Newham, London

Local Economic Assessment

2010 to 2027

Newham London

Regeneration Planning and Property Directorate

October 2010

7. Housing and the Environment

Summary

- The number of dwellings per resident is lower than the London average. There is evidence of extensive overcrowding in Newham.
- Over the past decade the number of dwellings in Newham has grown faster than the London average.
- Flats account for approximately 50% of dwellings as of 2008, a large increase from 2001 due to the high level of conversions of existing housing stock to flats over the period.
- Private renting accounts for approximately 35% of all households in 2009, a large increase from 2001, likely due to the effect of buy-to-let landlords, and the increasing number of housing benefit supported households within the private rent sector[1].Almost a quarter of the housing in Newham requires investment to bring it up to a 'decent standard.'
- Mean house prices in Newham are significantly lower than the London average but, at least until the onset of the recession, were growing at a faster rate.

7.1 This section explores these two key factors which affect the sustainability of economic growth. Specifically, this section will cover the following topics:

- **Housing** - dwellings, dwelling type, tenure type, affordability, condition of housing.
- **Environment** - local environmental quality, waste, carbon emissions, electricity usage, biodiversity.

Housing

7.2 As of 2009 there were just over 101,000 dwellings in Newham. The number of dwellings in the Borough rose by 7,525 over the period 2001 to 2008, equivalent to an 8.1% increase in total dwellings compared with 4.9% across London as a whole[2].

7.3 Newham's housing stock is characterised by a mix of older terraced housing predating 1919 (some of which have been subdivided to create multiple flats), newer terraced housing and blocks of post-war council flats and smaller amounts of newer purpose-built flats[3]. 45% of Newham properties were built prior to 1919[4].

7.4 In 2008/2009 almost two-thirds of the housing completions were in the private sector and close to half of housing starts in 2008/2009 were in the social sector. This demonstrates the shift from private sector to public sector housing

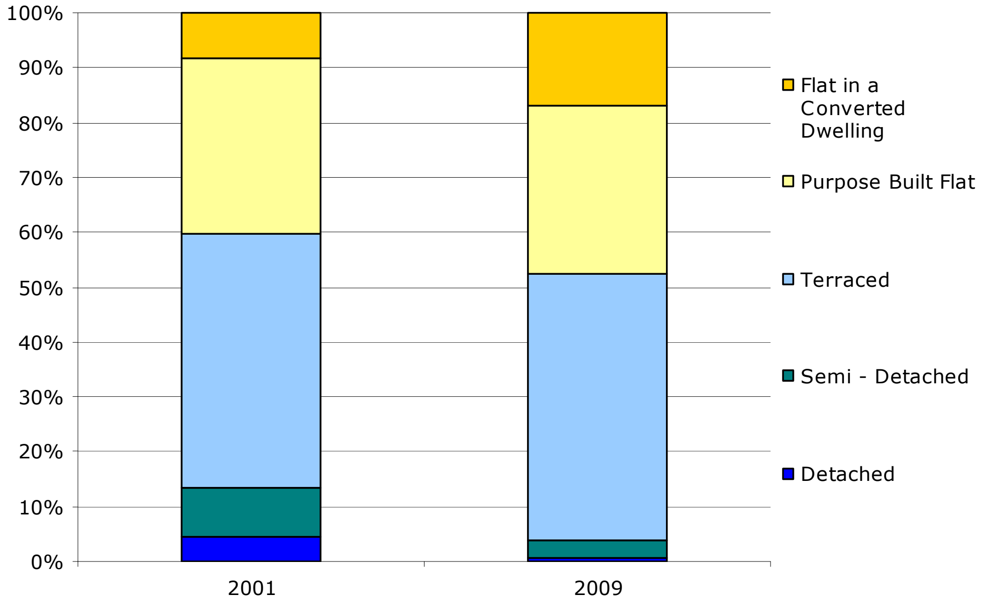
[1] Newham Strategic Market Assessment 2010
[2] DCLG, Housing Statistics
[3] Opinion Research Services (February 2010) Newham Strategic Housing Market Assessment Draft
[4] Opinion Research Services (February 2010) Newham Strategic Housing Market Assessment Draft

development, primarily due to a reduction in private sector development. Between April 2008 and March 2009, 1,157 dwellings were completed, and 2,619 were started, reflecting the commencement of development associated with the Olympic village, and a limited number of large schemes. Affordable housing represented 44% of total starts in 2008-2009[5].

Type and Tenure

7.5 Dwellings in Newham are split approximately half and half between flats and housing as of 2009. The largest single property type is terraced housing which accounts for 48.7% of total dwellings in the Borough. There have been some important shifts in property types in the Borough between 2001 and 2009. In particular, the proportion of flats in a converted dwelling has risen from 8.4% in 2001 to 16.8% in 2009, largely at the expense of detached and semi-detached housing which has shrunk from 13.3% of total dwellings in 2001 to just 3.7% of total dwellings in 2009. This suggests that many larger dwellings have been converted into smaller flats over the period.

Newham Dwellings by Property Type (2001 & 2009)



Source: Opinion Research Services (February 2010) Newham Strategic Housing Market Assessment Draft

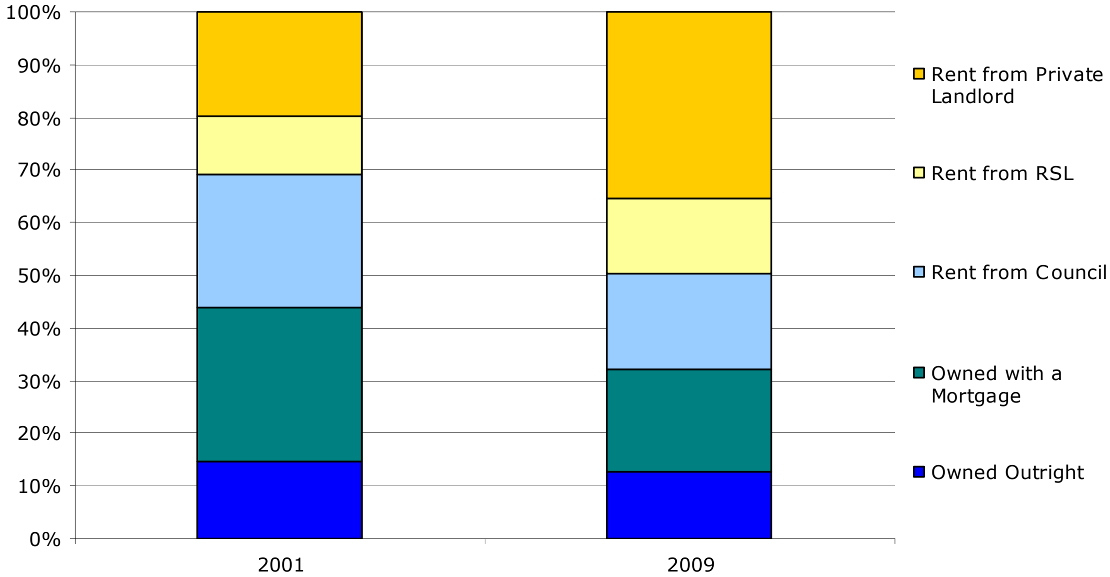
7.6 In terms of tenure type, Newham residents predominantly rent with ownership rates at 32.2% as of 2009. The largest single tenure type is private renting at 35.3% of total dwellings. Local authority and RSL renting accounted for 32.6% of total dwellings. Between April 2008 and March 2009, 52% of total completions were classified as affordable housing which exceeds the 50% target in the London Plan . This high figure reflects the completion of a number of key Registered Social Landlord (RSL) schemes with a majority percentage of affordable units. It is anticipated that relatively high levels of affordable housing will continue into the future due to the large area of development land available, and high local need. The delivery of affordable housing is dependent on the availability of grant and funding, and in turn scheme viability. Approximately

[5] GLA London Development Database (data provided by LB Newham)

35% of all approvals in 2009-2010 were affordable, potentially reflecting the current market downturn and the associated impact on scheme viability[6].

7.7 Private renting has seen considerable expansion over the period 2001 to 2009 going from 19.9% to 35.3% of dwelling tenures. This has meant that the proportion of owner occupied houses has shrunk from 43.7% to 32.2% with a particularly steep decline in the proportion of dwellings that were owned with a mortgage. Over the same period the proportion of dwellings rented from the Council shrank but this was to some extent compensated by an increase in renting from RSLs.

Newham Dwellings by Tenure Type (2001 & 2009)



Source: Opinion Research Services (February 2010) Newham Strategic Housing Market Assessment Draft

7.8 The increase in private renting is reflected in the increase in buy-to-let landlords over the period according to the draft Strategic Housing Market Assessment (SHMA). The SHMA suggests that the effect of the increase in buy-to-let has been to inflate property prices (see below), making it more difficult for residents to get on the property ladder.

Affordability

7.9 Housing in Newham is amongst the most expensive relative to income in London. In 2008 the mean house price in Newham was £242,351, the second lowest among the host boroughs, and £120,000 below the London average. During the early parts of the decade housing prices in Newham increased substantially, almost doubling between 2000 and 2004 (increasing by 97.1% compared to 43.8% for the London average). However, between 2004 and 2008 the pace of growth has slowed and is now considerably lower than the London average.

6 GLA London Development Database (data provided by LB Newham)

Mean House Prices, (2000 - 2008)

	2004	2005	2006	2007	2008	2004-2008 % change	2004-2008 % annual change
Newham	£191,125	£202,129	£211,596	£232,094	£242,351	26.8%	6.7%
Hackney	£236,832	£252,152	£278,301	£314,839	£319,121	28.5%	7.1%
Greenwich	£209,531	£226,121	£237,898	£260,663	£269,345	34.7%	8.7%
Tower Hamlets	£259,944	£263,641	£282,006	£335,427	£330,163	27.0%	6.8%
Waltham Forest	£195,220	£205,619	£219,909	£246,567	£239,500	22.7%	5.7%
London Average	£276,083	£292,450	£318,490	£354,632	£362,810	31.4%	7.9%

Source: DCLG (2009)

7.10 The result of rising prices has been, as with other areas nationally, to encourage an increase in speculative purchases by buy-to-let landlords, which in turn has led to further increases in house prices. The evidence just discussed suggests that these landlords have converted many existing family homes to multiple flats and brought a much larger proportion of the housing stock onto the private rental market.

7.11 One of the main effects of this has been to increase the number of Houses of Multiple Occupation (HMOs), due to both supply and demand reasons. In supply terms, the large increase in private rental property will most likely have led to a greater availability of such accommodation. In demand terms a large student population, high levels of migration (see Section 3) and the effect of rising costs are likely to be factors which have led to the large observed growth in HMOs. The growth in HMOs is one contributory factor to the overcrowding issue discussed above.

7.12 Another outcome of these trends has been the conversion of large numbers of family-sized homes into smaller flats. This is a contributor to the problem of population churn as it reduces the number of high-quality, spacious properties which more successful residents desire in the long-term. This is illustrated by the fact that the most common reason for moving, cited by 12% of residents, is that their current home is too small[7].

7.13 Since 2008 there have been significant changes in the housing market, caused primarily by the economic downturn. This has resulted in a significant reduction in the number of mortgages issued, which in turn has led to a slowdown in property transactions, a downturn in housing approvals and a reduction in house prices. However, in the medium to long term the upward pressure on prices is expected to return as underlying demand for homes in the South East exceeds supply.

7.14 Given Newham residents face low incomes relative to open market house prices and are restricted in accessing finance, there continues to be a need for various forms of affordable housing. However, at the same time, the housing

[7] Opinion Research Services (2010) Newham Strategic Housing Market Assessment

stock does not sufficiently cater for people whose aspirations change as a result of their improving socio-economic circumstances.

Quality

7.15 Close to a quarter of Newham's housing stock is considered to require further improvements to bring them up to 'decent standard', using the Housing Health and Safety Rating System (HHSRS).

Housing Stock Requiring Improvements (2009)

	Number of properties	% of total properties
LBN Housing	9,629	40%
RSL	2,049	8%
Owner Occupied and Private Rented	12,576	52%
Total	24,254	100%

Source: DCLG, HIP Returns as at 1st April 2009 (2009)

7.16 As shown in the table above 40% of the 24,254 properties in need of improvements are council housing with 52% being owner occupied or private rented.

Overcrowding

7.17 Newham has a dwelling per resident rate of 0.38 compared to the London average of 0.43 which points towards an issue of overcrowding. This is supported by the 2009 Household Survey[8] in which 19% of households stated that they felt they had too few rooms in their place of residence.

7.18 The draft Strategic Housing Market Assessment (SHMA) found that 17.5% of Borough residents technically live in overcrowded housing[9]. Of these, the majority of overcrowding was in private rented accommodation with overcrowding of 23.3% compared to 16.2% in the social rented sector and 12.3% in owner-occupied housing.

Environment

7.19 The environment is increasingly being recognised as a critical consideration in economic development and this is reflected in the guidance for LEAs. However, it is important to dissect the issues raised by the environmental agenda. Four suggestions are as follow:

7.20 First, the quality of the environment can be an important enabler of economic growth. Businesses and their employees are attracted to areas that offer high quality natural and built environment and access to open spaces. Certain sectors, especially the visitor economy but also retail and leisure, are especially dependent upon high quality local environments to attract customers.

[8] LB Newham (2009) Newham Household Panel Survey 2009
[9] Opinion Research Services (2010) Newham Strategic Housing Market Assessment

7.21 Second, there is evidence to suggest that high quality environments are also beneficial to health and well being. Creating a high quality environment can therefore improve the physical and mental health of local people, increasing the chance of residents obtaining and succeeding in employment. Better quality environments are also likely to attract higher-skilled residents into the Borough.

7.22 Third, climate change and national policy is creating new obligations on public sector bodies – including local authorities - to reduce carbon emissions in their area. This means local authorities leading by example to ensure that all services pay due consideration to the impact on the environment. It also means working with businesses and the local community to promote energy generation schemes, energy conservation, recycling and other activities that reduce emissions.

7.23 Fourth, and a quite different consideration, is how the climate change agenda is creating new business opportunities, which could in turn create many new 'green' jobs. Green industries are often termed as one sector but this is misleading as the environmental agenda is driving change across many sectors. For example, in high tech manufacturing, construction and engineering, and in business services.

7.24 The analysis below focuses on assessing the carbon footprint of residents and businesses and the quality of the environment. The opportunities for developing jobs in green industries are considered in Section 8, below.

Newham's Business Environment

7.25 One of the key findings from the Employment Land Review (ELR)[10] is that Newham has a relatively low supply of **office space**. In 2008 the Borough had just 285,000 sq. m of office floorspace. This is equivalent to 1.1 sq. m of office floorspace per resident compared to the London average of 3.7 sq. m of office floorspace per resident. However, between 1998 and 2008 Newham's office floorspace increased by 43.9%, significantly faster than the equivalent London growth rate over the same period of 18.4%[11], although this was from a much lower base. The high rate of office space expansion means that a large proportion of stock in the Borough is less than 10 years old.

7.26 Office space in the Borough is predominately located in town centres, particularly Stratford, but also around Canning Town, Silvertown and the Royal Docks. The ELR rated these centres as having good public transport access and good access to facilities and amenities; both of which are important factors for successful, sustainable office space. The east and centre of the Borough typically have less office space and it tends to be of a lower quality.

7.27 Going forward, the ELR suggested that it was vital for the future of the Borough's economic growth ambitions that Stratford should be the main area for office development. There was found to be no latent demand for office space within the other town centres and it was felt that these should retain a mix of uses.

7.28 Newham has a relatively large range of **industrial property** both geographically and in terms of quality. In 2008 Newham had 1,138,000 sq. m of

[10] GVA Grimley (2010) London Borough of Newham Employment Land Review
[11] GVA Grimley (2010) London Borough of Newham Employment Land Review

industrial floorspace[12]. This is equivalent to 4.4 sq. m of industrial floorspace per resident compared to the London average of 3.3 sq. m of industrial floorspace per resident. Between 1998 and 2008 Newham's industrial floorspace shrank by 8.4%, a much lower rate of decline than the equivalent London decline over the same period of 16.1%[13].

7.29 A key finding from the ELR is that there is excess **employment space** in Newham to 2026 but this is mainly due to excess industrial space. The ELR suggested that, in the long term, up to 70 hectares of industrial land could be re-allocated to other uses. However, another important point noted in the ELR was that the majority of industrial businesses in Newham do not want to relocate from their current premises.

7.30 Currently, large **industrial sites** exist across the Royal Docks and Beckton while small sites are located in areas such as Green Street and East Ham. Going forward, the ELR identified Beckton as the main future industrial location in Newham and recommend that industrial space in the area should be preserved.

7.31 An indication of Newham's attractiveness as a location for business services and other **office based** businesses is provided by looking at the Borough-wide office market. According to the ELR the Newham office market is generally driven by local demand. Newham is not yet a national or international business location that can compete with Central London locations such as the City, Canary Wharf and West London. However, Newham has historically competed well within the East London sub-regional market due to relatively high levels of accessibility.

7.32 Recently there has been a growing demand for office space in Stratford following from the developments associated with the Olympic Park and Stratford City, along with Stratford's strong transport links. This is particularly true in the sub-regional market place, as well as the London and UK wide marketplace.

7.33 As part of the ELR, a survey of 200 local firms found that for many existing local businesses the cost of premises is highly significant. This suggests that providing flexible and affordable workspace in the Borough would help to sustain local businesses. The ELR notes the presence of this type of space in the Three Mills area and future plans for flexible space and incubator units in West Ham and the Royal Docks. The ELR also recommends that LB Newham work to 'ensure the continued retention, nurturing and support' of key businesses in the Borough, a major facet of which is the continued provision and extension of such affordable and flexible space.

Town Centre Vitality

7.34 Analysis undertaken at the end of 2009, as part of the LB Newham Town Centre and Retail Study[14] showed that overall Newham's town centres are performing reasonably well with minimal vacancy levels. Further, until recently rents were still increasing in Stratford and East Ham. However, the impact of Stratford City on all of the town centres requires careful monitoring.

[12] GVA Grimley (2010) London Borough of Newham Employment Land Review
[13] GVA Grimley (2010) London Borough of Newham Employment Land Review
[14] GVA Grimley (2010) London Borough of Newham Town Centre & Retail Study

7.35 Most centres had a very high proportion of retail (A1) uses in their primary retail frontages. In 2008, Forest Gate and Canning Town had the highest levels of non-retail uses in their primary shopping frontage (see table below). However while Canning Town experienced a sharp increase in non-retail use within primary frontages between 2006 and 2008, Forest Gate saw an equally large decline over the same period.

Town Centre Non-Retail Use and Vacancy Rates (2006 & 2008)

	Stratford		East Ham		Canning Town		Forest Gate		Green Street	
	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008
Percentage of occupied primary frontage units in non-retail use	7%	9%	13%	15%	16%	27%	26%	16%	10%	14%
Percentage of units that are vacant	4%	3%	5%	6%	7%	6%	5%	8%	4%	3%

Source: LB Newham Forward Planning Retail Survey, 2006 and 2008

7.36 The same survey of businesses found that the top five reasons businesses gave for liking the town centres were:

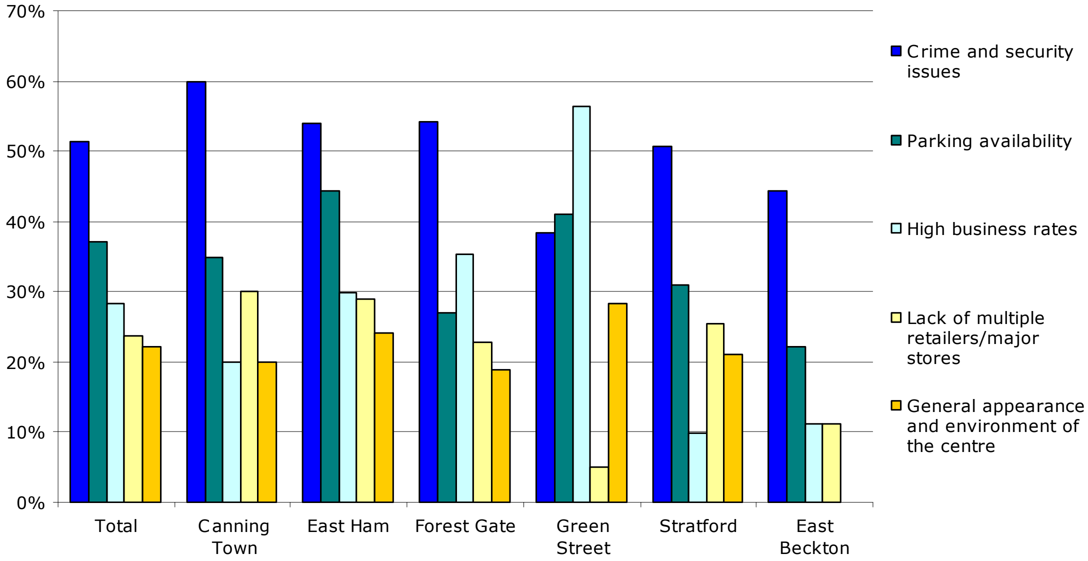
- Close to customers (34.1%);
- Good access by public transport (39.2%);
- Easy for people to get around (19%);
- Presence of a market (15.8%); and,
- Existence of complementary shops and services in the same centre (14.8%).

7.37 These trends were found to be reasonably consistent across all the town centres.

7.38 At the same time, the top five concerns for businesses in the town centres were:

- Crime and security (51.5%);
- Parking availability (37%);
- High business rates (28.3%);
- Lack of multiple retailers/major stores (23.8%); and,
- General appearance and environment of the centre (22.2%).

Main Issues identified by Businesses in Town Centres, % of businesses identifying topic as an issue for the centre, (2009)



Source: LB Newham Town Centre and Retail Study (2009)

7.39 These concerns were reflected in the identified desired improvements for the centres. By far the three most popular areas for change were:

- Reducing crime (37.3%)
- Improving cleanliness (23.8%)
- Having new/improved car parking (19.3%)

Carbon Emissions

7.40 National data on CO_2 emissions at the local authority level has been estimated by the Department for Energy and Climate Change and is set out in the table below. Newham's carbon dioxide emissions for the latest year available (2007) were estimated to be 1,387 thousand tonnes (kt) CO_2 per annum, or 5.89 tonnes per capita, which is in line with the Greater London average.

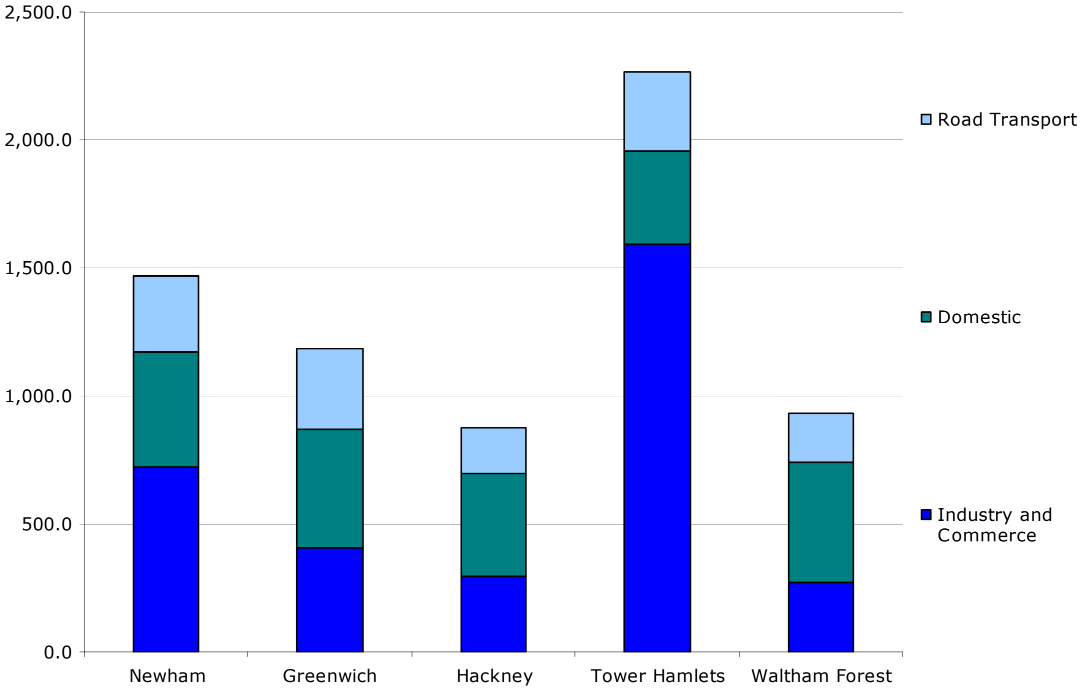
Carbon Dioxide Emissions Estimates (2005 – 2007)

	Total CO_2 Emissions Thousand tonnes CO_2			Per Capita Emissions (tonnes)			% Change in Per Capita Emissions (tonnes) 2005-2007
	2005	2006	2007	2005	2006	2007	
Newham	1,387	1,488	1,470	5.6	6.0	5.9	5.9%
Greenwich	1,209	1,215	1,182	5.5	5.5	5.3	-2.9%
Hackney	881	895	876	4.3	4.3	4.2	-1.6%
Tower Hamlets	1,945	2,283	2,263	9.3	10.7	10.5	13.1%
Waltham Forest	966	977	934	4.4	4.4	4.2	-4.1%
Greater London	44,589	45,884	44,614	6.0	6.1	5.9	-1.3%

Source: Data produced by AEA for Department of Energy and Climate Change - National Indicator 186 (November 2009)

7.41 Examining the source of carbon emissions, 49% come from industry and commercial activities, predominately from electricity and gas usage. Domestic activities account for 31% of emissions and road transport for 20%.

Carbon Emissions Breakdown (2007)



Source: Data produced by AEA for Department of Energy and Climate Change (2007)

Energy Consumption

7.42 Estimated electrical energy consumption in Newham was 1,242 GWh in 2007 and estimated gas energy consumption was 2,677 GWh in 2007. These levels have stayed relatively constant since 2006.

7.43 As is the case across London, the commercial and industrial sector consumes far more electricity than domestic users. Conversely, the domestic sector it is the biggest consumer of gas. The average domestic consumption of electricity and gas in Newham is lower than the London average, however the average commercial and industrial consumption is higher than the London average.

Electricity Consumption in Newham (2007)

	Sales 2007 – (GWh)	Domestic Proportion of Total Sales	Commercial and industrial Proportion of Total Sales	Average domestic consumption kWh	Average commercial and industrial consumption kWh
Newham	1,242.9	31%	69%	3,782	83,982
Greenwich	818.6	48%	52%	3,850	47,480
Hackney	776.1	44%	56%	3,604	25,441
Tower Hamlets	3,090.4	12%	88%	3,868	172,175
Waltham Forest	741.4	51%	49%	3,973	39,974
London	**42,197.1**	**33%**	**67%**	**4,161**	**68,901**

Source: Department of Energy and Climate Change (2009)

Gas Consumption in Newham (2007)

	Sales 2007 - GWh	Domestic Proportion of Total Sales	Commercial and industrial Proportion of Total Sales	Average domestic consumption kWh	Average commercial and industrial consumption kWh
Newham	2,677.3	59%	41%	15,263	1,276,720
Greenwich	2,416.4	80%	20%	15,614	886,726
Hackney	1,567.9	52%	48%	14,119	273,564
Tower Hamlets	1,630.8	55%	45%	12,065	565,140
Waltham Forest	1,834.9	81%	19%	16,589	330,085
London	**74,349.3**	67%	33%	**16,911**	**455,522**

Source: Department of Energy and Climate Change (2009)

Energy Generation and Sustainability

7.44 LB Newham's overall aim is to deliver leadership and co-ordination to the delivery of sustainable energy use measures throughout the Borough as a whole and raise awareness of available opportunities amongst residents and businesses.

7.45 In 2008-2009 12 out of 22 major developments in Newham granted planning permission by LBN[15] incorporated renewable energy schemes, including wind turbines, ground source heat pumps, solar hot water, photovoltaics, biomass and/or ground source heat pumps. However while the number of such developments with planning permission have increased in recent years, anecdotal evidence suggests that many have not yet been developed on the ground, and overall it is thought that installed renewable energy capacity in Newham remains low.

[15] As defined by the GDPO - more than 10 houses, or more than 1,000 sq m of floorspace.

7.46 Planning has an important role to play in delivering sustainable energy use, since new and refurbished buildings are required to accord with planning policies and the Building Regulations. LB Newham has adopted the relevant policies from the London Plan to support this.

7.47 A key issue is that of ensuring that any plans to incorporate energy saving techniques are actually implemented by developers. As such, LB Newham will be reviewing possible approaches for follow-up of plans, to identify how this can be tackled. Another key gap is comprehensive monitoring data concerning the environmental performance of buildings and renewable energy capacity, and new systems are being developed to address this.

7.48 There is also a recognition that we can supply energy in a cleaner, less wasteful way, through more efficient supply technologies such as combined heat and power plant (CHP), combined cooling, heat and power plant (CCHP or 'tri-generation') and community heat networks.

7.49 The **London Thames Gateway Heat Network** is a hot water transmission network that will connect diverse sources of affordable low/zero carbon heat to existing and new developments helping to create sustainable communities. The first source of heat will be the surplus heat from Barking Power Station and the Tate and Lyle factory at Silvertown.

7.50 Heat from these facilities will be captured and the hot water distributed via pipes to properties where the heat will be used for domestic hot water and central heating, replacing conventional boilers. Many existing 1960s/70s high-rise blocks are already heated by local district heating networks and this enables them to connect into the London Thames Gateway Heat Network with little modification.

7.51 Wider sustainability initiatives that will involve Newham include the joint Mayoral and London Development Agency (LDA) initiative to promote the creation of London's first **Green Enterprise District**. Plans have already been announced for the creation of the Siemens Pavilion in the Royal Docks[16], to showcase sustainable technologies and kick start the Green Enterprise District.

7.52 The District will help to establish a network of innovative organisations focused on low carbon waste management, recycling, renewable energy and alternative vehicles, alternative fuel and building technologies. The vision for the District is that demand for these goods and services will stimulate a new marketplace in London and across the UK that will put East London in general and Newham in particular at the forefront of the new green economy.

7.53 In addition, the Mayor, LDA and partners are working with government to establish a **Low Carbon Economic Area (LCEA)** in London and the Greater South East for low carbon construction, with a strong focus on energy efficiency. This will recognise the Greater South East, with London at its centre, as the leading UK region for low carbon construction.

7.54 Delivering sustainable energy use goes hand in hand with reducing emissions of the gases that are linked to climate change, particularly carbon dioxide (CO^2). Since April 2009, councils are required to report on and deliver against

[16] See Section 8.

new climate change indicators. These cover both Newham Council operations (the ‘Council estate’), and also the wider Borough.

Waste

7.55 Newham has the lowest **household recycling** and composting rate in London with 15% of household waste sent for recycling or composting (2008/2009) compared to the London average of 29%. However this rate has tripled since 2005/2006 suggesting progress has been made.

Local Authority National Indicators for Waste (2008/09)

Authority	NI191 Residual Household Waste per Household (kg/household)	NI192 Percentage of Household Waste Sent for Recycling or Composting (%)	Collected Household Waste* (per person in kg)
Newham	991	15%	480
Greenwich	562	42%	443
Hackney	601	23%	365
Tower Hamlets	543	19%	320
Waltham Forest	757	28%	460
London	**667**	**29%**	

Source: DEFRA (2009)

** BVPI 84a*

7.56 Commercial and trade waste disposal is the responsibility of businesses in the Borough so it is difficult to measure commercial and trade recycling rates. However it can be noted that at present there is no commercial recycling available from LB Newham Commercial Waste.

Biodiversity

7.57 Areas of biodiversity importance in Britain are defined in a hierarchy, from local to international. In Newham, all sites of biodiversity importance are of local significance and are designated as Sites of Importance for Nature Conservation (SINC). In the years 2007/08 and 2008/09 the areas of biodiversity have remained unchanged, while there was a small reduction (-0.37Ha) during 2006/2007[17].

7.58 Biodiversity in Newham is currently being considered as part of the Local Development Framework process and a Local Biodiversity Action Plan for Newham is expected to be adopted in 2010.

[17] Greenspace Information for Greater London, based in the London Wildlife Trust 2007, 2008, 2009 as reported in the Newham Council Local Development Framework Annual Monitoring Report 2008/2009.

Challenges

- Providing the right mix of housing type and tenure to support sustainable economic growth.
- Ensuring new development is sensitive to environmental sustainability.
- Promoting a reduction in the carbon emissions of households and businesses in the borough as well as sustainable transport solutions.
- Supporting sustainable initiatives in the Borough and the growth of the Green Enterprise District in Newham and the wider sub-region.
- Enhancing biodiversity and green spaces for community use.
- Creating an environment which is attractive to business.

Opportunities

- Making the Borough a focus for sustainable initiatives and green thinking.
- Developing a new generation of sustainable housing and ensuring existing housing benefits from sustainable methods wherever possible.