014**

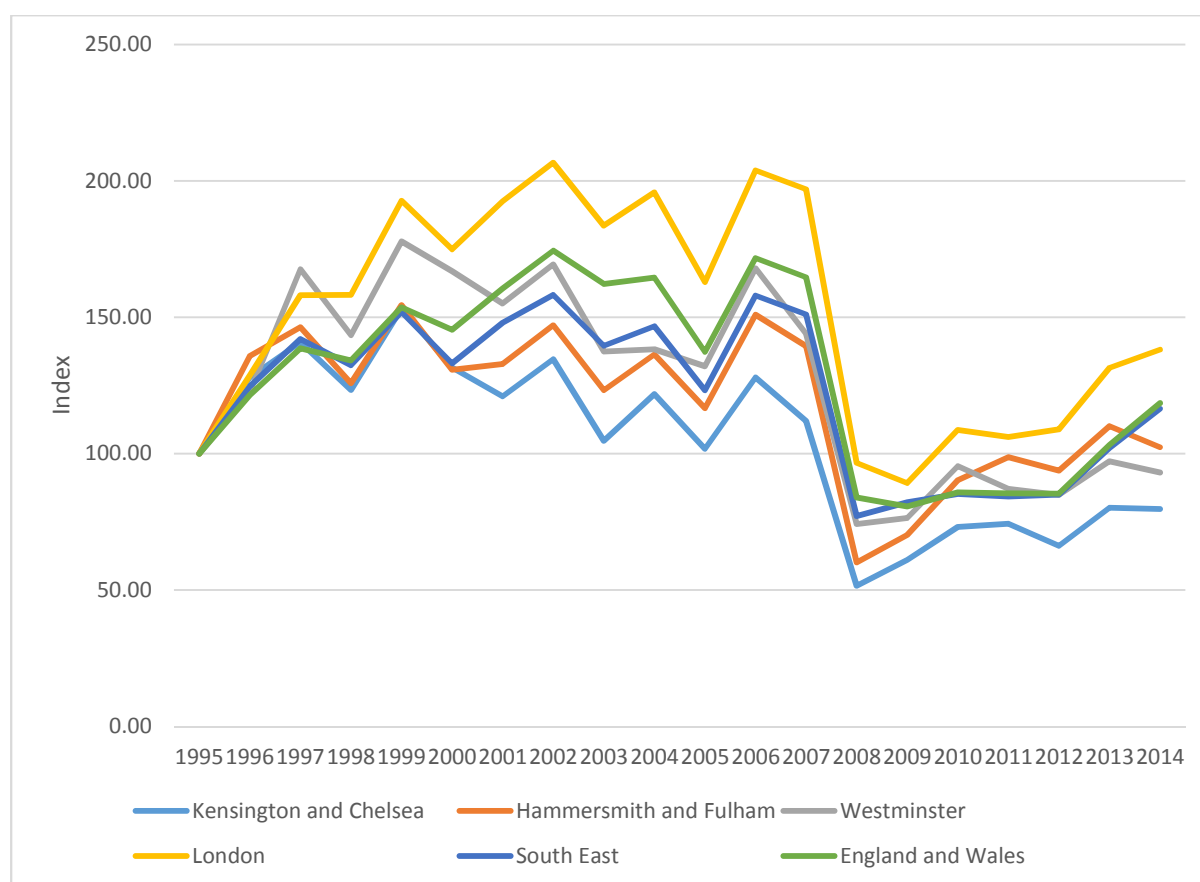


Source: HM Land Registry Price Paid data

### Sales Volumes

7.12 Figure 7.2 shows the indexed volume of sales over the 1995-2014 period for RBKC, Hammersmith and Fulham, Westminster, London, the South East and England and Wales as a whole. The chart tracks the increase in sales volumes over the 1996-2006 period, the collapse in the market in 2007-2008 and the partial recovery since then. The pattern is very similar for all RBKC, the other Boroughs and the comparator areas. Sales volumes in RBKC and Hammersmith and Fulham lost ground against the national market from about 2000 onwards (in other words property turnover slowed relative to other areas) and RBKC has not recovered this ground. However the volume of sales has moved in parallel to all the comparator areas and does not provide any indication that the market has experienced any atypical pattern.

**Figure 7.2 Indexed volume of sales 1995-2014**



Source: HM Land Registry Price Paid data

## Rents

7.13 There is no equivalent to HM Land Registry as a source of data on rental levels for private housing, but a number of websites provide information on current rent levels for local areas and/or publish periodic reports on rent levels, including GLA. Many sites use electronic methods to gather data on rents sought, rather than on agreed rents as there are few sources for the latter. The difference may be substantial. Many also focus on London because of the large private rented market there. Table 7.1 below shows rent data extracted from one of these sites for areas in Central London<sup>42</sup>. To set these rents in context, average rents have been obtained from a second source, Homelet, which published less detailed local data but provides a time series<sup>43</sup>.

7.14 Average reported rents are very high throughout the HMA, with the overall average for the areas in Table 7.1 being £2,550 per calendar month (pcm). Rents are highest in areas of Westminster and fall slowly westwards. These rents compare with the average UK rent in the three months to July 2015 of £977pcm reported by Homelet (£1,538 pcm for London

<sup>42</sup> The site used is [home.co.uk](http://home.co.uk) which provides the facility to search for rent data in pre-determined settlements which are not defined in detail. The site does not provide data at local authority level, and the use of settlements does not facilitate the extraction of data for rural areas.

<sup>43</sup> See [homelet.co.uk](http://homelet.co.uk) including links to summary property reports.

and £761 for the remainder of the UK). Rents in the South East were the next highest after London. Homelet report that nationally, rents in the three months to July 2015 increased by 12%, a much higher rate than in 2014 (8%) or 2013 (4%), but significant increases were found in several regions rather than being confined to London/the South East.

7.15 These rents can be compared with data for May 2015 published by the Valuation Office Agency (VOA) at local authority level. The VOA rent officers collect rents data from landlords and agents in the course of a range of administrative activities and six-monthly reports are assembled from this data. Comparisons cannot easily be made due to the different geographical basis of each table, but the rents published by VOA appear to be around 10-20% lower, with less steep differentials for larger lettings. In addition, the VOA data is for local authorities as a whole and so does not pick differences for smaller neighbourhoods. Rents reported for England as a whole are also significantly lower. GLA publish a London Rents Map which in December 2015 placed RBKC in the highest rent category for all types of dwelling. However, they are in this category along with a number of other boroughs (for example the rent for a 2 bedroom letting was over £350 per week) and therefore the London Rents Map is not really sufficiently finely grained to illustrate the extreme nature of rents in RBKC and Westminster. It is not therefore possible to derive precise rent levels for the borough from this data.

**Table 7.1 Median rents, May 2015 by local authority**

Median	Letting type						
	Room	Studio	1 bed	2 bed	3 bed	4+ bed	All
RBKC	843	1,235	1,950	2,708	5,108	9,425	2,275
H&F	700	1,040	1,343	1,712	2,383	4,312	1,582
Westminster	858	1,300	1,950	2,708	4,054	7,800	2,383
London	525	850	1,155	1,400	1,695	2,500	1,350
South East	390	500	625	780	925	1,500	779
England	347	500	525	595	675	1,175	600

Source: Valuation Office Agency Private Rental Market Statistics May 2015

7.16 The Valuation Office Agency is also responsible for setting the local levels which determine the maximum amounts payable to low income tenants in receipt of housing benefit (local housing allowance). These are set across Broad Rental Market Areas (BRMAs) which frequently cover larger areas than local authorities and do not correspond closely with local authority boundaries. The BRMAs covering RBKC were described in Chapter 2. Most of the borough is within the larger Central London BRMA, with the remaining part of the borough, north of Westway, falling within the much larger Inner North London BRMA. Table 7.2 shows LHA rates for these BRMAs for two bedroom lettings over the 2011-2015 period. Separate rates are set for other sizes and types of letting. These rates are not actual rents – they represent the VOA estimate of the 30<sup>th</sup> percentile rent in each BRMA, and are significantly below the median rates shown in Table 7.1.

**Table 7.2 Local housing allowance rates pcm, 2 bedroom letting**

BRMA	2 Bedroom rate (£)					% increase 2011-14
	2011	2012	2013	2014	2015	
Central London	1257	1257	1284	1301	1314	5%
Inner North London	1257	1257	1284	1301	1314	5%

Source: Valuation Office Agency. Weekly rates converted to calendar month equivalent

7.17 It is not surprising that rents are high within RBKC. House prices are high and high rents are necessary to generate the returns which investors require. The supply of private rented accommodation is relatively large but this does not seem to have any impact on rent levels. The picture is therefore consistent with that provided by house prices.



**Table 7.3 Private rents in and around RBKC, August 2015**

	Ken- sington	South Ken- sington	Crom- well Road	Chelsea	West Bromp- ton	Bel- gravia	Knights- bridge	Padd- ington	Shep- herds Bush	Baron's Court	Hamm- ersmith	Lad- broke Grove	Fulham
Total properties for rent	7,103	7,980	7,762	6,747	3,810	5,079	5,158	6,790	13,757	4,537	2,773	15,292	4,545
Properties for rent in the last 14 days:	1,122	1,200	1,236	981	607	712	652	1,082	2,211	761	461	2,592	707
Average property rents pcm	4,160	5,193	4,105	4,900	3,249	6,003	6,672	3,283	2,976	2,744	2,216	3,053	2,672
Median rent pcm	2,817	3,250	2,925	3,142	2,275	3,358	3,900	2,383	1,993	1,950	1,603	2,080	1,950
Average Time on Market (ToM)	117 days	127 days	117 days	127 days	104 days	130 days	144 days	99 days	100 days	94 days	86 days	96 days	93 days
Median rent													
One bedroom	2,145	2,383	2,167	2,383	1,885	2,405	2,589	1,950	1,842	1,701	1,560	1,842	1,733
Two bedrooms	3,163	3,380	3,250	3,337	2,816	3,683	4,095	2,817	2,708	2,600	2,145	2,687	2,492
Three bedrooms	5,850	7,150	6,088	7,367	5,417	7,778	8,645	4,767	3,900	3,445	2,936	4,008	3,878
Four bedrooms	7,800	10,183	8,017	10,812	6,283	12,350	11,917	6,338	5,417	5,417	3,792	5,633	4,333
Five bedrooms	13,000	13,000	12,783	13,433	8,667	15,167	15,167	7,063	8,017	7,995	7,501	7,280	6,966
Room	1,083	1,105	998	1,083	850	1,009	1,135	957	823	867	810	823	867
Flat	2,817	3,185	2,925	3,033	2,383	3,250	3,878	2,708	2,383	2,275	1,907	2,383	2,145
House	6,912	7,800	7,583	7,800	6,500	7,909	7,800	5,200	4,008	4,333	4,000	4,940	5,417

Source: [home.co.uk](http://home.co.uk) accessed 31-08-15.

## Affordability

7.18 CLG has published a series of affordability ratios for local authorities in England covering the period 1997-2013. These compare lower quartile and median sale prices with lower quartile and median earnings<sup>44</sup>. Affordability ratios have increased consistently over the 1997-2013 period for RBKC, Hammersmith and Fulham, Westminster, and Inner London (Figure 7.3), although many areas experienced a dip in the ratio in 2008-2009 when prices fell relative to incomes. This differs from the picture for England as a whole, where the ratio stabilised after 2007-2008.

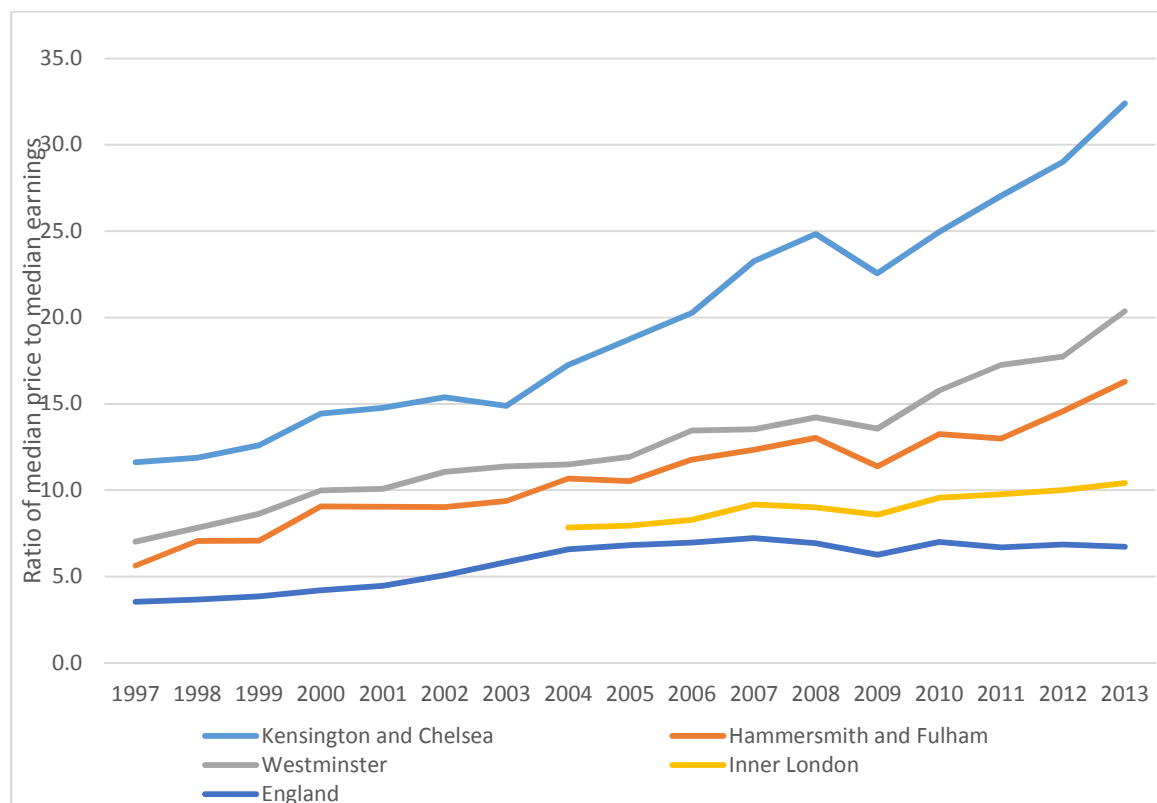
7.19 Figure 7.4 examines the changing relationship between borough level affordability and the national average level of affordability. In a context in which affordability has worsened generally, in RBKC the ratio has increased from about 2.5 times the national average in 2003 to almost five times that average in 2013. Even in Westminster the ratio is only about three times the national average, in Hammersmith and Fulham it is just under two and a half times the average, and for London as a whole one and a half times the average. This is another demonstration that the RBKC market is detached from markets elsewhere and that the normal relationship between prices and incomes is not determining prices. In some areas, affordability problems undoubtedly stem from a shortfall in housing supply relative to the overall level of demand from investors and owner occupiers, as recognised by government in its NPPF objective of increasing supply more generally. However, the evidence suggests that in RBKC, the level of supply required to achieve a lower ratio would be very great and far larger than any realistic level of potential supply based on land availability.

7.20 This is the most significant issue highlighted by market signals in the HMA. It will be taken into account when looking at the required breakdown between market housing and affordable provision.

---

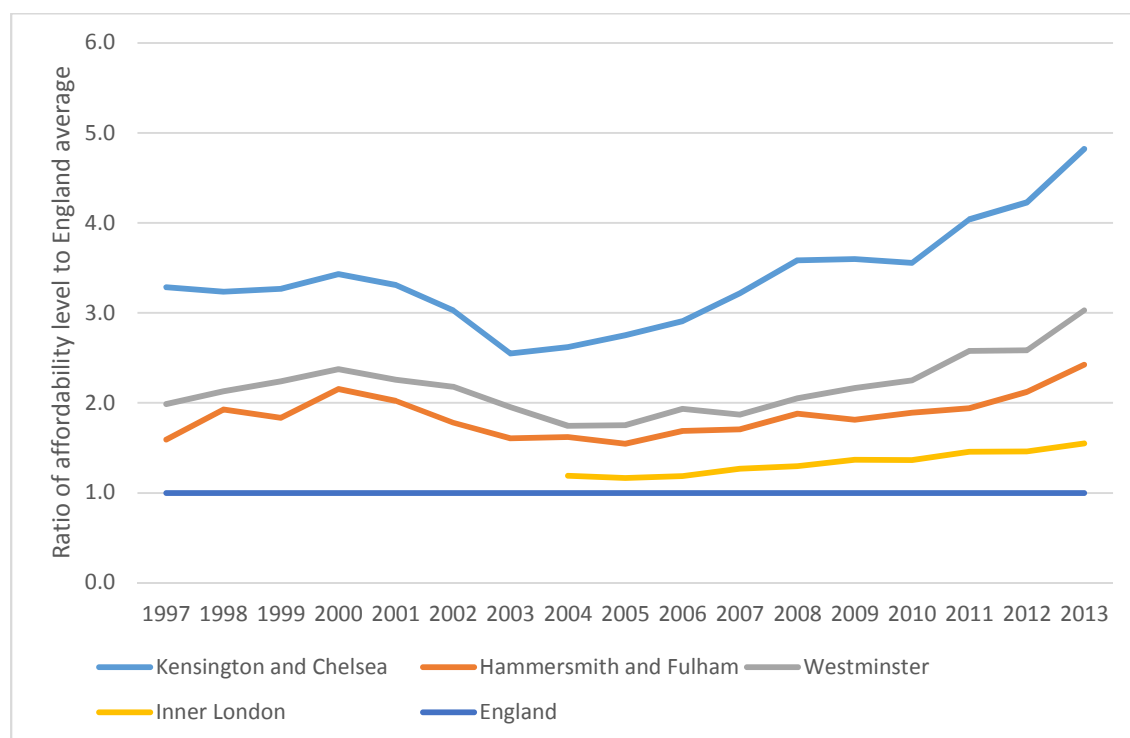
<sup>44</sup> Earnings data is taken from the Annual Survey of Hours and Earnings published by ONS, and covers employee jobs excluding self-employed and employees not paid during the survey period. It does not provide estimates of the incomes of people not in employment, nor of household as distinct from individual earnings. The ratio derived from this data is therefore best viewed as a relative rather than an absolute indicator of affordability, enabling examination of changes over time and comparisons between areas.

**Figure 7.3 CLG Affordability ratios 1997-2013**



Source: CLG Live Table 577

**Figure 7.4 Ratio of affordability level to England average**



Source: CLG Live Table 577

## **Rates of development**

7.21 Figure 7.5 shows net additions to the dwelling stock in RBKC over the period 2006-07 to 2013-14 taken from the Council's Authority Monitoring Reports (AMR). Over this period, net additional dwellings completed averaged 186 per annum. Average annual approvals were much higher (622).

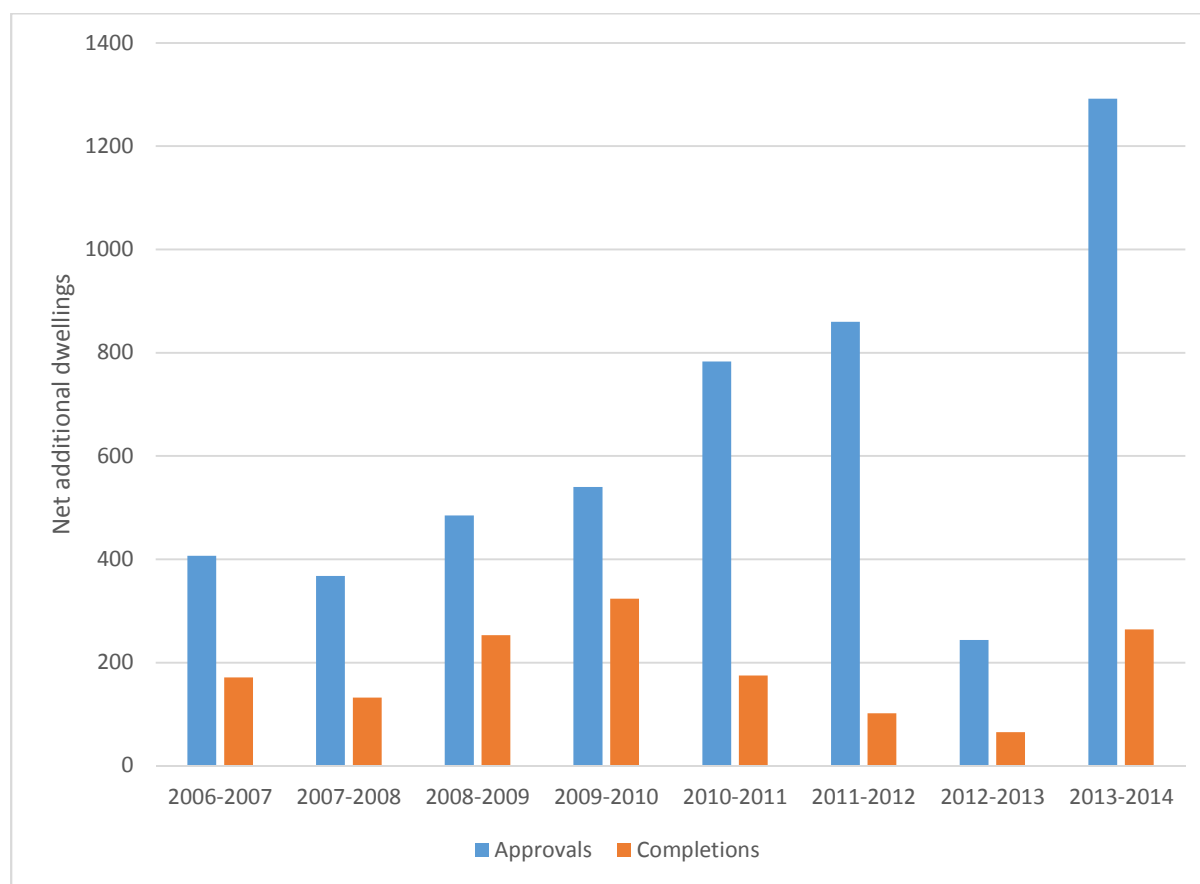
7.22 The number of units completed has been well below the number of approvals throughout the period illustrated. The Council's most recent AMR indicates that this reflects the reality that whilst the Council can approve proposals, it has little influence on the number of units that are actually built, unless it or its partners are developing directly. The AMR covering the period up to 30 September 2014 reported that 2,532 units were under construction. The Council considers that the high values of residential development will ensure that the majority of units approved will ultimately be built.

7.23 The 2008 London Plan set the Borough a completions target of 350 dwellings per annum, which was increased to 600 units in 2011 and most recently to 733 units per annum by the FALP in 2015.

7.24 It is in the nature of a location in Central London that the supply of developable land for housing will be highly constrained. There is a high degree of competition for land from a variety of alternative uses. High land values over a long period will have tended to ensure that any available land has already been developed, so new sites are dependent on redevelopment. In RBKC, a very high proportion of the Borough is subject to planning controls to preserve the heritage and historic environment, which further constrains what is possible. Looking ahead at projected future housing supply, the Council's housing trajectory includes an average gain of 118 dwellings per annum from vacant dwellings brought back into use, 130 windfall completions per annum (falling to half this level after 2019), 400-600 dwellings per annum from the implementation of existing permissions (varying from year to year), and 300-360 from strategic allocations, mainly from one site in Kensal, progress with which is clearly a crucial element of supply. This leads to 10,750 net additional units over the period 2009-26 against the then current target of 9,700. The revised target in the London Plan would add over 1,300 units to this target, necessitating identification of additional supply. The main period of cumulative shortfall against target is 2012-17, but the increased target is likely to extend this.

7.25 The increased target now enshrined in the London Plan thus places considerable new demands on the Borough. There is little doubt that the limitations on housing supply contribute to high house prices and rents, but in the Central London context it is impracticable to seek to impact significantly on prices through additional supply.

**Figure 7.5 Net additional dwellings 2006-07 to 2013-14**



Source: RBKC Authority Monitoring Returns 2011-12 to 2013-14

### **Overcrowding and under-occupation**

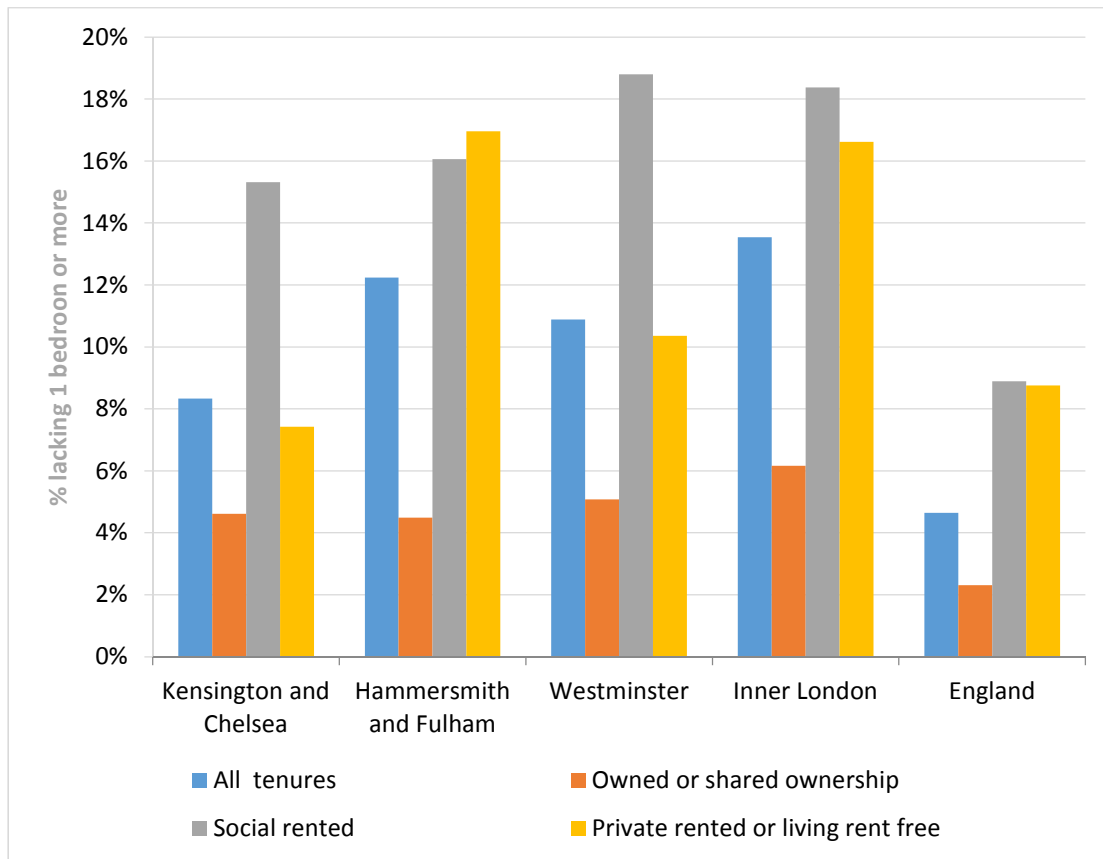
7.26 Linked to the size of the stock available are issues around overcrowding and under-occupation, and (potentially) the capacity of the stock to balance the two phenomena. Across all tenures there is less overcrowding in RBKC than neighbouring authorities, and only marginally more than the England average. Census data shows that across RBKC the highest level of overcrowding (one bedroom deficit or greater) is found in the social rented sector (15%) (Figure 7.6). Compared to neighbouring authorities, and Inner London as a whole there is a relatively low level of overcrowding in the private rented sector. In the owner occupied sector, only 5% of households were overcrowded, on a par with elsewhere in London.

7.27 Conversely, under-occupation was found predominantly in the owner-occupied stock (Figure 7.7). This is consistent with the position in most other areas, showing that one of the prime benefits and incentives for owner-occupation is accessing additional living space. Over a quarter (28%) of owner occupiers had two or more additional bedrooms beyond the requirement to be in line with the bedroom standard, compared with 5% (social rented) and 14% (PRS) tenants.

7.28 There was a similar pattern for neighbouring authorities and Inner London as a whole, although it is noticeable that across England there are higher levels of under-

occupation across all tenures – reflecting the pressure of demand on the Inner London housing stock.

**Figure 7.6 Overcrowded by 1 or more bedrooms**



Source: ONS 2011 Census, Table LC4108EW

**Figure 7.7 Under-occupied by 2 or more bedrooms**



Source: ONS 2011 Census , Table LC 4108EW

7.29 Any degree of overcrowding is problematic for those affected, and an increasing body of evidence is available to demonstrate the adverse impact of over-crowding on health. In the social rented sector, the presence of overcrowding is an indicator of a mismatch between the demand for housing of particular sizes and supply, and perhaps of a general shortfall of affordable housing, as social landlords are unable to adjust occupancy to improve size match. In the private sector, the market determines occupancy levels, and overcrowding is an indicator that households are probably unable to afford housing of the size they require (either to buy or to rent). The large level of under-occupation, especially in the owner occupied stock, provides the potential for adjustments to eliminate overcrowding. Some under-occupation may result from a shortfall in suitable or affordable smaller housing units (as for example when an older household cannot find a suitable dwelling to trade down to), and this can be addressed by changes to the overall size mix of the owner occupied stock. In reality though, a high proportion of under-occupation can be seen as an outcome of consumer choice take in combination with the ability to pay. In addition, a proportion of under-occupation (and overcrowding) is a temporary phenomenon, where households have not adjusted to a recent or temporary change in size/composition. This market signal is therefore suggesting that there is a need for more affordable housing in the social rented sector to facilitate movement within the stock, an increase in the proportion of large units in the private rented sector, and an increase in the number of smaller units in the owner occupied sector.

## **Homelessness and temporary accommodation**

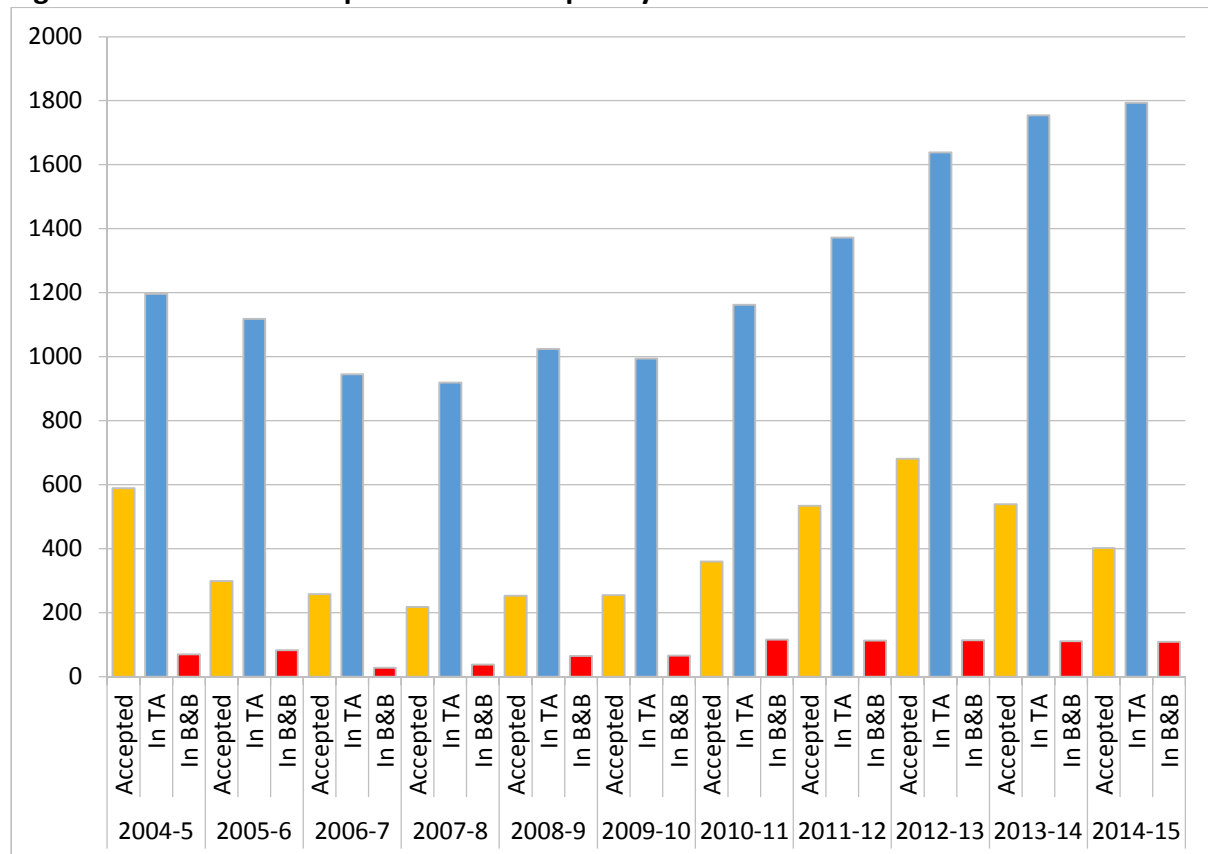
7.30 In common with most other authorities in London the combined impact of increasing house prices, private sector rents, reduction in benefit entitlement, and constrained wage levels have placed pressures on families' ability to afford to meet their housing needs. The extreme nature of pricing in the RBKC private sector exacerbates this situation. After a pre-recession reduction in the number of statutory homeless households accepted by RBKC between 2004 and 2008, the succeeding years have seen a steady year on year increase in acceptances, until 2013-2014, accompanied by increasing numbers of priority need households housed in temporary accommodation (Figure 7.8). However, although acceptances have dropped in the last two years, the use of temporary accommodation has not followed suit, and continues to rise, to a current record level of 1793 households. The substantial majority of these placements are in private leased accommodation, and many are out of Borough. This signals clearly that the social rented market and the affordable private rented sector are not capable of addressing the housing requirements of the backlog of homeless acceptances, in spite of acceptance rates slowing.

7.31 One additional indicator of this is the use of Bed and Breakfast accommodation for priority need households, generally considered to be a last resort. In 2006-2007 there were 28 households in B&B accommodation. Since 2011, the numbers have been consistently over 100 (109 in 2014-15). This indicates that even leasing arrangements with private sector landlords are not able to keep pace with the demand for temporary accommodation.

7.32 As noted, numbers of acceptances appear to be dropping. However, most stakeholders and commentators are concerned that this is a temporary lull in demand, and point to a cluster of negative drivers on the horizon: the roll-out of further welfare reform measures, especially those that will reduce or remove housing benefit for younger people; the resurgence of Right to Buy and its proposed extension to housing association properties leading to a reduction in re-lets; the continued re-focussing of private rented landlords towards the young professionals market rather than those on lower incomes; and the longer-term drying up of the supply of new affordable and social rented homes.



**Figure 7.8 Homeless acceptances and temporary accommodation**



Source: DCLG Live Table 784

### Concealed and sharing households

7.33 Concealed families are identified in the 2011 Census as households where there is an additional family living with the primary family, such as a young couple living with one of their sets of parents. In RBKC, 1.5% of households fell into this category in 2011, a lower proportion than for the neighbouring boroughs, London or England. 57% were couple-based families, of whom the substantial majority did not have children. 43% were lone parent-headed families. Unfortunately, the 2001 Census does not hold comparable data, so it is difficult to track trends. Table 7.4 details the numbers and percentages.

**Table 7.4 Types of concealed family**

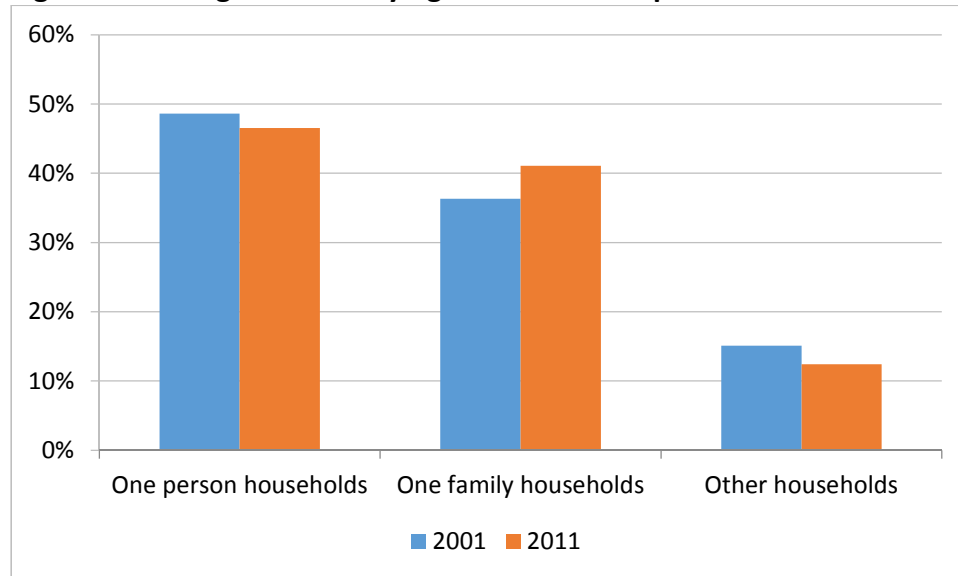
	RBKC	H&F	W'ster	London	England
	Number families				
All categories: All families	36,511	41,032	49,839	2,064,263	14,885,145
Concealed family: Total	562	996	881	68,600	275,954
Concealed family: Lone parent family: Total	244	351	356	22,467	100,705
Concealed family: Lone parent family: Dependent children	169	239	235	15,846	78,834
Concealed family: Lone parent family: All children non-dependent	75	112	121	6,621	21,871
Concealed family: Couple family: Total	318	645	525	46,133	175,249
Concealed family: Couple family: No children	235	535	367	31,689	122,951
Concealed family: Couple family: Dependent children	49	71	103	10,623	39,534
Concealed family: Couple family: All children non-dependent	34	39	55	3,821	12,764
Unconcealed family: Total	35,949	40,036	48,958	1,995,663	14,609,191
	Percentage families				
All categories: All families	100.0%	100.0%	100.0%	100.0%	100.0%
Concealed family: Total	1.5%	2.4%	1.8%	3.3%	1.9%
Concealed family: Lone parent family: Total	0.7%	0.9%	0.7%	1.1%	0.7%
Concealed family: Lone parent family: Dependent children	0.5%	0.6%	0.5%	0.8%	0.5%
Concealed family: Lone parent family: All children non-dependent	0.2%	0.3%	0.2%	0.3%	0.1%
Concealed family: Couple family: Total	0.9%	1.6%	1.1%	2.2%	1.2%
Concealed family: Couple family: No children	0.6%	1.3%	0.7%	1.5%	0.8%
Concealed family: Couple family: Dependent children	0.1%	0.2%	0.2%	0.5%	0.3%
Concealed family: Couple family: All children non-dependent	0.1%	0.1%	0.1%	0.2%	0.1%
Unconcealed family: Total	98.5%	97.6%	98.2%	96.7%	98.1%

Source: Census 2011 DC1100DC1a

7.34 One of the features of demographic change noted in other SHMAs has been the relative increase in the proportion of multi-adult or multi-family households over the inter-census decade 2001 to 2011, and this can be tracked. This data includes single people, as well as groups of single sharers and other combinations. This is in contrast with the Census definition of 'concealed families' which excludes single people who may want independent accommodation but be unable to access it. For example, adult children not in partnerships but still living with their parents would be excluded from the definition of a concealed household.

7.35 Commentators have speculated that this is evidence of concealed or artificially constrained households, forced to remain together because of the absence of affordable options for independent accommodation. Comparing the household composition profiles for RBKC for 2001 and 2011 (Figure 7.9) we can discern that if anything household composition change has run counter to this trend, with small reductions in one-person and 'other' households, and an increase in family households. There is thus little evidence from this of an increase in single-person concealed housed in the authority area.

**Figure 7.9 Changes in underlying household composition**



Source: Census 2011 KS105EW and Census 2001 KS020

### **Taking market signals into account in assessing Objectively Assessed Need (OAN)**

7.36 The following points emerge from this review of market signals as they impact of the objective assessment of housing need for RBKC. Firstly, it is clear that the housing market in the Borough is unique, with the highest price level Britain and signs that the gap between prices in the borough and the rest of London is widening. Prices are so far detached from local income levels that it is evident that a significant proportion of the market is being driven by investors, with evidence that many of these are based outside the UK. This suggests that the demand for housing which is driving price increases is of a nature and order which is unlikely to respond to any practicable increase in supply. The second conclusion from market signals is that there is a significant need for affordable housing evidenced in particular by the large numbers of homeless households who are unable to find affordable housing in the Borough. This conclusion suggests that a significant proportion of new housing provision will be required to meet affordable housing needs. However this issue will be examined in more detail and in accordance with official guidance in Chapter 8.

7.37 This is not to suggest that there should be no additional supply in the Borough in response to market signals, but rather that it is necessary to accept that the level of supply will be constrained by the availability of sites and that greater importance should be placed on the type and the affordability of new housing in order to have the maximum impact on need. The evidence from demographic forecasts is that the likely level of household growth over the 2015-2035 period will average 498 dwellings per annum, creating an OAN of 575 dwellings per annum if account is taken of second homes and vacant dwellings. This level of provision will also be sufficient to ensure that any possible shortfall in labour supply is taken into account. A further addition to new housing provision could be justified on the grounds that market signals reveal intense pressure in the local market. The addition would not seek to meet this need, as this is impractical, but to provide greater scope for the provision of affordable housing.

7.38 The London Plan requires a minimum level of provision in RBKC of 733 dwellings per annum to meet strategic housing needs. This represents a margin of 27% in addition to OAN (575 dwellings per annum) as identified in this report to reflect market signals. This report suggests that RBKC should plan to achieve the target level of provision.