



# HARROW'S HOUSING EVIDENCE BASE AFFORDABILITY OF HOUSING IN HARROW

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## AFFORDABILITY OF HOUSING IN HARROW



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## **HARROW'S HOUSING EVIDENCE BASE**

### **AFFORDABILITY OF HOUSING IN HARROW**

#### **Population**

Housing demand has increased substantially as Harrow's population has grown by around 9% over the last decade to just over 250,000 in June 2018.<sup>1</sup> This is higher than England's growth of around 8% but lower than London's of 14% over the same period.

In 2011 Harrow had the second highest average household size in England at 2.8. Since then there has been 14,771 more births than deaths. International migration showed a net gain of 18,452 people and internal migration resulted in a net loss of 23,686 people to 2018.

#### **Local Earnings**

The median gross full-time pay of Harrow residents was £672 per week in 2018, an increase of about 14% over the previous 4 years. This is equivalent to an annual gross salary of about £35,000 and is in line with the average for London. It is higher than most of our West London neighbours - Brent (£575), Ealing (£632), Hillingdon (£606) and Hounslow (£620).

Housing affordability is calculated by comparing the earnings of those in the lowest quarter of average earnings, with property prices in the lower quarter of the market, the "lower quartile".

#### **Stability of Income**

The increase in all forms of flexible working - the 'gig economy', zero hours contracts etc. means less stability of income, fewer housing options and an increased risk of falling into rent or mortgage arrears. It also makes benefit claims more difficult to manage.

#### **Home Ownership**

Home ownership in Harrow has declined to around 60% from 66% at the 2011 Census (75% in 2001) and the private rental sector (PRS) has increased to around 30% over the same period.

House prices have risen significantly faster than earnings and, according to the Land Registry, the median property price sale in 2017 Q3 was £500,000<sup>2</sup> – over 14 times the median salary. Mortgage availability has decreased and the deposit required in order to secure a mortgage has increased for both first-time buyers and those wanting to move home.

Harrow property sales peaked at just over 4,500 in 2002 but declined to just over 2,000 in 2018.

With good transport links, a low crime rate and green spaces, Harrow is a desirable but expensive borough to live in. Only 5% of properties are in Council Tax bands A and B, whereas London averages 17% and England averages 44.3%. Harrow also has the third highest Council Tax in London with Band D costing £1,464 in 2019. Westminster had the lowest Band D rate of £434, followed by Wandsworth at £450. Hammersmith & Fulham, City of London and Kensington & Chelsea were also under £900.

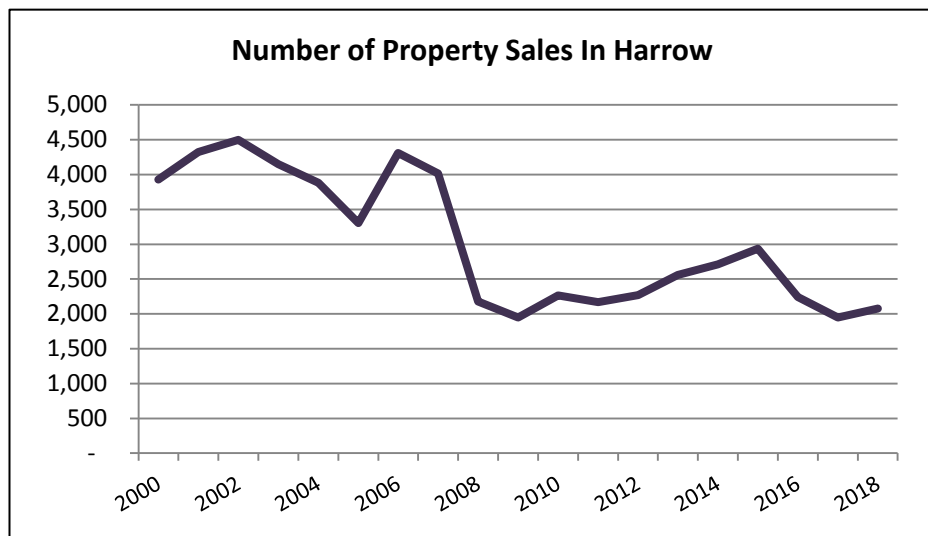
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<sup>1</sup> Source: ONS Analysis of Population Estimates

<sup>2</sup> Source: GLA/Land Registry

<sup>3</sup> Source: Valuation Office Agency

The economic downturn since 2008 has adversely affected the housing market. The recession and government austerity measures have affected many of Harrow's residents, and not just those traditionally thought of as vulnerable.



Source: Land Registry

### Private Rental Sector (PRS)

GLA London Living Rent for 'Affordable' housing is based on 1/3 of net household income. However, based on median net earnings of approximately £2,280 per month, the median PRS rent for a 2 bedroom property in Harrow would consume 57% of one person's take-home pay, and even a lower quartile rent in Harrow would be 53% of their take-home pay. 3 bedroom properties would be 72% and 66% respectively.

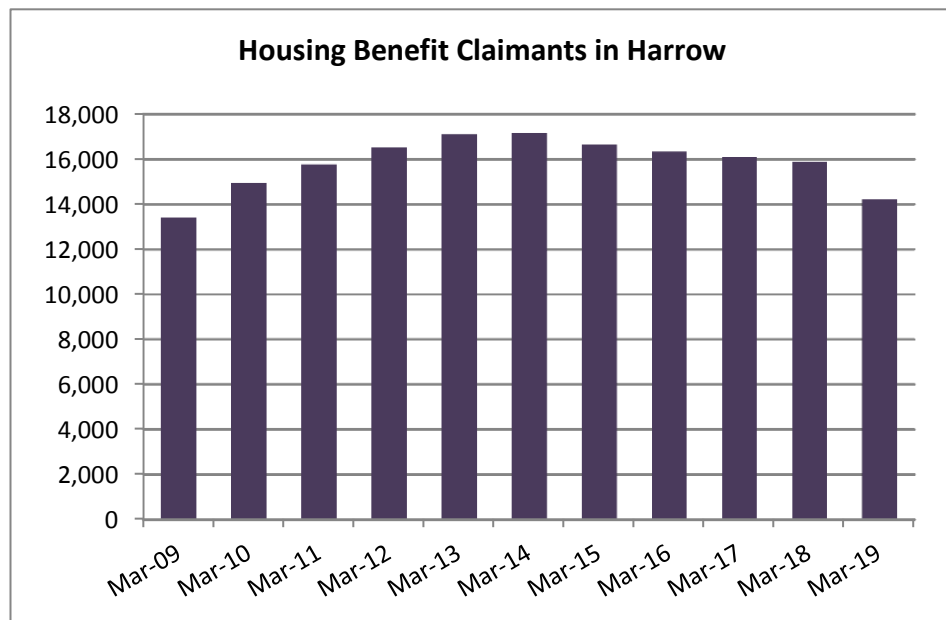
Whilst many households earn two salaries, parents work full-time less frequently, and any childcare costs also need to be factored into affordability of rent.

Monthly rents	North West London LHA	Harrow Lower Quartile Rent	Harrow Median Rent	London Lower Quartile Rent	London Median Rent	England Lower Quartile Rent	England Median Rent
Room	£402	£500	£563	£525	£600	£347	£390
Studio	£880	£750	£850	£800	£950	£433	£575
1 bedroom	£880	£950	£1,050	£1,060	£1,288	£470	£600
2 bedrooms	£1,114	£1,200	£1,300	£1,300	£1,500	£525	£650
3 bedrooms	£1,393	£1,500	£1,638	£1,500	£1,800	£600	£750
4+ bedrooms	£1,671	£1,750	£2,000	£2,000	£2,500	£900	£1,320

Source: Valuation Office Agency

## Housing Benefit

The number of Harrow households claiming Housing Benefit (HB) in March 2019 was 14,217. The Local Housing Allowance (LHA) was introduced in 2008 to provide HB for private sector tenants. LHA rates are based on the number of bedrooms needed and the average rent in the area. LHA is usually paid to the tenant, who then pays the landlord.



Source: Revenues & Benefits / DWP

Despite rising rents, LHA rates have been significantly reduced since 2011 and have been frozen from 2016/17 to 2019/20, putting many households at risk of homelessness. This is because the maximum amount of LHA they can receive as a private renter is often less than the cheapest rents available locally, making it very difficult to find affordable accommodation.

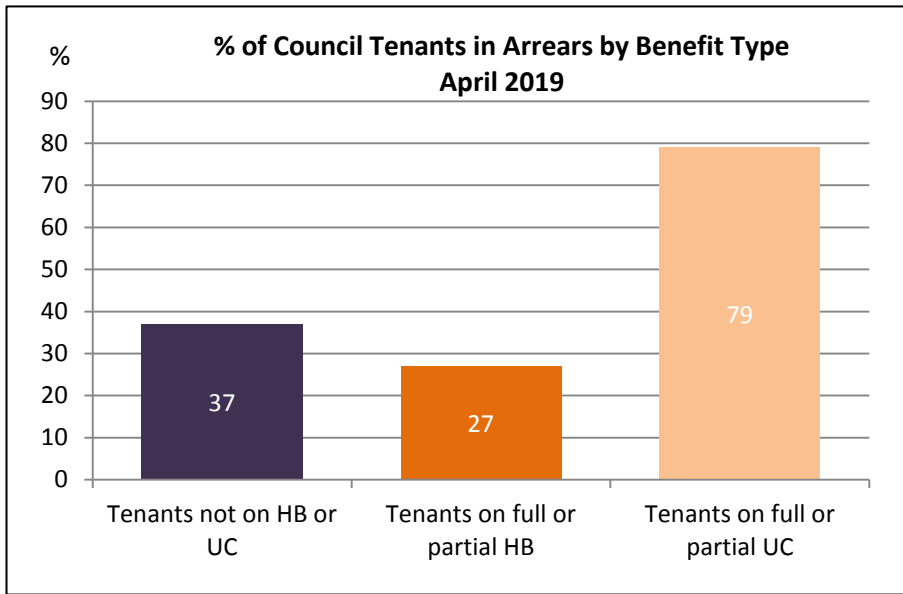
Welfare reforms have also impacted on private landlord behaviour, with many refusing to renew tenancies because they no longer receive direct payments of HB for claimants of Universal Credit.

## Universal Credit

Universal Credit (UC) is a single benefit replacing Housing Benefit, Working Tax Credit, Child Tax Credit, income-based Jobseeker's Allowance, Income Support and income-related Employment and Support Allowance. It is being rolled out nationally under a 'managed migration' and was introduced in Harrow from July 2018. It is too early to accurately predict its effect on affordability of housing in Harrow, but there is widespread concern about claimants falling into rent arrears and becoming at risk of homelessness in both the social and private housing sectors.

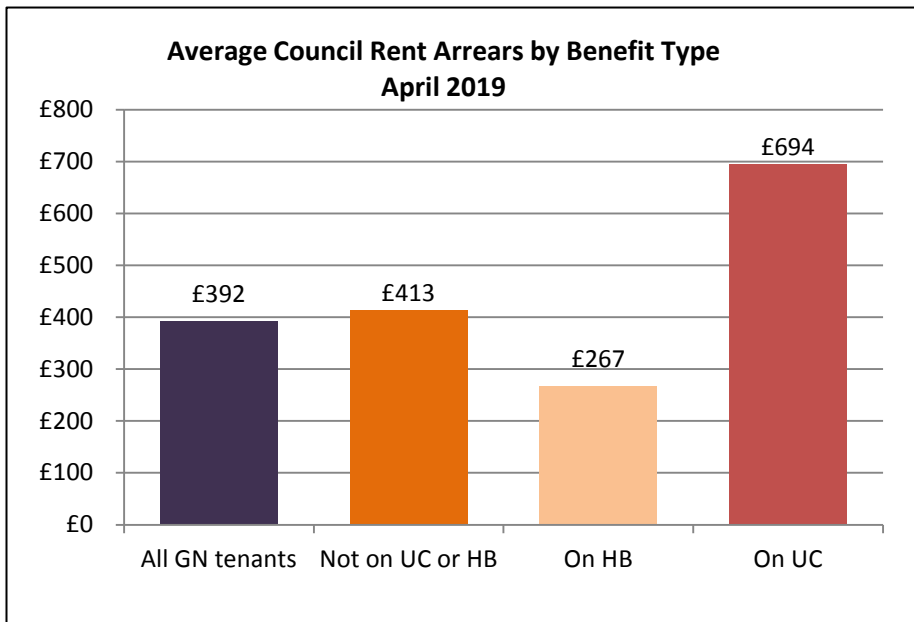
There are several reasons for this, including the in-built time-lag before the first payment and the fact that HB was paid directly to landlords whereas UC is paid to the claimant, who is responsible for paying their rent to the landlord.

A snapshot in April 2019 revealed that, whilst only 7% of Harrow's General Needs council tenants were claiming UC, 79% of these were in arrears. This is almost 3 times the rate of the 57% that are claiming HB, with 27% of these tenants in arrears.



Source: Northgate

As well as a higher proportion of UC tenants falling into arrears, the amount they owe is also much higher. The average level of council rent arrears was over 2.5 times higher in UC tenants (£694) than in HB tenants (£267) in April 2019. A survey by ARCH, the Association of Retained Council Housing, and the National Federation of ALMOs (Arms-Length Management Organisations) measuring the impact of Universal Credit on local authorities reported similar results.<sup>4</sup>



Source: Northgate

The Council has taken steps to mitigate the effects as far as possible for both social and private tenants e.g. requesting increased levels of direct HB payments to landlords and providing information, advice and signposting, but at September 2019 both the percentage of GN council tenants in arrears (63% of those on UC compared with 24% of those on HB) and the average amount of arrears (£562 for UC compared with £257 for HB) were still significantly higher. Resources are limited and as the roll out to UC progresses it will become even more challenging to offer adequate personal support to maintain tenancies.

<sup>4</sup> [Patching the Safety Net - Measuring the Impact of Universal Credit on tenants and landlords \(2019\)](#)

## Social Housing

Although 23% of London's population live in social housing, Harrow has the second lowest proportion at just 10% of its 90,500 households. At March 2019 there were 5,715 Council tenants (including joint tenants) living in 4,763 Council properties, and there were 4,327 Housing Association properties.

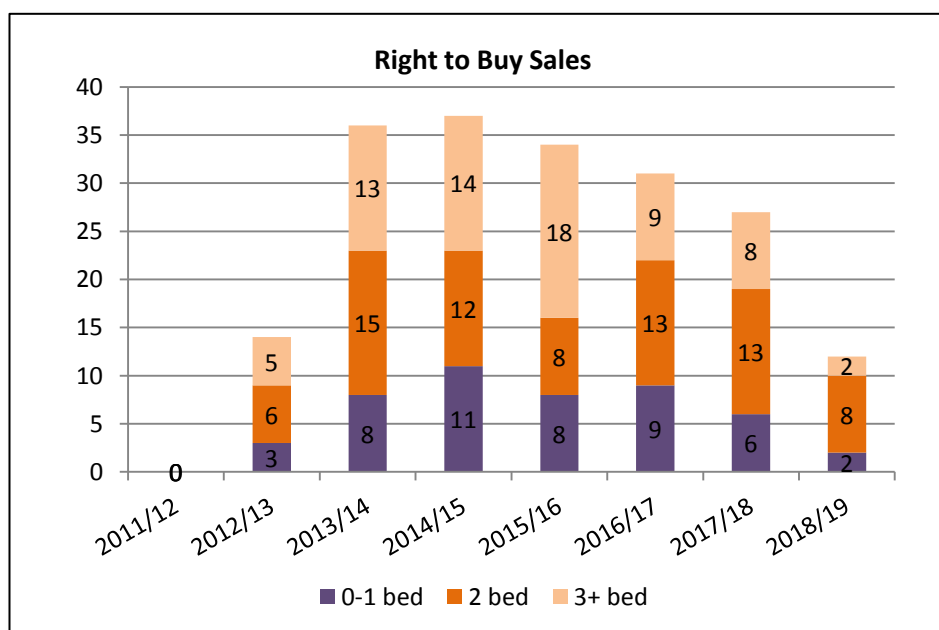
Stock Levels of Social Housing in West London Boroughs, 2018					
Borough	Stock	No. LA	% LA	No. RP	% RP
Brent	118,710	8,351	7.0	17,935	15.1
Ealing	133,350	11,947	8.9	11,651	8.7
Hammersmith and Fulham	88,140	12,227	13.9	13,273	15.1
Harrow	90,680	4,813	5.3	4,262	4.7
Hillingdon	109,780	9,925	9.0	7,589	6.9
Hounslow	100,740	13,129	13.0	8,254	8.2
Kensington and Chelsea	87,610	6,790	7.8	12,923	14.8

Source: MHCLG

Roxbourne Ward, which contains the Rayners Lane Estate, has Harrow's highest proportion of social rented properties at one quarter of all households.

Households from all ethnic groups live in Harrow's social housing, reflecting the diverse population of the Borough. The largest single ethnic group housed within the Council's stock is White at 48% of disclosed ethnicity, followed by Asian at 23% and then Black at 20%.

The increased 'Right to Buy' discount since 2012 means sales of family sized Council homes are still outstripping the Council's ability to replace them, particularly as there are many government restrictions on the use of 'Right to Buy' receipts. Harrow has lost 4,191 properties to Right to Buy since it was introduced in 1980. 12 were sold during 2018/19, down from 27 during 2017/18. Social housing stock may be further reduced if 'Right to Buy' for housing association tenants is rolled out nationally.

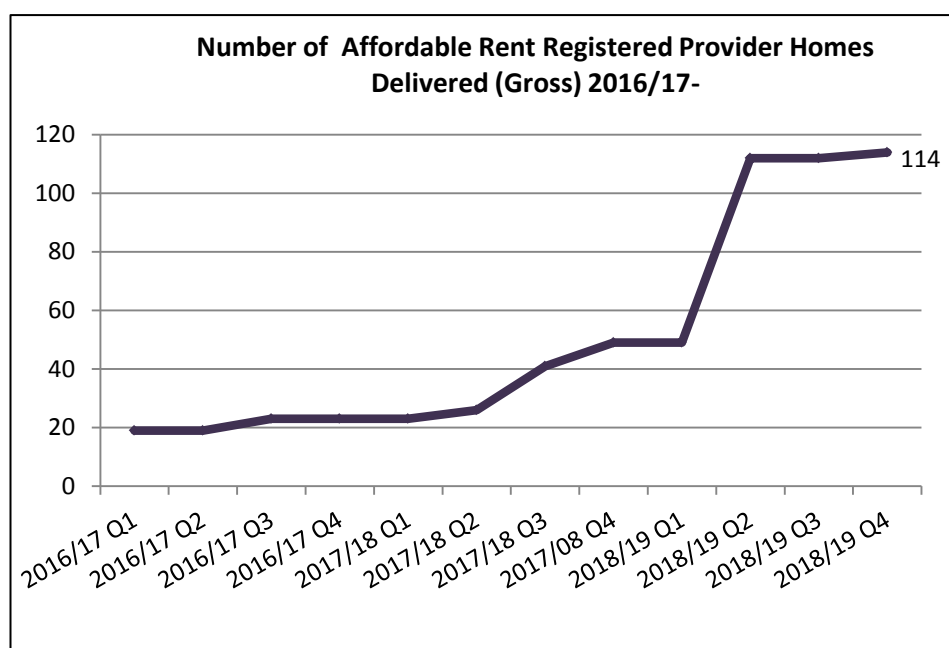


Source: Leasehold Team

## Optimisation of Social and Other Affordable Accommodation

The ‘Homes for Harrow’ initiative, a number of major planning applications and the focus on the Housing Zone in central Harrow including the Council’s regeneration plans means that Harrow’s house building will remain strong over the next five years and will go some way towards, but not fully meet, demand.

The Housing Enabling Team monitors and delivers new affordable housing in Harrow. Section 106 agreements, also known as planning obligations, are agreements between developers and local planning authorities that are negotiated as a condition of planning consent. The maximum reasonable amount of affordable housing is sought from schemes providing 10+ residential units in line with the London Plan and Local Development Framework Policy, but it is particularly difficult to deliver family-sized accommodation without reducing overall affordable housing numbers.

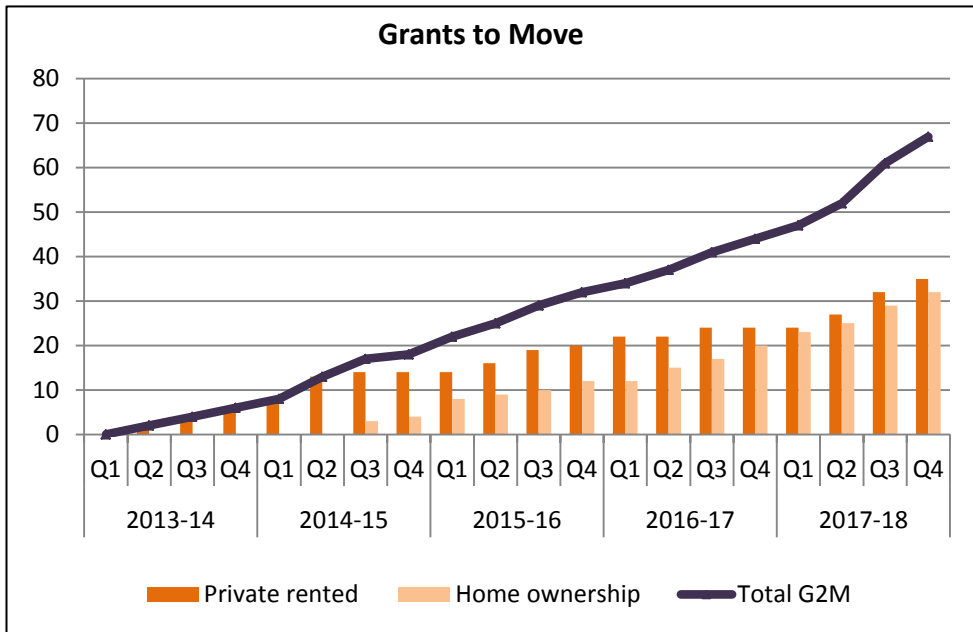


Source: Enabling Team

The Council is building new homes for the first time in decades. 98 new homes are either completed or under construction with planning permission for a further 37 new homes on ‘infill sites’ on existing estates. Additional funding has been received for a total council house building programme of 639 new homes to be started over the next 3 years – 580 for social rent and 59 for shared ownership. This includes the regeneration of the Grange Farm estate which will see 574 new homes built - 249 for social rent, 25 for shared ownership and 300 for private sale to offset costs.

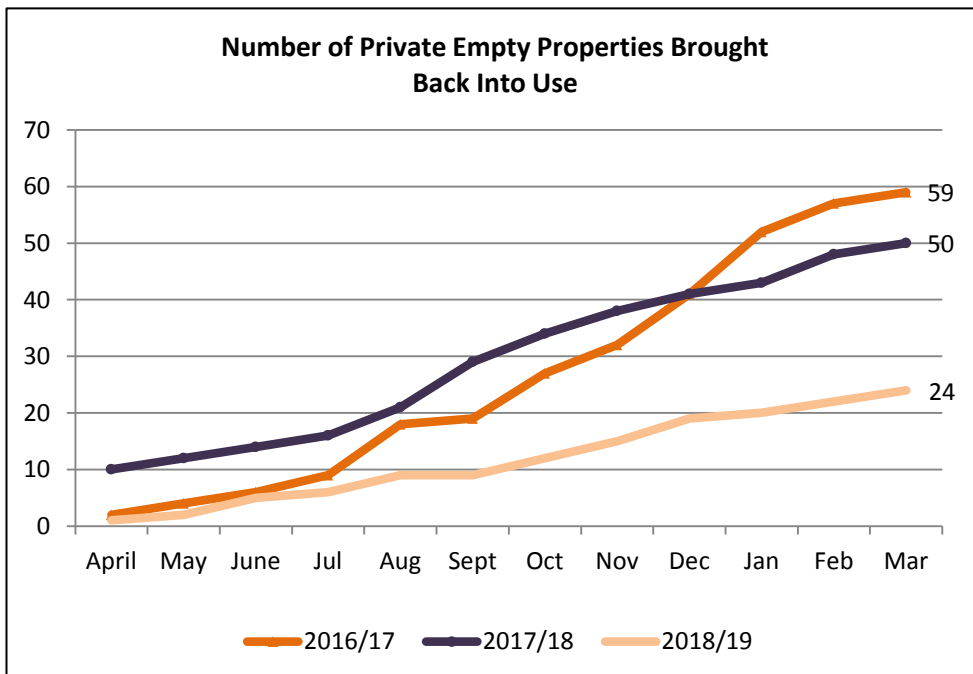
Under-occupiers of social housing are encouraged to downsize in order to free up family-sized accommodation. Those willing to move are offered financial incentives and given the highest priority on the Housing Register. 46 households were incentivised to downsize within Council stock between April 2016 and June 2019, and a further 67 properties were freed-up through the ‘Grants to Move’ Scheme that operated between 2013 and 2018.





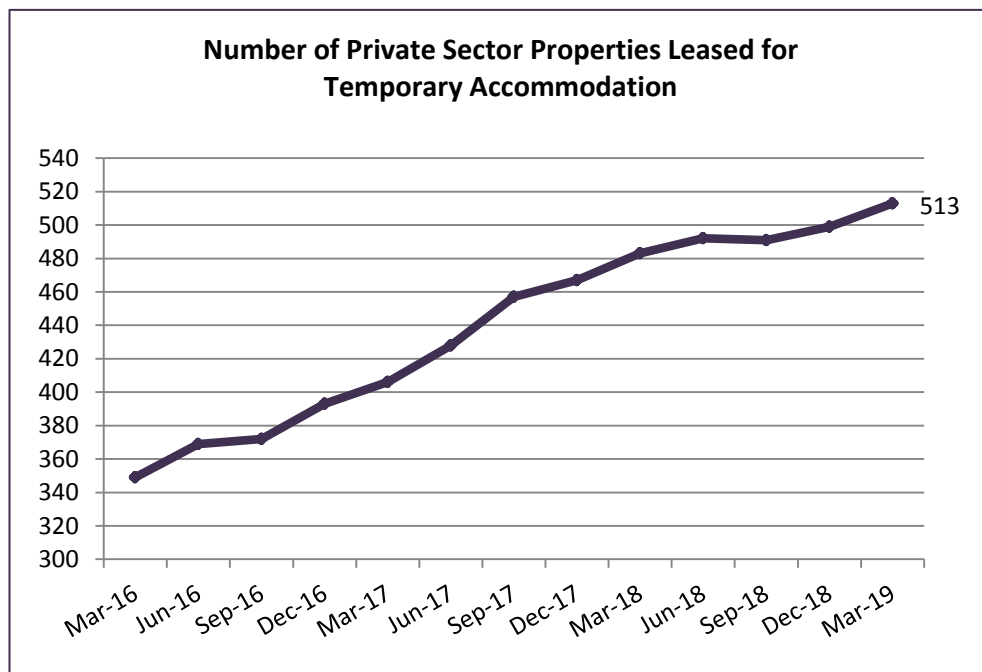
Source: Enabling Team

The Council works with private sector landlords in various ways such as by offering Empty Properties Grants (EPGs) to increase the availability of affordable rented accommodation. 152 empty privately owned properties have been made available to the Council for Temporary Accommodation (TA) between April 2015 and March 2019 but changes in government policy on Buy-to-Let, Brexit uncertainty and reduced grants are affecting the potential supply, with 2018/19 50% down on the previous year.



Source: Enabling Team

Harrow's Help2Let Team works in partnership with landlords to assist those in housing need to rent in the private sector. As well as enabling families to avoid homelessness it is particularly important in relieving homelessness and discharging the main homelessness duty by placing these households into PRS accommodation at Local Housing Allowance (LHA) rates. Affordability of even the lowest rent PRS properties in Harrow is becoming more and more of a challenge and Help2Let is increasingly working with landlords outside of Harrow in order to offer families more affordable options.



Source: Northgate

Harrow is heavily reliant on the private rented sector (PRS) for temporary and permanent housing solutions. The Council has statutory responsibilities for licensing and enforcement within the PRS. It operates selective licensing in certain areas, as well as mandatory and additional licensing of Houses of Multiple Occupation (HMO's) with a duty to ensure that they are free from serious hazards, including overcrowding.

The Homes Act 2018 was introduced in March 2019 to improve regulatory control in the PRS, raise housing standards at the bottom of the rental sector and enhance tenants' protection. However, the cost of these improvements is likely to be reflected in higher rents, and more people could be priced out of Harrow.

## Homelessness

Homelessness is rising steeply and the Homelessness Reduction Act 2017, effective from April 2018, has increased the burden on local authorities.

Welfare reform, a very limited supply of social housing and a buoyant private rented market add to the Council's pressures from homelessness leading to higher numbers in Bed and Breakfast accommodation (B&B), rising costs and enforced moves out of Borough.

Homelessness triggered by the loss of a private tenancy has soared since the LHA cuts and caps began in 2011 and this is the most common reason for homelessness acceptances. The next most common is family or friends no longer willing to accommodate, and other reasons include domestic abuse and relationships ending.

Several thousand people in housing need contact the Council each year and there is a huge focus on advice and homelessness prevention. Whilst Harrow has always offered extensive prevention and relief assistance, the definitions have changed under the new Act, and the numbers recorded as assisted under these terms are not comparable with previous years.

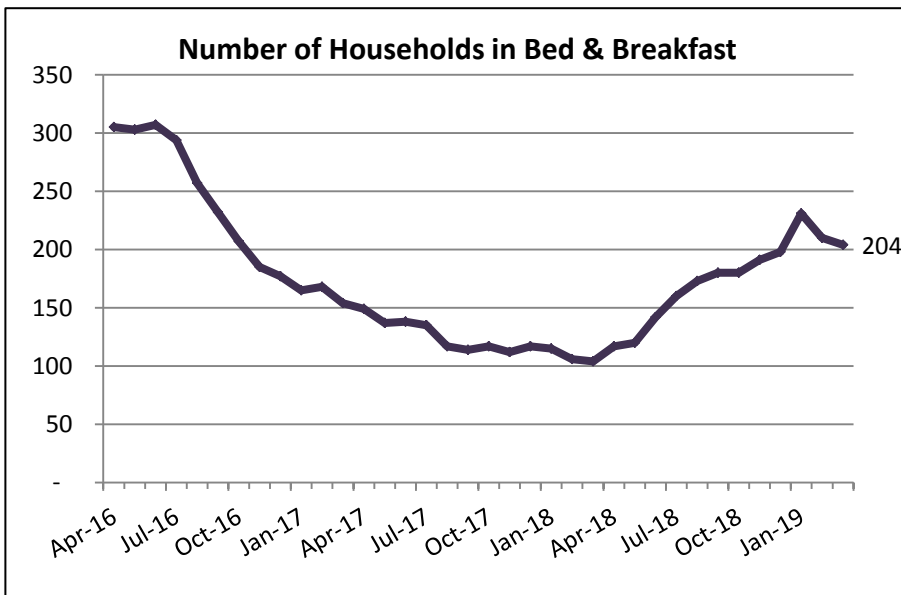
Positive action by the Housing Needs Team prevented 257 households from becoming homeless in 2018/19 by helping to secure them existing or alternative accommodation for at least 6 months.

Despite all this work, 229 households were accepted as 'eligible, unintentionally homeless and in priority need' in 2018/19.

### Households in Temporary Accommodation (TA)

Social housing is only available to those most in need and few properties become available for new tenants each year. With such a small stock, many homeless families have to be housed in TA.

Due to the range of efforts made on the supply front, including Grants to Move, Empty Property Grants and Help2Let plus the purchase of 100 Homes for use as temporary accommodation, there was a steady reduction in the number of families needing to be placed in B&B by March 2018. However, despite all this, the effects of the Homelessness Reduction Act, welfare reform and other pressures have meant this position was not sustainable and the number doubled to over 200 by March 2019.



Source: Northgate

## Temporary Accommodation Placements Out of Harrow

Despite all efforts to secure more properties in Harrow, families often have to be housed elsewhere. In 2018/19 235 households (583 people) were placed in short- and long-term temporary and emergency accommodation outside of Harrow.

<b>2018-19</b>	<b>Households</b>
Aylesbury	75
Brent	31
Northolt	23
Hillingdon	18
Watford	17
Barnet	8
Ealing	8
Enfield	6
Wolverhampton	5
Luton	5
Hemel Hempstead	5
Telford	4
Worcestershire	4
Hounslow	4
Birmingham	3
Surrey	2
Oldbury	2
Bradford	2
Northampton	2
Hatfield	1
Huntingdon	1
Peterborough	1
Brighton	1
Shipley	1
Hartlepool	1
Egham	1
Leeds	1
Slough	1
Leicester	1
Slough	1
<b>Total</b>	<b>235</b>

Source: Northgate