

Harrow

Local Economic Assessment 2019 - 2020

Housing

Housing is an important aspect of a Local Economic Assessment. Having a supply of housing to meet the growing needs of the population is essential to provide workers and their families with somewhere to live, as well as improving the vitality and economic well-being of an area.

As is the case in many of London's boroughs, housing supply and affordability are major issues in Harrow. A key challenge facing Harrow is providing for a range of housing, including affordable housing, to meet the current and future population's needs, that are of a type, price and mix suitable and accessible to this future need which achieve mixed and balanced communities.

9.1 At the regional level, the London Plan is the strategic development strategy for London, and sets out an annual and 10-year housing target for each borough.

9.2 The London Plan (Consolidated with Alterations since 2004, February 2008) set Harrow an annual housing target of a minimum of 400 units per annum between 2007/08 to 2010/11. This 400 annual target was disaggregated to 360 units from conventional supply, 15 units from non self-contained residential units and 24 units from the reduction of long-term vacant stock.

9.3 The replacement London Plan, adopted in July 2011, reduced Harrow's overall housing requirement to 350 units per annum. The requirement to return vacant dwellings to use was removed and the minimum provision of non-conventional supply was reduced from 15 units to three per annum. This strategic housing target for Harrow came into effect in 2011/12, and ran to April 2015. The Further Alterations to the London Plan (consultation period 15th January - 10th April 2014) increased Harrow's housing target to 593 units per annum as a result of significantly higher population projections resulting from the 2011 Census findings. This revised target came into effect in April 2015, at the beginning of the previous monitoring period.

9.4 Harrow's current housing target of 593 will be superseded by a higher annualised target when the Greater London Authority's (GLA) 'Intend to Publish' London Plan finally gets adopted. Harrow's new target over the ten year period 2019/20 to 2028/29 will be 8,020 additional dwellings, giving an annualised average of 802 net additional dwellings. However, with the delay in publishing this latest London Plan, this new target is now likely to take effect from 2020/21. These targets are based on the findings of the GLA Strategic Housing Land Availability Assessment (SHLAA), coupled with a London-wide Strategic Housing Market Assessment (SHMA). The latter identified a need for 66,000 additional homes per year across London. With the bulk of Harrow's large sites currently being built out or likely to be developed over the next five years there is a presumption by the GLA that in the future most of our housing target will be provided on small sites right across the borough.

9.5 Harrow has a good supply of brownfield sites to meet these targets and over the past five years (to the end of March 2019) Harrow delivered over 4,000 net additional units in conventional supply, exceeding targets by over 1,300 units. More detailed information on housing supply and delivery is available in Harrow's Annual Monitoring Report:

<https://www.harrow.gov.uk/planning-developments/local-development-scheme>

Tenure

9.6 Based on 2011 Census data, Table 9.1 shows that the private sector (owner occupied and privately rented) constitutes approximately 90% of the total housing stock in Harrow, which is very high in comparison to West London and the London generally. Consequently, Harrow has a much lower percentage stock of social rented/affordable housing than West London and London as a whole.

9.7 The private rented sector expanded considerably between 2001 and 2011, largely due to an increase in buy-to-let landlords over recent years. The 2011 Census showed that in comparison with the West London and the London average, Harrow has a slightly lower level of households living in the private rented sector. Since 2001 there has been an eight percentage point increase in households living in privately rented accommodation in Harrow, roughly the same growth rate as in West London and London overall. By 2011, over 20% of Harrow's households lived in privately rented accommodation, nearly double the number living in social rented housing.

Table 9.1: Housing Tenure, 2011

Tenure	Harrow %	West London %	London %	England %
Owner Occupied: Owns Outright	31.1	24.1	21.1	30.6
Owner Occupied: Mortgage or Loan	34.1	28.2	27.1	32.8
Owned	65.3	52.3	48.3	63.3
Shared Ownership (part owned & part rented)	1.0	1.5	1.3	0.8
Social Rented: Council (Local Authority)	6.1	10.7	13.5	9.4
Social Rented: Other	4.5	8.6	10.6	8.3
Social Rented	10.6	19.3	24.1	17.7
Private Rented: Private Landlord or Letting Agency	20.4	24.2	23.7	15.4
Private Rented: Other	1.4	1.3	1.3	1.4
Private Rented	21.7	25.5	25.1	16.8
Living Rent Free	1.4	1.4	1.3	1.3
Private Sector (Owned, Shared Ownership, Privately Rented & Living Rent Free)	89.4	80.7	76.0	82.2

Source: Census 2011, Key Statistics Table KS402EW, ONS

9.8 Table 9.2 shows that Harrow also has the highest level of private sector housing (owner occupied and private rented) and the lowest concentration of social housing stock of all the West London boroughs. This information is based on data which the council's supply to the MHCLG in their annual housing returns.

Table 9.2: Housing Tenure in West London, 2019

Borough	LA (including Owned by other LA's)	Registered Social Landlord (RSL)	Other Public Sector	Private Sector (non RSL)	Total
Harrow	4,773	4,364	187	82,585	91,909
%	5.2	4.7	0.2	89.9	100.0
Barnet	9,938	8,901	0	134,107	152,946
%	6.5	5.8	0.0	87.7	100.0
Brent	8,345	18,585	507	93,011	120,448
%	6.9	15.4	0.4	77.2	100.0
Ealing	11,747	12,171	49	111,338	135,305
%	8.7	9.0	0.0	82.3	100.0
Hammersmith & Fulham	12,141	13,243	43	63,759	89,186
%	13.6	14.8	0.0	71.5	100.0
Hillingdon	10,086	7,622	797	92,229	110,734
%	9.1	6.9	0.7	83.3	100.0
Hounslow	13,085	8,488	5,606	74,659	101,838
%	12.8	8.3	5.5	73.3	100.0

Source: HSSA returns April 2019, MHCLG

Note: Percentages may not sum due to rounding. Figures for 2019 are provisional

Table 9.3: Subnational Dwelling Stock by Tenure Estimates, West London, 2018

Local Authority	Owner Occupied	LCI	UCI	CV (%)	Privately Rented	LCI	UCI	CV (%)
Barnet	90,485	83,385	97,585	4.00	41,475	34,375	48,575	8.73
Brent	54,388	48,873	59,904	5.17	37,562	32,046	43,077	7.49
Ealing	76,018	69,121	82,915	4.63	33,882	26,985	40,779	10.39
Hammersmith & Fulham	36,352	32,583	40,121	5.29	26,248	22,479	30,017	7.33
Harrow	54,029	49,852	58,206	3.94	27,401	23,224	31,578	7.78
Hillingdon	67,322	62,556	72,087	3.61	24,148	19,383	28,914	10.07
Hounslow	51,817	46,946	56,688	4.80	21,933	17,062	26,804	11.33
West London Average								
Barnet	60.03	55.32	64.74	4.00	27.51	22.80	32.22	8.73
Brent	45.82	41.17	50.46	5.17	31.64	27.00	36.29	7.49
Ealing	56.92	51.76	62.09	4.63	25.37	20.21	30.53	10.39
Hammersmith & Fulham	41.24	36.97	45.52	5.29	29.78	25.50	34.06	7.33
Harrow	59.58	54.98	64.19	3.94	30.22	25.61	34.82	7.78
Hillingdon	61.32	56.98	65.66	3.61	22.00	17.66	26.34	10.07
Hounslow	51.44	46.60	56.27	4.80	21.77	16.94	26.61	11.33

Source: ONS, Housing Analysis Team

1. The percentage breakdown of Owner occupied and Privately rented dwellings are percentages from the total stock. Social Rent is not included in this release.
2. LCI = Lower 95% Confidence Interval, UCI = Upper 95% Confidence Interval, CV = Coefficient of Variation
3. The estimates may not fall exactly at the midpoint within the 95% confidence intervals, due to rounding

Key	Statistical robustness
CV <= 5%	Estimates are considered precise
CV > 5% and <= 10%	Estimates are considered reasonably precise
CV > 10% and <= 20%	Estimates are considered acceptable
CV > 20%	Estimates are considered unreliable for practical purposes

These research outputs are not official statistics on dwelling stock by tenure. There are National Statistics available for dwelling stock by tenure for local authorities, which you should refer to if you require official statistics. These provide the total private sector stock for each area, but do not provide a breakdown of the number owner-occupied and privately rented dwellings. These outputs must not be reproduced without this disclaimer.

9.9 The housing tenure statistics collected by the HSSA returns do not give an indication of the size of the private rented sector. The 2011 Census showed that this sector had grown considerably since 2001. In 2019 the ONS produced breakdowns at the local authority level of the number and percentage of Owner Occupied and Privately Rented dwellings. However, these research outputs are not official statistics on dwelling stock by tenure, so need to be treated with caution. For Harrow the data shows that in 2018 around 30.2% of dwellings in the borough could now be privately rented stock (with a Lower 95% Confidence Interval figure of 25.6% and an Upper 95% Confidence Interval of 34.8%). These estimates rank Harrow in second place, after Brent for the highest percentage of private rented stock amongst the West London boroughs. The West London average is shown as being around 26.9%.

Household Composition

9.10 The Office for National Statistics (ONS) 2018-based household projections were released on 29th June 2020. The Principal Household Projection variant show lower levels of household growth compared to both the 2016 based household projections (and the 2014-based projections) which they replace.

9.11 This latest projection indicates that in the long-term households will continue to increase in Harrow, from around 86,400 households in 2020 to 94,900 households by 2043, a 9.8% increase. This is largely to be expected, as the main driver of household projection growth is the projected change in the overall population. However, the projections show that over the period 2015 to 2022 there is likely to be little change in the overall number of Harrow's households, averaging around 86,400 over this period.

9.12 For 2018, the projections show that 21.1% of Harrow's households are likely to be one-person households, considerably lower than the estimated London average of 30.5%.

Affordability

9.13 Guidance on affordability maintains that a household can be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households (Strategic Housing Market Assessment Guidance, CLG, 2007). This largely equates to what mortgage lenders will normally be willing to lend. The GLA's Affordability Test for owner occupation tenure states: "Existing outright owner occupiers are assumed to be able to afford to continue to own. Other households can afford owner occupation if: (i) the sum of (a) 3.5 times the income of single earner or 2.9 times the income of joint earners and (b) available savings plus equity exceeds the lower quartile price, and (ii) savings plus equity exceeds 10% of the purchase price" (GLA's 2017 Strategic Market Assessment).

Table 9.4: Income to House Price Ratios in Harrow

Lower Quartile										
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
8.75	9.99	10.89	11.24	10.80	10.68	12.02	13.48	14.93	15.49	14.72
Median Ratios										
7.82	8.94	9.55	10.06	9.76	11.27	11.85	13.29	14.61	13.64	13.09

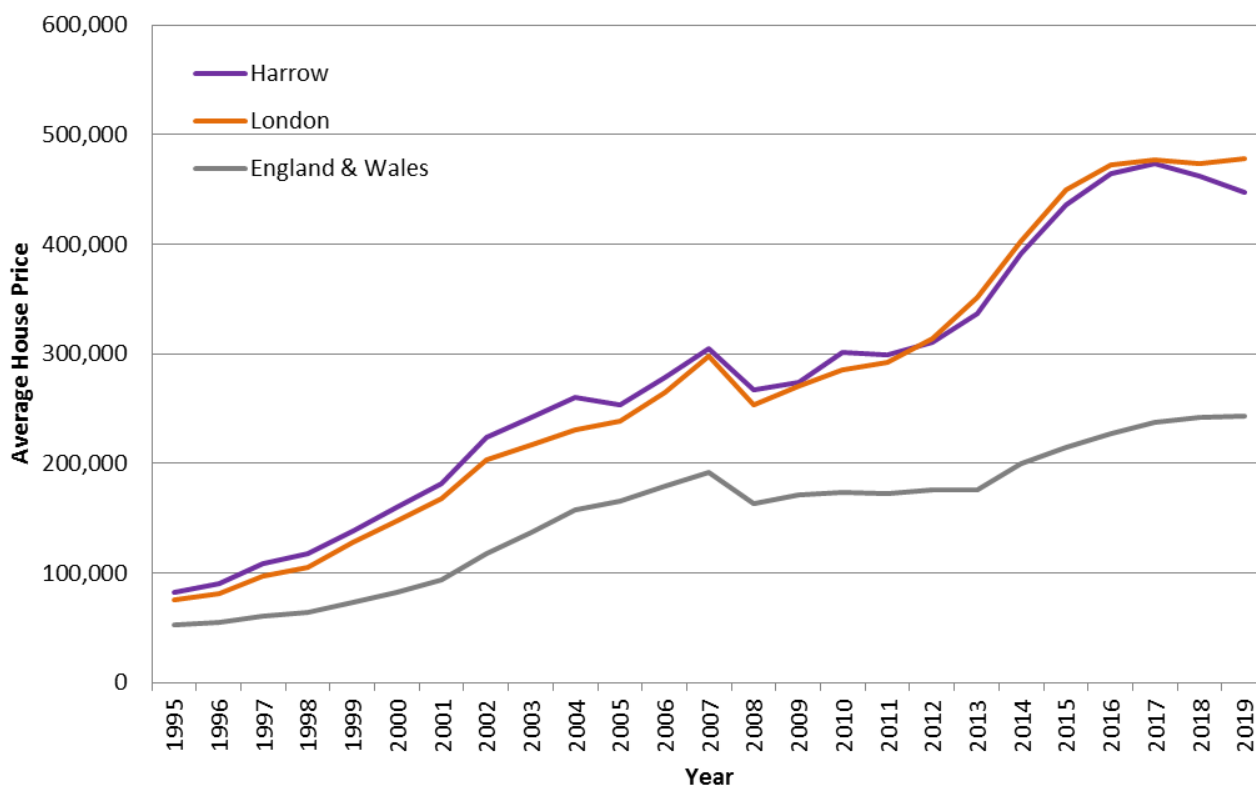
Source: ONS House Price to Residence-based Earnings Ratio, Tables 5c& 6c, March 2020

9.14 The UK House Prices Index shows that average house prices in Harrow are slightly lower when compared to London overall, but considerably higher than the national average (Figure 9.1). The current dataset shows that from 1995 to 2011 house prices on average in Harrow were slightly above the London average, but this reversed in 2012, with London averages outpacing Harrow. The general trend in house prices in London, including Harrow, has been upwards. Prices in Harrow peaked in 2017, subsequently falling, although in London overall prices have largely stabilised over the past four years, but with a slight upturn in 2019.

9.15 The average lower quartile house price in Harrow at the year ending September 2019 was £360,000 (ONS, HPSSA dataset 15). A first-time buyer single earner household would need to earn nearly £103,000 and a dual income household over £124,000 per annum to be able to access such a property. The average price for a flat/maisonette in Harrow at that time was £291,000, so still high.

9.16 ONS affordability ratios data (calculated by dividing house prices by gross annual workplace-based earnings) for 2019 show that the ratio of lower quartile house price to lower quartile earnings in Harrow has now reached 14.72. This is the fourth highest ratio in Outer London, after Richmond upon Thames, Barnet and Merton and also makes Harrow one of the most unaffordable areas to live in the West London sub-region.

9.17 High housing costs can have a negative impact on the local economy both in terms of attractiveness to workers and future business location. For lower paid workers high housing costs can erode gains from employment and can leave families in 'benefit traps' where benefits can provide a higher income than employment at the margin. A widely accepted measure of affordability is the ratio of lower quartile house prices to lower quartile earnings.

Figure 9.1: Average House Prices, 1995 to 2019

Source: UK House Price Index, Land Registry (Prices as at December each year)

9.18 According to the Annual Survey of Household Earnings (ASHE), the average lower quartile gross earnings for full-time workers in Harrow was around £22,170 in 2019, so a single or combined earnings figure is somewhat short of accessing even the lowest cost open market housing for residents who work in the borough. The ASHE earnings by place of residence data shows that Harrow residents' average gross full-time pay was £35,525 in 2019, reflecting higher wage levels outside the borough.

9.19 The West London Strategic Housing Market Assessment was published in October 2018. The report highlights the level of affordable housing need identified for each West London borough over the 25-year period 2016-41. This varies from 27.7% to 55.7% of the total demographic growth, with Harrow's level estimated to be 29.7%.

9.20 It is therefore extremely important that affordable and market homes continue to be delivered in Harrow, so that the housing needs of all of Harrow's residents can be met.