
# WALTHAM FOREST HOUSING COMMISSION EVIDENCE

## COMMISSION SESSION 1: WHAT HOMES SHOULD WALTHAM FOREST BUILD?

**25TH JANUARY 2023**

prd

# 1. The housing crisis in Waltham Forest: urgent challenges for both private renters and mortgage holders – accelerated by the Cost of Living Crisis

**The fastest house price growth in London since 2011**

- London's housing market has undergone rapid change over the last ten years, most notably in Waltham Forest. Whilst Waltham remains cheaper than other areas, the borough has experienced the fastest house price growth in the capital (growing by 118% since 2011 vs 65% in London).
- This is increasingly being driven by demand for houses. Analysis of sold prices from Land Registry shows that sales price growth of houses has become decoupled from flats since 2017. Between 2012 and 2022, the average house price in Waltham Forest grew by 141% compared to 106% for flats.

**House price growth has been enabled by cheap borrowing, but this could leave residents exposed to rising interest rates**

- Despite rising prices, levels of home ownership in Waltham Forest are around the same as they were in 2011. Owning with a mortgage or loan (including shared ownership) is still the most common tenure in the borough.
- Waltham Forest has seen some of the biggest growth in mortgage borrowing in London since 2013. Whilst the number of mortgage default-related repossessions is low and has been falling since the Financial Crisis, rising interest rates could impact the resilience of households who are heavily leveraged.

**The growth of the private rental sector is the biggest tenure change of the last decade**

- The most significant tenure change is the growth of the private rental sector which now accounts for 28% of Waltham Forest households.
- Data from 2019 shows that the average resident can expect to spend 44% of their basic pay on rent – up from 38% in 2011.

**Housing is central to addressing issues of poverty and inequality**

- The evidence shows that housing is typically residents' primary essential overhead. Modelling shows that the cost of living crisis, coupled with the increase in housing costs locally could tip working households into poverty in 2023.

**The housing crisis is increasing pressure on statutory local authority services**

- Homelessness rates in LBWF have grown by 55% since 2019.
- 18% of households are overcrowded – higher than the Outer London average.

**+118%** increase in house prices in the borough since 2011

**30%** of households in the borough own their homes with a mortgage or through shared ownership

**+3,500** more households in the borough now rent privately than in 2011

**+42%** increase in mean rents between 2012 and 2019

# 2. Ten years of delivery in Waltham Forest: development has delivered hundreds of new homes for residents, but market housing is not addressing affordability challenges

**Overall delivery has been strong, which has underpinned Waltham Forest's population growth**

- Between 2011 and 2022, 9,164 homes have been delivered across the borough.
- This equates to 93% of Waltham Forest's total average target over the period which is higher than the London average.
- New development has been matched with intensification of the existing housing stock. Since 2011, 666 net homes have been gained as a result of converting houses and other larger properties into flats.

**The most diverse tenure delivery in London**

- 35% of total housing delivered since 2011 has been non-market housing (e.g. low cost rent or intermediate), compared to the London average of 21%.

**Hundreds of new social rent homes have been delivered, benefitting families on the council's housing waiting list**

- Between 2012 and 2021, data from LBWF showed that new builds have provided over 1,500 homes to housing waiting list tenants.
- Many of these residents moving into new properties had been on the housing waiting list for many years. Almost 40% of residents have been on the housing waiting list for five years or more – reflecting the important role of new development addressing long-term housing need.

**However, most market housing is unaffordable to the average Waltham Forest resident and subsidised rent is an important tenure to address unaffordability challenges**

- Using affordability modelling, many of the new developments available to rent would require household incomes significantly above current average gross resident earnings. London Affordable Rent and Discounted Market Rent tenures are best aligned with average local incomes.
- Areas where there have been high quantities of market housing delivered often do not reflect the demographics of the borough as a whole. Residents in high growth areas are significantly more likely to work in (typically well-paying) professional occupations.

**9,164** homes were delivered in the borough between 2011/12-2021/22

**2,916** affordable homes delivered in the borough between 2011/12-2021/22

**792** homes have been delivered every year on average since 2011

**46%** of residents moving into new-build social rented accommodation gained at least one additional bedroom compared with their previous accommodation

# 3. In addition to affordability, there are wider demand and demographic factors that will shape future need

**A high quality and affordable private rental sector to respond to need and demand**

- Build to rent is becoming an increasingly popular option for developers. The British Property Federation states that the sector is set to grow from 76,800 to over 380,000 by 2032. The location of build to rent homes will be important. 73% of private renters live within 800m of a station, compared with 63% of all Waltham Forest residents.

**Demographic shifts show that Waltham Forest has a need for larger family-sized houses but new development is yet to meet this need**

- The average household size in the borough has increased by 1.5% since 2011.
- Across the borough, 6% more households now have dependent children compared to 2011. However, the average number of bedrooms delivered in new development across Waltham Forest since 2011 is lower than the average household size.

**Parts of the borough contain ageing populations, pointing to a growing need for more specialist housing.**

- Neighbourhoods in Waltham Forest with older populations are more likely to have excess space/bedrooms.
- Specialist housing for older residents can help to encourage a more healthy churn of the borough's properties, and provide better options for residents with specific needs.

**Understanding demand and needs of residents moving to the borough from elsewhere in London.**

- The borough has seen significant net inflows from more expensive boroughs such as Hackney. Both quantitative and anecdotal evidence suggests this has mainly driven demand for Waltham Forest's existing housing stock. However, by triangulating multiple sources there is evidence that this has had wider knock on effects - pricing larger families out of the borough.

**In addition to the delivery of new houses, there are wider policy factors which shape the supply and demand for housing**

- The number of Airbnbs in Waltham Forest has increased since 2015. There were 1,247 additional short-term rentals listed on Airbnb between 2015 and 2019. The number of overseas individuals owning property in the borough has increased in recent years. Over 500 properties in the borough were owned by an individual with an international correspondence address.

**2.7** people per household on average in Waltham Forest

**1.8** average bedrooms delivered in new development between 2011/12 – 2021/22

**700+ entire** properties in the borough are currently listed on Airbnb

**66%** of households in high growth areas contain households of two people or less compared to 55% in the borough as a whole

# Evidence approach

## Overall approach

To understand the impact of ten years of housing delivery, this research will take a holistic approach to evidence collection; blending quantitative research with rich qualitative resident insight.

## Quantitative evidence

Quantitative evidence has been collected and analysed at the following levels:

- **Borough-level data:** comparing delivery performance to other Outer London authorities*. Through this we will review change across LBWF and identify areas for additional granular research.
- **Areas of highest change:** triangulating the Planning London Datahub and wider evidence to identify the areas of highest change in the borough (*see map top right*). For this study, 'High Growth' areas have been defined as places which have seen a clustering of 135+ net homes delivered between 2012 and 2020. This gives ten areas: Blackhorse Road, Sutherland Road, Highams Park, North Higham Hill, Walthamstow Dog Track, Walthamstow Central, Leyton/Temple Mills borders, Wood Street, Lea Bridge, and St James Street. The statistical definitions for the areas for highest change can be found in the Appendix.
- **Established communities:** Additional local evidence has also been collected in areas which have seen the least change over the last ten years (*see map bottom right*). To identify these, the Commission has used the CDRC's Residential Mobility Index. This measures estimated population churn and provides important insight into the borough's long-term communities. The estimates are derived from linking administrative and consumer data such as electoral registers, consumer registers, and Land Registry.

## Qualitative evidence

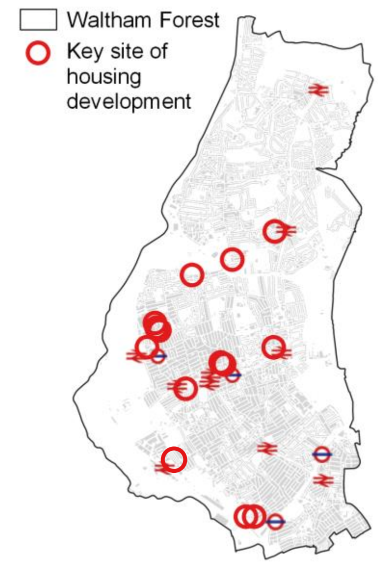
PRD and Dr Maayan Matz Ashkenazi will also undertake in-depth engagement, participatory, and ethnographic research in five of the borough's neighbourhoods of highest housing growth. These are: Blackhorse Road/Sutherland Road; Wood Street; Walthamstow Central; Lea Bridge; Highams Park. The approach to the qualitative research will be discussed with the Steering Group and Commission as part of the planning phase and is due to be undertaken in February-March 2023.

## This report

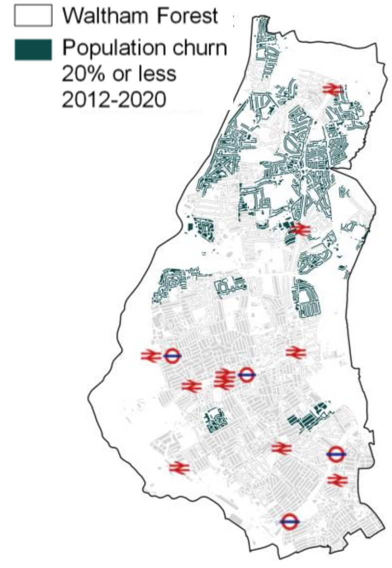
This initial evidence report is designed to inform the inaugural meeting of the Waltham Forest Housing Commission on the 25th January. To do this, PRD has reviewed data from the last ten years of development across the borough to understand how this has impacted Waltham Forest's communities – reflecting the broad role that housing plays in supporting prosperous places and communities. The evidence has been structured around the topic of the first session: *'what homes should Waltham Forest build?'.*

*The Office for National Statistics and the Census definition for Outer London has been used. Under this classification, Outer London consists of Barking and Dagenham, Barnet, Bexley, Brent, Bromley, Croydon, Ealing, Enfield, Greenwich, Harrow, Havering, Hillingdon, Hounslow, Kingston upon Thames, Merton, Redbridge, Richmond upon Thames, Sutton, and Waltham Forest.

*High change areas*




*Established communities*



# A plain English guide to housing terminology

## Using this report

The intention of this report is to be accessible to members of the commission, and the London Borough of Waltham Forest's officers, members, and residents. Any technical terminology that has been used in this report has been explained below.

## Terminology used in this evidence pack

- **LBWF:** The London Borough of Waltham Forest
- **Tenure:** Housing tenure is a financial arrangement and ownership structure under which someone has the right to live in a house or apartment – the conditions under which a house is lived in. The following tenures are referenced in this report:

**Affordable housing:** this covers multiple tenure types in London:

- **Social rent:** This is a government-subsidised rent for people on low incomes. Councils decide who qualifies, their level of need and priority on the waiting list. There are two types of regulated registered providers of social housing in England – local authorities and Private Registered Providers (mainly Housing Associations).
- **Affordable rent:** Rent which is usually 80% of local market rent, introduced by the government in 2011.
- **London Affordable rent:** A type of affordable rent for people on low incomes funded by the London Mayor. Benchmarks for pricing are set annually and increased based on inflation (CPI + 1%). In 2022/23, the benchmark for a 2 bedroom property is £178.23 per week.
- **Intermediate:** Affordable housing which is targeted at people who have little chance of accessing low-cost rent housing, but who are not able to afford to rent or buy a home on the open market. This includes options such as Shared Ownership.

**Market housing:** Housing sold or let on the open market, or constructed with the aim of doing so. Market housing tenures included within this report are:

- **Owning with a mortgage:** an occupier who has taken out a loan to help purchase their home and is still in the process of repaying the debt.
- **Owned outright:** an occupier who owns the property in full with no outstanding mortgage repayments or money owed
- **Private rent:** accommodation which is not lived in by the owner but is lived in by a tenant or group of tenants

# A plain English guide to housing terminology continued

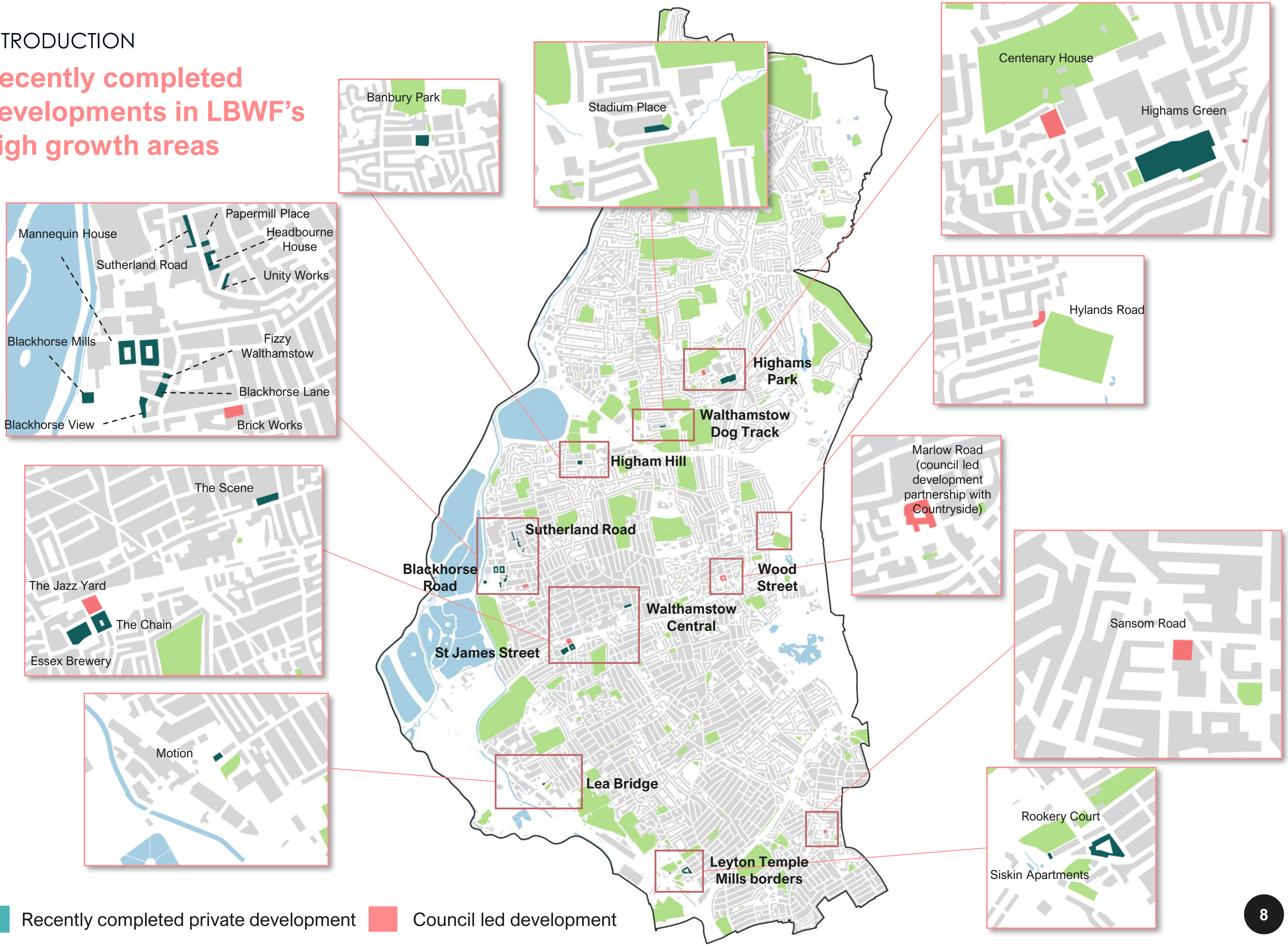
**Homelessness:**

- A person is **threatened with homelessness** if it is likely they will become homeless within 56 days or they have been given a valid section 21 notice in respect of their only accommodation, and the notice expires within 56 days.
- A person is **legally homeless** if they have either: no accommodation available to live in; are at risk of violence or domestic abuse; have accommodation but it is not reasonable for them to continue to live in it or they cannot secure entry to it; have no right to occupy their accommodation; live in a mobile home or houseboat but have no place to put it.

**Statutory duties in relation to homelessness:** Where a local authority is satisfied that an applicant is threatened with homelessness and eligible, it must take reasonable steps to help the applicant secure that accommodation does not cease to be available for their occupation.

- **Prevention duty:** a duty on housing authorities to work with people who are threatened with homelessness within 56 days to help prevent them from becoming homeless. It applies when a local authority is satisfied that an applicant is threatened with homelessness and eligible for assistance
- **Relief duty:** requires an authority to 'take reasonable steps to help an applicant secure suitable accommodation for at least six months
- **The London Plan:** The London Plan is the statutory spatial development strategy for the Greater London area in the United Kingdom that is written by the Mayor of London. This contains housing targets set for all London Boroughs, including LBWF.
- **Averages (mean, median, mode):** methods of statistical comparison. The mean (average) of a data set is found by adding all numbers in the data set and then dividing by the number of values in the set. The median is the middle value when a data set is ordered from least to greatest. The mode is the number that occurs most often in a data set.
- **ONS:** The Office for National Statistics. The majority of the evidence contained in this report uses this publicly available data.
- **VOA:** The Valuation Office Agency. The VOA has historically kept data on private rents.

# Recently completed developments in LBWF's high growth areas




Recently completed private development
Council led development

1

# THE CONTEXT OF THE HOUSING CRISIS

**HOUSING IS AN ECONOMIC ISSUE. THE EVIDENCE POINTS TO URGENT CHALLENGES FOR BOTH PRIVATE RENTERS AND MORTGAGE HOLDERS – ACCELERATED BY THE COST OF LIVING CRISIS**

# Housing is an economic issue. The evidence points to urgent challenges for both private renters and mortgage holders – accelerated by the Cost of Living Crisis

1. **Waltham Forest has experienced the fastest house price growth in London.** Recent price growth has been underpinned by house sales, with increases in the price of flats growing at a significantly slower rate than houses. This reflects high demand for family-sized houses in the borough and lack of new houses being built compared with flats.

2. **Rising prices have been enabled by ten years of historically low interest rates.** This has meant that despite increases in house prices, buyers' monthly repayments have remained low – enabling residents to borrow more. However, the Bank of England's recent interest rises mean that residents with high amounts of borrowing could face imminent financial challenges when their fixed-term deals expire.

3. **The growth of the private rental sector is the most significant tenure change over the last decade.** Private rents in the borough have increased above the outer London average. Residents now spend a higher proportion of their income on rent compared with a decade ago. Despite this, official data is likely to underestimate the scale of the problem with wider evidence suggesting that rents grew by 10% in 2022, with bidding wars and multi-year tenancies becoming increasingly common.

4. **Housing is integral to addressing poverty and inequality – making it an economic issue.** The evidence shows that housing costs are typically residents' primary overhead. Due to the cost of living crisis and inflation, rising housing costs coupled with the cost of other essential goods means that even multi-earner, professional households could fall into poverty in 2023.

5. **These challenges are already leading to increased pressure on statutory local authority services such as homelessness.** The most common reason for residents being at risk of homelessness is no longer being able to stay with family and friends, and private rental tenancies ending. For households that are not homeless, many are living in increasingly overcrowded housing – especially in the south of the borough.

1: COMMISSION CONTEXT

## The fastest house price growth in London…

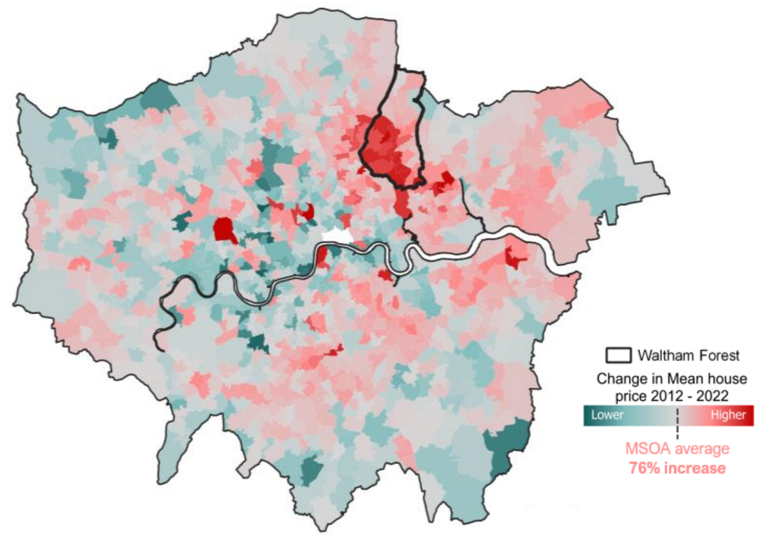
Most residents in Waltham Forest own their home either through a mortgage or outright (50.6%). The most common housing tenure in Waltham Forest is owning with a mortgage or loan (30.4% of all households).

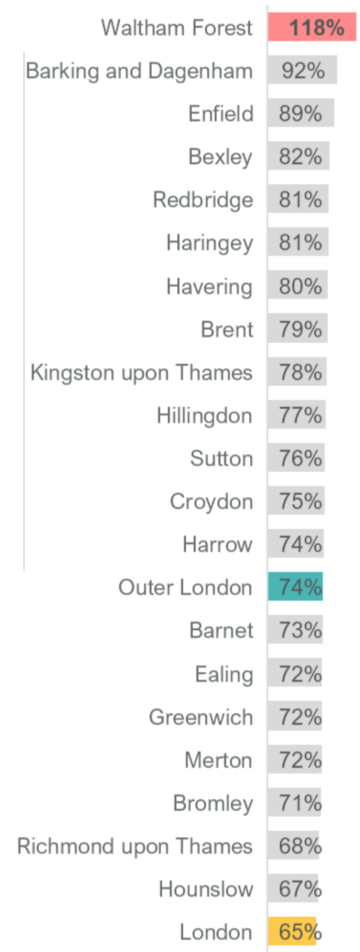
Waltham Forest has experienced the highest rate of house price growth of all London boroughs, with house prices increasing by 118% since 2011. This is considerably higher than the London (+65%) and Outer London (+74%) averages over the same period.

Small area house price analysis has shown that the most significant growth has been in the south west of the borough, inside of the North Circular/A406.

Source: HPPSA, 2021 Census

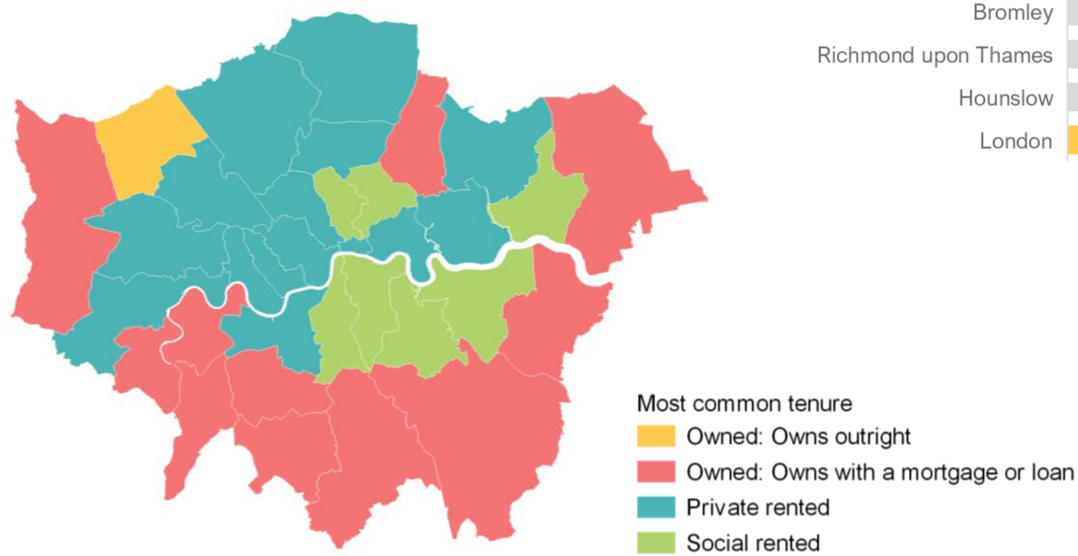
*Mean house price change, 2011-2021**




*Note: PRD are awaiting confirmation from the ONS about using the HPPSA dataset as a timeseries and this map is subject to change in the final report

*Modal housing tenure, 2021*



## …This is increasingly driven by houses rather than flats meaning a more nuanced approach to understanding affordability is required

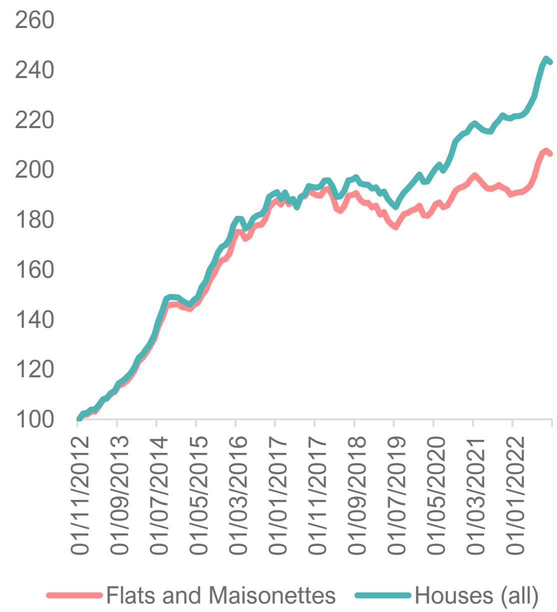
52% of homes in the borough are houses (either terraced, semi-detached, or detached). Analysis of sold prices from Land Registry shows that sales price growth of houses has become decoupled from flats since 2017; with the value of houses growing at a much faster rate. Between 2012 and 2022, the average house in Waltham Forest grew by 141% compared to 106% for flats. In October 2022, the average price of a flat was £391,136, with the average house price £794,298.

This reinforces the importance of development to address affordability, and supply and demand challenges. The growth in house prices is likely to be partly attributed to a lack of new build houses across London over the last ten years. Between 2015 and 2021, there was a net increase of 5,680 flats or maisonettes in Waltham Forest, compared to +500 new houses.

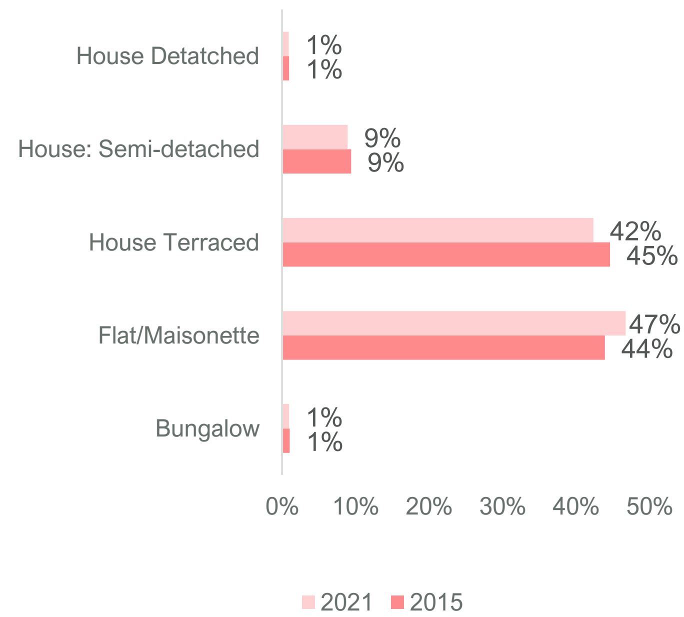
Due to the last decade of development, flats and maisonettes are now the most common property type (47% of all properties) – taking over from terraced housing which was previously the modal typology in 2015.

Source: Land Registry

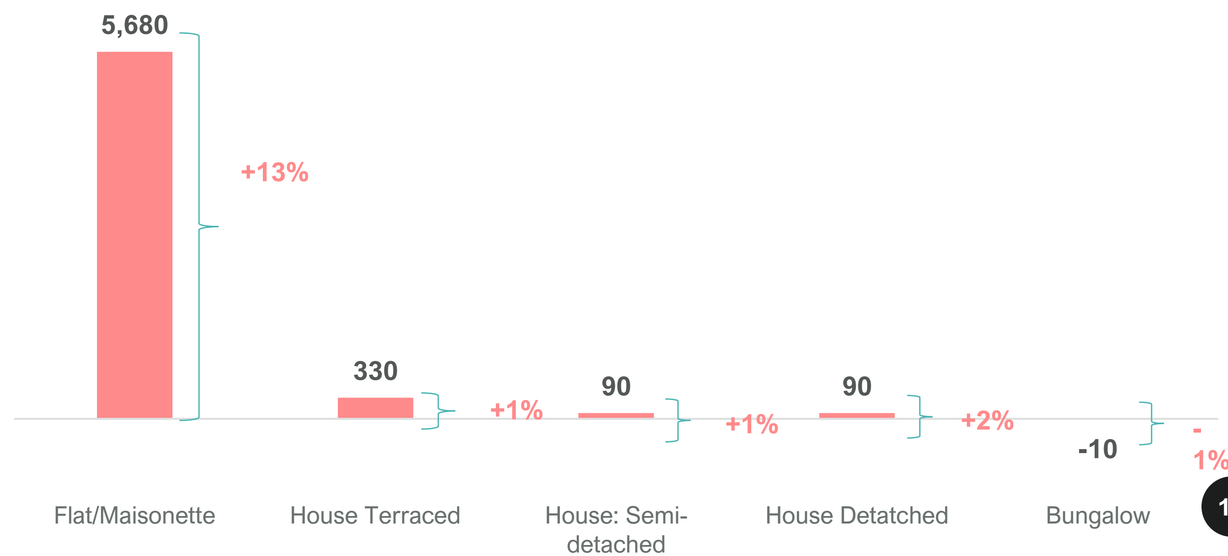
*Land registry sales – indexed change for flats and maisonettes and average of all house types in Waltham Forest, 2012=100*




*Change in stock of properties in Waltham Forest by proportion of overall housing stock, 2015-2021*




*Absolute change in stock of properties in Waltham Forest, 2015-2021*



1: COMMISSION CONTEXT

# Rising prices have been sustained by cheap borrowing which could leave residents more exposed to a downturn

Source: Council of Mortgage Lenders

30.4% of households in Waltham Forest own their property with a mortgage loan or through shared ownership. The maps below show outstanding residential mortgage lending by postcode over time. This shows that borrowing in Waltham Forest is considerably higher than it was in 2013 post Financial Crisis. This reflects the role of cheaper borrowing in fuelling house price growth across London.

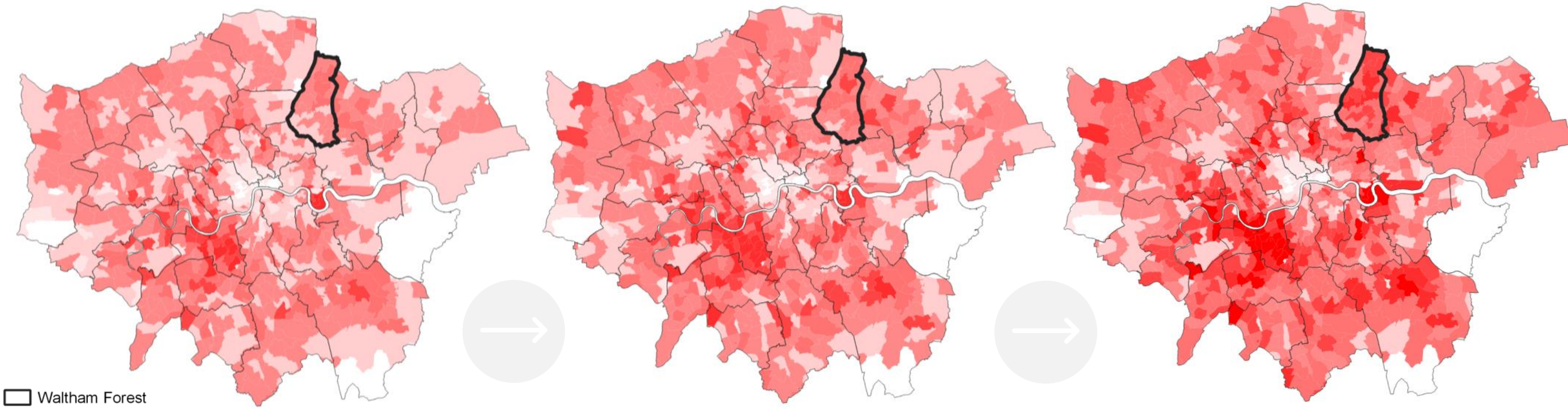
This is reinforced locally when analysing the value of residential mortgage loans between 2013 and 2021. Parts of Waltham Forest have seen some of the sharpest increases in mortgage debt in London – mirroring the growth in house prices.

This means that as Fixed Term mortgages expire, residents could be paying hundreds of pounds extra every month due to higher interest rates.

*Value of residential mortgage loans outstanding, Q2 2013*

*Q3 2016*

*Q4 2021*



Waltham Forest

Best fit OA for key development areas

Value (£)

- 2,000,000 - 100,000,000
- 100,000,001 - 200,000,000
- 200,000,001 - 300,000,000
- 300,000,001 - 400,000,000
- 400,000,001 - 500,000,000
- 500,000,001 - 600,000,000
- 600,000,001 - 700,000,000



Research from the Resolution Foundation showed that affected mortgagor households in London will see the biggest increase in repayments nationally – **with average annual payments set to rise by £8,000 by 2024**, significantly above the England average (+£5,100) as a result of the former Chancellor's 'mini budget' .

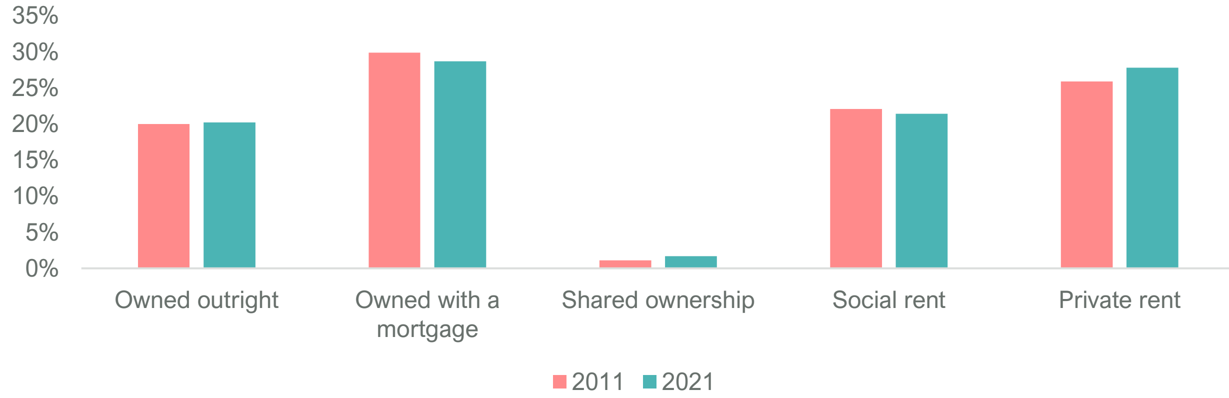
# 3,500 more households are now renting privately with the average resident spending almost half of their net salary on rent

Private rents are increasing across London. In 2021-22, mean private rents in Waltham Forest were £1,381 per calendar month. This is lower than the Outer London (£1,497) and London (£1,629) averages. Whilst Waltham Forest is cheaper than other areas, prices have increased at a much faster rate than most outer London boroughs.

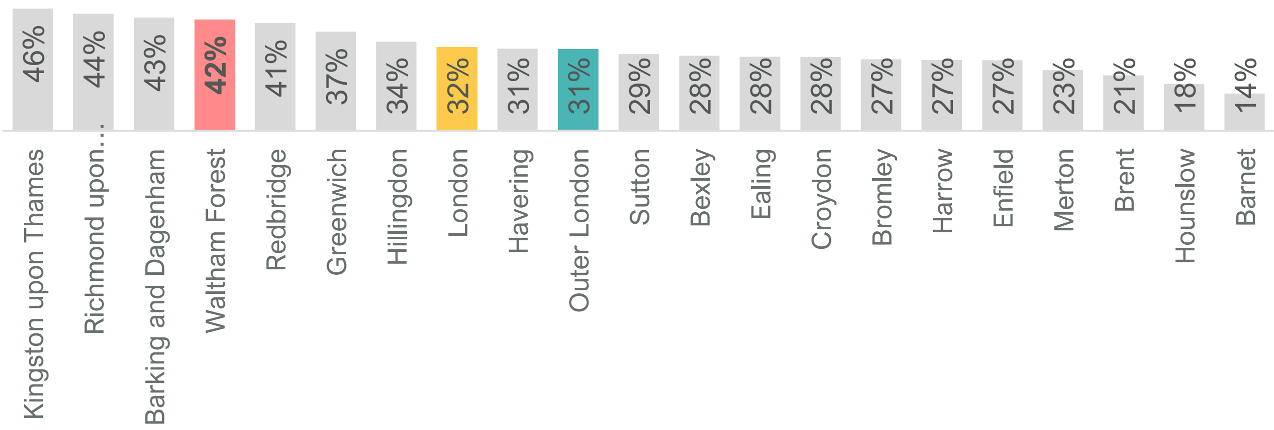
Alternative evidence sources suggest that the ONS/VOA data is too heavily lagged to reflect the realities for private renters in Waltham Forest. Data from the Financial Times has shown that a historic undersupply of private rental properties coupled with a post-pandemic return to cities caused prices to sky-rocket in 2022. Anecdotal evidence has also shown that properties are being let for hundreds of pounds over the listing price, with tenants signing longer muti-year contracts; often at inflated prices. Historic data has shown that the average resident in 2019 was spending 7% more of their basic pay on rent than they were in 2011 – which is likely to be even higher today. More analysis on the parts of the borough with the largest concentrations of private renters is provided on pages 23 and 35.

Source: VOA Private Rental Market Statistics, Financial Times

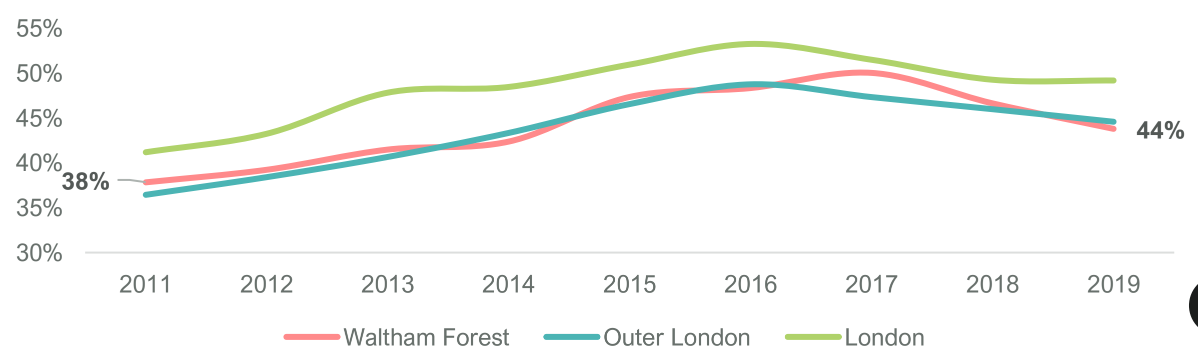
*Change in tenure, 2011 vs. 2021*




*Change in private rents, Q1 2012-Q1 2019*




*Proportion of average basic pay spent on rent for average property (mean of all sizes), 2011-2019*



## Inflation is bringing this challenge to the fore. There is evidence to suggest that more private renters in Waltham Forest could fall into poverty in 2023

Housing affordability is typically defined by a ratio of average sale prices to average gross earnings. This provides limited insight into who this is affordable to, and the human impact of housing unaffordability.

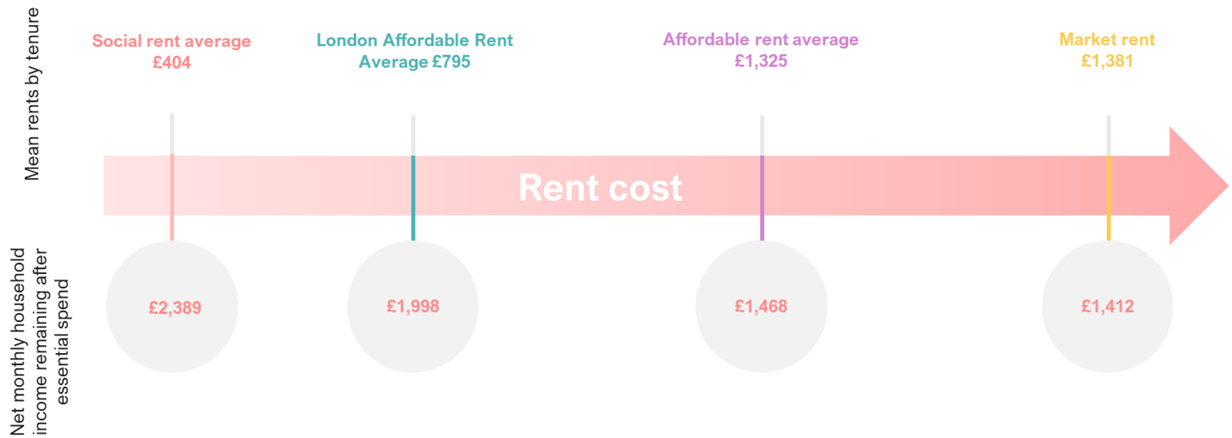
To bridge this gap, PRD have modelled the impact of different average housing tenures on resident disposable incomes using average rent data from LBWF and the ONS. The purpose of this is to provide a better understanding of what gross pay actually buys once all essential spend (such as housing, taxes, food, transport and fuel, plus other Minimum Income Standards expenditure) have been considered. More information on this modelling can be found here. This has been undertaken for three example households in the borough:

**Example 1:** A nurse and a teacher, both earning approximately £35,000 and working in the borough

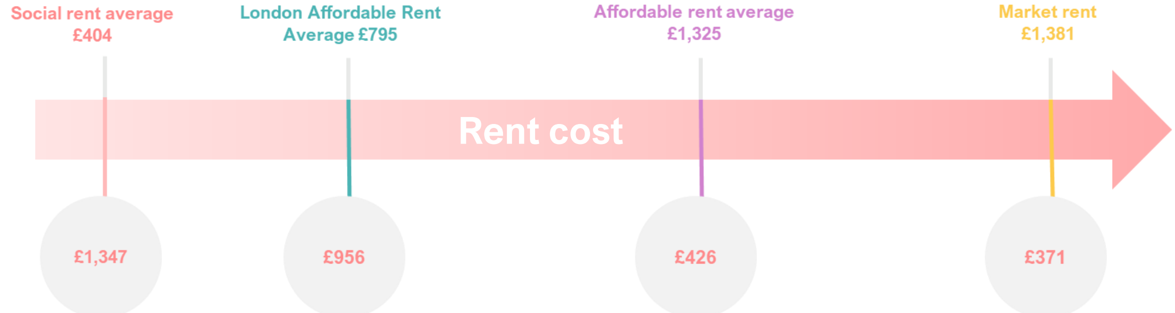
**Example 2:** A nurse and a teacher, both earning approximately £35,000, with two children, one requiring childcare full time and the other attending after school club

**Example 3:** A mechanic earning £30,100 living alone in the borough

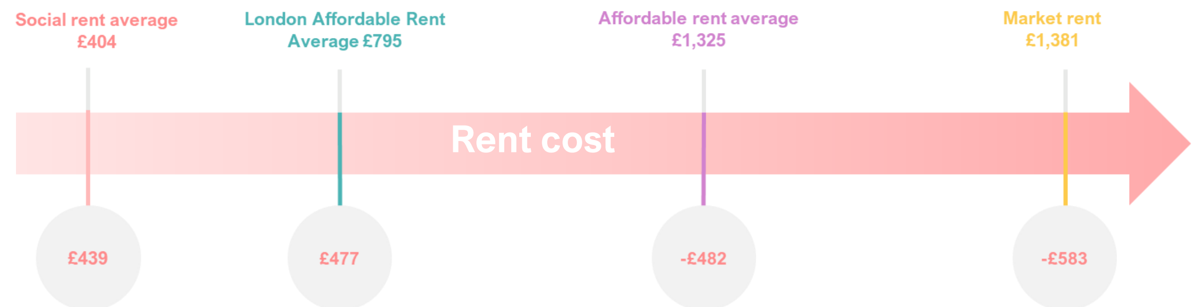
*£ leftover at the end of the month after all essential spend has been considered across different tenures – example 1*




*£ leftover at the end of the month after all essential spend has been considered across different tenures – example 2*




*£ leftover at the end of the month after all essential spend has been considered across different tenures – example 3*



## This affordability crisis is already contributing to a growing homelessness challenge…

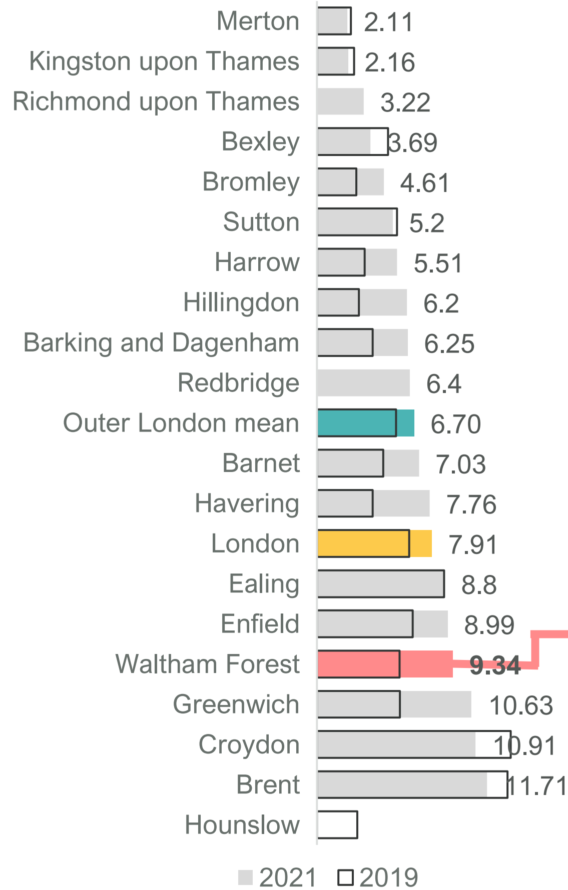
The factors outlined on the previous pages are culminating to put more pressure on Waltham Forest's statutory services, such as homelessness alleviation.

Local authorities have duties to prevent and relieve homelessness for all homeless applicants who are eligible based on their immigration status.

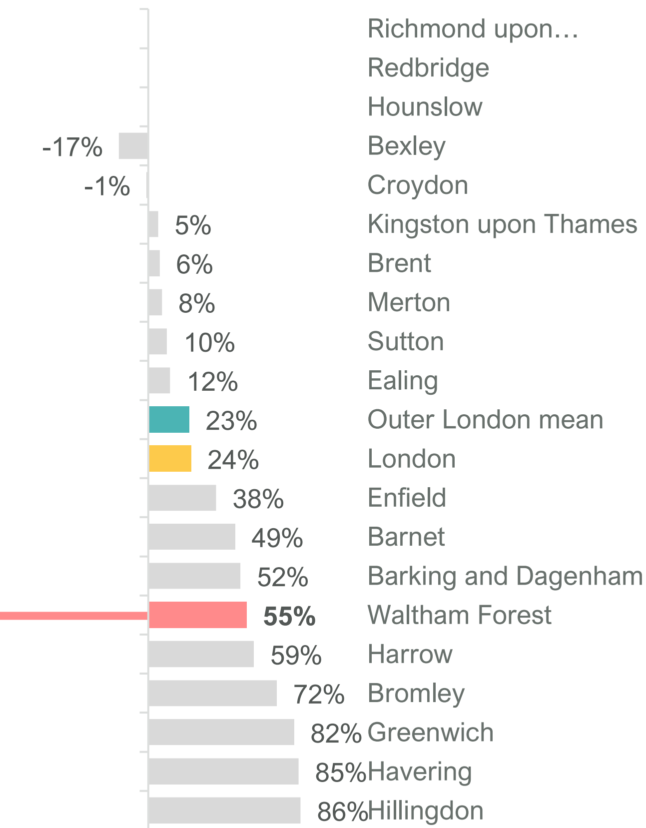
The proportion of residents in Waltham Forest who have been assessed as homeless has increased significantly since 2019. There has been a 55% growth in the number of households who were recorded homeless in 2022 compared with 2019 levels.

The primary reason for being owed a prevention duty is people no longer being able to live with a family member or friend.

*Households assessed as homeless per (000s), 2019 v 2022*




*Change in households assessed as homeless, 2019-2022*




*In 2022 in Waltham Forest:*

- **1,757 (99.4%)** of households assessed were owed a duty by LBWF
- **42.6%** owed a prevention duty as family/friend can no longer host
- **24.4%** owed a prevention duty due to end of private tenancy*
- **913** people in temporary accommodation (as of November 22)

*Most common reason for end of private tenancy was the landlord wishing to sell or re-let the property

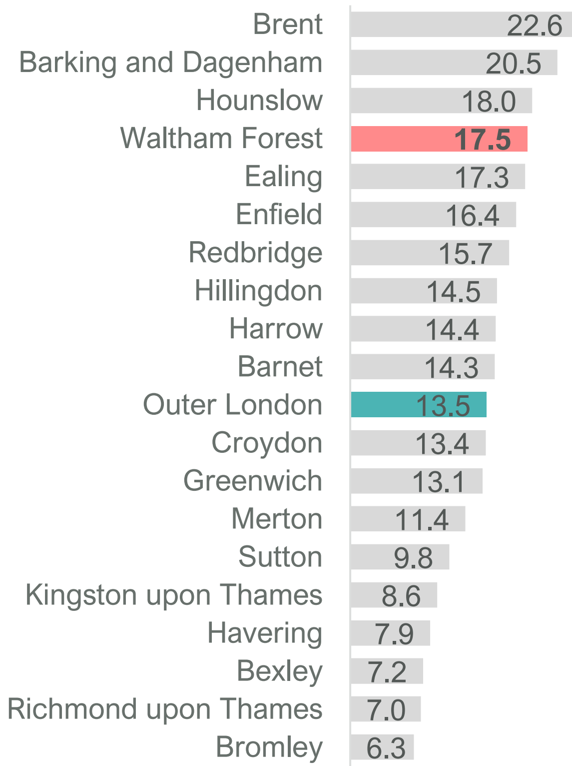
## With many also living in overcrowded housing – especially in the south of the borough

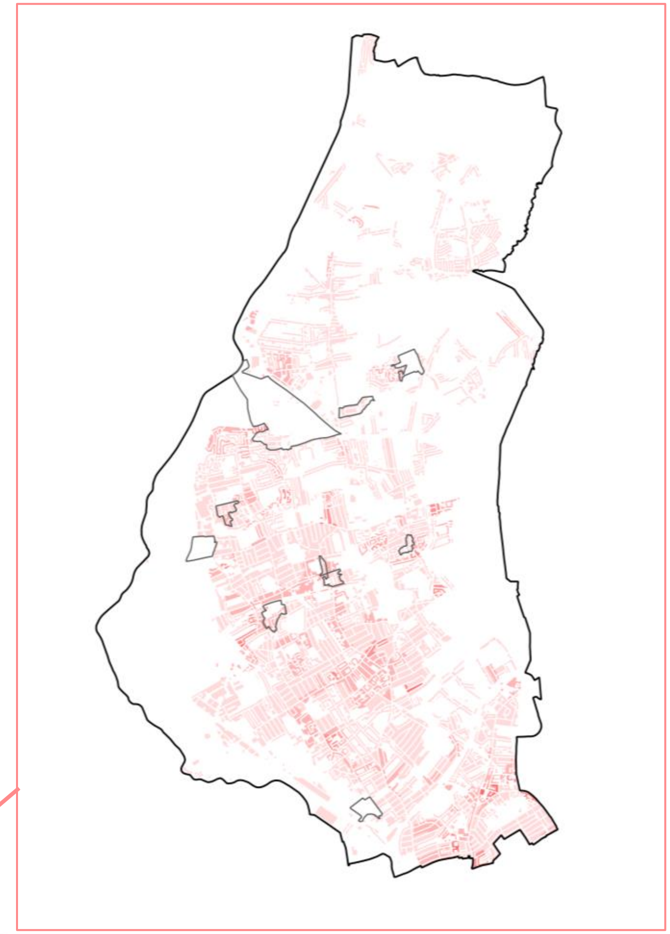
Overcrowding is an additional indirect impact of housing unaffordability. A household is overcrowded if it has fewer bedrooms than it needs to avoid undesirable sharing, based on the age, sex and relationship of household members.

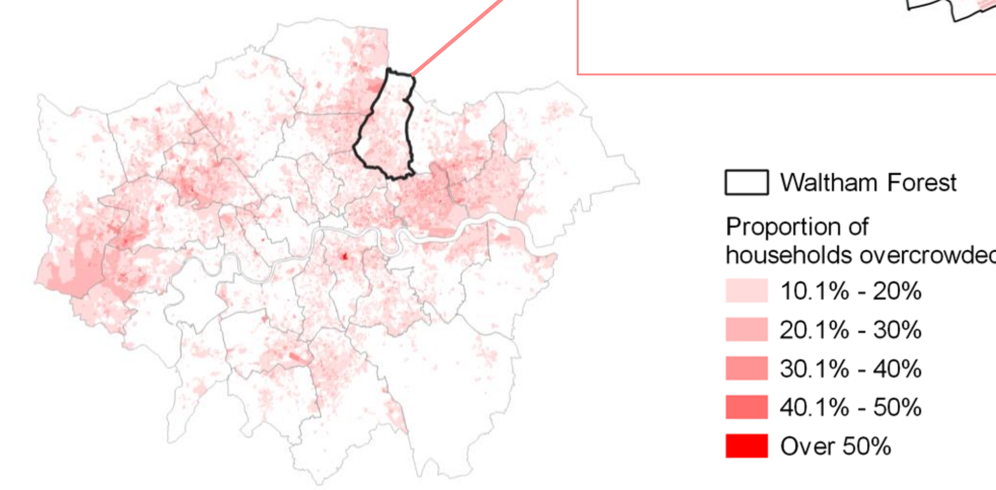
18% of households within Waltham Forest are overcrowded. This is significantly higher than the Outer London average (13.5%). National statistics showed that BME households were significantly more likely to be overcrowded than white British households. Nationally, the households with the highest rates of overcrowding were in the Bangladeshi (24%), Pakistani (18%), Black African (16%), Arab (15%) and Mixed White and Black African (14%) ethnic groups.

This picture is likely to be mirrored in Waltham Forest with the borough's most diverse neighbourhoods in the south having the highest proportion of overcrowded households in 2021.

*Proportion of households overcrowded, 2021*






Source: 2021 Census

# 2

# WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

WALTHAM FOREST HAS A STRONG AND DIVERSE DELIVERY TRACK RECORD OVER THE LAST TEN YEARS WHICH HAS DELIVERED TANGIBLE IMPACTS FOR RESIDENTS. HOWEVER, MARKET HOUSING IS NOT ADDRESSING FUNDAMENTAL AFFORDABILITY CHALLENGES

# Waltham Forest has a strong and diverse delivery track record over the last ten years which has delivered tangible impacts for residents. However, market housing is not addressing fundamental affordability challenges

1. **Waltham Forest has delivered thousands of new homes which has supported the borough to grow.** The borough's performance against its housing target has been stronger than the London average, and areas of high development are now home to thousands of new residents. The growth of the borough has also been supported by the intensification of the borough's existing housing stock – where conversion of houses into flats has delivered hundreds of additional homes across Waltham Forest.

2. **The borough has overseen the most diverse tenure delivery in London.** Over a third of delivery in Waltham Forest has either been low cost rent or intermediate housing. As a result, areas of high change have significantly more diverse tenure mixes than low churn areas, providing greater choice to people across the income distribution than what would have otherwise existed.

3. **Recent social housing delivery has supported hundreds into new homes – reducing the council's housing waiting list.** Many beneficiaries of new build social rent properties had been on the housing waiting list for several years. In the majority of cases, new build properties have provided more rooms than residents' existing accommodation – giving families more space.

4. **Most of the market housing that has been delivered is unaffordable to the average Waltham Forest resident.** Even a studio flat in one of the borough's high growth areas is likely to require an income above what the average Waltham Forest resident earnt in 2022. As a result, high change areas with high levels of market and intermediate housing are home to a higher proportion of residents in professional service occupations. These are typically higher paid occupations, and these homes are most accessible to higher earners.

5. **Subsidised rent is an important tenure to address affordability challenges.** Average rents for London Affordable Rent and Discounted Market Rent are more closely aligned with local incomes – making them an important tenure as part of the overall housing mix.

## 2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

## Strong delivery track record over the last ten years…

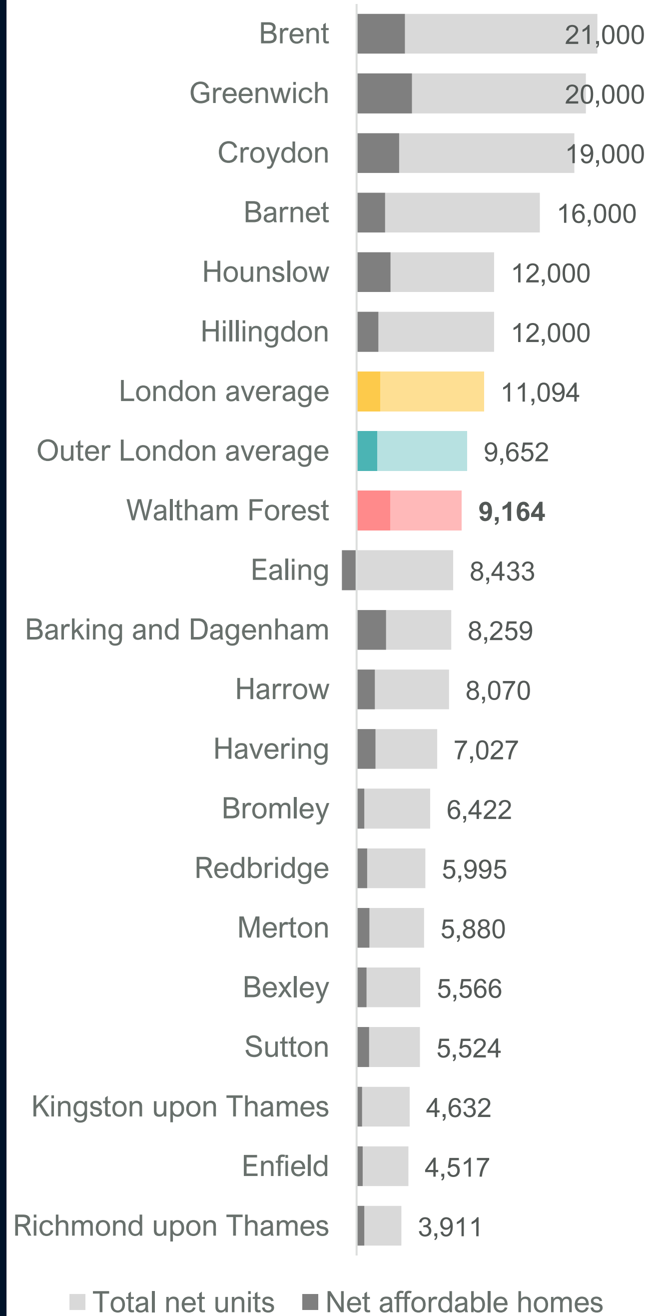
Between 2011/12 and 2021/22, Waltham Forest has delivered 9,164 homes – the seventh highest delivery in Outer London. Over this period, the borough has had a significant amount of success in delivering new affordable homes.

2,916 (32%) of new homes delivered in the borough have been affordable – the 5th highest delivery in absolute terms of all Outer London boroughs. As set out in Chapter 1, most new delivery has either been flats or maisonettes.

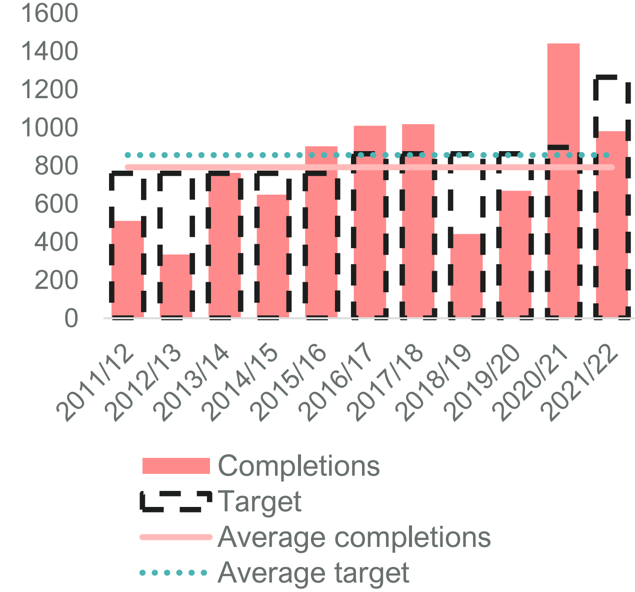
Waltham Forest has also been more successful than the London average in terms of meeting its housing target. Since 2011, Waltham Forest has met 93% of its housing targets compared with the London average of 89%.

As London's housing crisis has deepened, housing delivery targets for Waltham Forest have increased significantly with the annualised net completion target increasing by 66%. The new London Plan (2021) has a net housing completions target of 12,640 homes between 2019/20 and 2028/29.

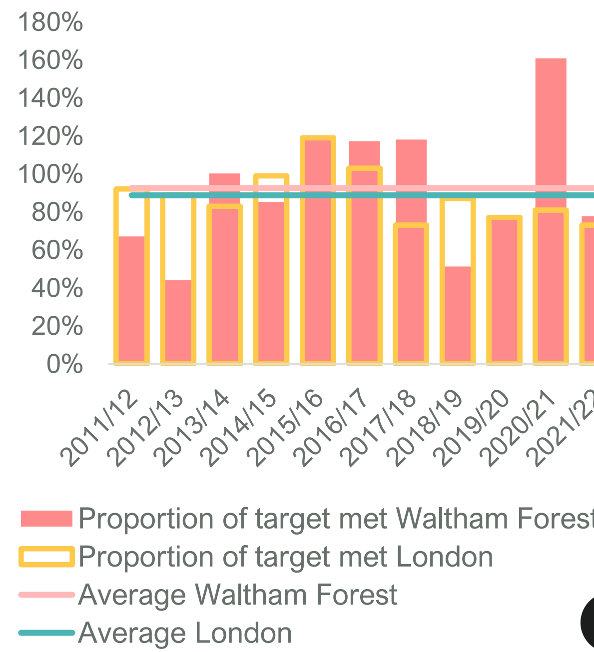
*Housing delivery 2011/12 – 2021/22*




*Waltham Forest housing completions, 2011/12-2021/22*




*Waltham Forest performance against target relative to London*

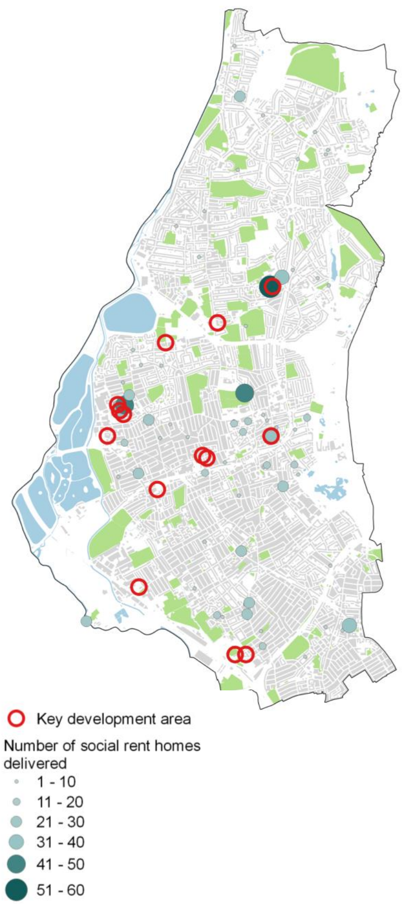



Source: London Planning Datahub

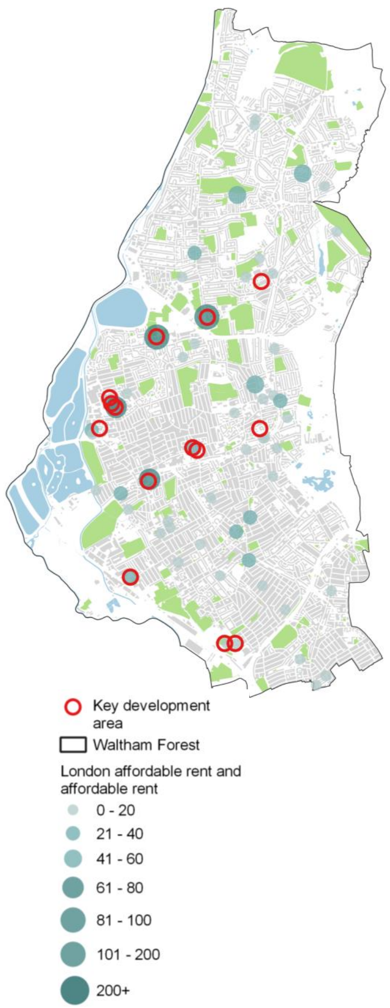
2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

## …Across a broad range of tenures and locations…

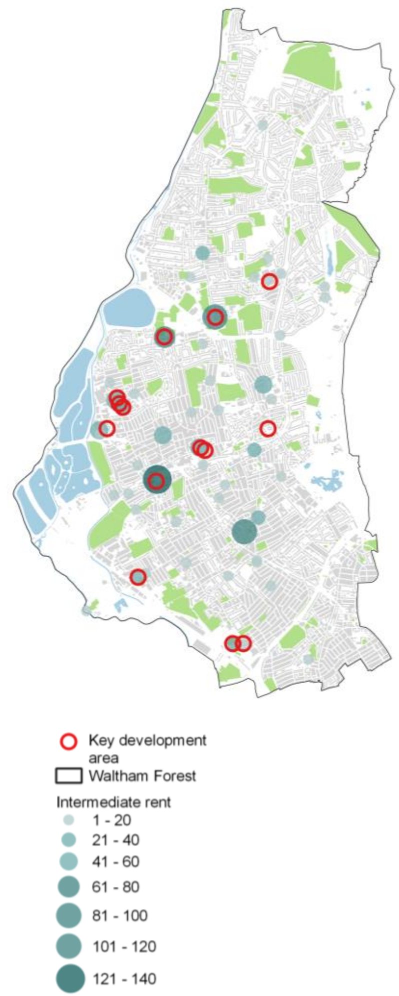
*Social rent housing completed between 2011 and 2021*



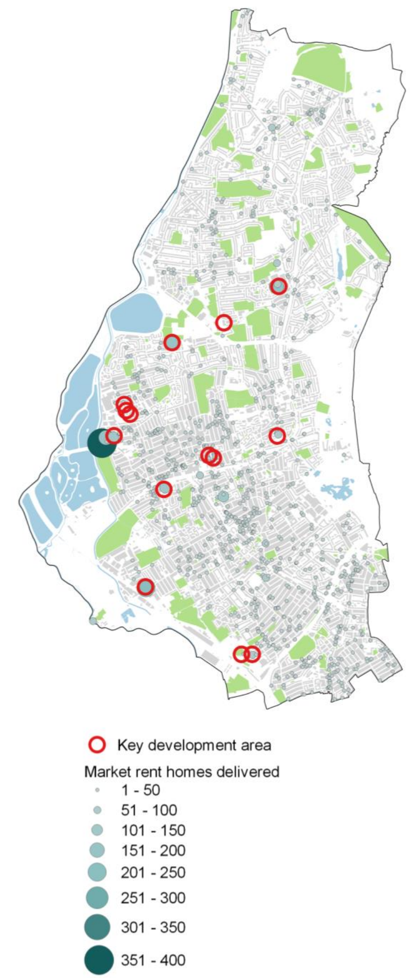

*LAR/AR housing completed between 2011 and 2021*




*Intermediate rent housing completed between 2011 and 2021*




*Market rent housing completed between 2011 and 2021*



## 2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

# New development has enabled significant population growth…

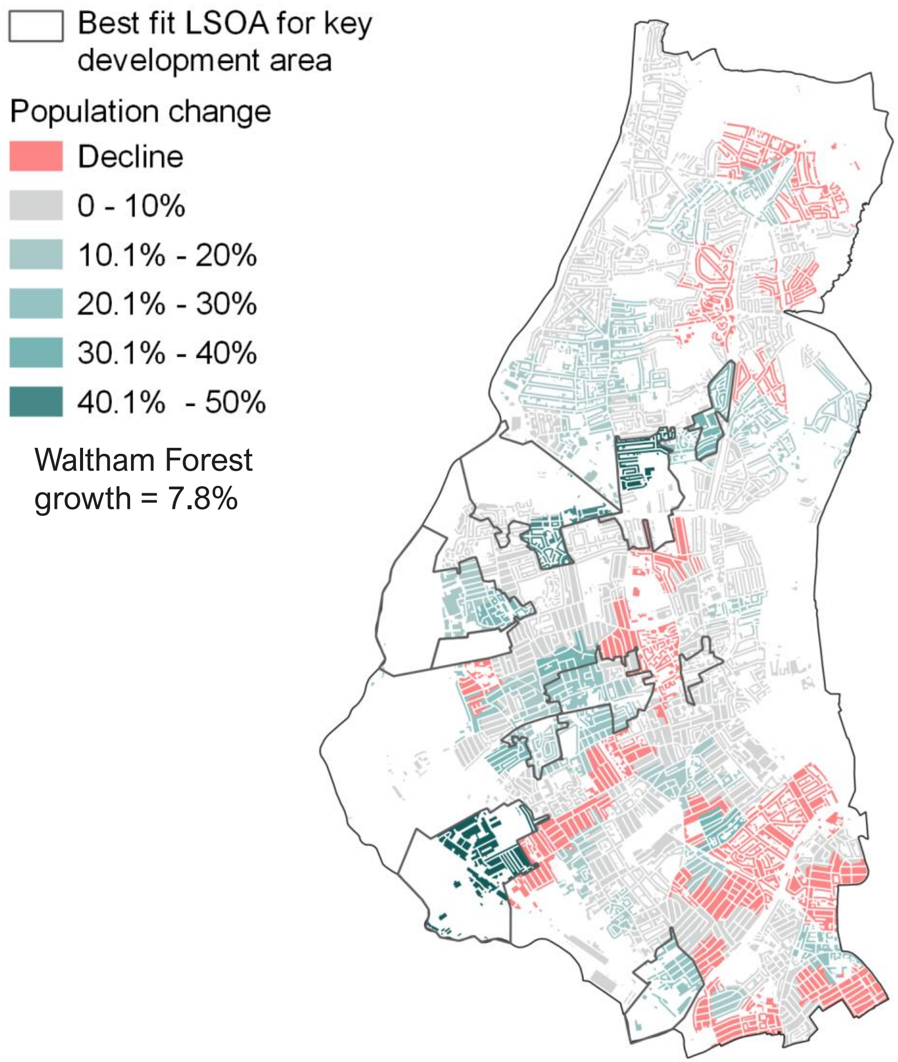
Population change varies significantly across the borough.

Unsurprisingly, many of the key sites of housing development have experienced above average population increases:

- The area around Lea Bridge has grown by 986 (+59%) residents since 2011
- The area around Walthamstow Dog Track has grown by 1,122 (+33%) residents since 2011
- The area around Highams Park has grown by 854 (+30%) residents since 2011
- The area around North Higham Hill has grown by 928 (+26%) residents since 2011
- The area around Sutherland Road has grown by 1,069 (+26%) residents since 2011
- The area around Leyton/Temple Mills borders has grown by 477 (+22%) residents since 2011
- The area around Walthamstow Central has grown by 965 (+17%) residents since 2011
- The area around St James Street has grown by 283 (+11%) residents since 2011
- The area around Wood Street has grown by 150 (+9%) residents since 2011

Source: Census 2021

*% population change by LSOA, 2011-2021**




**6,834 additional residents (+25%)** in key development areas between 2011 and 2022

**2,005 additional residents (+4%)** in low churn growth neighbourhoods between 2011 and 2022

Note: The LSOA for Blackhorse Road has changed since 2011, so the change cannot be calculated

2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

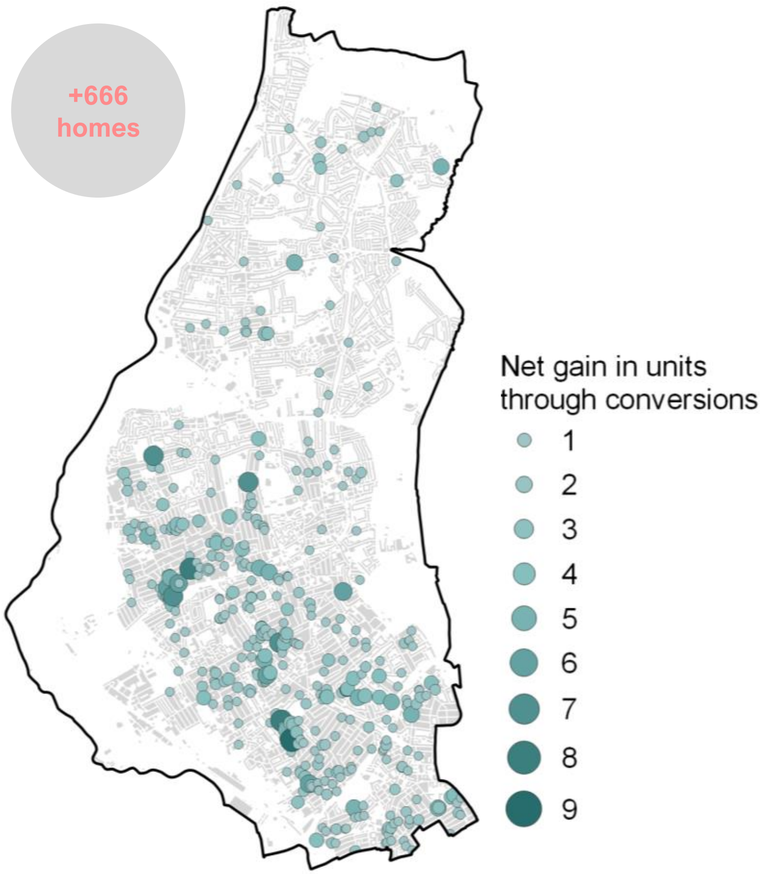
## As has the intensification of the existing housing stock, which has supported the growth of the private rental sector

In addition to new development, intensification of the borough's existing (primarily Victorian) stock has also underpinned population growth in Waltham Forest. The conversion of houses into multiple flats has delivered an additional 666 homes since 2011. The majority of conversions have occurred in the borough's urban core in Leyton, Leytonstone, and Walthamstow.

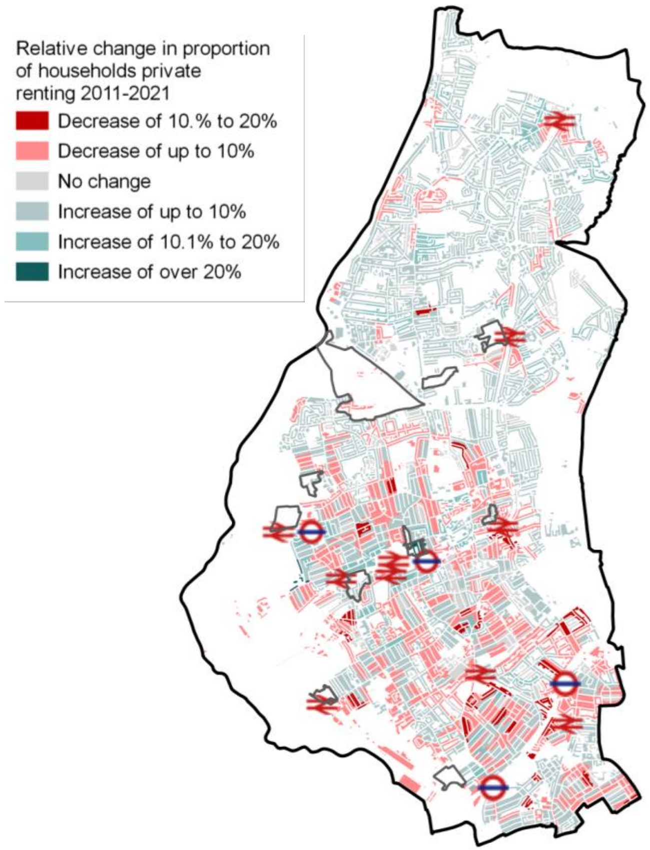
Intensification of the existing stock has supported the growth of the private rental sector set out on Page 14. Renting in existing or converted (rather than new build) properties is likely to be cheaper on average for both the landlord and tenant as wider costs such as service charges and ground rents are likely to be lower.

Source: 2021 Census, LBWF Planning data

*Homes gained through conversions between 2011 and 2021*




*Relative change in proportion of households renting privately, 2011-2021*



## 2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

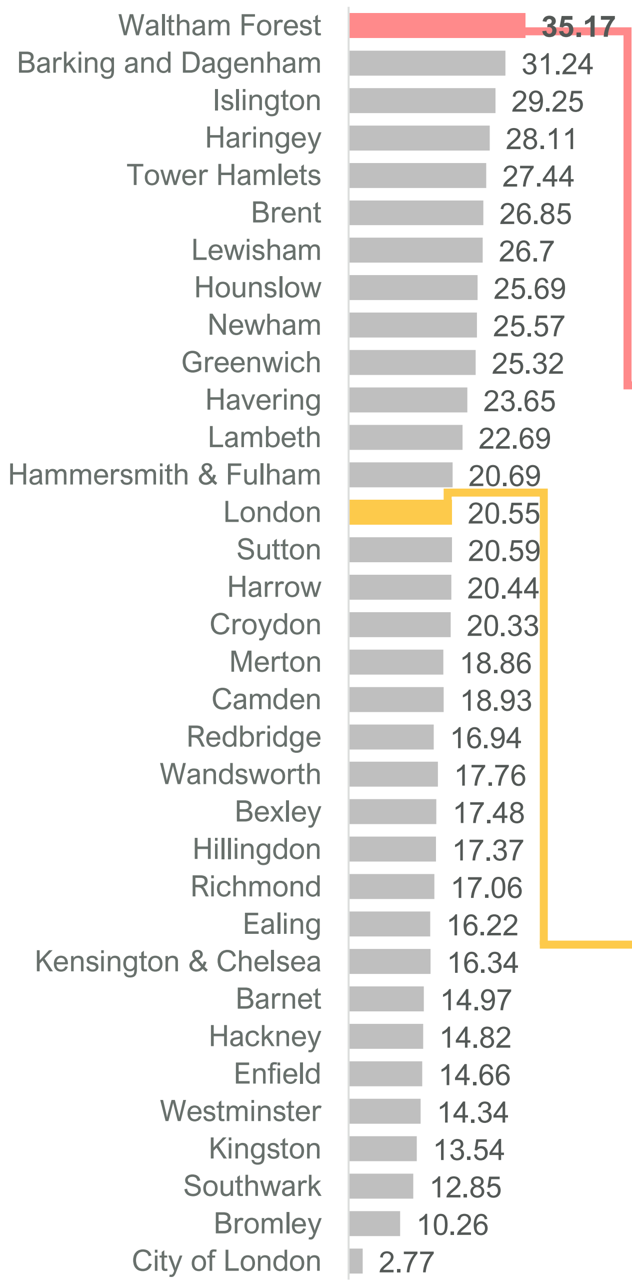
# The most diverse tenure delivery in London since 2011

Using data from the London Planning Datahub, it is possible to understand how Waltham Forest's tenure delivery compares with other Outer London Boroughs.

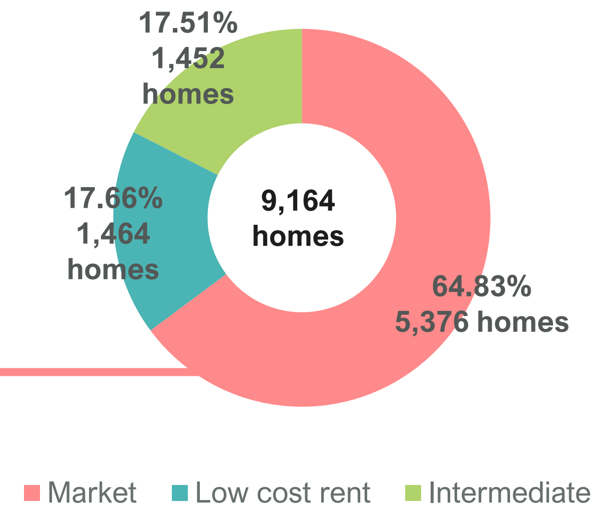
This shows that between 2011 and 2022, Waltham Forest had the lowest proportion of market housing of anywhere in London (65% of total delivery). As a result, low cost rent (18%) and intermediate (18%) accounted for a much larger proportion of total delivery than the London average (10% each).

Source: London Planning Datahub

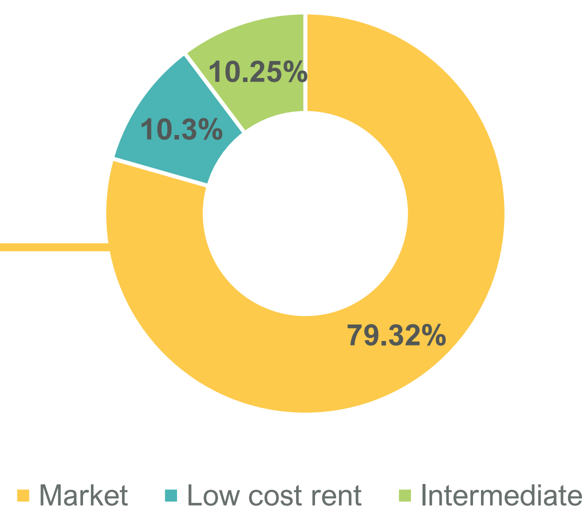
*Proportion of affordable (low cost rent and intermediate) housing delivered, 2011/12 – 2021/22 (%)*




*Proportion of housing delivered 2011/12 – 2021/22 by type, Waltham Forest*




*Proportion of housing delivered 2011/12 – 2021/22 by type, London*



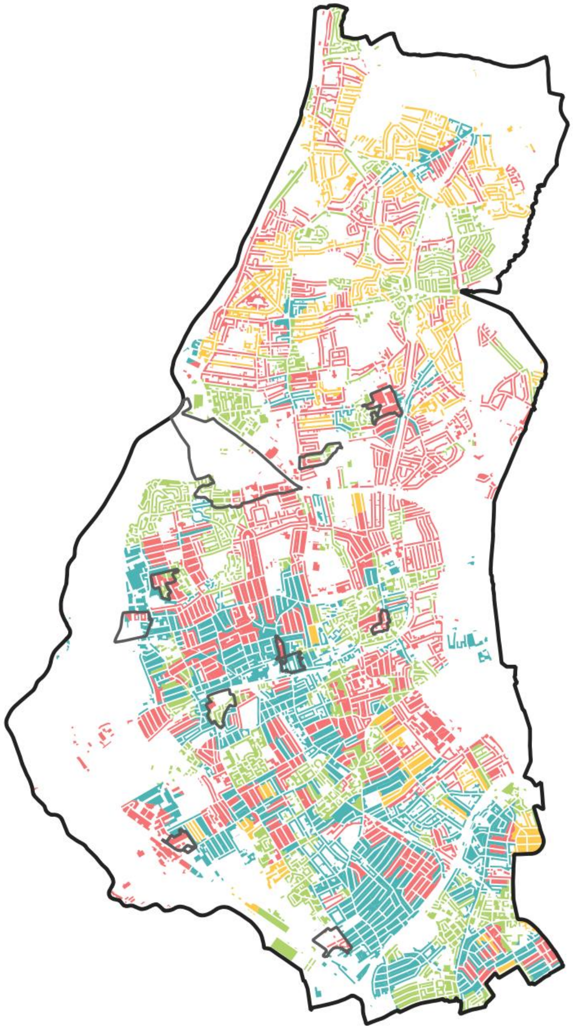
# As a result, high growth areas are home to a more diverse tenure mix

Areas of low population churn have been used in this evidence base to provide a reference case for what might have happened across the borough without the development of the last five years.

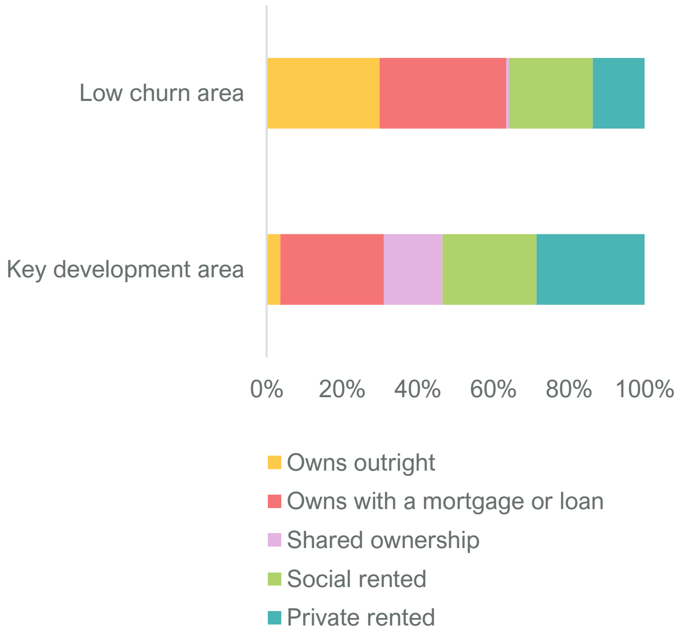
Analysis of most common (modal) tenure shows that high growth areas typically host a more diverse tenure mix. This can provide a greater variety of options from across the income distribution.

For example, 16% of residents in high growth areas live in Shared Ownership properties compared to 1% in low churn areas. Whilst this reflects that intermediate tenure delivery has increased significantly in recent years, high growth areas also have higher proportion of social and private rental tenants.

*Modal housing tenure in Waltham Forest by Output Area, 2021*




*Proportion of households by tenure, 2021*




Source: 2021 Census

## 2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

# Whilst there has been a net gain of social rent properties, the number of local authority owned homes has declined

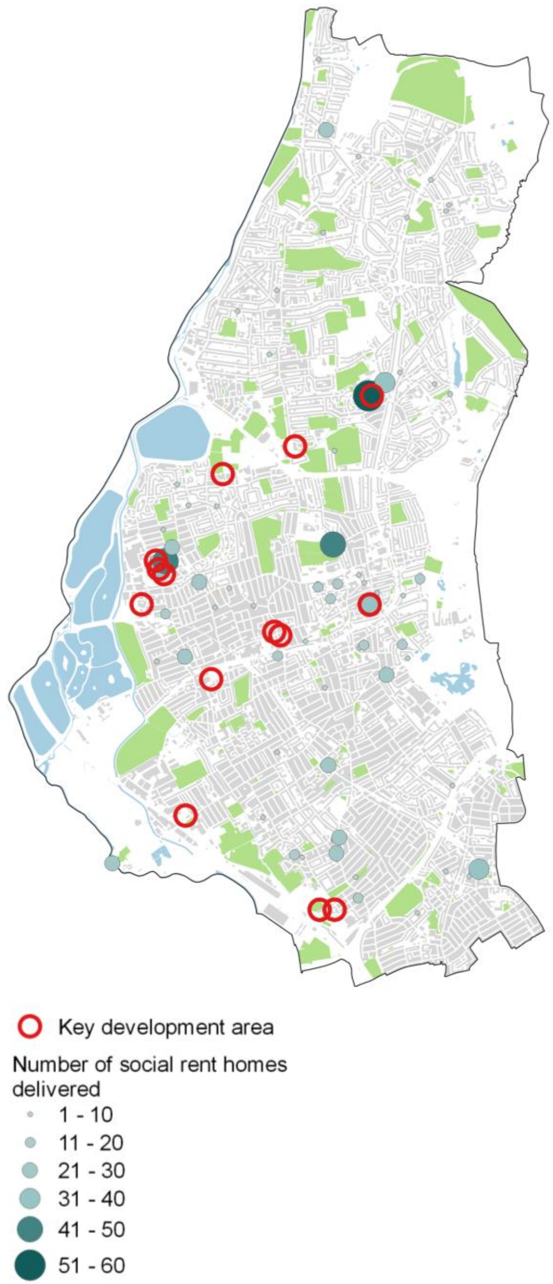
There are 105,820 dwellings in Waltham Forest. Private sector dwellings are the most common tenure type in the borough and this has contributed to most of LBWF's recent housing growth.

There are two types of regulated registered providers of social housing in England – local authorities and Private Registered Providers. As of 2021, 9% of dwellings in Waltham Forest were Local Authority-owned, equating to 9,699 homes. The number of local authority-owned dwellings has fallen by 6% since 2011, with 700 lost since 2012 through the renewed Right to Buy.

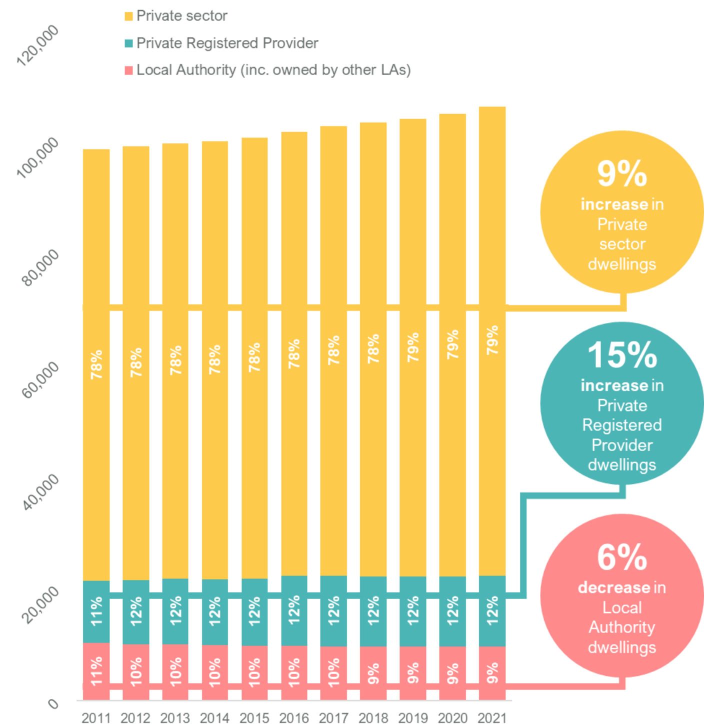
Private Registered Provider (PRP) dwellings have seen steady increases over this time period (+15%). DLUCH statistics classify PRPs as "*providers of social housing in England that are registered with the ONS and are not local authorities*". This includes housing associations, for profit providers, and charities.

Within the London Borough of Waltham Forest 8-% of housing association homes are held by L&Q, Peabody and Clarion.

*Social rent completions between 2011 and 2021*




*Number of dwellings by tenure, 2011-2021*




Source: LBWF Planning Data

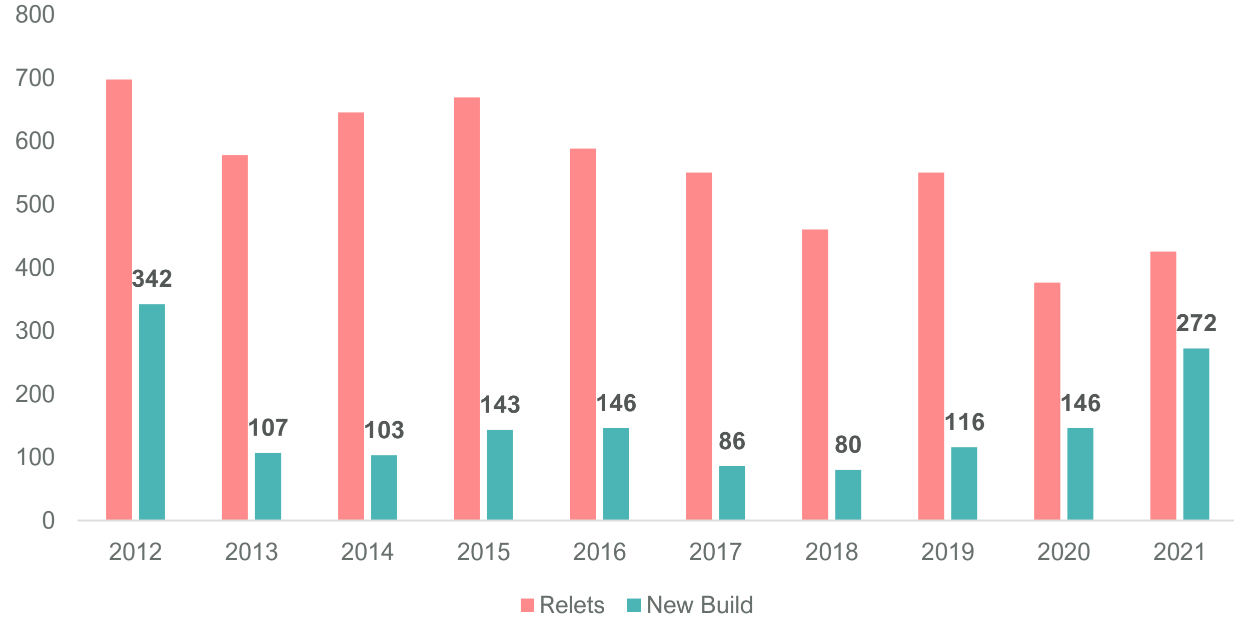
2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

## New delivery has provided hundreds of new social rent homes to Waltham Forest residents, most of whom were on the waiting list for several years

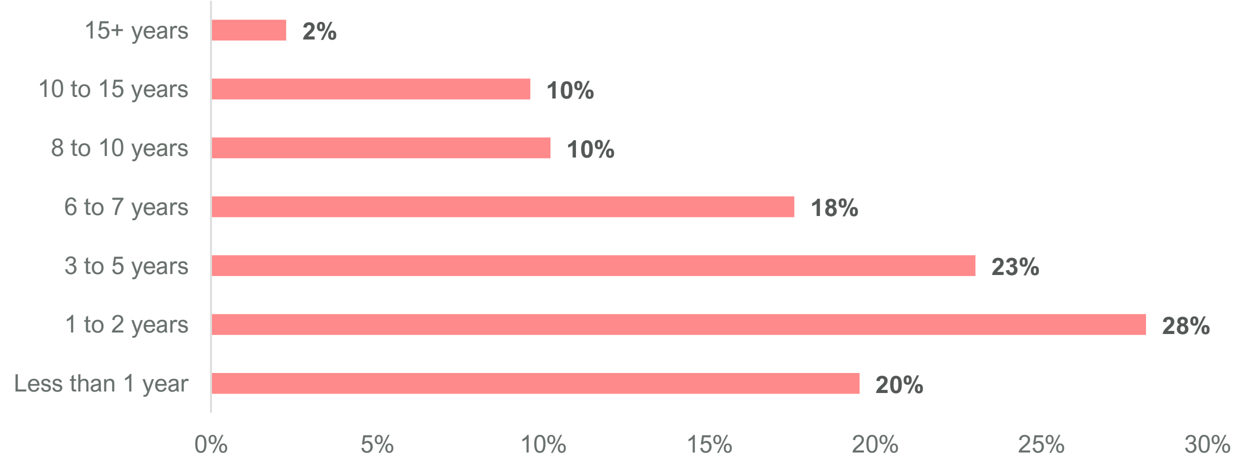
New development has also played an important role in managing the council's housing waiting list. Between 2012 and 2021, data from LBWF showed that new builds have provided over 1,500 homes to housing waiting list tenants, comprising over a fifth of total lets over the period.

Many of these residents moving into new properties had been on the housing waiting list for many years. Almost 40% of residents have been on the housing waiting list for five years or more – reflecting the important role in new development addressing long-term need.

*Contribution of new builds for overall social housing allocations 2012-2021*




*Length of time tenants of new build social rental properties had been on the housing waiting list, 2012-2012*




Source: LBWF

# Tenants of new social housing reflect the borough's diversity, and new builds have delivered more larger family-sized homes

Tenants of new build social rental properties in the borough are highly diverse. Over a third (35%) of residents in new-build social rent housing are Black, Black British, Black Welsh, Caribbean or African.

New build social housing is providing more space for families in the borough. Of the new-build social lets that have been tenanted since 2012, a higher proportion (76%) are 2+ bedrooms compared to 47% within the existing social housing stock.

Most people moving into the new build social housing are moving from smaller accommodation. Almost half (48%) of tenants in new-build social rent properties gain bedrooms compared to their previous accommodation. New properties are therefore providing much-needed family-sized homes across the borough.

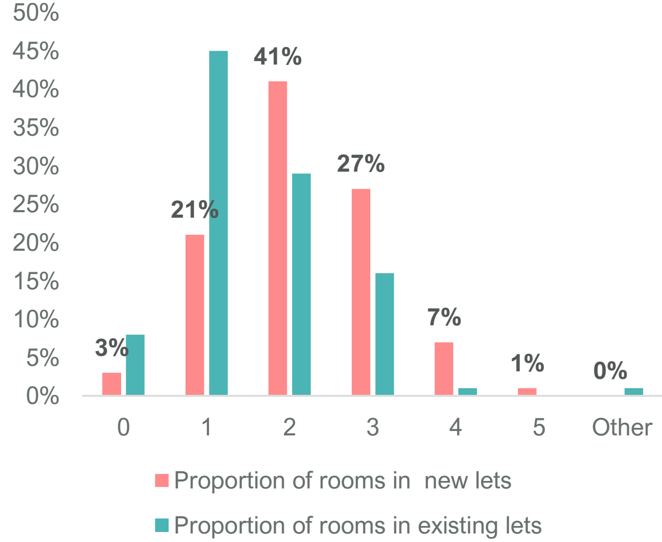
*Note: Additional evidence on the tenants of new social housing will be prepared for the second meeting of the Commission

Source: LBWF Data, 2021 Census

*Ethnicity of tenants of newly built social rent property, 2012-2021*

| | Proportion of residents identifying with group in… | |
|---|---|---|
| **Ethnic Group*** | **Waltham Forest (2021 Census)** | **Tenants of newly built social rent property** |
| Asian, Asian British or Asian Welsh | 20% | 15% |
| Black, Black British, Black Welsh, Caribbean or African | 15% | 35% |
| Mixed or Multiple ethnic groups | 6% | 5% |
| White | 53% | 27% |
| Other ethnic group | 6% | 0% |
| None, not recorded, or prefer not to say | N/a | 17% |

*Number of rooms in newly built social rent property, 2012-2021*




*Change in number of rooms in newly built social rent property vs tenants previous accommodation, 2012-2021*

| Change in number of bedrooms | Proportion new lets | Proportion existing lets |
|---|---|---|
| -4 | 0% | 0% |
| -3 | 0% | 0% |
| -2 | 1% | 1% |
| -1 | 4% | 6% |
| 0 | 23% | 24% |
| 1 | 30% | 26% |
| 2 | 16% | 12% |
| 3 | 2% | 2% |
| 4 | 0% | 0% |

2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

## However, much market housing is unaffordable to the average Waltham Forest resident

Source: ASHE, LBWF planning data

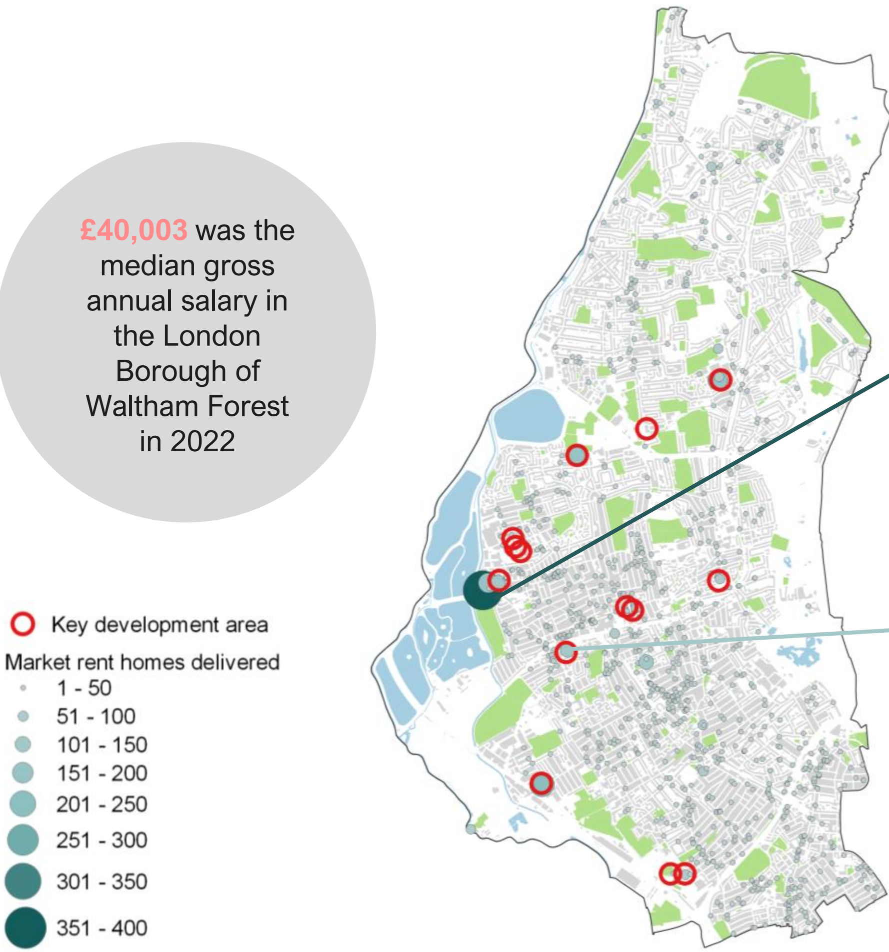
Using the disposable income modelling presented on Page 9, it is possible to understand the minimum combined household income required to afford to live in example market rent housing within new developments in the borough, and afford all other essential items.

Note: this is the minimum amount required to not fall into arrears at the end of the month, and the affordability criteria to rent the example properties presented may require a higher household income.

This shows that many of the major market rate developments delivered since 2011 require an income which exceeds the median gross annual salary in the borough in 2022.

*Market housing completed between 2011 and 2021*

**£40,003** was the median gross annual salary in the London Borough of Waltham Forest in 2022




### Blackhorse Road

**Equipment Works**
Studio from £1,695/month
– one person would require an income of £47,000
£1,925 for a one bed
– two people would require an income of £50,000

**Blackhorse Mills**
1-bedroom property from £1,650/month
- One person would require an income of £50,000

3-bedroom property available from £2,700/month
- Two parents with two children not receiving childcare would require an income of £74,000

### St James Street

**Ralley Building**
Studio from £1,050/month
- One person would require an income of £35,000

**Essex Brewery**
2 bed from £1,625/month
- Two parents with a child under 2 in full time childcare would require an income of £67,000

# …And high growth areas are more likely to be home to residents in higher paying professional occupations

Residents living in high growth areas are more likely to be economically active, and work in typically high-paying occupations.

Looking at changes in the proportion of residents in higher managerial, administrative and professional occupations provides an indicator of “gentrification”. Waltham Forest has seen the second highest increase in the proportion of residents in these occupations within London.

There is a greater than average proportion of residents within higher managerial, administrative and professional occupations within the high change areas, compared to the Waltham Forest average. For example, within Blackhorse Road, 31% of residents are within these occupations compared to the Waltham Forest average of 14%.

The high change area at the Leyton/Temple Mills border has 27% of residents in these occupations, whilst surrounding communities have 10% or under.

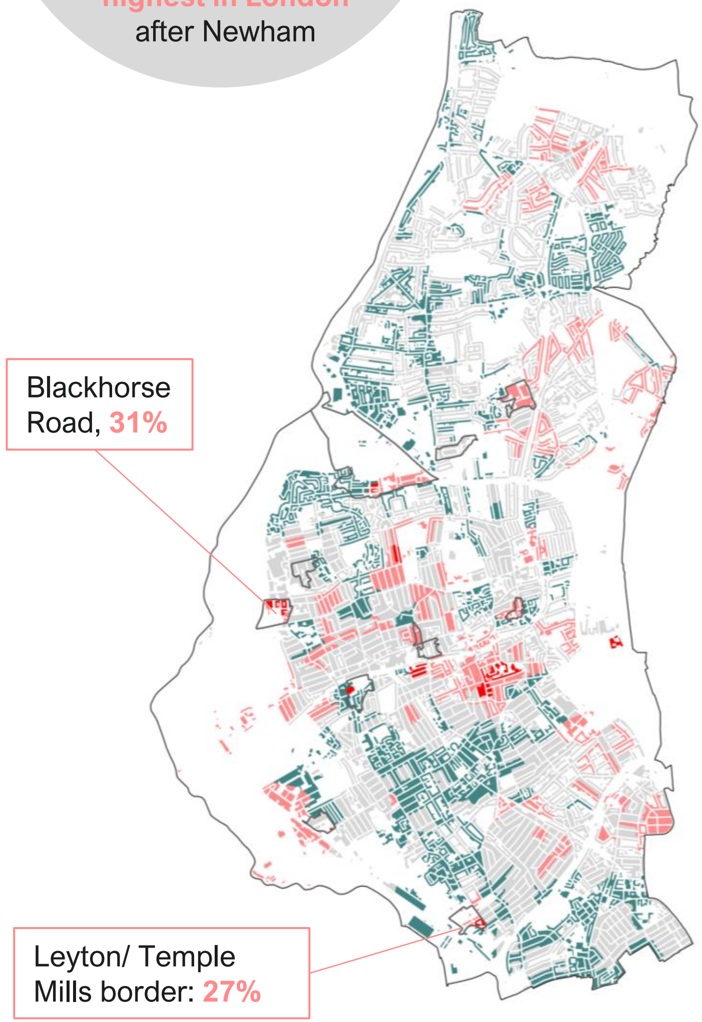
Source: Census 2021

**70% growth** in proportion of residents in higher managerial, administrative and professional occupations between 2011- 2021, **2nd highest in London** after Newham

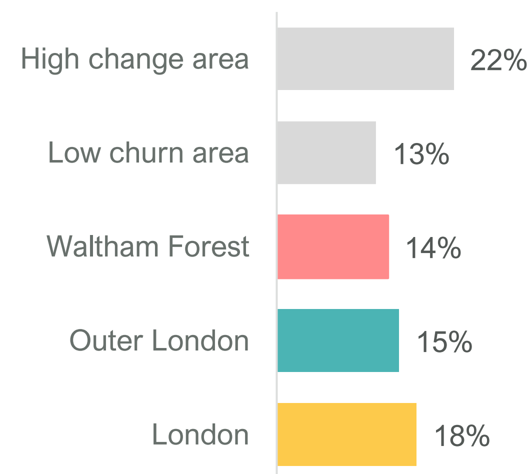
Best fit OA for key development area

Proportion of reasidents aged 16+ in higher managerial, administrative and professional occupations

- 1% - 10%
- 10.1% - 20%
- 20.1% - 30%
- 30.1% - 40%




*Proportion of population in higher managerial, administrative and professional occupations*



# Whilst high-development areas broadly reflect the borough average, Census data shows that major market and intermediate developments are predominantly white

Whilst the previous page showed many of the areas of high change have experienced declines in the proportion of residents identifying as Black, Black British, Black Welsh, Caribbean or African, there is a greater proportion of residents of these ethnicities living within the new development areas than Waltham Forest as a whole. This may reflect a historically high proportion of residents identifying with these groups from within the neighbourhoods where the new developments are taking place.

This is not even across neighbourhoods Within Blackhorse Road only 9% of residents identify as Black, Black British, Black Welsh, Caribbean or African. In contrast, 32% of residents in Sutherland Road identify as Black, Black British, Black Welsh, Caribbean or African.

Source: Census 2021

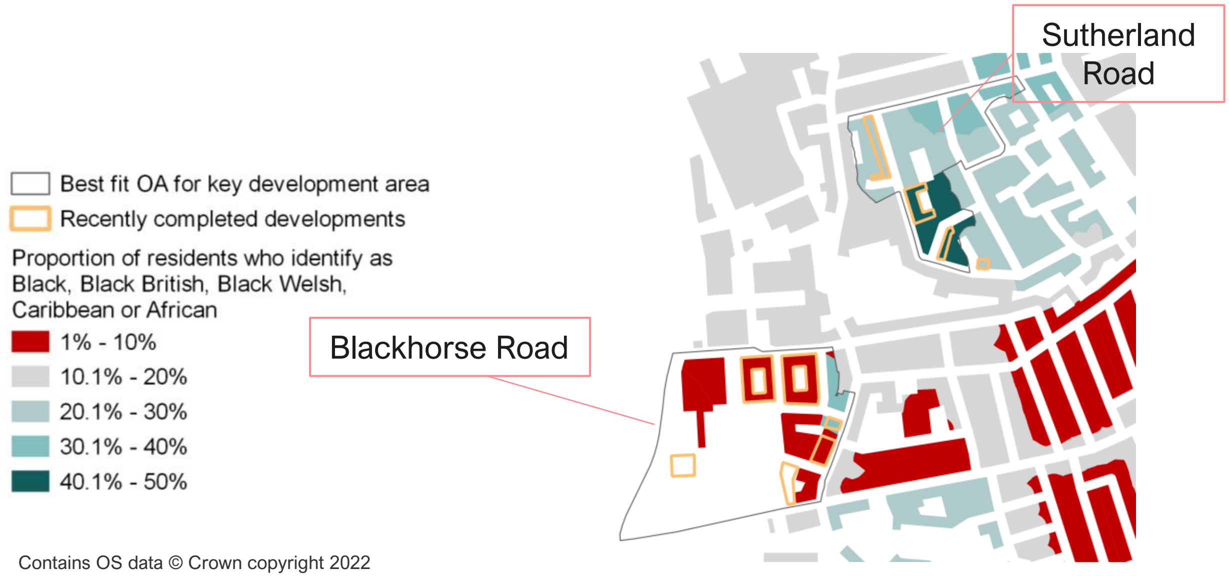
| | Proportion of residents identifying with group in… | |
|---|---|---|
| Ethnic Group | Waltham Forest | High change areas |
| Asian, Asian British or Asian Welsh | 20% | 17% |
| Black, Black British, Black Welsh, Caribbean or African | 15% | 18% |
| Mixed or Multiple ethnic groups | 6% | 8% |
| White | 53% | 51% |
| Other ethnic group | 6% | 6% |

**65%** of residents of Blackhorse Road growth area identify as White

**62%** of residents of Highams Park growth area identify as White

**72%** of residents of the market housing at Lea Bridge/Beck Square identify as white

**81%** of residents at Hops House in St James Street identify as white



## 2: WHAT HAS BEEN BUILT AND WHO HAS BENEFITTED?

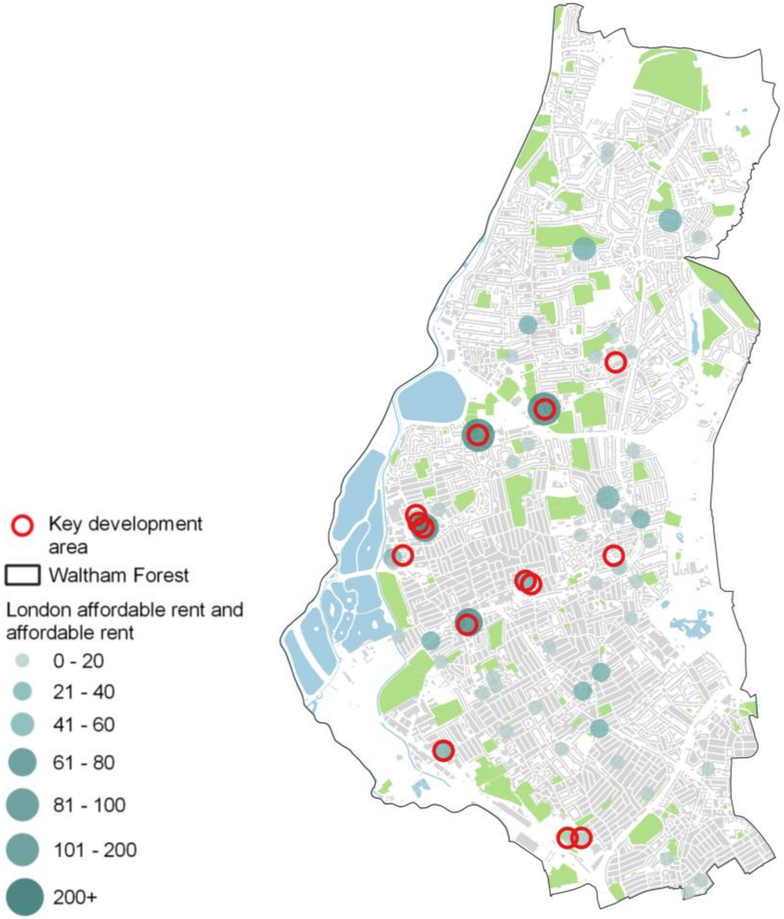
# Both London Affordable rent and Affordable Rent help to bridge the affordability gap locally

Source: LBWF

Significant affordable rent/London Affordable Rent homes have been delivered across Waltham Forest since 2011. The largest delivery is in Stadium Place, Billet Road (North Higham Hill), Sutherland Road, and St James Street.

By using benchmark rent data from LBWF, PRD has modelled the affordability of this tenure. This analysis shows that this tenure provides important intermediate options for households on slightly below average incomes.

*Affordable rent/LAR completed between 2011 and 2021*




**London Affordable Rent: London Affordable Rent is a non-binding target introduced by Mayor Sadiq Khan**

- 1 bed - £168/week, £728/month – one person would require earnings of £28,000
- 2 bed - £178/week, £771/month – two people would require earnings of £33,000
- 3 bed - £188/week, £814/month – two people with two children would require earnings of £33,000 (if they aren't paying for childcare)
- 4 bed - £198/week. £858/month – two people with three children would require earnings of £49,000 (if they aren't paying for childcare)

**Affordable rent: Introduced by the government in 2011, these rents are typically set at 80 per cent of the market value**

- 1 bed - £220/week, £953/month – one person would require earnings of £33,000
- 2 bed - £270/week, £1,170/month – two people would require earnings of £40,000
- 3 bed - £330/week, £1,430/month – two people with two children would require earnings of £50,000 (if they aren't paying for childcare)
- 4 bed - £398/week, £1725/month – two people with three children would require earnings of £65,000 (if they aren't paying for childcare)

# 3

# FUTURE CONSIDERATIONS FOR WHAT LBWF SHOULD BUILD

## IN ADDITION TO AFFORDABILITY, THERE ARE WIDER DEMAND AND DEMOGRAPHIC FACTORS THAT WILL SHAPE FUTURE NEED

# In addition to affordability, there are wider demand and demographic factors that will shape future need

1. **A high quality and affordable private rental sector to respond to need and demand.** In addition to the council's private landlord licencing scheme, improving the size, quality, and affordability of the PRS accommodation will be important. Build to rent is a growing priority for developers, and evidence suggests that demand for private rental properties is likely to be highest in the best connected parts of the borough.

2. **Demographic shifts show that Waltham Forest has a need for larger family-sized houses but development has largely not responded to this change.** The average household size of the borough has increased, as has the proportion of households with dependent children. Overall, the average size of property is smaller than the average household in the borough, meaning a shortage of family-sized housing is likely to continue to be an issue.

3. **Parts of the borough have ageing populations, pointing to a need for more specialist housing.** Specialist housing for older residents can help to encourage a more healthy churn of the borough's properties and better meet specific needs of older people.

4. **Understanding demand and needs of residents moving to the borough from elsewhere in London.** The borough has seen significant net inflows from more expensive boroughs such as Hackney. Whilst both the quantitative and anecdotal evidence suggests this has mainly driven demand for Waltham Forest's existing terraced housing stock.

5. **In addition to the delivery of new houses, there are wider policy factors which shape the supply and demand for housing in the borough.** The number of short-term lets has increased significantly since 2015, with no planning permission required if a home is listed for less than 90 days. Similarly, the number of overseas individuals owning property in the borough has increased.

# Connectivity and the private rental sector: Delivering high-quality rental properties in areas of high connectivity

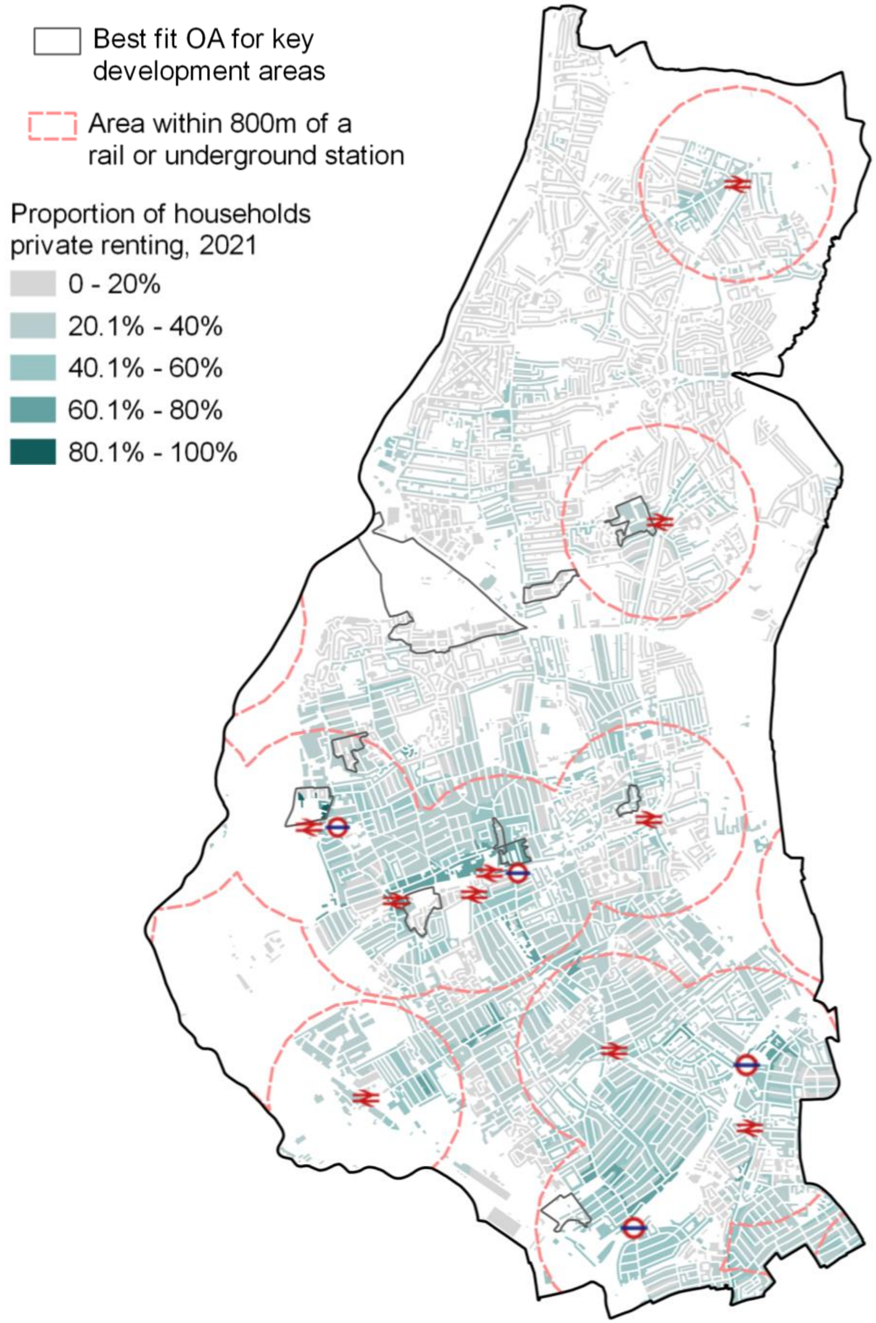
The evidence presented in previous slides points shows a growing (and increasingly expensive and insecure) private rental sector. In 2020, LBWF launched a new selective licensing scheme. It applies to all privately rented properties let to either an individual, a single family or two unrelated sharers. In addition to licensing, increasing the supply of more secure and affordable rental homes will be important to alleviate pressure on the private rental sector.

Build to Rent (BTR) is becoming an increasingly popular option for developers. Build-to-rent homes are homes developed and built specifically for the rental market, rather than to sell. There are already a range of BTR developers present in Waltham Forest. This includes Fizzy Living in Blackhorse Road and L&Q PRS in St James St. The British Property Federation states that the sector is set to grow from 76,800 to over 380,000 by 2032.

The evidence shows that high connectivity will be important to the viability and attractiveness of new private rental accommodation. In 2021, 73% of the borough's private renters lived within 800m of a TfL or National Rail Station.

Source: Census 2021

*Proportion of people*




**73%** of private renters live within 800m of a station, compared with 63% of all Waltham Forest residents

**32%** households living in OAs within 800m of a station are private renters

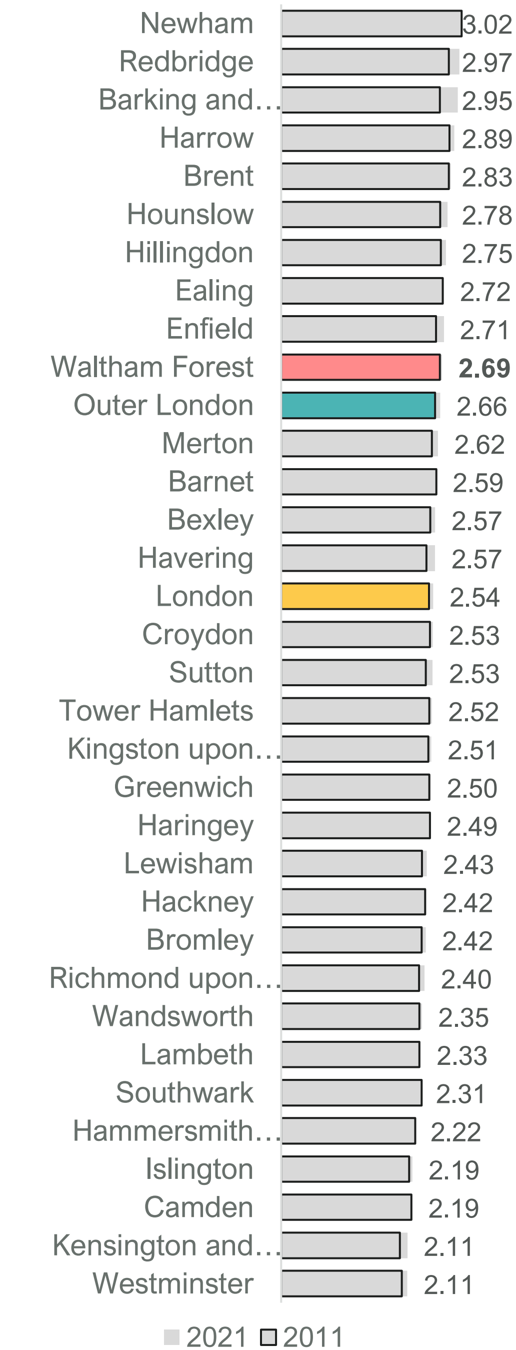
# Demographics: Increase in household size and more families in the borough – with several high growth areas supporting this growth…

The number of people per household has increased across London since 2011, with highest growth in Outer London boroughs which on average have more people per household – reflecting the proportion of larger houses and demographics residing in these areas.

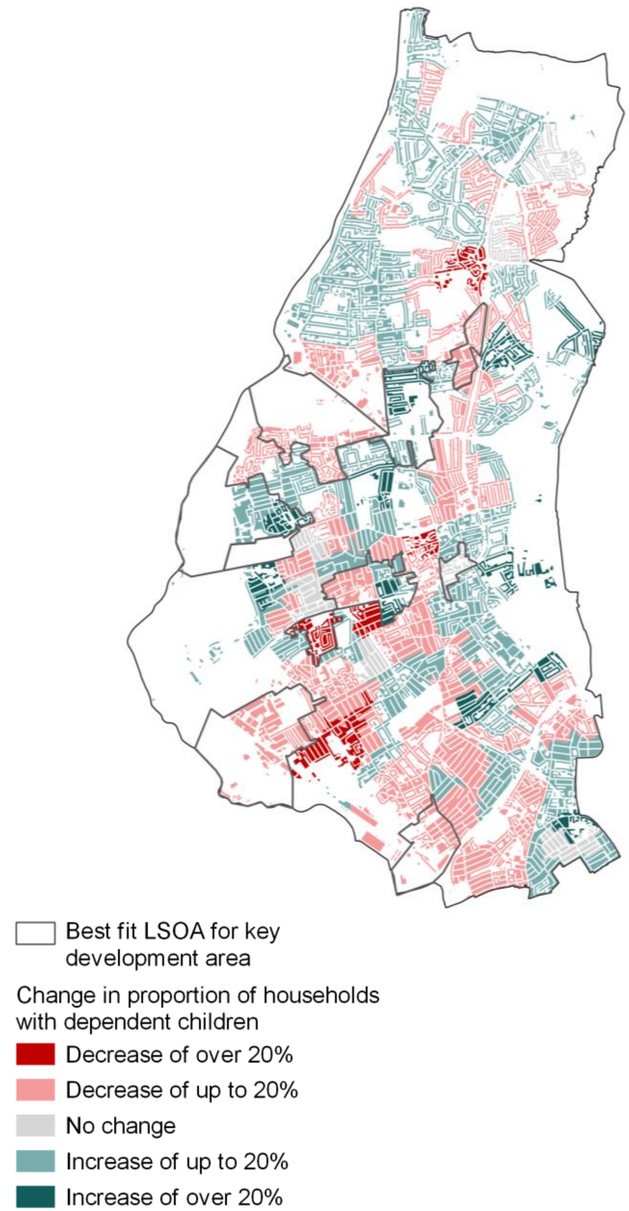
Waltham Forest mirrors the Outer London average, with 2.69 people per household. The average household size in the borough has grown over the last decade – increasing by 1.5% since 2011.

The household composition has also changed. Across the borough, 6% more households now have dependent children compared to 2011. Some of the most significant increases in the proportion of households with dependent children have been in the Sutherland Road and Walthamstow Dog Track high growth areas – responding to the changing demographics of the borough. Over half of households (57%) of residents in Stadium Place have dependent children.

*Number of people per household 2011 & 2021*




*Change in proportion of households with dependent children, 2011-2021*




Source: Census 2021

# However, high growth areas have mainly delivered housing for smaller households, meaning more family-sized housing is still required

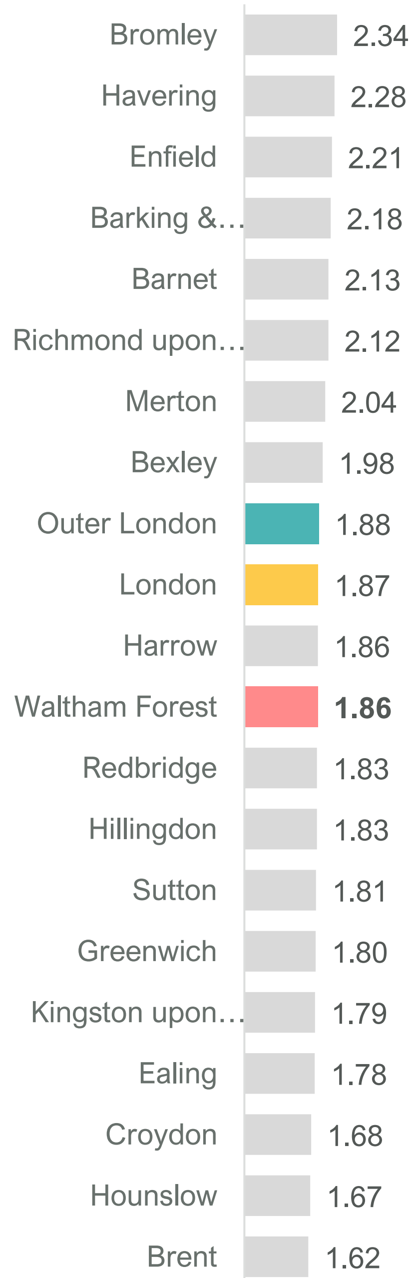
Over the last ten years, the average number of bedrooms delivered in new development across Waltham Forest is lower than the average housing size.

This is reflected in the household composition of high growth areas. In high growth areas, two thirds (66%) of households contain two people or less, compared with 55% in Waltham Forest as a whole.

There is evidence to suggest that development has largely not met the needs of the borough's larger households. Whilst 27% of Waltham Forest households contain 4 or more people, this is only 17% in high growth areas.

This is likely to be driven by viability modelling associated with new development. UK-wide research from Zoopla showed that the type of property affects the price per square foot (£psft). The research showed that nationally, the average cost per square foot for a flat was £389. Conversely, for a 2-bed house this falls to £270 per sqft.

*Average bedrooms delivered in new development 2011/12 – 2021/22*




| | Proportion of households in… | |
|---|---|---|
| **Number of people per household** | **Waltham Forest** | **High change areas** |
| 1 | 26% | 29% |
| 2 | 29% | 37% |
| 3 | 18% | 18% |
| 4 | 15% | 9% |
| 5 or more | 12% | 8% |
| Average number of people per household | 2.7 | 2.4 |
| Households with dependent children | 35% | 32% |

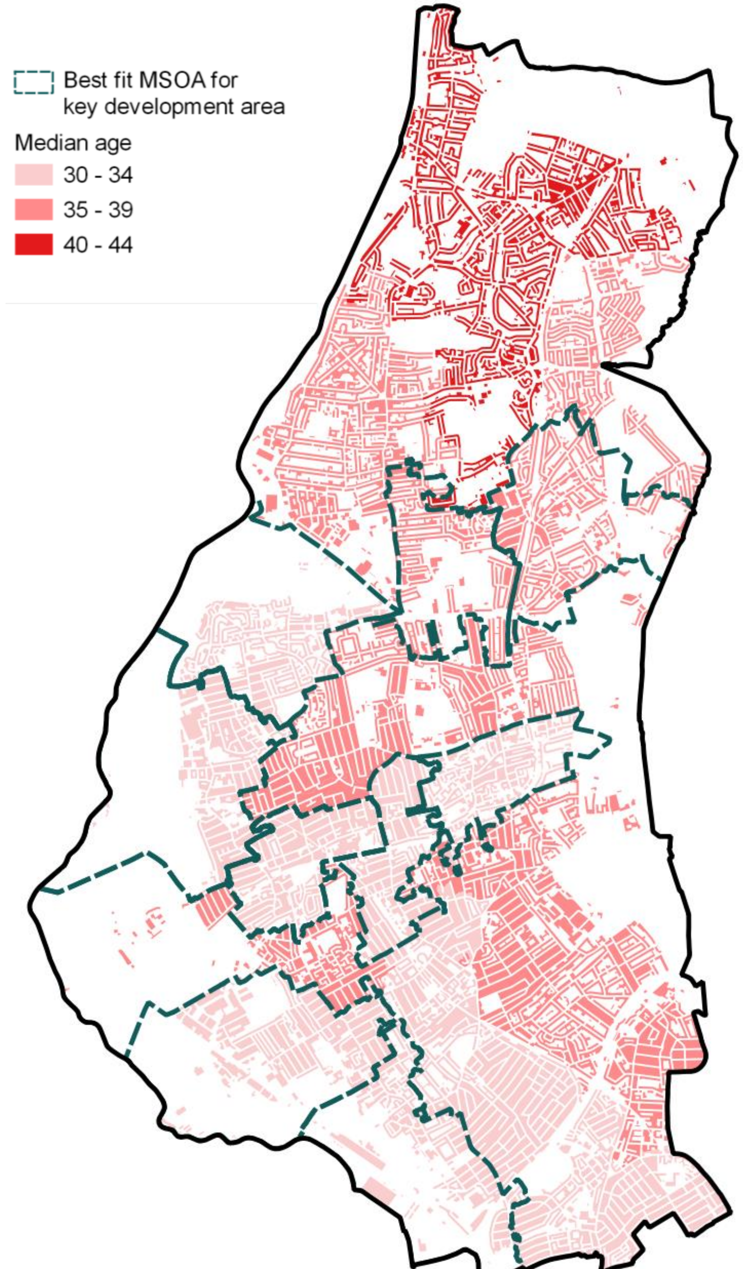
Source: Census 2021, London Planning Data Hub

## Specialist housing: Ageing population in the north and some low churn parts of the borough…

The average age of Waltham Forest is lower than the Outer London average. The median age for residents is 35, two years younger than the Outer London average (37).

Despite this, the average age of communities varies significantly across the borough. Communities in Chingford are on average up to 14 years older than people living in parts of Leyton. There are also older communities lower churn areas in the south of the borough including parts of Leytonstone.

*Median age by Major Super Output Area (MSOA), 2021*

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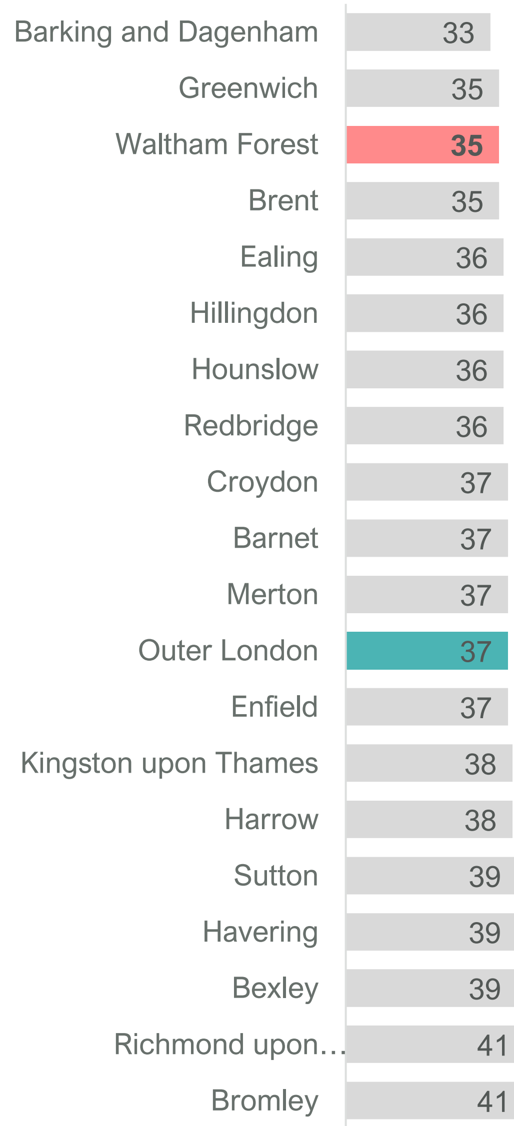
*Median age Outer London Boroughs, 2021*

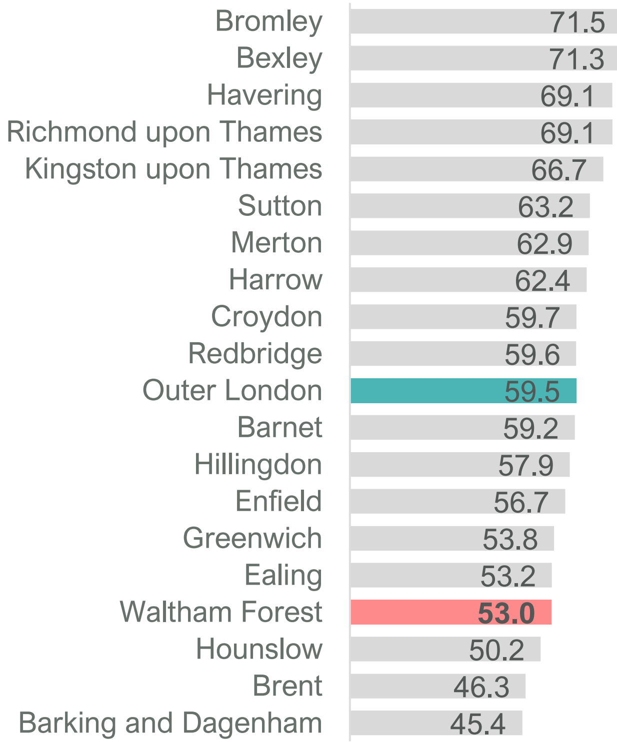


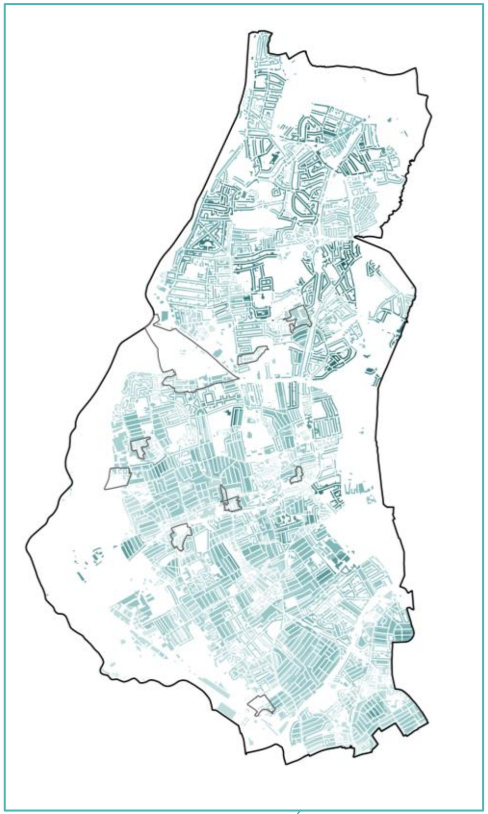
## …specialist housing can therefore encourage most efficient use of available housing stock

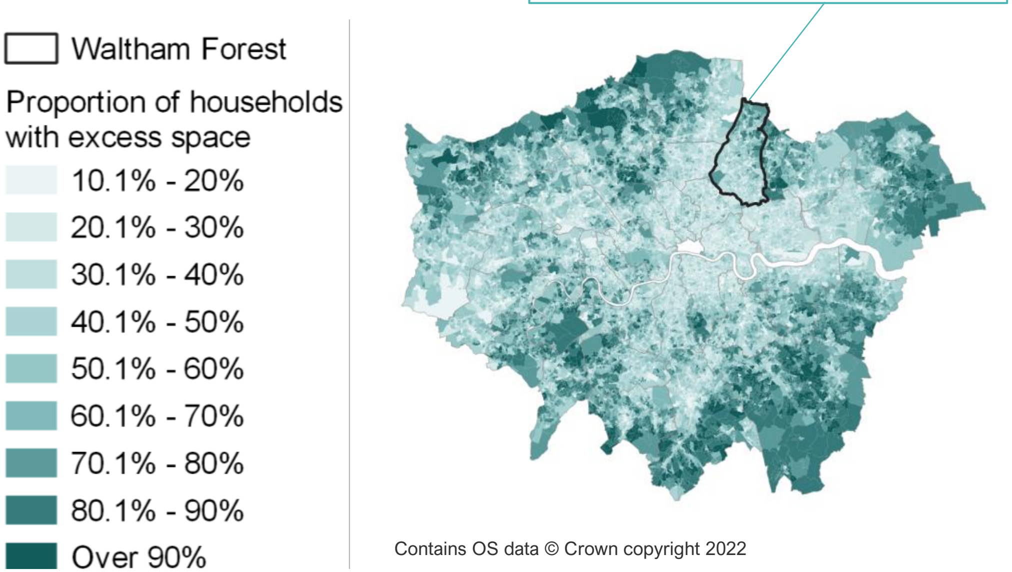
Whilst the proportion of households with excess space (53%) is lower than the Outer London average (60%), there is a clear overlap between the borough's older communities and the proportion of households with excess space. As a result, the Commission may want to consider the importance of specialist housing to meet the needs of the borough's older population, which in turn can encourage more efficient use of the borough's existing stock.

Supported and specialist housing comes in a range of forms specialist housing options for older people, including shared ownership, retirement villages, Abbeyfield developments, and almshouses. Some may have personal care and support integrated within them, while others may have visiting care or support or simply facilities or design features that promote independent living, reduce loneliness and enable residents to remain in their property as their care and support needs increase.

*Proportion of households with excess space, 2021*



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Source: Census 2021

3: FUTURE CONSIDERATIONS

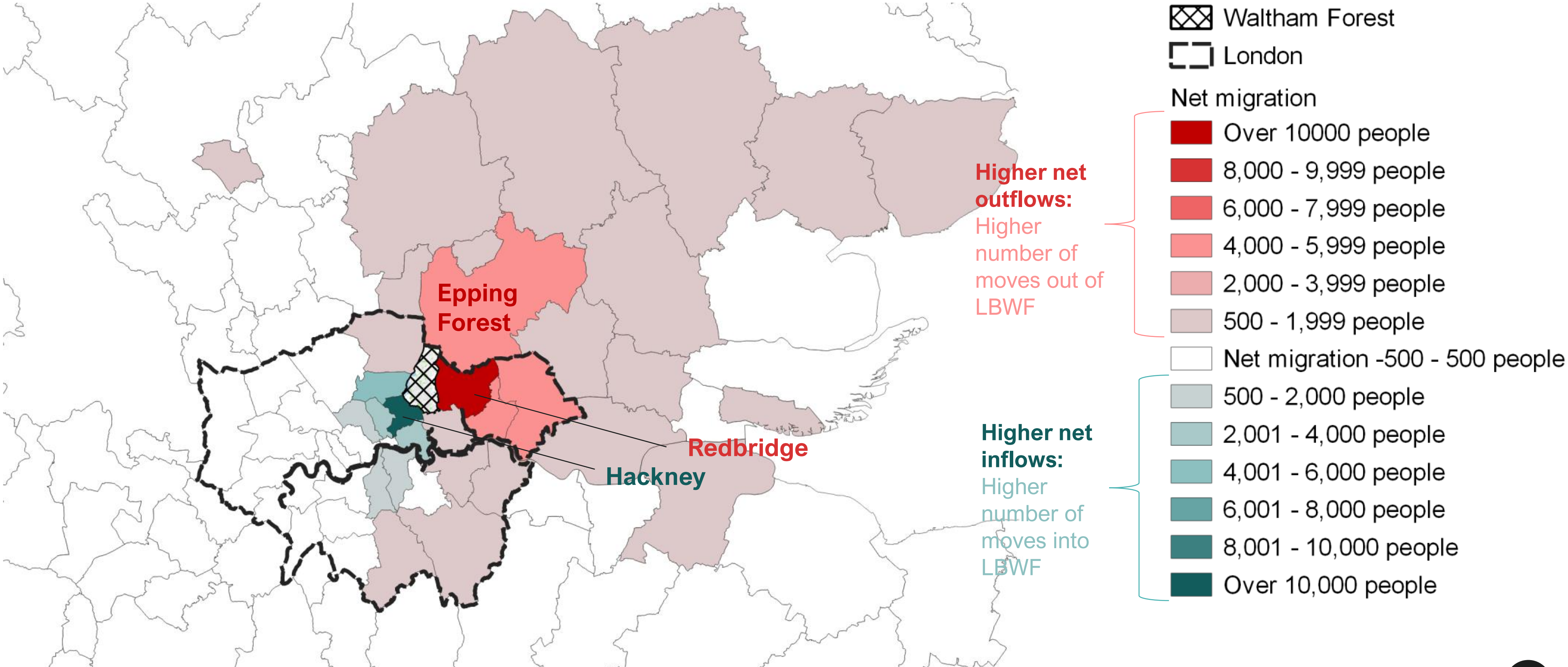
# Drivers of demand (1): Significant migration from more expensive adjacent boroughs…

Source: ONS Internal Migration Estimates

In addition to the needs of the borough's existing population, it is also important to understand where else in London demand for the borough's housing is coming from. The ONS produce annual internal migration estimates for pairs of local authorities in England and Wales. This uses changes to registered GP as a proxy for movement patterns.

Understanding the needs and characteristics of residents in areas of high internal migration flows is an important component of assessing future need and demand. Coded analysis of multiple years of data shows that there have been a net gain of 10,449 moves into Waltham Forest from Hackney since 2012. The largest net outflows of residents are to adjacent local authority areas Redbridge (-10,175) and Epping Forest (-5,119).

*Net internal migration between local authority areas, 2012-2020*






Note: the administrative data sources used to measure internal migration changed in 2016

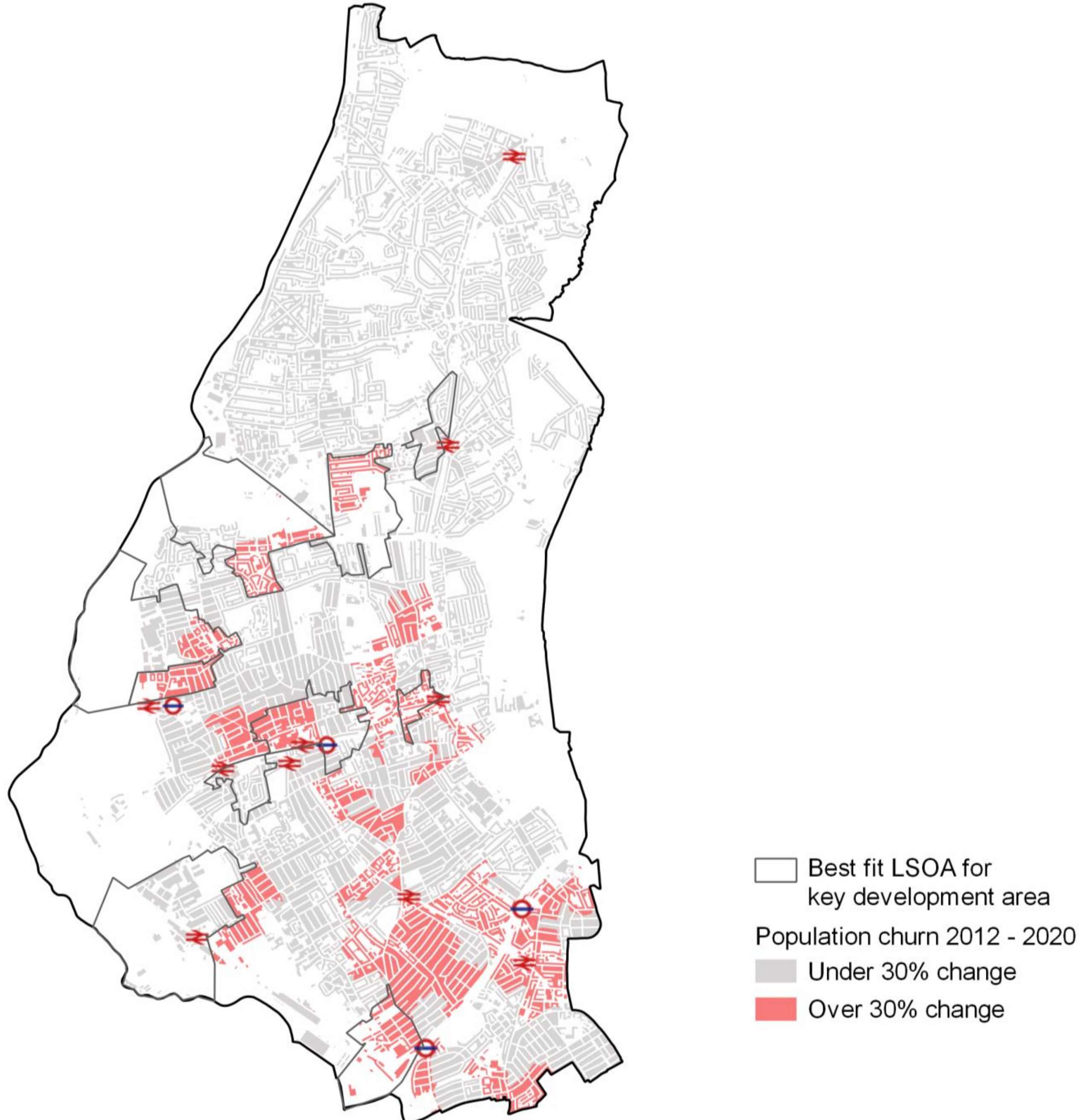
## …However, a significant proportion of this demand is within the borough's existing housing stock, which is likely to put further pressure on family-sized housing

There is evidence to suggest that many of the people who have moved into LBWF from more expensive boroughs such as Hackney have predominantly moved into the borough's existing terraced property stock.

This can be substantiated using the CDRC's residential mobility analysis, other than the borough's high development areas. This shows that areas with the highest residential mobility/population churn are in the borough's existing terraced and semi-detached housing stock between Leyton and Leytonstone. Demand for this type of housing from more expensive boroughs is putting further pressure on LBWF's larger housing supply, contributing to displacement of existing families in the borough.

Source: CDRC

*Areas with >30% population churn between 2012-2020*

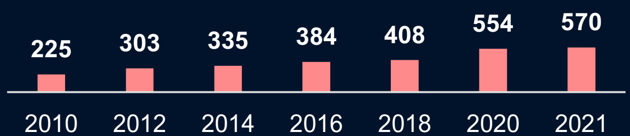


# Demand-side factors: important to addressing affordability challenges

Another factor constraining supply of available properties is short-term lettings such as Airbnb and overseas ownership of homes. The number of Airbnb listings in London peaked in 2020, reaching 87,235 before falling back to 69,351 in 2022. This has increased significantly across Waltham Forest in recent years and around 700 entire properties in the borough were listed online in September 2022. The highest concentration of short-term lets are south of the A406, close to the borough's transport hubs.

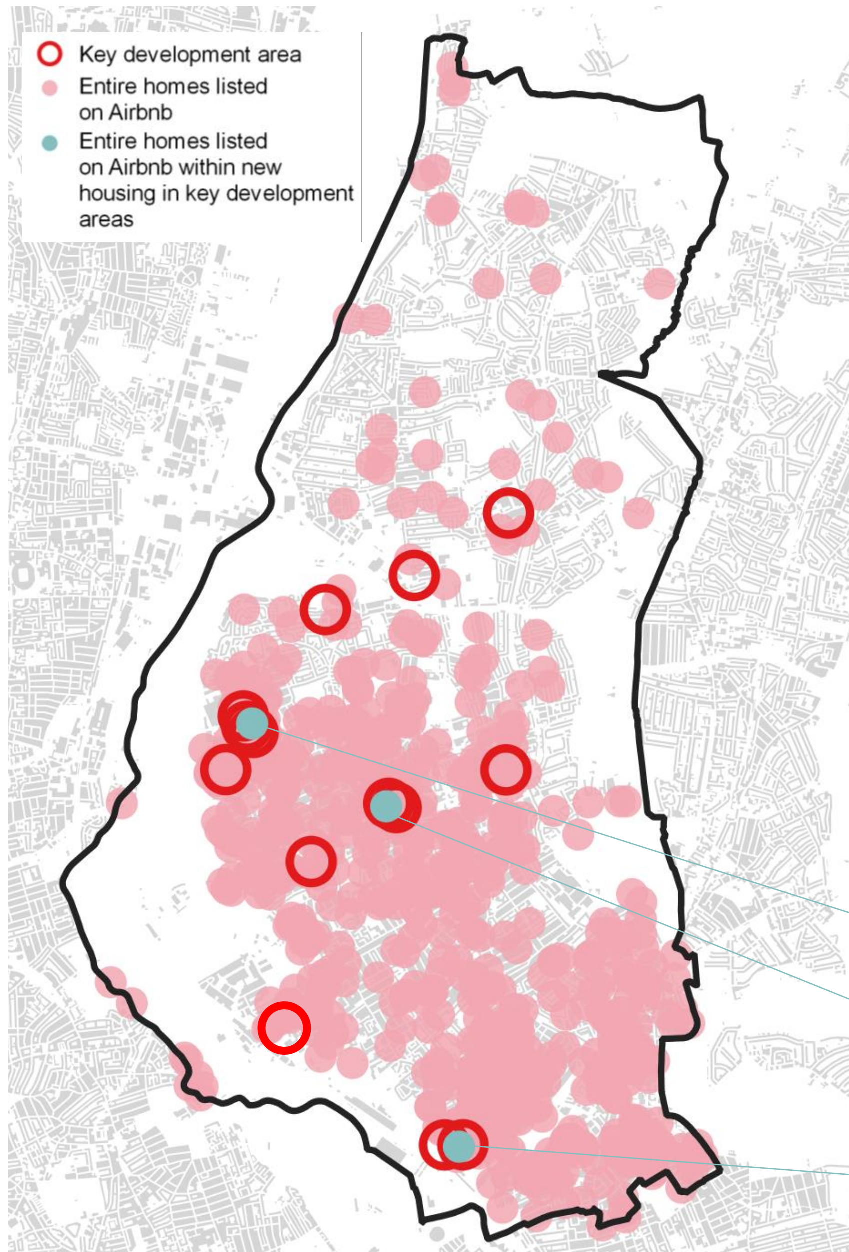
Properties in London can be booked from a single-night stay up to a maximum of 90 nights in a calendar year without planning permission. GLA research shows that the majority of actively listed Airbnb properties (77%) were estimated to be occupied for under 90 nights in the year. However, data on occupancy is poor making enforcement challenging. The Mayor of London is lobbying Government to introduce a statutory registration system for short-term lettings.

*Land Registry titles in LBWF registered to individuals with an overseas correspondence address, 2010-2021*




Source: Inside Airbnb, Centre for Public Data

*Entire homes listed on Airbnb in LBWF, Sept 2022*

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**+1,247** additional short-term rentals listed on Airbnb between 2019 and 2015

**1 in 189** homes in Waltham Forest are owned by people living abroad

**£94/night**, Hillyfield Higham Hill

**£136/night**, High Street Walthamstow

**£140/night**, A106 Leyton

**Will.temple@prdemail.co.uk**
**Rose.jump@prdemail.co.uk**

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