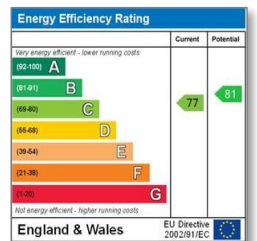




Camden Local Housing Needs Assessment

Report of Findings
May 2025





Opinion Research Services, The Strand, Swansea SA1 1AF

Jonathan Lee, Nigel Moore, Scott Lawrence

Rhys Evans, Hugo Marchant, Elliot Muldoon

enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

© Copyright May 2025

The below copyrights acknowledge the open-source data that is provided by the respective bodies and is used throughout this document

Contains Ordnance Survey data © Crown copyright and database right 2025

Contains Royal Mail data © Royal Mail copyright and database right 2025

Contains National Statistics data © Crown copyright and database right 2025

Contains public sector information licensed under the Open Government Licence v3.0

Contents

1. Introducing the Study	5
Introduction.....	5
Government Policy	5
NPPF Update December 2024.....	5
Assessing Housing Needs in London	6
Duty to Co-operate.....	8
Jobs and Housing.....	8
Overview of the LHNA	8
Summary of the ORS Approach to Modelling Housing Need.....	9
2. Demographic Projections	10
Introduction.....	10
Official Household Projections	10
Projected Household Size.....	11
Population and Household Projections for Affordable Housing Need.....	12
Projected Population Age Profile	12
Household Projections by Age	14
Projected Household Types.....	15
3. Local Housing Market	16
Introduction.....	16
Housing Tenure Trends	16
Cost of Renting	19
Cost of Home Ownership	23
Identifying the Gap for Intermediate Housing and Affordable Home Ownership.....	25
Summary of Housing Costs.....	30
4. Affordable Housing Need	32
Introduction.....	32
Assessing Affordable Housing Needs	33
Current Unmet Needs of Households Unable to Afford	34
Projected Future Need of Households Unable to Afford	38
Needs of Households Aspiring to Homeownership	41
Future Policy on Housing Benefit in the Private Rented Sector.....	49
Affordable Mix.....	50
Size and Tenure Mix based Upon Overall Housing Needs	50
Build to Rent.....	53
Co-Living	54
Other Housing Needs	55
Concluding note	56

Appendix A: Glossary57

Appendix B: Table of Figures.....61

1. Introducing the Study

Background to the project

Introduction

- 1.1 In 2022, Opinion Research Services (ORS) was commissioned by Camden Council to prepare a Local Housing Needs Assessment. This current study is an update of that assessment in advance of the consultation for a new Camden Local Plan.
- 1.2 The proposed Camden Local Plan sets a housing target of 11,550 dwellings over the 15-year period 2026-2041. This study treats this figure as the dwelling target and seeks to understand the mix of housing which is required within this total.

Government Policy

- 1.3 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied. A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.4 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn’t afford to do so. However, the NPPF 2019 placed specific emphasis on affordable homeownership and this was retained in the NPPF 2021 and 2023 updates. Since the February 2019 update to the present, the PPG states that assessments must now include the needs of “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

NPPF Update December 2024

- 1.5 The current Government published an updated version of the NPPF in December 2024. In terms of overall housing need, paragraph 62 still states that:

62. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning practice guidance. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

National Planning Policy Framework, December 2024

- 1.6 However, PPG has been updated to derive a new methodology for local authority areas based upon their existing number of dwellings and the ratio of median house prices to median incomes in the area. Therefore, the methodology for calculating housing need at a local authority area has been updated.
- 1.7 In terms of the new methodology, the baseline housing need figure in is derived using the following formula, set out at paragraph 4 of PPG for Housing and Economic Needs Assessment.

How is a minimum annual local housing need figure calculated using the standard method

The standard method calculates a minimum annual local housing need figure as follows:

Step 1 - Setting the baseline – 0.8% of existing housing stock for the area

Set the baseline using the value of existing housing stock for the area of the local authority. The baseline is 0.8% of the existing housing stock for the area, and the most recent data published at the time should be used.

Step 2 - An adjustment to take account of affordability

The housing stock baseline figure (as calculated in step 1) is then adjusted based on the affordability of the area.

The affordability data used is the median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level. The mean average affordability over the five most recent years for which data is available should be used.

No adjustment is applied where the ratio is 5 or below. For each 1% the ratio is above 5, the housing stock baseline should be increased by 0.95%. An authority with a ratio of 10 will have a 95% increase on its annual housing stock baseline.

Where an adjustment is to be made, the precise formula is as follows:

For values of 'five year average affordability ratio' above 5; otherwise zero.

Adjustment Factor = ((five year average affordability ratio-5)/5)×0.95 + 1

Paragraph: 004 Reference ID: 2a-004-20241212

- 1.8 For Camden, this yielded an annual need figure of 3,137 dwelling per annum in December 2024. This is clearly a very substantial change, and this report was developed and written under the NPPF 2023 and therefore has not incorporated any of the changes to the NPPF.
- 1.9 The Mayor of London intends to begin consulting on a new London Plan in the autumn of 2025. The new capacity targets for each Borough are not yet determined. However, it is these, not the new standard method figure which will determine the requirement for each Borough. On this basis, the figure of 3,137 dwelling per annum is unlikely to become relevant to Camden for planning purposes.

Assessing Housing Needs in London

- 1.10 Paragraph 62 of the updated National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the Planning Practice Guidance for assessing local housing need. PPG on Housing and Economic Needs Assessment (paragraph 013) sets out that local housing need assessments may cover more than one area, in particular where strategic policies are being produced jointly, or where spatial development strategies are prepared by elected Mayors. In such cases, it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area. Where a spatial development strategy has been published, local planning authorities should use the

local housing need figure in the spatial development strategy and should not seek to re-visit their local housing need figure. The London Plan is the Spatial Development Strategy for London prepared by the elected Mayor and therefore Camden should use the local housing need figure in the London Plan.

- ^{1.11} The Strategic Planning Authority for London is the Greater London Authority and the London Plan is the statutory spatial development strategy for London. The Secretary of State accepted that the London Plan could be published on 29th January 2021, and it was formally published on March 2nd 2021 as the London Plan 2021.
- ^{1.12} The London Plan sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). The London Plan sets out ten-year housing targets for individual boroughs using a capacity-based methodology. The Inspectors found that the general approach to devising the housing targets and the contribution that large sites would make was justified. However, they found issue with the contribution expected from small sites and subsequently recommended that the contribution from small sites be reduced with the overall targets for each Borough reduced by a corresponding amount. The Mayor accepted this recommendation of the Inspectors and the housing targets for London Boroughs have subsequently been revised down in the Published London Plan.
- ^{1.13} Policy H1 of the London Plan sets the ten-year targets for net housing completions that each local planning authority should plan for. It states that boroughs must include these targets in their Development Plan targets. For the purposes of the Plan, London is considered as a single housing market area. The supporting text (para 4.1.2) sets out the advantage of planning strategically in that it allows London to focus development in the most sustainable locations, allowing all of London's land use needs to be planned for with an understanding of how best to deliver them across the capital. Due to London's ability to plan strategically, boroughs are not required to carry out their own housing needs assessment but must plan for, and seek to deliver, the housing targets in this Plan.
- ^{1.14} From the point of view of this study, the London Plan sets a 10-year housing target at Table 4.1 for net housing completions (2019/20-2028/29). In the case of Camden, this is 10,380 dwellings, or 1,038 dwellings per annum. We would also note that the 1,038 figure covers both conventional housing supply and also non-conventional accommodation such as purpose built student accommodation, shared housing and dedicated housing for older people.
- ^{1.15} The London Plan contains Policy H10 Housing size mix which sets out the following requirements:
- A Schemes should generally consist of a range of unit sizes. To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to:
- 1) Robust local evidence of need where available or, where this is not available, the range of housing need and demand identified by the 2017 London Strategic Housing Market Assessment
 - 2) The requirement to deliver mixed and inclusive neighbourhoods
 - 3) The need to deliver a range of unit types at different price points across London
 - 4) The mix of uses in the scheme
 - 5) The range of tenures in the scheme

- 6) The nature and location of the site, with a higher proportion of one and two bed units generally more appropriate in locations which are closer to a town centre or station or with higher public transport access and connectivity
- 7) The aim to optimise housing potential on sites
- 8) Amalgamation of existing stock
- 9) The role of one and two bed units in freeing up family housing.

Duty to Co-operate

- ^{1.16} The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *“the homes and jobs needed in the area”*.
- ^{1.17} However, housing is a strategic issue and the London Plan therefore sets borough housing targets to meet London’s strategic need. This in turn implies that in housing need terms Duty to Cooperate is not a major issue provided all boroughs meet their own targets

Jobs and Housing

- ^{1.18} Camden is part of the Greater London Housing Market Area (GLHMA) and it is at this level that there requires to be a balance of jobs and workers. The Greater London Authority prepared the SHMA 2017 and Addendum 2019 for the GLHMA to inform the London Plan, which considers jobs and housing at the London-wide level; and LPAs in London are required to conform to the London Plan.
- ^{1.19} It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting or migration – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London.
- ^{1.20} In determining the number of homes needed at Borough level, the Camden LHNA will need to be consistent with the London Plan and the projected population/households consistent with GLA figures. By doing so, Camden will, therefore, contribute to balancing jobs and workers across the GLHMA, consistent with the London Plan.

Overview of the LHNA

- ^{1.21} The first key objective of this LHNA is to establish the need for housing (both market and affordable) in Camden on the assumption that it delivers its proposed target of 11,550 homes. However, Camden propose to deliver around 200 purpose built student accommodation (PBSA) bedspaces per annum. Under the provisions of London Plan paragraph 4.1.9, 2.5 bedspaces will be counted as the equivalent of one dwelling, so around 80 dwellings per annum, or 1,200 dwellings over the plan period will be delivered as student accommodation. For the purposes of this study, we have excluded the delivery of the student accommodation from the overall housing needs and this leaves a residual requirement for 10,350 dwellings. It is these dwellings which represent the focus of this study. The final calculation for this task is set out in Figure 40.

- ^{1.22} This report considers the key outputs from the LHNA – namely establishing the overall balance between market and affordable housing over the 15-year period 2026-41. It is important to recognise that the information from the LHNA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies and in particular will link strongly to issues around viability. The LHNA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Summary of the ORS Approach to Modelling Housing Need

- ^{1.23} As noted above, this LHNA seeks to establish the need for housing (both market and affordable) in Camden on the assumption that it delivers housing to meet the Camden Plan dwelling delivery target over the period 2026-2041, which is 10,350 dwellings.
- ^{1.24} In Chapter 2, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the GLA dwelling led projections and cover the 15-year period 2026-2041. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published for Camden which are tied to the dwelling delivery target.
- ^{1.25} The estimates for affordable housing need in Chapter 4 are therefore based directly upon the GLA projections which in turn are tied to delivering 10,350 dwellings in Camden over the period 2026-2041.
- ^{1.26} Therefore, the figures produced in Chapter 4 are the overall conclusions for housing need in Camden.

2. Demographic Projections

The baseline for establishing housing need

Introduction

- 2.1 This chapter uses the available population projections for Camden to explain the predicted growth of households during the plan period.

Official Household Projections

- 2.2 Prior to the December 2024 update to the NPPF, 2014 based households projections underwrote the LHN figure for a local authority, as set out in PPG.

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

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

PPG ID 2a-005-20190220

- 2.3 The new Standard Method for LHN introduced in December 2024 uses the size of the existing dwelling stock in a local authority as the underlying basis for calculating need, alongside an uplift based upon the ratio of median house prices to median incomes in the area.
- 2.4 Despite this change, an important step in analysing housing needs is to consider the demographic drivers of housing need and to identify the household projection for Camden which is used as the basis for the analysis in this report.
- 2.5 Figure 1 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach. The 2018 based principle projection is based upon migration from only 2016-2018 and therefore are very unstable across England as a whole.
- 2.6 While PPG proposes that housing needs should be based upon the 2014 based CLG household projections, the GLA 2020 based projections were the bespoke projections developed for the London Plan 2021. The Inspectors for the London Plan 2021 noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. They concluded that the approach followed by the GLA was appropriate for London.

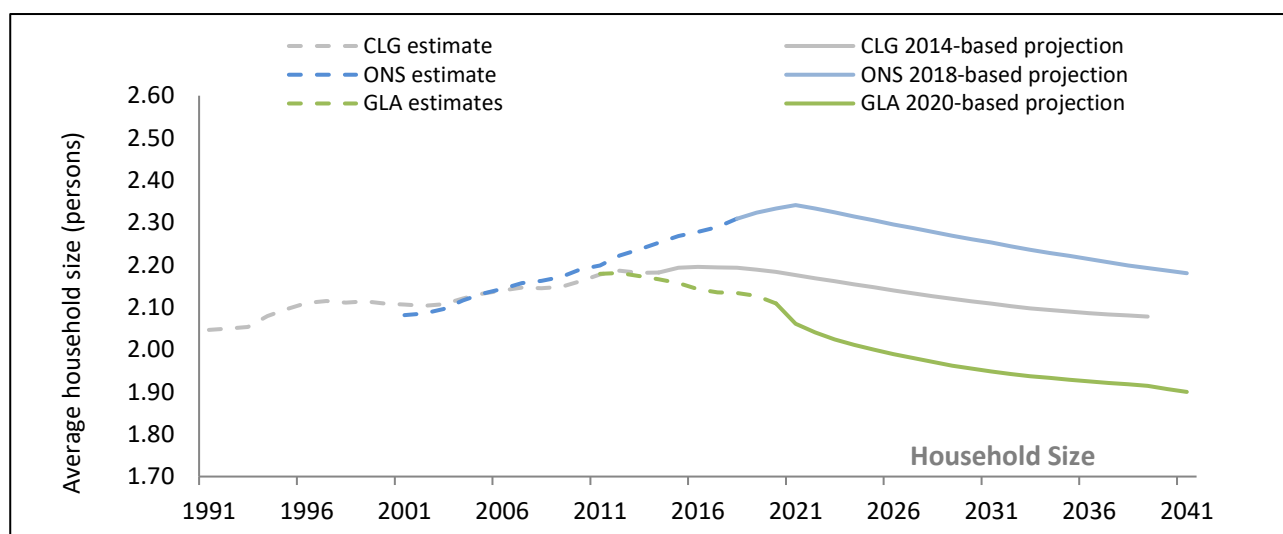
Figure 1: Household projections 2024-34 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Change in Households 2024-2034	
		10-year change	Annual average
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+15,039	+1,504
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+12,850	+1,285
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+14,180	+1,418
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+14,110	+1,411
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+13,083	+1,308
Alternative Internal (5-year trend) 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+13,963	+1,396
10-year trend 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+13,267	+1,327
GLA 2020-based Projections			
Principal projection: Long Term trend DCLG household projection	2004-20	+20,796	+2,080

Projected Household Size

- ^{2.7} The projected household size is not a number which is calculated directly as part of the population and household projections. The data calculated for household size (Figure 2) divides the population in the area by the associated household projection. This is a recognised, standard approach.

Figure 2: Average household size estimates and projections for Camden for the period 1991-2041(Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections)



- 2.8 As the chart shows, average household sizes rose very sharply in Camden between 2001 and 2011 and the future path shows a decrease, though this is dependent upon how many additional households and persons are assumed to live in Camden.

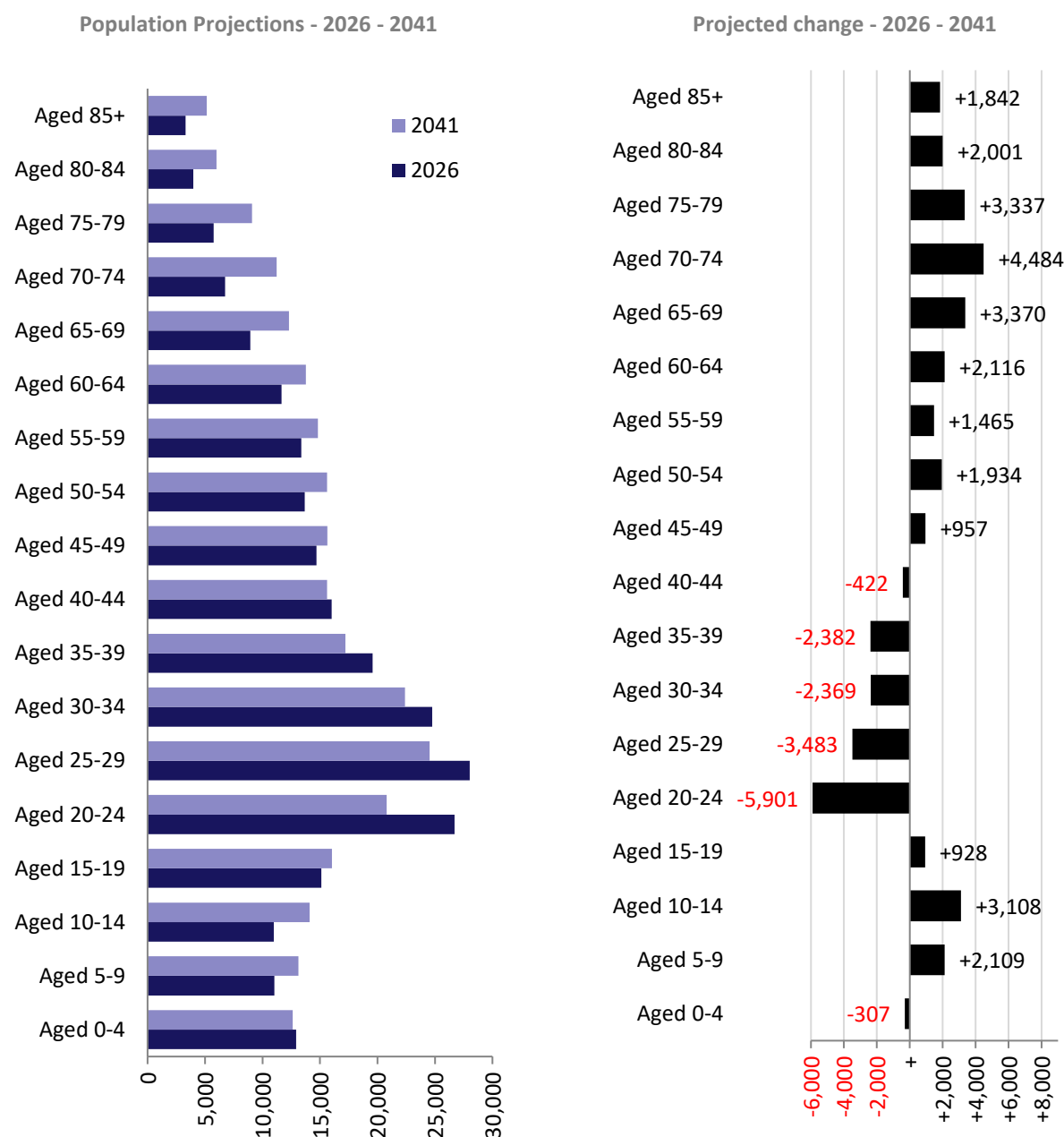
Population and Household Projections for Affordable Housing Need

- 2.9 The demographic projections for this LHNA are based on the GLA 2020 based capacity target projections and cover the 15-year period 2026-41. This yields a household growth over the period 2026-41 of approximately 9,700 households which, when an implied vacancy rate and impact of communally housed population is added, sums to the total need of 10,350 dwellings needed to meet the Camden Plan target over the remainder of the plan period, given under-provision to date. **Therefore, the data used in this report is not based upon out-of-date ONS forecasts, but instead is explicitly tied to the projected dwelling delivery of Camden over the next 15 years.**

Projected Population Age Profile

- 2.10 The overall population is projected to grow by 12,786 people by 2041 (Figure 3). The figures are calculated from assuming the 10,350 additional dwellings will be delivered in Camden over the period 2026-2041. Camden is projected to see a decline in adults aged 20-44 years. This may be considered as a key concern for Camden, as these young adults are projected to leave to find more affordable and available accommodation elsewhere.
- 2.11 However, all other groups are projected to rise. The most significant rise is in the population aged over 65 years, which represents a growth of 15,034 persons, with a growth of 3,337 in those aged 65-69 years or more, which again will represent a key policy concern. This outcome is dependent upon the older population remaining in Camden as they age and not moving elsewhere, which has tended to happen in the past. There was growth in the older population between 2011 and 2021, but this was in the context of the overall population being under-estimated by the 2021 census. There are currently a very high number of people aged 45 years and above in Camden and if they do not migrate away then the older person population will grow rapidly.

Figure 3: Population projections 2026-2041 by 5-year age cohort for Camden (Source: 2023 MYE adjusted ONS sub-national projections 2018)



Household Projections by Age

- ^{2.12} An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 4: Total projected households in Camden for 2026 and 2041 (Note: Figures may not sum due to rounding)

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2026	7,100	21,000	20,400	18,200	16,500	10,500	7,200	2,400	103,400
2041	5,800	18,700	18,800	20,100	18,900	15,800	11,100	3,800	113,100
TOTAL CHANGE	-1,300	-2,300	-1,600	+1,900	+2,400	+5,300	+3,900	+1,400	+9,700

- ^{2.13} The table shows an overall increase of 9,700 households over the 15-year period 2026-41 with over 80% of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 15-year period. Therefore, there will be more older person households in Camden in 2041. Again, we caution that in the past many households have left Camden as they age, but currently more younger households are projected to leave. Those who are already owner occupiers or in social rent are less likely to leave than those in private rent.
- ^{2.14} It is important to consider household growth in relation to age cohorts. Figure 5 shows the projected number of households in each cohort, showing their age in both 2026 and 2041. Clearly, no household representatives are aged under 10 (in 2026), but children aged under 10 in 2026, or born before 2026, will be aged 15-24 in 2041, and thus will be potentially heads of a household.

Figure 5: Total projected households for 2026 and 2041 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2026	<10	10-19	20-29	30-39	40-49	50-59	60-69	70+	TOTAL
Age in 2041	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2026	-	3,600	14,100	20,700	19,300	17,400	13,500	14,800	103,400
2041	5,800	18,700	18,800	20,100	18,900	15,800	11,100	3,800	113,100
TOTAL CHANGE	+5,800	+18,700	+4,700	-600	-400	-1,500	-2,400	-11,100	+9,700

- ^{2.15} For example, if we take households aged 20-29 in 2026, they will be 35-44 in 2041. There are projected to be an extra 4,700 households: partly due to new household formations and partly due to net migration. This figure is measuring new households to the area, so it is measuring the impact of existing households ageing and the age profile of new households in Camden.
- ^{2.16} Based on the cohort analysis, around 29,200 extra households will be formed over the 15-year period 2026-41 by those who will be aged under 45 in 2041. These extra households are offset against a reduction of 16,000 households aged 45 or over. While the number of older person households will increase in Camden, this will be due to existing households ageing and new households moving to the area, while there will be a loss of existing older households.

- 2.17 Most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form and there are very high numbers of these households in Camden. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

- 2.18 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.
- 2.19 Figure 6 shows the household numbers and net change for Camden from 2026 to 2041 separated out by the age of the household representative person (HRP).

Figure 6: Total projected households for 2026 and 2041 and change by household type and age of household representative
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
Change	Single person	-450	-600	-730	+400	+940	+3,110	+2,190	+860	+5,700
Change	Couple without children	-160	-790	-220	+260	+590	+1,430	+1,270	+270	+2,700
Change	Families with child(ren)	-60	-310	-550	+820	+240	+20	+0	+0	+200
Change	Other households	-660	-610	-70	+400	+610	+780	+480	+220	+1,200
Change	TOTAL	-1,300	-2,300	-1,600	+1,900	+2,400	+5,300	+3,900	+1,400	+9,700

- 2.20 In summary over the 15-year period:

- » Single person households are projected to increase by 5,700 but this includes a decrease of 1,780 with a household representative aged under 44;
- » Families with dependent children have a net growth of only 200, with a drop for those aged 25-44 years projected, as discussed earlier;
- » Couples without dependent children are projected to rise by 2,700 households;
- » The increase in “Other” households represents 1,200 households.¹

- 2.21 **Therefore, most of the net household growth is in the form of single person households, with the vast majority of these being 65 and older. However, the vast majority of these households will be already occupying a home in Camden, so newly built housing will typically be occupied by younger households.**

¹ Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

3. Local Housing Market

Housing trends and cost of housing in Camden

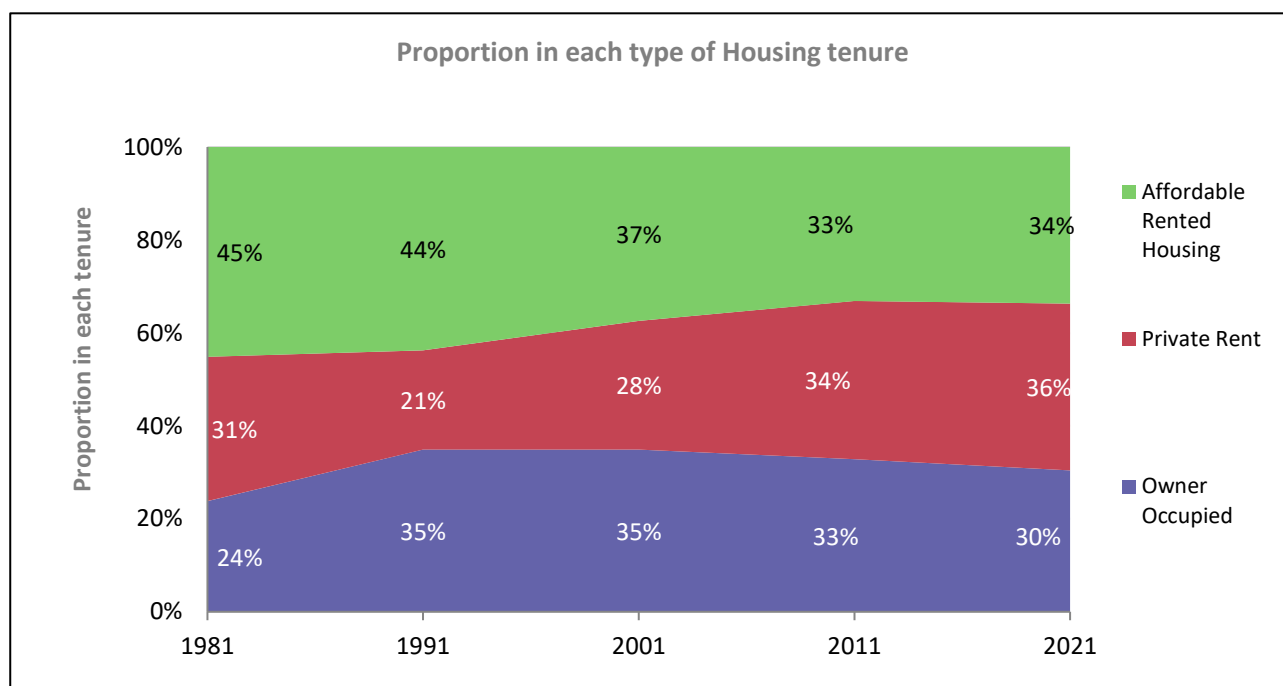
Introduction

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

Housing Tenure Trends

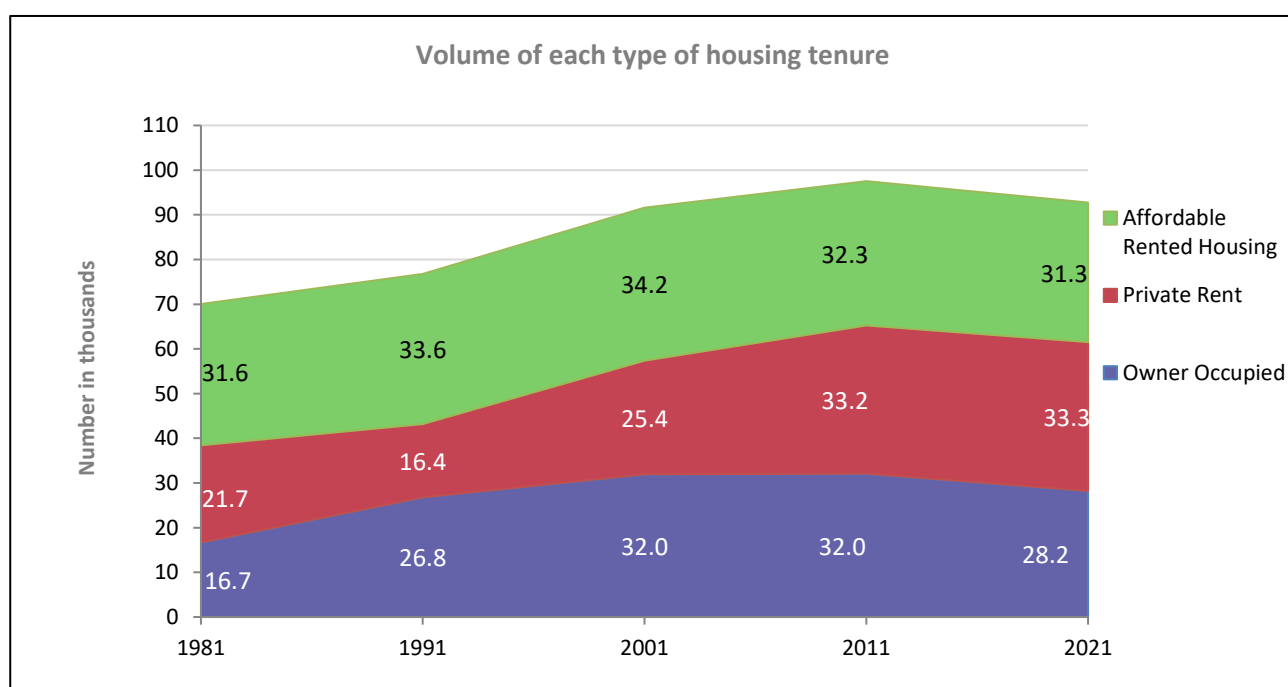
- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years. We would note the 2001 Census contained an under-estimate of housing numbers for many London Boroughs and it also appears that the 2021 Census was problematic in Camden, with high numbers of households, most likely private renters and some owner occupiers not being present. On this basis, the data for 2021 should be treated with caution.
- 3.4 Figure 7 shows how the most notable change has been the decline in the proportion of people in rented affordable properties (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 45% to 34%). In contrast, private rent has seen growth. Between 1981 and 1991, there was a strong growth in owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 35% in Camden and is now falling again.

Figure 7: Housing tenure trends for Camden (1981 – 2021). Source: UK Census of Population



- 3.5 During the period 1981-2021 the actual volume of housing in Camden has risen from 70,037 to 92,759 households. The strange result of the 2021 Census can be seen, with around 5,000 fewer occupied households in 2021 than in 2011.

Figure 8: Housing tenure trends for Camden (1981 - 2011). Source: UK Census of Population



- 3.6 Figure 9 provides the detailed data for the period, with the 2021 Census clearly being an outlier in the trend growth in private rent and owner occupation.

Figure 9: Number of Households in Camden by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	16,683	26,796	31,967	32,042	28,222	+10,113	+5,171	+75	-3,820
Private rent	21,732	16,358	25,395	33,197	33,287	-5,374	+9,037	+7,802	+90
Affordable Rented Housing	31,622	33,609	34,241	32,295	31,250	+1,987	+632	-1,946	-1,045
TOTAL	70,037	76,763	91,603	97,534	92,759	+6,726	+14,840	+5,931	-4,775

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

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

Planning Practice Guidance, ID 67-002-20190722

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

- 3.11 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply² (including the Build to Rent investment scheme³).
- 3.12 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom Social Rented or Affordable Rented property. The private rented sector makes an important contribution towards providing affordable housing options.
- 3.13 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.14 Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes are to prioritise first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. Use of First Homes is restricted so that they cannot be used as buy to let or holiday homes.
- 3.15 We would note that Mayor of London never sought to progress First Homes in London. The current affordable housing programme in London assumes that the main affordable housing products delivered will be Social Rent, London Living Rent and Shared Ownership.⁴ However, in Camden, no London Living Rent has been delivered, with the focus instead being on Camden Intermediate Rent. We would also note that as part of the Government changes to NPPF in December 2024, First Homes were downgraded in importance so 25% of affordable housing is no longer required to be in this form, so few are now likely to be delivered anywhere. On this basis we focus upon Social Rent and Camden Intermediate Rent as the main affordable housing products to be delivered in Camden.

Cost of Renting

- 3.16 When considering renting in Camden, it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Camden. These include:
- » Median and lower quartile private rent;
 - » Local Housing Allowance (LHA) for Inner North London BRMA⁵; and
 - » Social Rents.
- 3.17 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget.

² <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

³ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁴ [Affordable Homes Programme 2021-2026 - Funding Guidance \(london.gov.uk\)](https://www.london.gov.uk/affordable-homes-programme-2021-2026-funding-guidance)

⁵ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

- 3.18 Figure 10 sets out the median weekly rents for different property sizes in Camden together with the local housing allowances and the calculated Social Rent rates.

Figure 10: Weekly rent thresholds in Camden (Source: Valuation Office Agency 2022-23; Statistical Data Return 2023)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Inner North London BRMA	Social Rent
1 bedroom	£396.71	£328.87	£295.49	£130.06
2 bedrooms	£548.04	£458.35	£365.92	£143.80
3 bedrooms	£707.65	£597.72	£441.86	£154.09
4+ bedrooms	£971.66	£767.21	£593.75	£167.71

- 3.19 Across all property sizes, the lower quartile private rent is higher than the maximum LHA in Camden and Social Rents are also always lower. This is unsurprising in a high value area such as Camden. It also highlights (unsurprisingly) that the needs of those on benefits cannot be met in the private rental sector. We note that while there are more recent LHA figures available, the 2022-23 set is used for consistency with rent threshold data.
- 3.20 Figure 11 shows a comparison between weekly rents in Camden in 2018/19 and 2022/23. While most rents have risen, the growth appears to be below the rate of inflation⁶. Reports in London currently show very high rates of growth in rents, but these have not come through into official statistics yet. Factors driving the rent rises are likely to include a return to urban living and also the impact of rising interest rates on landlords. We would also note that the number of properties in the rental survey fell sharply between 2018/19 and 2022/23 implying that there are only very small samples for larger property sizes.

Figure 11: Weekly rent thresholds in Camden 2018/19 and 2022/23 (Source: Valuation Office Agency 2018/19 and 2022-23;)

Weekly Rent £	Median Private Rent 2018/19	Lower Quartile Private Rent 2018/19	Median Private Rent 2022/23	Lower Quartile Private Rent 2022/23	Percentage change in Median Private Rent 2018/19- 2022/23	Percentage change in Lower Quartile Private Rent 2018/19- 2022/23
1 bedroom	£378.78	£343.82	£396.71	£328.87	4.7%	-4.3%
2 bedrooms	£493.31	£423.62	£548.04	£458.35	11.1%	8.2%
3 bedrooms	£657.74	£548.04	£707.65	£597.72	7.6%	9.1%
4+ bedrooms	£908.42	£737.54	£971.66	£767.21	7.0%	4.0%

Income Needed to Rent Housing

- 3.21 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)⁷ stated:

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

⁶ The Bank of England place inflation between 2017 and 2022 at a total of 17.7% [Inflation calculator | Bank of England](#)

⁷ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 3.22 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs.
- 3.23 The English Housing Survey (EHS) 2015-16⁸ provides information about the percentage of gross household income that households currently spend on their housing costs⁹:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in affordable rented housing; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in affordable rented housing.
- 3.24 The EHS thus demonstrates that many households, in both private and affordable rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs.¹⁰ Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay. We would also note the GLA assumes that households spend 40% of net on affordable housing, which would normally be slightly lower than the 35% gross figure we have assumed.
- 3.25 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier¹¹:
- » The median weekly rent recorded was £396.71;
 - » Based on a 35% income multiplier, a weekly income of £1,133 would be needed which equates to a gross annual income of £58,940.
- 3.26 To rent the same property based on a 25% income multiplier would increase the gross income required to £82,516 per year whereas households with an annual income of £45,842 per year could afford the rent if 45% of their income was allocated to housing costs.
- 3.27 To place these figure in context, the GLA¹² produced a study of key worker incomes in London in 2021 and found that only 20% of key workers earned over £67,000 per annum. Therefore, a very high number of key workers employed in Camden will not be able to afford market rents. Those working in the service industries such as tourism, retail and the restaurant sectors are even less likely to have incomes over £67,000 per annum.
- 3.28 Figure 12 shows the gross household incomes needed to afford median and lower quartile private rent, and Social Rent if 35% is spent on housing.

⁸ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

⁹ "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16"

¹⁰ The London Plan uses a figure of up to 40% of gross income on housing costs, while London Living Rents are based upon setting rents at one third of average income in a ward.

¹¹ $362.22 / (35/100) = 1,035$. Multiplied by the exact number of weeks in a year (52.189) = £54,011

¹² GLA Housing Policy Practice Note - Allocating Intermediate Homes to London's Key Workers

Figure 12: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Camden (Source: ORS based on Valuation Office Agency data October 2022 to September 2023)

CAMDEN	Private Rent Median	Private Rent Lower Quartile	Social Rent
1 bedroom	£59,143	£49,029	£19,390
2 bedrooms	£81,703	£68,331	£21,438
3 bedrooms	£105,497	£89,109	£22,972
4+ bedrooms	£144,857	£114,377	£25,003

3.29 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid. Considering some examples of disposable income:

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

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

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

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

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

^{3.33} Figure 13 sets out the incomes for housing benefit eligibility for different types of households¹³.

Figure 13: Maximum income for households in receipt of housing benefit support by household type

(Source: ORS based on Department for Work and Pensions data)

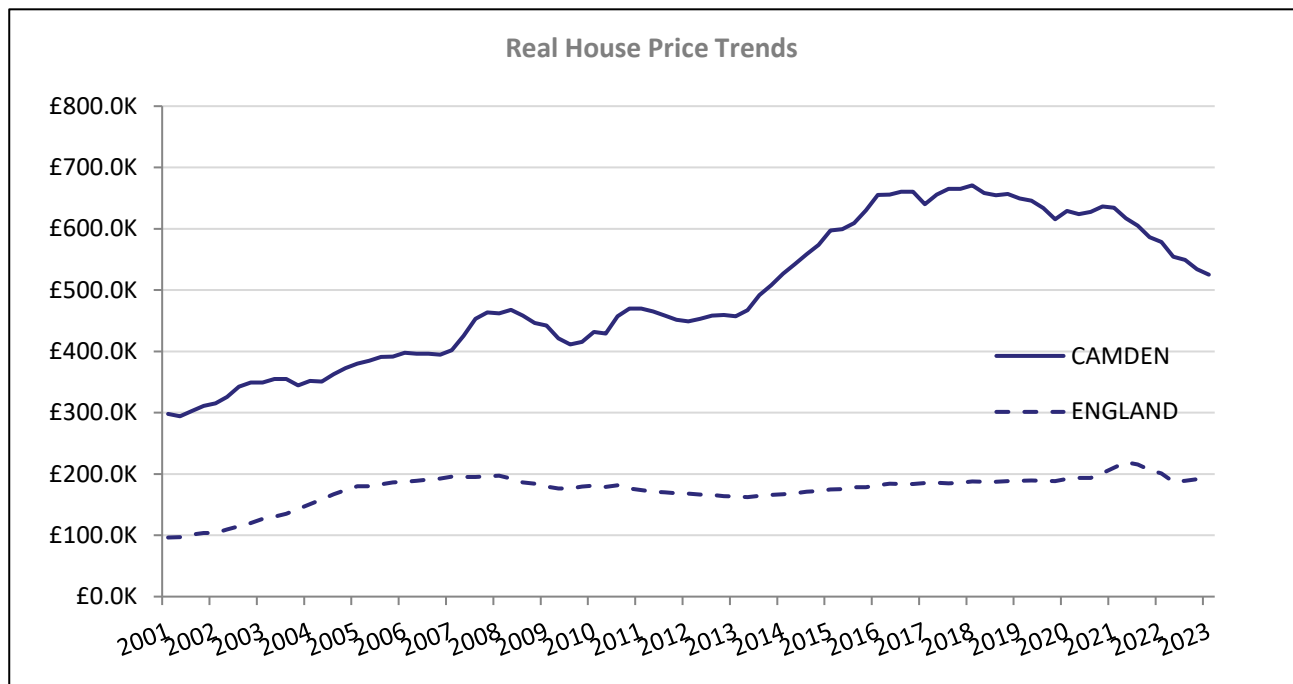
Property type	Household type	INNER NORTH LONDON BRMA
ROOM ONLY	Single person aged 16-24	£16,591
ROOM ONLY	Single person aged 25-34	£17,510
1 BEDROOM PROPERTIES	Single person aged 35+	£31,027
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£31,898
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£33,558
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£41,626
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£45,117
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£44,157
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£48,217

Cost of Home Ownership

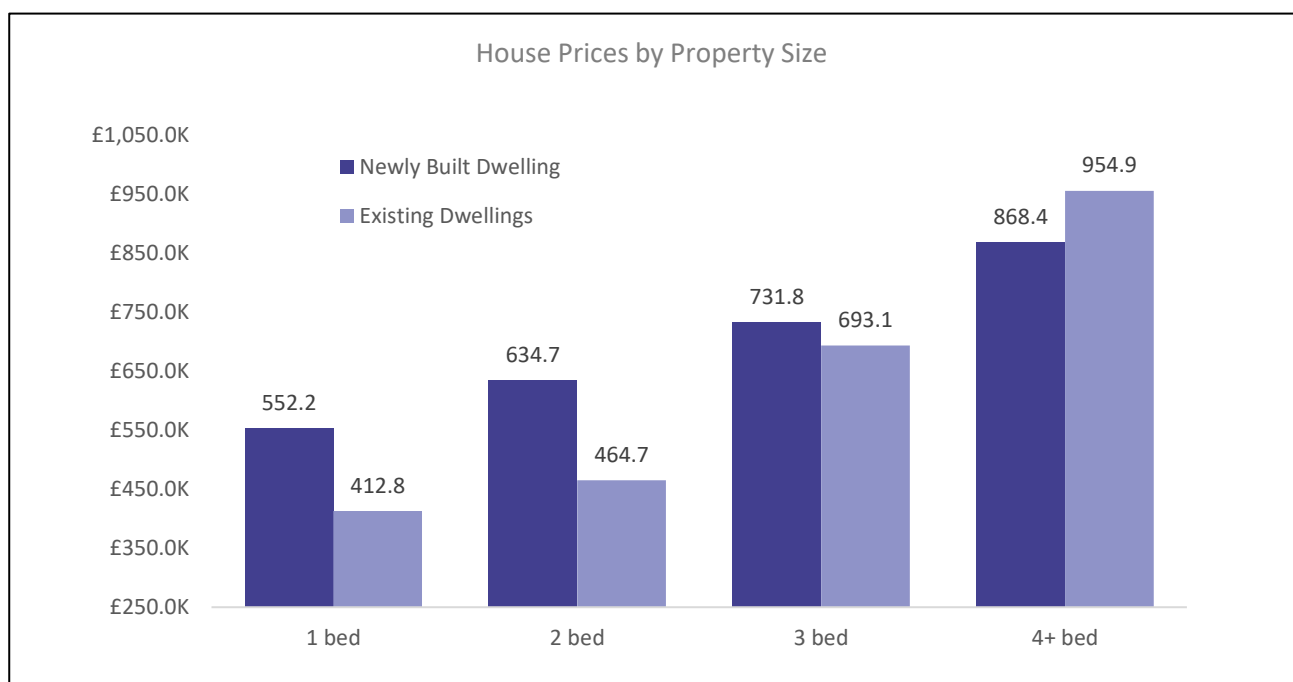
^{3.34} When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2022) are shown in Figure 14. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.

^{3.35} Real house prices in Camden, are drastically higher than England as a whole. Overall prices increased substantially in the period 2001-2008 before falling in 2009. Values then grew steadily until 2018 but have been falling in real terms since that time. This is out of step with most of the rest of England where real house prices only started to fall in 2022 as inflation and interest rates rose. Camden still remains one of the most expensive areas of England, but the height of the market does appear to have passed for now. Of course, there may be discrepancies across the borough and it may be that what is underpinning the early fall is the prime market in the most affluent parts.

¹³ We have included only 1 and 2 bedroom properties because larger properties are typically not available for those in receipt of benefits in an area such as Camden.

Figure 14: Real House Price Trends: Lower Quartile Prices adjusted to 2023 values using CPI (Source: ONS; Bank of England)

- 3.36 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 15 shows lower quartile house prices in Camden by bedroom size.
- 3.37 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, and this is the case in Camden for 3-bedroom and lower but for 4-bedroom and larger properties, existing dwellings are more expensive.

Figure 15: Lower quartile prices (adjusted by CPI) (2024) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)

- 3.38 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, comparative quality and condition of existing stock, and other intangible issues such as character.
- 3.39 More detailed profile data for the wards of shows how diverse Camden is. In King's Cross, the median house price is £547,500 while in Hampstead Town the median price is £1,725,000.
- 3.40 These differences in value are relevant if we are considering the potential location for newbuild affordable homeownership housing. Applying the First Homes criteria, the maximum price for affordable newbuild in London is £420,000 with a maximum income of £90,000 per annum with shared ownership being more expensive. However, some areas of Camden will not be able to deliver some types of newbuild affordable homeownership, such as Belsize, Camden Town with Primrose Hill and Frognal and Fitzjohns, this is due to house prices being too high that even a 50% discount in prices will still sit above the £420,000 threshold.

Figure 16: Median property prices by Camden Ward 2023 (Source: ONS - HPSSA (House Price Statistics for Small Areas) Dataset 37 (median price paid by ward) for year ending Mar 2023)

Median Property Prices by Ward	Median Price – all properties	Median Price - Flats
Belsize	£950,000	£820,000
Bloomsbury	£650,000	£620,000
Camden Town with Primrose Hill	£900,000	£765,000
Cantelowes	£665,000	£597,750
Fortune Green	£645,000	£585,000
Frognal and Fitzjohns	£1,180,000	£1,022,500
Gospel Oak	£730,000	£572,500
Hampstead Town	£1,725,000	£1,075,000
Haverstock	£637,500	£550,000
Highgate	£812,000	£604,000
Holborn and Covent Garden	£750,000	£700,000
Kentish Town	£717,000	£580,000
Kilburn	£602,500	£582,500
King's Cross	£547,500	£490,000
Regent's Park	£863,500	£720,000
St Pancras and Somers Town	£580,000	£575,000
Swiss Cottage	£850,000	£825,000
West Hampstead	£735,000	£677,000

Identifying the Gap for Intermediate Housing and Affordable Home Ownership

- 3.41 The NPPF encourages local authorities to widen opportunities for home ownership.
- 3.42 When identifying the need for Intermediate Housing and Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

- 3.43 Figure 17 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Camden which emphasises that owner occupation is much less affordable.

Figure 17: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own a newly built dwelling with 10% deposit and 3.5x mortgage	£142,000	£163,200
Minimum income needed to own an existing dwelling with 10% deposit and 3.5x mortgage	£106,200	£119,500
Minimum income needed for median private rent to be less than 35% in Camden	£59,100	£81,700
Minimum income needed for lower quartile private rent to be less than 35% in Camden	£49,000	£68,300
Minimum income needed for social rent to be less than 35% in Camden	£19,400	£21,400
Upper end of range of maximum income for Housing Benefit support in Camden	£33,600	£48,200
Lower end of range of maximum income for Housing Benefit support in Camden	£31,000	£41,600

- 3.44 There is large income gap between being able to afford market rent (£49,000) and being able to afford home ownership (£106,200) which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). AHO products could be developed aimed at this income gap. It is probable that some households who could afford market rent would prefer to own their own home. However, households renting who can afford to rent in one of the most expensive parts of London may also just choose to buy in a more affordable area. In London, AHO products have a maximum income of £90,000 per household. This leaves households with a higher income than £90,000 unable to afford to buy in the open market in Camden, but ineligible for AHOs. The only options for these households are to continue renting in Camden or to buy in a more affordable area. Camden can potentially help households with incomes between £49,000 and £90,000 through developing AHO products but is unlikely to be able to help households who are unable to afford market home ownership with incomes above £90,000.

Low Cost Home Ownership

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

Shared Ownership

- 3.46 Figure 18 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs base based on a 30-year repayment mortgage at 5.75% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £30 per week.

- 3.47 This calculation demonstrates that the weekly costs for shared ownership are higher than the equivalent median private rent for all property sizes (Figure 11). This also implies that shared ownership will not be an effective housing product in Camden because it is too expensive. The minimum income required to be able to afford a 40% shared ownership one bedroom property with a 10% deposit is still nearly £70,000 per annum and the household would have to meet rent and service charges on top of the mortgage.

Figure 18: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 5.75% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £30 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Charge	TOTAL of weekly costs
1 bedroom	£552,200	£220,880	£22,088	£284.42	£174.74	£30.00	£489.16
2 bedrooms	£634,657	£253,863	£25,386	£326.89	£200.83	£30.00	£557.72
3 bedrooms	£731,801	£292,720	£29,272	£376.93	£231.57	£30.00	£638.50
4+ bedrooms	£868,402	£347,361	£34,736	£447.28	£274.80	£30.00	£752.08

- 3.48 Figure 19 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents which run from a median rent for a 1-bedroom property of £203 per week to £451 per week for a 4 bedroom plus property. This model uses a 5.75% interest rate for modelling purposes, if rates are lower in the future, then shared ownership will be more affordable, conversely higher rates make it less affordable. As can be seen in Figure 19 the cost of shared ownership is always more expensive than the cost of median rent.

Figure 19: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at .755% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £30 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	25% Equity Share	30% Equity Share	35% Equity Share	40% Equity Share	45% Equity Share	50% Equity Share
1 bedroom	£552,200	£426.18	£447.17	£468.17	£489.16	£510.15	£531.14
2 bedrooms	£634,657	£485.34	£509.47	£533.59	£557.72	£581.85	£605.97
3 bedrooms	£731,801	£555.04	£582.86	£610.68	£638.50	£666.31	£694.13
4+ bedrooms	£868,402	£653.05	£686.06	£719.07	£752.08	£785.09	£818.10

First Homes

- 3.49 Meanwhile, Figure 20 sets out the weekly costs associated with First Homes properties with 50%, 60% and 70% of full market value, taking account of the differential full market prices and based on the following assumptions:

- » 70% market value paid by the occupier;
- » 10% of the discounted property price is available as a deposit; and
- » Mortgage costs base based on a 30-year repayment mortgage at 4% interest¹⁴.

¹⁴ For shared ownership we have assumed a 4.5% mortgage rate and for First Homes we have assumed a 4% rate. In general there is a mortgage premium for Shared Ownership when compared to full ownership.

Figure 20: Total weekly costs for First Homes with 50%, 60% and 70% Equity (Note: Mortgage costs based on a 30-year repayment mortgage at 4% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)

Total Weekly Cost £	Property Value	First Homes with 50% Market Value	First Homes with 60% Market Value	First Homes with 70% Market Value
1 bedroom	£552,200	£327.90	£393.48	£459.05
2 bedrooms	£634,657	£376.86	£452.23	£527.60
3 bedrooms	£731,801	£434.54	£521.45	£608.36
4+ bedrooms	£868,402	£515.66	£618.79	£721.92

- ^{3.50} Although the weekly cost of First Homes might be lower than private rents in some circumstances, First Homes won't ever be more affordable than private rent due to the higher income needed to access First Homes. Households would still require an income over £70,000 per annum and a 10% deposit to be able to access a one bedroom First Home, so it is not an attractive product in Camden.

London Living Rent

- ^{3.51} We also considered the cost of a London Living Rent property. The estimated potential cost of London Living Rents in Camden is taken from the GLA data for 2024/25¹⁵ and is the average across Camden wards. However, we would note that there are currently no London Living Rent properties in the borough, which instead offers Camden Intermediate Rent as an alternative. If London Living rent was to be offered, in terms of required annual income, these equate to a figures of between £45,000 and £56,000 depending upon the size of the property.¹⁶

Figure 21: Average Total weekly costs for London Living Rent (Source: GLA London Living Rents 2024/25)

Total Weekly Cost £	London Living Rent
1 bedroom	£285.17
2 bedrooms	£312.54
3 bedrooms	£330.94
4+ bedrooms	£355.78

Camden Intermediate Rent

- ^{3.52} As noted above, Camden do not offer London Living Rent as an affordable housing product. Instead, they have developed their own product entitled Camden Intermediate Rent, which comes in the form of studio flats and one and two bedroom properties. This also has a maximum gross household income cap of £67,000, while having a target income range of £33,900 to £45,200. Weekly rents are set out below in Figure 22.

¹⁵ [London Living Rent | London City Hall](#)

¹⁶ The GLA set an upper cap for income of £67,000 for London Living rent properties on the assumption that household spend a lower share of income on rent.

Figure 22: Average Total weekly costs for Camden Intermediate Rent (Source: London Borough of Camden 2024/25)

Total Weekly Cost £	Camden Intermediate Rent
Studio	£183
1 bedroom	£243
2 bedrooms – three person	£304
2 bedrooms – four person	£360

Income Needed for Other Types of Housing

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

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

It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development.

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

NPPF 2024 (Glossary)

- 3.54 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 3.55 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.56 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL¹⁷ shows that the average Build to Rent option is 9.3% more expensive than the median rent. This therefore tends to lead to the affordable Build to Rent options being more expensive than Affordable Rent and are best considered as a form of Discount Market Rent.
- 3.57 Policy H11 (c) of the London Plan states:

The mayor expects at least 30 per cent of DMR homes to be provided at an equivalent rent to London Living Rent with the remaining 70 per cent at a range of genuinely affordable rents.

- 3.58 **Camden cannot influence any market rents that are set through Build to Rent schemes. However, it can influence the rents on the affordable component. The current London Plan policy proposes that 30% of**

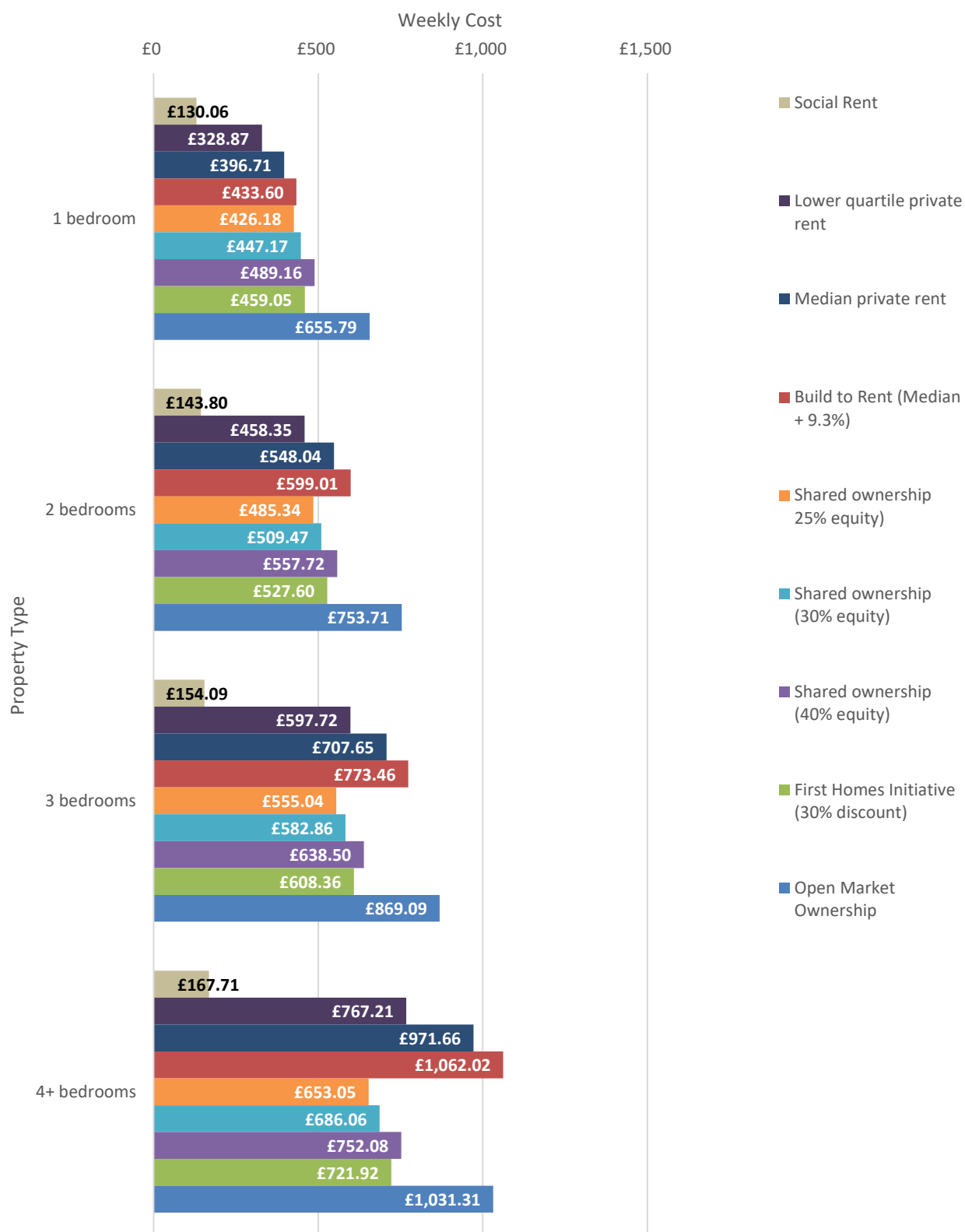
¹⁷ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

homes should be set at London Living Rent rates and the remainder will need to be at rates which are genuinely affordable.

Summary of Housing Costs

- ^{3.59} This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 23 summarises these costs for each property size with all costs are adjusted to 2021 levels using the most recent data available.
- ^{3.60} Unsurprisingly, for each property size Social Rent is the cheapest and open market ownership the most expensive in terms of weekly costs. Lower quartile and median market rent is cheaper than servicing the mortgage on a First Homes mortgage bought with a 30% discount in every property size.
- ^{3.61} The cost of Shared Ownership predictably varies depending on the equity size purchased, however the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained (along with service charges) on weekly costs. Nonetheless, shared ownership is much more flexible than First Homes because a household can buy smaller shares of the property and therefore may meet the needs of different households.
- ^{3.62} Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively inaccessible, and more expensive than renting.

Figure 23: Comparison of weekly housing costs by property size including any service charges (Source: Valuation Office Agency and Land Registry Price Paid Data)



4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

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

Affordable housing

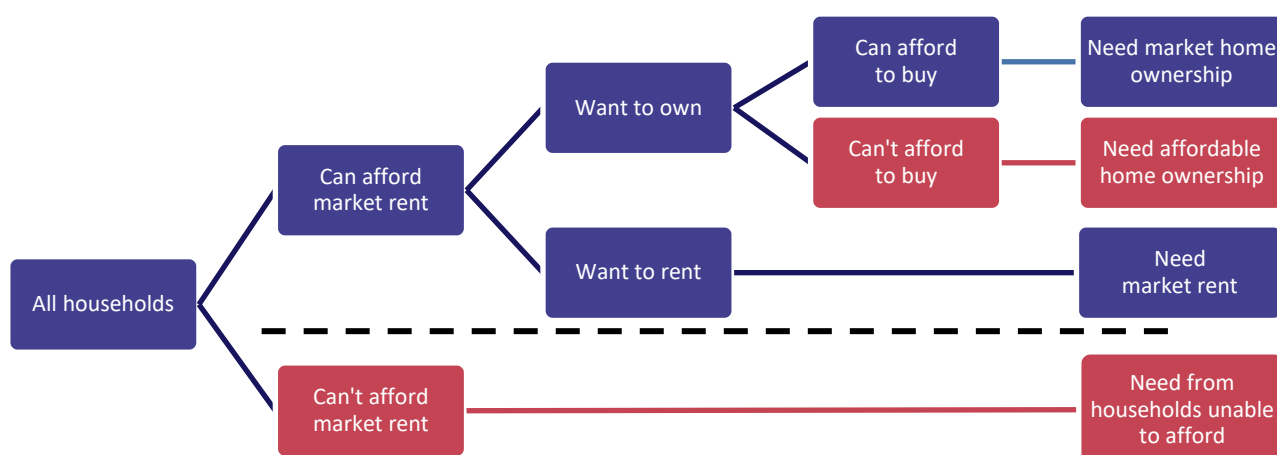
Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

NPPF 2023, Annex 2

- 4.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “*Housing needs of different groups*” published on 22nd July 2019¹⁸, which covered:
- » Addressing the need for different types of housing
 - » Affordable housing
 - » Rural Housing.
- 4.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021.
- 4.4 Relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [PPG ID 2a-020-20190220]. The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy. In Figure 24, blue indicates that the household can afford the option while red indicates that the household cannot afford the option.

¹⁸ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

Figure 24: Establishing the need for market and affordable housing



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

Assessing Affordable Housing Needs

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 25 are calculated using detailed information from the 2021 Census alongside data published by the Department of Work and Pensions (DWP) about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable

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

Figure 25: Assessing affordability by household type and age (Source: Census 2021 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	42%	21%	33%	36%	37%	39%
Couple family with no dependent children	12%	5%	10%	10%	8%	15%
Couple family with 1 or more dependent children	39%	23%	15%	13%	14%	27%
Lone parent family with 1 or more dependent children	82%	71%	58%	46%	47%	52%
Other household type ¹⁹	12%	10%	22%	22%	22%	19%

Current Unmet Needs of Households Unable to Afford

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

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

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

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

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

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

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

¹⁹ Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

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

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

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

4.21 Figure 26 sets out the assessment of current unmet affordable housing need for Camden:

Figure 26: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	235		235	235
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	370		370	1,511
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	78	78	0	
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	280		280	280
Concealed households [Source: Census 2001 and 2021]	Growth in concealed families with family representatives aged under 55	69		69	69
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded private rented housing	2,345		2,345	
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]	Households living in overcrowded social rented housing	5,442	5,442	965	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	1,125	160	166	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in Camden, where failure to meet that need would cause hardship	193	27	10	
TOTAL	TOTAL	10,137	5,707	4,430	584

4.22 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 10,137 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.

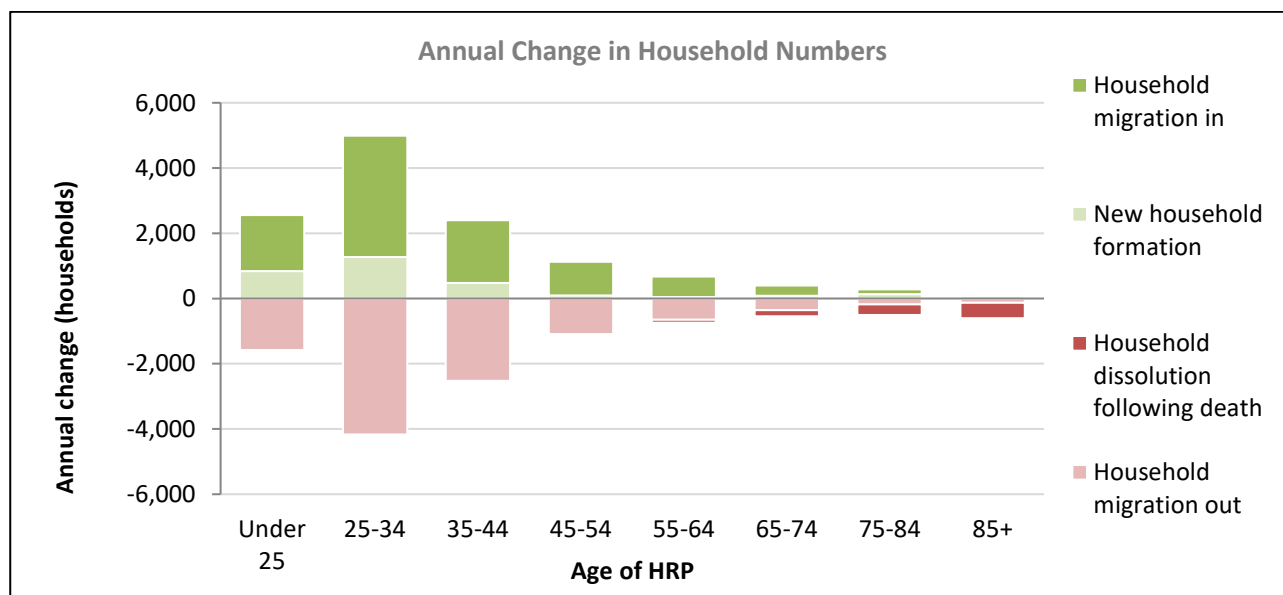
4.23 Of these households, 5,707 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

- 4.24 There is, therefore, a net affordable housing need of 4,430 households (10,137 less 5,707 = 4,430). Providing the net affordable housing need 4,430 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 3,846 households (4,430 less the 584) households which are housed outside Camden in temporary accommodation, are homeless or concealed and thus do not release dwellings).
- 4.25 The 3,846 dwellings are occupied by people living in unsuitable conditions (e.g. too small for their needs) whose needs would be met by new homes of the right size, if provided. While the 2017 London SHMA sought to address the backlog of need over 25 years, for this study we treat this as a backlog of need to be addressed over 15 years at an annual rate of 295 households per annum (4,430/15) to ensure that the needs are addressed within the current plan period.

Projected Future Need of Households Unable to Afford

- 4.26 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-021) suggesting that “the total need for affordable housing will need to be converted into annual flows” (ID 2a-024).
- 4.27 Figure 27 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group. The data shows a high rate of household formation for those aged 25-44 years, but these households also have high in and out migration rates to Camden. For older age groups, formation and migration is much lower, but household dissolution starts to become higher for those aged 65 years and over.

Figure 27: Annual change in household numbers in each age cohort by age of HRP in Camden (Source: ORS Housing Model)



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

household projections, which take account of new household formation through natural growth in the population alongside growth due to **all** in and out migrating households.

Figure 28: Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,940	2,303	637	22%
Households migrating in to the area	9,539	7,431	2,108	22%
All new households	12,479	9,734	2,745	22%

4.29 The ORS Model identifies 2,940 new households projected to form in Camden each year, of which 22% will be unable to afford their housing costs. This amounts to 637 households each year.

4.30 The model also considers new households migrating to the area. The projection is for 9,539 households per annum of which 22% (2,108 households) will be unable to afford their housing costs. For clarity, these households cannot afford to meet their own housing costs and it is not just the case that they cannot afford to purchase a property. It is completely normal for a London Borough to see more affordable housing need generated by households moving to the area than through local household formation, but the difference in Camden is extremely high. It should be remembered that households in affordable housing need will also leave Camden, thus reducing need.

4.31 This results in a total of 2,745 new households in need of affordable housing per annum (Figure 28).

Figure 29: Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,143	809	334	29%
Households migrating <u>out</u> of the area	10,691	8,322	2,369	22%
All households no longer present	11,834	9,131	2,703	23%

4.32 PPG identifies that “*there will be a current supply of housing stock that can be used to accommodate households in affordable housing need*” and that it is necessary to establish “*the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need*” (ID 2a-022).

4.33 The model identifies 1,143 households are likely to dissolve following the death of all household members. This is based upon the age profile of households, with deaths being modelled by locally specific mortality rates, with the death of the final household member creating a dissolution. Many of these households will own their homes outright, however 334 of these are likely to have been unable to afford market housing and will mostly be living in affordable rented housing.

4.34 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 10,691 households will migrate out of the area each year, again derived from components of the household projections which measure all households migrating in and out of the borough, including 2,369 households

who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).

- 4.35 Altogether, there are 2,703 households who will vacate affordable dwellings or will no longer be waiting for a home (Figure 29). Therefore, more households dissolve or out-migrate from Camden than those who form or migrate into the area, so these changes reduce the level of projected future affordable housing need. The level for in and out-migration to Camden is exceptionally high, but it is not this factor which is driving the need for affordable housing in the area.
- 4.36 Figure 30 shows the change in the number of households who can afford their housing costs in terms of the number of households falling into need, usually due to their income decreasing and those climbing out of need, usually because of their income increasing. This is explained more fully below the table and is based on incomes and demographic data.

Figure 30: Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-541	541	100%
Existing households climbing out of need	-	383	-383	0%
Change in existing households	-	-158	158	-

- 4.37 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Camden will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 541 established households will fall into need in Camden each year.
- 4.38 This is the change in the number of established households of each type in each age group identified as being unable to afford market housing. The analysis only considers established households, so households that form or dissolve during the period and migrant households are all excluded. Established households are analysed on a cohort basis, using 5-year bands and periods. That means that the same households are considered at the start and the end of the period; so at the end of the period they will be 5 years older than at the start of the period. For example, the number of established households aged 30-34 unable to afford market housing at the start of the period is compared with the number aged 35-39 at the end of the period 5 years later. The analysis is undertaken based on a matrix of 15 age groups and 5 household types and repeated for 3 five-year periods. Those sub-groups where the number of established households unable to afford has increased are summed to identify the total falling into need. Those sub-groups where the number has reduced are summed to identify the total climbing out of need. For example: If at the start of a 5 year period, 1,000 households aged 30-34 cannot afford market housing, and at the end of the period 1,500 households aged 35-39 cannot afford market housing, then a number of households in that cohort have fallen into need (500).
- 4.39 However, established households’ circumstances can also improve. For example:

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

4.40 These improved circumstances can therefore reduce the need for affordable housing over time. The model again considers household types by age bands by affordability to indicate that the circumstances of 383 households will improve such that they become able to afford their housing costs having previously being unable to afford.

4.41 Therefore, considering the changing needs of existing households overall, **there is a net increase of 158 existing households needing affordable housing each year.** (Figure 30). We would note that typically the number of households falling into and climbing out of need broadly balances in a local authority. However, the position in Camden is that far more households fall into need, but also far more households in need migrate away from the area. Households appear to be falling into need in Camden, but then leaving the area to resolve their needs. This seems to be a key feature of the Camden housing market where households form, find the area to be too expensive and then move out.

4.42 The following table (Figure 31) summarises the overall impact of:

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

Figure 31: Annual components of Household Growth 2026-41 (Source: ORS Housing Model)

CAMDEN 2026-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	12,479	9,734	2,745
All households no longer present	11,834	9,131	2,703
Change in existing households	-	-158	158
Future affordable housing need 2026-41 (Annual average)	+645	+445	+200
Future affordable housing need 2026-41 (15 Year change)	+9,675	+6,675	+3,000

4.43 Overall reviewing the contribution of each element amounts to an additional 3,000 households needing affordable housing over the 15-year period 2026-41, or a rate of 200 per annum. Each year, there are very high flows of households in and out of Camden, but the impact of this is to reduce affordable housing need. The key driver of affordable housing need in Camden is local households falling into need before they often migrate away from the area.

Needs of Households Aspiring to Homeownership

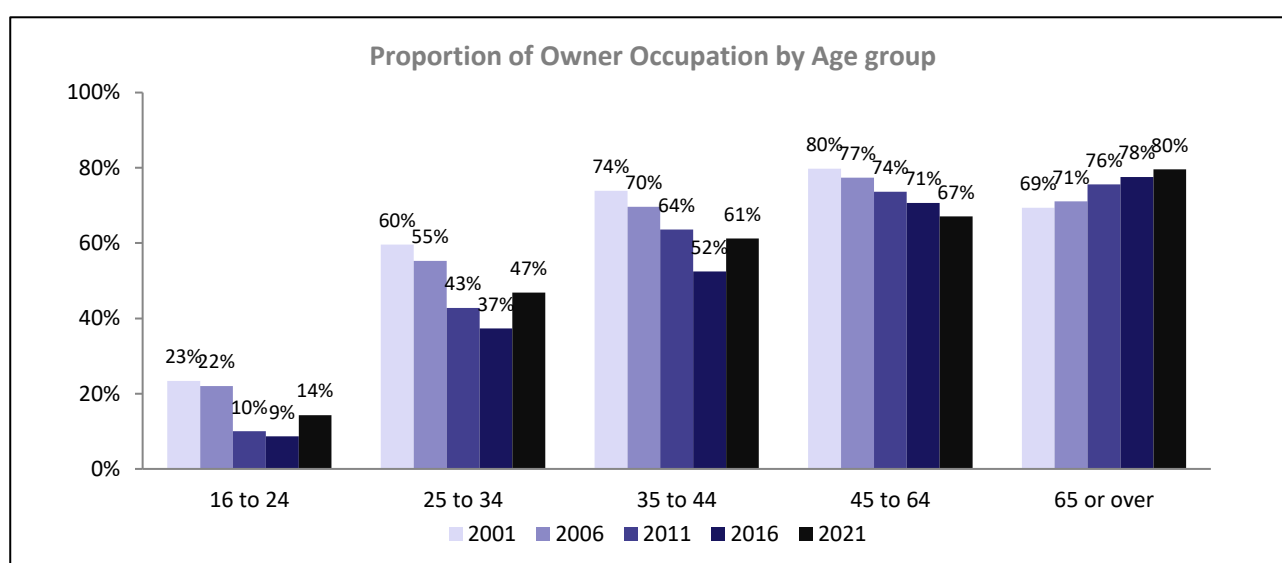
Home Ownership Trends

4.44 The emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the

English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016, but have stabilised since that time. Over the same period, the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%. While this data is clearly not reflective of Camden, it does set a framework for understanding the desire to assist households into owner occupation.

- 4.45 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 32). The rises in 2021 may be another component of the problems with the 2021 Census with private rented households being absent from Camden.

Figure 32: Percentage of Owner Occupiers by Age Group 2001-2021 for England (Source: English Housing Survey)



Establishing the number of households aspiring to home ownership

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

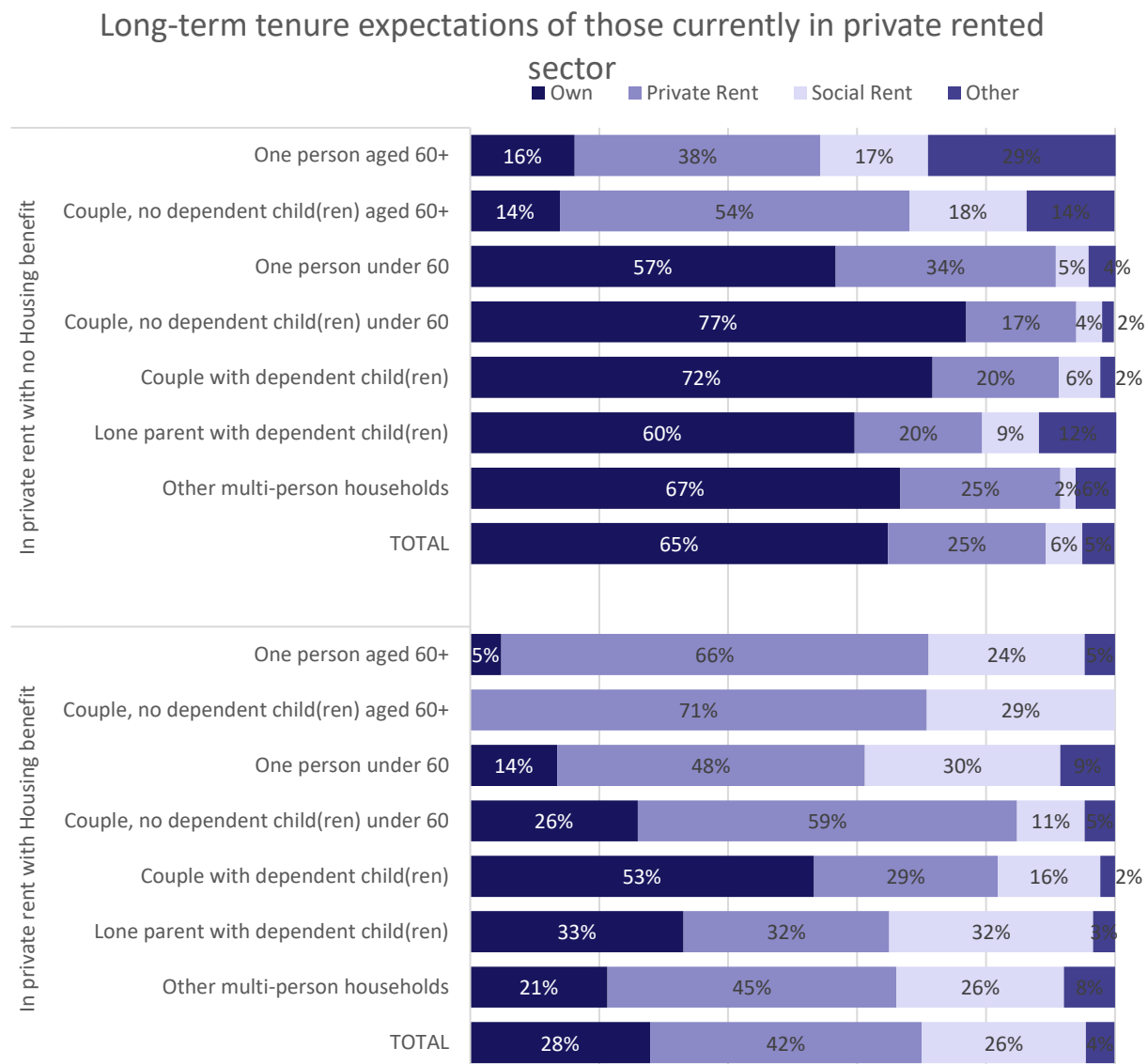
Figure 33: Long-term aspirations (Source: English Housing Survey 2013/4)

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

- 4.47 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 4.48 The following chart (Figure 34) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.

- 4.49 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future, which is unsurprising. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 4.50 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 34: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
(Source: English Housing Survey 2013-14. Note: Own includes shared ownership)



Additional Need for Affordable Homeownership

- 4.51 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent, with the aspiration data from the EHS 2013-14, Figure 35 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. We would note that Camden hold their own intermediate housing register. Any households who are on that register and aspire to home ownership will be included in the figures below, but we have included all private renters who aspire to own.

Figure 35: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	370	843	816	234	155	0	2,419
Couple without children	0	0	614	154	89	29	886
Families with child(ren)	0	22	1,054	429	0	0	1,506
Other households	672	2,279	676	349	280	0	4,257
Total Volume	1,043	3,145	3,160	1,167	524	29	9,067
<i>Percentage of households</i>	<i>12%</i>	<i>35%</i>	<i>35%</i>	<i>13%</i>	<i>6%</i>	<i>0%</i>	<i>100%</i>

- 4.52 Based on this analysis, we can estimate that there is a total of around 9,067 households currently resident in Camden who cannot afford to own their own home but would aspire to do so. 47% of these households are aged 15-34 with the substantial majority (82%) aged under 45. There is nothing in the modelling to state that the households need or would want to buy in Camden, just that they are currently renting and want to buy a property.
- 4.53 In addition to the current need, it is also important to consider new households that are projected to form over the period 2026-41. Through the same modelling process of combining future household projections with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 4,539 households that form over the 15-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 13,606 households who aspire to homeownership but who cannot afford to buy their own home over the period 2026-41, a net annual need of 907 per year. Again, it should be stated that this is close to the annual dwelling target for Camden and also that there is no specific need for these households to buy a property in Camden.**
- 4.54 When identifying the need for Affordable Home Ownership (AHO) including First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 4.55 Figure 36 brings together the information on assessing the unmet need for affordable housing in 2023 from Figure 26 and Figure 31 together with the future need for affordable housing and those aspiring to home ownership arising over the 15-year period 2026-41. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options. We would also note that there is no double counting between those who cannot afford market rents and those who aspire to own. However, there is potential for some households who cannot afford market rents to also aspire to own.
- 4.56 Again, it should be noted that aspiring home ownership hugely inflates need and also doesn't capture if these people want to live in the same borough they rent, or that they might be able to buy elsewhere in the London housing market.

Figure 36: Assessing total need for affordable housing in Camden 2026-2041 (Source: ORS Housing Model)

CAMDEN 2026-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2023	4,430	9,067	13,497
Future housing need 2026-41	3,000	4,539	7,540
TOTAL HOUSING NEED	7,431	13,606	21,037

- 4.57 On this basis, we can conclude that the potential overall need for affordable housing for Camden would comprise a total 21,037 households over the 15-year period 2026-2041, equivalent to an average of 1,402 per annum. We would note immediately that this does not represent the final need for affordable housing in Camden for the reasons set out below.
- 4.58 The figure of 21,037 represents around double the total capacity led housing target of 10,350 dwellings per annum for Camden from the London Plan. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

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

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

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

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

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

Planning Practice Guidance, ID 67-001-20190722

- 4.59 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- 4.60 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent without the support of housing benefit. However, these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive smaller second-hand housing market or they will move elsewhere in London to find cheaper housing. Similarly, some households may not ultimately need

affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.

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

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

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

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

Planning Practice Guidance, ID: 70-002-20210524

- 4.62 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

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

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

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

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

Planning Practice Guidance, ID: 70-004-20210524

- ^{4.63} Figure 15 shows that the current lower quartile newbuild prices for a 1-bedroom property in the Camden is around £552,200, so 70% of this price would be just inside the cap limit. At a 50% reduction both 2-bedroom and 3-bedroom new build properties sit inside the cap limit, but for 4-bedroom properties, a 50% reduction would still sit above the £420,000 figure and so can be immediately discounted as undeliverable.
- ^{4.64} Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for 1 bedroom properties which are compatible with the First Homes scheme.
- ^{4.65} Given this context, Figure 37 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 23, First Homes are typically more affordable than shared ownership in Camden, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- ^{4.66} Of the 13,606 households who can afford to rent but who aspire to homeownership, there would be 6,858 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future) or where their property size needs cannot be delivered for less than £420,000. There would be a further 4,521 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 37). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 1,513 where the household had savings of less than £5,000²⁰ and were therefore unable to afford the assumed deposit (nor the associated up-front costs) of purchasing a home in the local area.

²⁰ £5,000 is a minimum amount required as the seed of saving for a deposit, though in more affordable areas it approaches the amount of a 5% deposit. The modelling is not prescriptive regarding the amount of savings, only that the savings and income should give the household a reasonable chance of being able to buy a property, including the need to save more in many cases.

Figure 37: Affordable homeownership housing mix by household affordability 2026-2041 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS properties over the cap limit or where the household can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	2,042	214	1,828	1,122	706	431	274
2 bedrooms	5,467	546	4,920	3,399	1,521	1,082	440
3 bedrooms	4,882	4,882	0	0	0	0	0
4+ bedrooms	1,216	1,216	0	0	0	0	0
TOTAL	13,606	6,858	6,748	4,521	2,227	1,513	714

- 4.67 On this basis, between 2026 and 2041, 714 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. It is unsurprising that this figure is low as First Homes can only be delivered inside the £420,000 cap as one and two bedroom properties and households must have incomes of over £80,000 but under £90,000 to be able to access these, so it is a very small group.
- 4.68 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 714 households likely to be able to afford the various products that will potentially be available, in addition to the 7,431 households unable to afford to rent or own market housing from Figure 26 and Figure 31. Figure 38 provides a breakdown of the affordable housing on this basis.

Figure 38: Overall need for Affordable Housing 2026-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

CAMDEN	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	124	274	398
2 bedrooms	1,960	440	2,400
3 bedrooms	3,209	0	3,209
4+ bedrooms	2,137	0	2,137
TOTAL HOUSING NEED	7,431	714	8,145

- 4.69 This study identifies an overall affordable housing need from 8,145 households over the 15-year period 2026-41 (543 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. It is this figure, not the 21,037 set out in Figure 36, which represent the affordable housing need for households in Camden over the period 2026-41. The focus in Camden cannot be on helping relatively high earning households into owner occupation when Camden seeing such high levels of overcrowding and use of temporary accommodation.

- 4.70 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. Many of these households require an intermediate rent or ownership product if they are to be able to move from private rented in Camden, though they may also decide to move to a more affordable area. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Future Policy on Housing Benefit in the Private Rented Sector

- 4.71 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control. Tax changes for landlords introduced in 2020 along with the impact of the potential Renters Rights Bill may see fewer households being able to find housing benefit supported properties in Camden as landlords withdraw from the market. Local Housing Allowance rates increased in 2024, but the impact of this on an area as expensive as Camden is likely to be minimal due to a lack of available stock to rent at LHA rates.
- 4.72 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.73 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.74 PPG (both the current version and the previous version) states that "*care should be taken to ... include only those households who cannot afford to access suitable housing in the market*" [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.
- 4.75 It is well-established that housing need should be assessed leaving aside policy considerations,²¹ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need.
- 4.76 However, we would note the impact of current benefit policies is seeing fewer and fewer properties become available to the borough to be used as temporary accommodation. More households will also struggle to retain their tenancies as rents rise faster than their housing benefit payments and the costs of renting for landlords, such as tax payments and regulation, risk seeing landlords leave the market. Therefore, the size

²¹ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

of the private rented sector, particularly for cheaper properties, may shrink in the future and this will increase the need for affordable housing.

Affordable Mix

- 4.77 Within the overall need of 7,431 affordable homes identified for those unable to afford market rents, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing²²²³. In order to profile affordability, income data from the English Housing Survey (2012-14)²⁴ and ONS Survey of Personal Incomes (2014 and 2018) has been used and modelled to establish the income distribution by household type and age in Camden. The reason for using this data is that it excludes any income from housing benefit, while other datasets such as CACI Paycheck include benefit data, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group. The data therefore considers the income profile of households in Camden against the cost of housing for each property size required by a household.
- 4.78 As discussed in Chapter 3, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 39 presents the same data as Figure 38, but with those unable to afford disaggregated in this manner. The model looks at households affordability before housing benefit is added, so households who cannot afford Social Rent are assumed to be able to access housing benefit to assist with their housing costs. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 23 this is typically more affordable than Shared Ownership, but does not allow flexibility for households to adjust to any changes in circumstances by means such as staircasing up and down. Therefore, additional households may be able to access shared ownership as a means to home ownership.
- 4.79 The largest and most striking figure in the data is that of people who are not able to afford the private rent costs in the area.

Figure 39: Overall need for Affordable Housing 2026-41 disaggregated based on ability to access different affordable housing products, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Require Social Rent	Able to afford Camden Intermediate Rent - unable to afford Private Rent	TOTAL
1 bedroom	119	7	126
2 bedrooms	1,789	206	1,995
3 bedrooms	2,734	532	3,266
4+ bedrooms	1,644	531	2,175
TOTAL HOUSING NEED	6,287	1,276	7,562

Size and Tenure Mix based Upon Overall Housing Needs

- 4.80 The first key objective of this LHNA is to establish the need for housing (both market and affordable) in Camden on the assumption that it delivers its proposed target of 11,550 homes. However, as noted in the introduction, Camden propose to deliver around 200 purpose built student accommodation (PBSA)

²² While this section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

²³ For this section we have also made an allowance for vacant homes, taking the total to 7,562 from the original 7,431 households.

²⁴ This is the most recent data available that allows this analysis

bedspaces per annum. Under the provisions of London Plan paragraph 4.1.9, 2.5 bedspaces will be counted as the equivalent of one dwelling, so around 80 dwellings per annum, or 1,200 dwellings over the plan period will be delivered as student accommodation. For the purposes of this student, we have excluded the delivery of the student accommodation from the overall housing needs and this leaves a residual requirement for 10,350 dwellings. It is these dwellings which represent the focus of this study.

- 4.81 Figure 40 provides a breakdown of the requirement for 10,350 dwellings between market and affordable housing on this basis. This shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 26 (current affordable need) Figure 31 (future affordable need) and Figure 37 (need for affordable homes ownership). These affordable homes are subtracted from the overall dwelling need calculated above.
- 4.82 An allowance for C2 provision has been made within the total housing need equivalent to 169 bedspaces which in accordance with paragraph 4.1.9 of the London Plan 2021 also count as 169 dwellings against the minimum housing target. The London Plan contains targets for Class C2 units, but this is a build target, not a modelled need for the area. These are all considered to be market housing need because they are typically not provided as affordable housing. This figure is derived from the projected growth in the institutional population aged 75 years or older in nursing or care homes²⁵. The Class C2 figure ensures that the needs of this population are included although they may not be met through a growth in nursing and care home provision.
- 4.83 The first three columns of data in Figure 40 include all requirements for households who cannot afford to access any form of market housing. The first data column includes the 6,287 households who would only be able to afford Social Rent. This column does not relate to the assessed needs of individual households, and is likely to include some single person households who would not qualify for Social Rent and exclude some higher income families who would qualify. It is also the case that Affordable Rent is now no longer supported by the GLA, so such homes will no longer be developed, but potentially any Affordable Rent properties could help to meet the Social Rent need. The second and third data columns include the 1,276 households expected to require Camden Intermediate Rent or other intermediate rented housing. Camden Intermediate Rent has a household income cap of £67,000, so we have separated out households who cannot afford market rent into those with incomes above and below £67,000. Please note that the low requirement for 1-bedroom properties in the second and third data columns may well be augmented by households who aspire to home ownership but find that the supply of homes for affordable ownership is insufficient to meet their requirements. In the third data column it is only those households who require 3 and 4 bedroom properties who have incomes higher than £67,000 but cannot afford to rent market housing.
- 4.84 In terms of affordable home ownership (fourth data column), we have included the 714 households from Figure 37 and Figure 38 (727 dwellings when an allowance for vacant homes is included) identified as the need for households aspiring to home ownership who have incomes under £90,000, can realistically afford to buy a First Home, and for whom a suitable property could potentially be provided below the First Homes price cap. These are households who can afford private rents but cannot afford to buy market housing. As indicated in paragraph we focus on the aspirations of private renters as they are the households who are most likely to be able to currently afford their own housing costs whilst being unable to afford market home ownership. The numbers of households realistically able to access ownership through new affordable ownership may potentially be augmented by households able to access substantial capital sums (e.g. parental

²⁵ This is a policy neutral position based on the assumptions adopted for ONS household projections, which is that the number of people aged under 75 years who live in communal establishments such as care homes and student halls of residence will remain constant, but the *share* of the population aged 75 years or older and living in communal establishments will remain constant.

subsidy), but this would likely be offset by a proportion of private renting households who aspire to home ownership but opt to buy cheaper homes in the second hand market or in neighbouring boroughs, or whose circumstances improve to allow them to buy at full prices.

- ^{4.85} The focus on First Homes as an affordable home ownership option in Figure 40 reflects the evidence in Figure 23 that this product is cheaper on a weekly basis than shared ownership assuming the purchase of 30% to 50% of the equity. While Shared Ownership products are typically more expensive per week (Figure 23), they are also more flexible with households able to afford to buy a smaller share of the property. Therefore, many local authorities consider them to be more attractive to potential occupiers than First Homes.
- ^{4.86} The market housing figure (sixth data column) contains both market rent and owned occupied dwellings. The model shows a need for 3-bedroom housing based upon trend and household type data. In practice much of the market need in Camden is likely to be delivered as 1- and 2-bedroom flats.
- ^{4.87} The figures also include households that can afford private rent but aspire to home ownership, and for whom no realistically affordable ownership product is available. As noted above, the figures indicate that if there is not an improvement in affordability for home ownership, market rent will grow by around 4,539 dwellings for those who aspire to own (Figure 36), plus further potential growth from student households and also from households receiving housing benefit in the private rented sector if insufficient affordable to rent is supplied. The needs indicated by Figure 40 are broadly consistent with the 2023 Camden Housing Needs Update which identified a total need for 18,684 dwellings over the period 2021-39, with a need for 14,333 affordable and 4,351 market homes.

Figure 40 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing						Total
	Households unable to afford market rent			Aspiring to Home Ownership	Total Affordable Housing	Total Market Housing	
	Social Rent	Camden Intermediate Rent up to £67,000 Household Income	Intermediate Rent from £67,000-£90,000				
1 bedroom	119	1	6	279	405	667	1,073
2 bedrooms	1,789	60	146	448	2,443	22	2,465
3 bedrooms	2,734	174	358	0	3,266	1,201	4,467
4+ bedrooms	1,644	174	357	0	2,175	1	2,176
C2 Dwellings ²⁶						169	169
Total	6,287	410	866	727	8,289	2,061	10,350
1 bedroom	1.1%	0.0%	0.1%	2.7%	3.9%	6.4%	10.4%
2 bedrooms	17.3%	0.6%	1.4%	4.3%	23.6%	0.2%	23.8%
3 bedrooms	26.4%	1.7%	3.5%	0.0%	31.6%	11.6%	43.2%
4+ bedrooms	15.9%	1.7%	3.4%	0.0%	21.0%	0.0%	21.0%
C2 Dwellings ²⁶						1.6%	1.6%

Build to Rent

- ^{4.88} As noted in Chapter 3, another housing option that could be made available in Camden is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control

NPPF 2024 (Glossary)

- ^{4.89} Build to Rent can be seen as a potential solution for those who are seeking to remain in the private rented sector as a long-term tenure choice, rather than move on to owner occupation. ORS have recently completed a study of Build to Rent in Bath and North East Somerset, which showed that the weekly rental cost was similar to other properties in the area, but that property sizes typically had fewer square metres of space.

²⁶ This is a policy neutral position based on the assumptions adopted for ONS household projections, which is that the *proportion* of people aged 75 years or older who live in communal establishments will remain constant, implying a growth in care home places. It does not involve an assessment of the future incidence of care needs, or whether or not they should be met in a care home setting.

- 4.90 This accords with the evidence that Build to Rent is typically a more expensive, but higher quality private rent option. Build to Rent tends to have longer tenancy agreements and greater flexibility in the use of properties.
- 4.91 The current government are currently seeking to reform pension funds to encourage them to make longer-term investments, which could include properties such as Build to Rent. Therefore, far more Build to Rent is likely to be delivered in the future.
- 4.92 As shown in Figure 41, which is a repeat of Figure 33, 28.8% of those currently in the private rented sector expect to remain in that tenure as a long-term option. In 2021, there were 33,287 households privately renting in Camden. When excluding the approximately 4,000 households who currently claim housing benefit, this would leave around 8,500 households who are currently paying their rent in full in Camden who expect to remain privately renting in the long-term.

Figure 41: (Repeat of Figure 33) Long-term aspirations (Source: English Housing Survey 2013/14)

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

- 4.93 A figure of 8,500 Build to Rent units being required in Camden is a top end estimate but is consistent with recent trends for Build to Rent delivery. Savills produce a quarterly review of the Build to Rent market²⁷. This shows that in 2023, nearly 20,000 Build to Rent units were completed nationally, with a strong focus on London, and another 50,000 are under construction and 54,000 with detailed permission. This is around 10% of the delivery of all new dwellings and is likely to rise in future years.

Co-Living

- 4.94 One type of dwelling which may be seen as addressing the needs of younger households is shared housing with small purpose-built units with shared amenity spaces. These are high-quality purpose-built co-living rather than traditional HMOs.
- 4.95 The growth of co-living schemes has followed the growth of Build to Rent. Savills produced a report in 2023²⁸ which outlines that there were 3,422 co-living beds operational in the UK, with 82% of these being in London, and over 6,000 under construction or with planning permission in London. Therefore, it is a very small current sector, accounting for less than 0.1% of London's housing stock, but it is a growing sector, with the current pipeline with planning permission lifting supply to 0.3% of the housing stock for London.
- 4.96 However, the London Plan Guidance on Large-scale Purpose-built Shared Living (LSPBSL), January 2022 notes that purpose built shared living is not considered a long-term option for most people:

"LSPBSL generally provides accommodation for single-person households who cannot, or choose not to, live in self-contained homes or HMOs. This accommodation type may be used on a transitional basis until residents find suitable longer-term housing. Whilst LSPBSL provides an additional housing option for some people, due to the unique offer of this

²⁷ [Savills UK | UK Build to Rent Market Update – Q3 2024](#)

²⁸ [Savills UK | Spotlight: UK Co-living - Q2 2023](#)

accommodation type it does not meet minimum housing standards and is therefore not considered to meet the ongoing needs of households in London.”²⁹

- ^{4.97} Savills report that typical tenancies are around 9-12 months, with a maximum stay typically being three years, with many residents having recently moved to the UK. Therefore, Co-living is not going to become a long-term solution to meeting market housing needs. The only age restriction on most Co-living schemes is that the person must be over 18 years old, but evidence shows 72% are aged between 26 and 40 years.³⁰ Therefore, as a policy led response to the increasing lack of housing for younger people in the area the schemes could have a role in short term housing for groups such as recent graduates looking to establish themselves in Camden as an alternative to living in HMOs.
- ^{4.98} if the current government were to deliver on their overall housing need estimate of 370,000 dwellings per annum, this would see a sharp drop in the number of households sharing or living with their families. Co-living schemes could be part of the market sector solution to allowing younger households to form, particularly when they first move to an area.
- ^{4.99} At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. In the future these properties could be re-used as family housing if high quality housing for single people or couples could be built. This raises the question of whether purpose built co-living schemes would have a place in a market where there was sufficient alternative single person or couple accommodation that meet minimum housing standards. Purpose built co-living could meet the needs of some single people and couples as a short-term lifestyle choice, but these individual people and couples will be looking to move to permanent accommodation of one form or another. Looking to the longer term, co-living is not self-contained and cannot easily be repurposed for other tenures that would address broader needs.
- ^{4.100} The evidence from the rest of London produced by Savills is that schemes of 300-360 beds are taking between 3-6 months to be fully leased, so demand clearly exists.
- ^{4.101} In conclusion, it is difficult to project a need for co-living schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. Others may be seeking long-term rented options through products such as Build to Rent, while LSPBSL provides short term rather than permanent housing. Therefore, as with any active policy, there is a risk of an over-supply of LSPBSL, but schemes of 300 plus beds have been successfully let in other parts of London. The potential demand for Co-living schemes in Camden is still uncertain due to only two small schemes having been completed, but the evidence from elsewhere is that the market could absorb at least 500 beds in Camden and this would help to expand the dwelling delivery in Camden. There is also potential overlap with student accommodation, with Co-living schemes having the potential to be re-purposed in the future as student housing and vice versa, which minimises the risks from an oversupply of either type of accommodation.

Other Housing Needs

- ^{4.102} The overall need for housing also requires to be set in the context of other policy objectives. For example, there is the need to meet the needs of older persons, those seeking shared accommodation, students, and

²⁹ [Large-scale purpose-built shared living London Plan Guidance - Feb 24](#)

³⁰ [Insights into co-living tenant profiles - BTR News](#)

those seeking to build their own homes. The London Borough of Camden has undertaken their own assessment of need for these types of dwellings for the Draft Local Plan, so no further analysis has been undertaken here. It is important to note that these dwellings are included and not in addition to the overall housing need. All would contribute to the overall delivery of dwellings in Camden.

Concluding note

^{4.103} This report considers the key outputs – namely establishing the overall balance between market and affordable housing over the 15-year period 2026-41. It is important to recognise that the information from this study should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. This study does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework. In particular, the numbers of dwellings in Figure 40 do not constitute a recommendation about the proportion of affordable housing that should be sought, or the mix of dwelling sizes that should be sought for each of the housing products.

^{4.104} Ultimately, the local authority will have to make judgements based on national and London Plan policies and the viability of development. It is unlikely that development in Camden could viably deliver anything like the proportion of affordable homes suggested by Figure 40, so the local authority will have some difficult choices to make in terms of prioritising different needs. Nevertheless, it is hoped that the data in Figure 40 and throughout the study about the range and nature of housing needs will prove invaluable to the local authority in making informed choices.

Appendix A: Glossary

Glossary of Terms

Definitions

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

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

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

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

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

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

Concealed families are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”³¹.

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

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

Headship rates are defined by CLG as: “the proportion of people in each age group and household type who are the ‘head’ of a household”³²

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

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

³¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

³² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low Cost Home Ownership.

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

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

Acronyms and Initials

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

Appendix B: Table of Figures

Figure 1:	Household projections 2024-34 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)	11
Figure 2:	Average household size estimates and projections for Camden for the period 1991-2041(Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections).....	12
Figure 3:	Population projections 2026-2041 by 5-year age cohort for Camden (Source: 2023 MYE adjusted ONS sub-national projections 2018)	13
Figure 4:	Total projected households in Camden for 2026 and 2041 (Note: Figures may not sum due to rounding)	14
Figure 5:	Total projected households for 2026 and 2041 by age cohort of household representative (Note: Figures may not sum due to rounding)	14
Figure 6:	Total projected households for 2026 and 2041 and change by household type and age of household representative (Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding).....	15
Figure 7:	Housing tenure trends for Camden (1981 – 2021). Source: UK Census of Population.....	17
Figure 8:	Housing tenure trends for Camden (1981 - 2011). Source: UK Census of Population.....	17
Figure 9:	Number of Households in Camden by Tenure 1981-2021 (Source: UK Census of Population)	18
Figure 10:	Weekly rent thresholds in Camden (Source: Valuation Office Agency 2022-23; Statistical Data Return 2023)	20
Figure 11:	Weekly rent thresholds in Camden 2018/19 and 2022/23 (Source: Valuation Office Agency 2018/19 and 2022-23;)	20
Figure 12:	Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Camden (Source: ORS based on Valuation Office Agency data October 2022 to September 2023).....	22
Figure 13:	Maximum income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)	23
Figure 14:	Real House Price Trends: Lower Quartile Prices adjusted to 2023 values using CPI (Source: ONS; Bank of England).....	24
Figure 15:	Lower quartile prices (adjusted by CPI) (2024) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)	24
Figure 16:	Median property prices by Camden Ward 2023 (Source: ONS - HPSSA (House Price Statistics for Small Areas) Dataset 37 (median price paid by ward) for year ending Mar 2023)	25
Figure 17:	Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)	26
Figure 18:	Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 5.75% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £30 per week).....	27
Figure 19:	Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at .755% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £30 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.).....	27
Figure 20:	Total weekly costs for First Homes with 50%, 60% and 70% Equity (Note: Mortgage costs based on a 30-year repayment mortgage at 4% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)	28

Figure 21:	Average Total weekly costs for London Living Rent (Source: GLA London Living Rents 2024/25)	28
Figure 22:	Average Total weekly costs for Camden Intermediate Rent (Source: London Borough of Camden 2024/25).....	29
Figure 23:	Comparison of weekly housing costs by property size including any service charges (Source: Valuation Office Agency and Land Registry Price Paid Data).....	31
Figure 24:	Establishing the need for market and affordable housing	33
Figure 25:	Assessing affordability by household type and age (Source: Census 2021 and DWP)	34
Figure 26:	Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)	37
Figure 27:	Annual change in household numbers in each age cohort by age of HRP in Camden (Source: ORS Housing Model)	38
Figure 28:	Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	39
Figure 29:	Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	39
Figure 30:	Annual components of Household Growth 2026-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	40
Figure 31:	Annual components of Household Growth 2026-41 (Source: ORS Housing Model)	41
Figure 32:	Percentage of Owner Occupiers by Age Group 2001-2021 for England (Source: English Housing Survey).....	42
Figure 33:	Long-term aspirations (Source: English Housing Survey 2013/4)	42
Figure 34:	Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)	43
Figure 35:	Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership (Note: Figures may not sum due to rounding)	44
Figure 36:	Assessing total need for affordable housing in Camden 2026-2041 (Source: ORS Housing Model)	45
Figure 37:	Affordable homeownership housing mix by household affordability 2026-2041 (Source: ORS Housing Model)	48
Figure 38:	Overall need for Affordable Housing 2026-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	48
Figure 39:	Overall need for Affordable Housing 2026-41 disaggregated based on ability to access different affordable housing products, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding).....	50
Figure 40	Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding).....	53
Figure 41:	(Repeat of Figure 33) Long-term aspirations (Source: English Housing Survey 2013/14)	54