GL Hearn
Part of Capita Real Estate

Strategic Housing Market Assessment - Update

Runnymede Borough Council

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Contents

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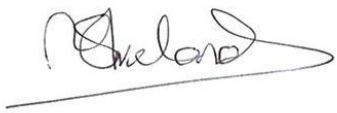

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1 INTRODUCTION

1.1 Runnymede Borough Council is in the process of developing a local plan which will guide development within the Borough over the period to 2030. Therefore, the Council have requested that GL Hearn prepare a targeted update of the Runnymede and Spelthorne Strategic Housing Market Assessment (SHMA) published in November 2015.

1.2 Since the preparation of the 2015 SHMA, new 2014-based official population and household projections have been released. There is also a range of other more recent data available, including house price and affordability data and more recent economic forecasts.

1.3 The purpose of this report is to update the 2015 SHMA findings to take account of this latest data, against a context whereby Planning Practice Guidance outlines that these latest official population and household projections should provide the starting point for identifying objectively-assessed housing need.

1.4 This report considers the objectively assessed housing need (OAN) based on the methodology set out in Planning Practice Guidance at the time of writing. The OAN figure is not the housing target. It is an input to determining or reviewing housing targets in local plans alongside wider evidence.

1.5 Housing targets in local plans will be informed by the OAN but will also take into account wider factors such as sustainability, infrastructure constraints and land availability; together where appropriate with unmet needs of other areas.

1.6 GL Hearn were also asked by the Council to provide an assessment of need for employment land associated with the anticipated level of housing and population growth. This is to ensure that the strategies for housing and employment land are joined up.

1.7 The report is intended to be treated as an Addendum to the previous SHMA (GL Hearn, November 2015) and should be read alongside this. The updated employment land forecasts build on previous work carried out in the 2016 Employment Land Review.

National Planning Policy Framework and Guidance

NPPF

1.8 The 2012 National Planning Policy Framework (NPPF)[1] sets out the Government's planning policies for England. This was considered in the 2016 SHMA, and therefore is summarised briefly here.

[1] CLG (March 2012) *National Planning Policy Framework*

1.9 The Framework sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework (including policies relating to Green Belt and other nationally and internationally significant landscapes and environmental designations) indicate that development should be restricted.

1.10 Section 6 sets out policies relating to housing. Within this, Paragraph 47 sets out that to boost significantly the supply of homes, local planning authorities should use their evidence base to ensure that their local plan meets the full objectively-assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework.

1.11 Guidance is also provided on plan-making, with Paragraph 159 setting out requirements for the evidence base relating to housing provision; Paragraphs 173-177 dealing with deliverability; and Paragraphs 178-181 emphasising the need for local authorities to work together to address strategic cross-boundary issues, of which housing provision is likely to be one.

1.12 The Government has indicated its intention to update the NPPF in Spring 2018. The authorities will need to take account of any changes in national planning policies and associated guidance on its publication.

Planning Practice Guidance

1.13 Guidance on *Assessment of Housing and Economic Development Needs* is set out by Government, which deals with how objectively assessed housing need should be defined. It provides a framework against which evidence-base studies such as this are assessed at local planning examinations and planning appeals, and thus the methodology which needs to be followed.

1.14 The PPG methodology was set out in the 2015 SHMA and is available online.[2] It is framed by Government's objective to significantly boost housing supply. It outlines that estimating future need for housing is not an exact science, and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, it strongly recommends the use of the methodology set out therein.[3]

1.15 The PPG sets out that there may be instances where these official projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply.

[2] https://www.gov.uk/government/collections/planning-practice-guidance
[3] PPG ID: 2a-005-20140306

1.16 It then goes on to outline that:

> *"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other indicators of the balance between the demand for and supply of dwellings….*
>
> *"In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."*

1.17 The PPG is clear that market signals are intended to warrant consideration of an adjustment from the starting point demographic projection (ID 2a-019-20140306). The 'starting point' demographic projection used in this report are the 2014-based Household Projection. The PPG does not provide a formula for how an adjustment for market signals should be quantified. It simply sets out that it should be 'reasonable.'

1.18 The Guidance also that affordable housing need should be calculated and considered in the context of its likely delivery as a proportion of mixed market and affordable housing. It outlines that an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.[4] Case law has clarified that the consideration of an increase to boost affordable housing delivery is necessary in drawing conclusions on OAN.[5]

1.19 The Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems. Increasing housing provision could be one such approach.

1.20 Drawing the above together the OAN of the housing market area is thus influenced by the demographic need for housing, with upward adjustments where appropriate to take account of market signals and affordable housing need and/or to support economic growth.

1.21 The Guidance is clear that the assessment of need should be realistic and should be based on future scenarios that could be reasonably expected to occur. It specifically sets out that the

[4] PPG ID 2a-029-20140306

[5] *Kings Lynn & West Norfolk vs. SSCLG & Elm Park Holdings Ltd* [2015] EWHC 2464 (Admin)

assessment of need should not take account of supply-side factors or development constraints. These are relevant in bringing evidence together in the plan-making process.

1.22 Where there is not an up-to-date housing requirement within the development plan, case law has established that the need to be used in assessing five year land supply in these (interim) circumstances is the objectively-assessed housing need.[6]

Planning for the Right Homes in the Right Places

1.23 Government has recently undertaken a consultation entitled *Planning for the right homes in the right places.* [7] This ran from September – November 2017. It consulted on proposals for a new standardised methodology for assessing housing need which, if taken forward, would replace that in the PPG. This does not form Government policy, and therefore the figures arising from it cannot be relied upon in planning appeals, at the current time.

1.24 If the methodology (or a derivation of it) is taken forward by Government either through or alongside revisions to the NPPF, or updating of Planning Practice Guidance, the Council will need to take it into account.

Update on Spelthorne Borough Council

1.25 Paragraph 7 of Planning Practice Guidance states that local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area in line with the duty to cooperate, in the case of Runnymede Borough Council this would be Spelthorne Borough Council.

1.26 The guidance advises this because such needs are rarely constrained precisely by local authority administrative boundary. The exception to this is whereby local plans are at different stages of production, which is currently the case with Runnymede and Spelthorne Borough Councils.

1.27 In such circumstances the local planning authorities should build upon the existing evidence base of partner local authorities in their housing market area but should coordinate future housing reviews so they take place at the same time.

1.28 The 2015 SHMA identified a single HMA covering Runnymede and Spelthorne local authorities. Spelthorne Borough Council was approached to determine whether the SHMA Update would cover both authorities and therefore jointly update their OAN. Spelthorne Borough Council identified that

[6] R vs City and District of St Albans, EWCA Civ. 1610

[7] https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals

they did not require their OAN to be updated at this time due to the local plan process stage they were currently in.

1.29 The assessment of demographic and economic need for Runnymede Borough Council still needs to be set within an understanding of dynamics across the HMA, and therefore projections were developed for both Runnymede and Spelthorne Boroughs. Although this update only reports on the findings for Runnymede Borough.

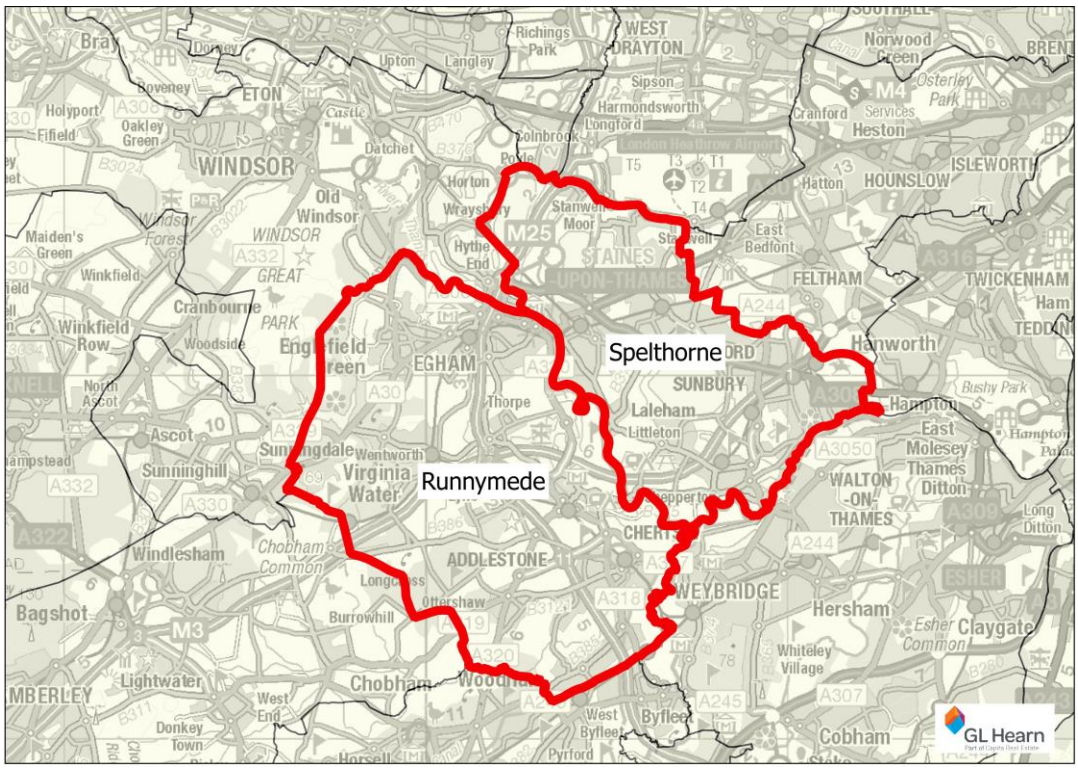
2015 Runnymede and Spelthorne SHMA OAN Findings

1.30 The Runnymede and Spelthorne Strategic Housing Market Assessment ("the Runnymede and Spelthorne SHMA") published in 2015 was commissioned by the Runnymede and Spelthorne Borough Council's and was prepared by a consultancy team comprising GL Hearn and Justin Gardner Consulting.

Housing Market Area

1.31 Using information relating to commuting, migration and house price changes the 2015 SHMA identified a series of inter-connected local housing markets across Surrey and West London. However, it concludes that there was a single HMA covering Runnymede and Spelthorne local authorities.

Figure 1: Runnymede and Spelthorne Housing Market Area



Source: GL Hearn based on OS data (2015)

1.32 However, the work recognises that there are notable overlaps and interactions between Runnymede and Spelthorne and neighbouring housing market areas (particularly Elmbridge, Hounslow and Woking) and it would be good practice for the Councils to continue to work alongside their neighbouring authorities to better understand the issues and seek to coordinate activities.

OAN

1.33 The demographic starting point in the 2015 SHMA was 2012-based ONS population and CLG household projections. These showed a housing need for 399 homes in Runnymede per year from 2012 to 2037. These were rebased to 2013 to take into account the latest Mid-year estimates and translated them into housing for the period 2013-2033, resulting in 434 homes per annum in Runnymede.

1.34 Further sensitivity analysis resulted in need for 962 homes per annum across the HMA, with 441 homes per annum in Runnymede. This figure did not take into account affordable housing need or include adjustments to take account of market signals or the needs of the local economy.

1.35 To improve affordability (and provide additional affordable housing) and household formation rates amongst younger households an uplift of 61 homes per annum across the study area was proposed,

with an uplift of 26 homes per annum in Runnymede resulting in an uplifted housing need of 535 homes per annum.

1.36 The SHMA identified an overall need for housing over the 2013-2033 period of 466-535 homes per annum for the borough of Runnymede. The lower end of the range is based on demographic trends with adjustment to reflect increased out commuting from London and improvements to affordability (the uplifts are lower for the lower need).

1.37 The upper end reflects the level of housing which would be required to meet the needs of the local economy and also has an adjustment to improve affordability. These figures included the provision of affordable homes as part of the overall housing delivery.

Report Structure

1.38 The remainder of the report is structured as follows:

- Section 2: Trend-based Demographic Projections
- Section 3: Economic-led Projections
- Section 4: Affordable Housing Need
- Section 5: Market Signals
- Section 6: Housing Mix
- Section 7: Specific Groups
- Section 8: Employment Land Requirement
- Section 9: Conclusions.

2 TREND-BASED DEMOGRAPHIC PROJECTIONS

Introduction

2.1 In this section consideration is given to demographic evidence of housing need and trend-based projections. Such projections are critical to the SHMA process and this is emphasised in the NPPF (para 158) which states that local planning authorities should prepare a SHMA to identify the scale of housing which *'meets household and population projections, taking account of migration and demographic change'*.

2.2 The importance of such projections can also be seen in the PPG which states [2a-015] that *'household projections published by [CLG] should provide the starting point estimate of overall housing need'*. The CLG projections are directly linked to ONS subnational population projections (SNPP). Further emphasis is put on the CLG projections in 2a-017 where it is noted that *'the household projections… are statistically robust and are based on nationally consistent assumptions'*.

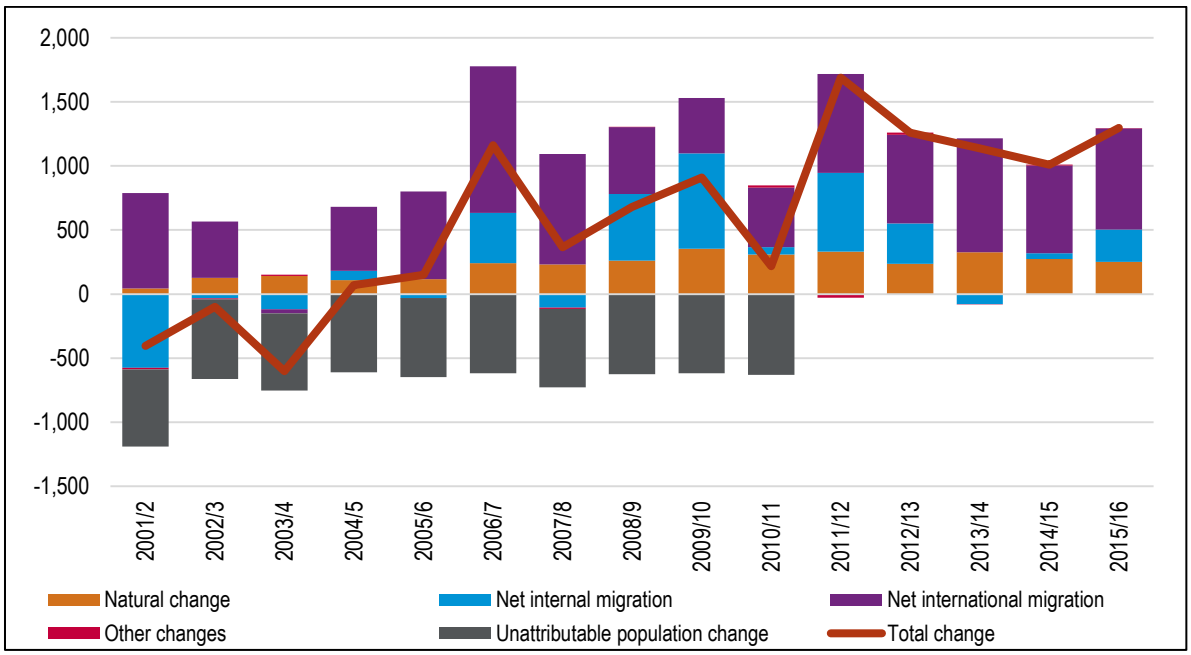
2.3 However, the PPG also identifies [2a-014] that 'establishing future need for housing is not an exact science. No single approach will provide a definitive answer' and in 2a-017 notes that 'plan makers may consider sensitivity testing, specific to their local circumstances' – this is particularly related to evidence that there have been particular events which may have impacted on migration or the profile of the local population. Furthermore, the PPG notes [2a-016] that 'where possible, local needs assessments should be informed by the latest available data' – this is relevant in this area due to new population estimates having been published since the release of the last SNPP.

2.4 The analysis in this section focusses on data and outputs for Runnymede; however, some summary information for Spelthorne is also provided. The projections developed cover the period from 2016 to 2030 and 2036 – the start point chosen to be consistent with the latest date for which good quality information is available (from ONS mid-year population estimates (MYE)) and the end point to align with potential Local Plan end dates.

Components of Past Population Change

2.5 Figure 2 and Table 1 consider the drivers of population change in Runnymede over the past 15-years (2001-16). Population change is largely driven by natural change (births minus deaths) and migration although within ONS data there is also a small other changes category (mainly related to armed forces and prison populations) and an Unattributable population change (UPC) – this is an adjustment made by ONS to mid-year population estimates where Census data has suggested that population growth had either been over- or under-estimated in the inter-Census years. Because UPC links back to Census data a figure is only provided for years up to 2011.

Figure 2: Components of population change, mid-2001 to mid-2016 – Runnymede



Source: ONS

Table 1: Components of population change, mid-2001 to mid-2016 – Runnymede

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (Unattributable)	Total change
2001/2	43	-575	744	-14	-602	-404
2002/3	126	-33	439	-8	-623	-99
2003/4	141	-119	-31	10	-603	-602
2004/5	109	71	500	-4	-606	70
2005/6	117	-31	683	-1	-617	151
2006/7	240	394	1,144	-6	-611	1,161
2007/8	231	-107	861	-10	-611	364
2008/9	261	519	522	2	-625	679
2009/10	353	744	432	-7	-612	910
2010/11	309	57	465	17	-630	218
2011/12	330	615	771	-28	0	1,688
2012/13	236	314	692	17	0	1,259
2013/14	327	-78	889	-2	0	1,136
2014/15	274	44	684	8	0	1,010
2015/16	252	251	789	3	0	1,295

Source: ONS

Past Population Growth – alternative sources

2.6 The main data source for looking at population growth is the ONS components of change data (as presented above). It is however possible to also look at other sources to see if there are any possible errors in the data. This is particular of interest for the period since 2011 where there is no Census data to assist in consolidating the findings.

2.7 The main alternative source for looking at population growth is the Patient Register (PR) and since 2011, ONS have been publishing PR data alongside the mid-year population estimates (MYE) information. The PR data is considered to be inferior to the Components of Change (CoC) as it is often the case that people are registered in more than one location (e.g. if they are a recent mover) – the PR data therefore tends to show higher levels of population. However, the source is useful when looking at rates of change.

2.8 Table 2 shows data from both sources. Across the HMA, the level of population growth recorded is quite similar (6.0% in the PR and 5.4% in the MYE) although there are some differences. Most notable is that the PR shows lower population growth in Runnymede than the MYE with the opposite being true for Spelthorne.

2.9 This analysis is not taken forward in any of the data modelling to follow (that being based on the CoC data) and is included to show how estimates from different sources can vary. This in turn means that data needs to be treated with some degree of caution with outputs being used to provide a broad indication of levels of need and how these vary under different scenarios.

Table 2: Comparison of mid-year population estimates (MYE) and Patient Register (PR) data for 2011-16

	2011 MYE	2016 MYE	2011 PR	2016 PR	MYE increase from 2011	PR increase from 2011
Runnymede	80,520	86,920	84,600	89,850	7.9%	6.2%
Spelthorne	95,870	98,930	99,310	105,150	3.2%	5.9%
HMA	176,390	185,850	183,910	195,000	5.4%	6.0%

Source: ONS

2.10 One must be mindful that the official projections are set out in guidance as the preferred starting point. While the official data should be treated with a degree of caution the Patient Register does provide some comfort that the MYE and thus the official projections have not underestimated growth in Runnymede. Furthermore, the difference across the HMA between the two sources is less than 1%.

Demographic Evidence of Housing Need – Start Point

2.11 The PPG [2a-015] states that *'household projections published by the Department for Communities and Local* Government *should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.*

2.12 The most up-to-date projections are the 2014-based CLG household projections published in July 2016. These projections were underpinned by ONS (2014-based) subnational population projections (SNPP) – published in May 2016. Table 3 and 4 set out levels of household growth expected by the CLG household projections in the 2016-30 and 2016-36 periods.

2.13 Across the HMA, the CLG household projections show household growth of about 11,600 over the 2016-30 period – this is a 15% increase. Growth is projected to be slightly higher in Runnymede than Spelthorne.

Table 3: Household change 2016 to 2030 (2014-based CLG household projections)

Area	Households 2016	Households 2030	Change in households	% change
Runnymede	34,951	40,508	5,557	15.9%
Spelthorne	41,419	47,422	6,003	14.5%
HMA	76,370	87,930	11,560	15.1%

Source: CLG household projections

Table 4: Household change 2016 to 2036 (2014-based CLG household projections)

Area	Households 2016	Households 2036	Change in households	% change
Runnymede	34,951	42,739	7,788	22.3%
Spelthorne	41,419	50,199	8,780	21.2%
HMA	76,370	92,939	16,569	21.7%

Source: CLG household projections

2.14 Data from the 2014-based projections can be compared with equivalent information from the previous release (2012-based CLG household projections) – this is shown in Tables 5 and 6. Overall, it is clear that the more recent projections show a lower level of household growth across the HMA (although differences in Runnymede are only slight). Across the HMA, in the 2016-30 period, the 2012-based projections show household growth some 9% above the figures from the more recent release.

Table 5: Household change 2016 to 2030 (comparing 2012- and 2014-based CLG household projections)

Area	2012-based	2014-based	Difference (2014-based – 2012-based)
Runnymede	5,656	5,557	-99
Spelthorne	6,897	6,003	-894
HMA	12,553	11,560	-993

Source: CLG household projections

Table 6: Household change 2016 to 2036 (comparing 2012- and 2014-based CLG household projections)

Area	2012-based	2014-based	Difference (2014-based – 2012-based)
Runnymede	7,952	7,788	-164
Spelthorne	10,011	8,780	-1,231
HMA	17,963	16,569	-1,394

Source: CLG household projections

2.15 Whilst the 2014-based data is the latest 'official' population projection and therefore forms the starting point for analysis in line with the PPG, it is worth testing the assumptions underpinning the projections to see if they are broadly reasonable in the local context. This involves considering both the population projections (the SNPP from ONS) and also the way CLG have converted this data into households.

2.16 The analysis below initially considers the official population projections, before moving on to consider past trend data in more detail, and also data released since the population projections were published (in particular, ONS has subsequently published new mid-year population estimates for 2015 and 2016).

2014-based Subnational Population Projections (SNPP)

2.17 The latest SNPP were published by ONS on the 25th May 2016. They replaced the 2012-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. The new SNPP are largely based on trends in the 2009-14 period (2008-14 for international migration trends).

2.18 They are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common

framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

2.19 Tables 7 and 8 show projected population growth from 2016 to 2030/36 across the HMA and in the individual local authorities. The data shows that the population of the HMA is projected to grow by around 23,700 people (2016-30); this is a 13% increase. Population growth is projected to be slightly stronger in Runnymede than Spelthorne.

Table 7: Projected population growth (2016-2030) – 2014-based SNPP

Area	Population 2016	Population 2030	Change in population	% change
Runnymede	86,967	98,727	11,759	13.5%
Spelthorne	99,747	111,693	11,945	12.0%
HMA	186,715	210,419	23,704	12.7%

Source: ONS and demographic projections

Table 8: Projected population growth (2016-2036) – 2014-based SNPP

Area	Population 2016	Population 2036	Change in population	% change
Runnymede	86,967	102,533	15,565	17.9%
Spelthorne	99,747	116,252	16,505	16.5%
HMA	186,715	218,785	32,070	17.2%

Source: ONS and demographic projections

Sensitivity Testing: Alternative Demographic Scenarios

2.20 The SNPP is based on short term migration trends (2009-14 for internal migration and 2008-14 for international migration) with figures being constrained to national totals in the ONS national population projections. However, it is noted that levels of migration and population growth have been variable over time. On this basis it would be reasonable to consider alternative (sensitivity) scenarios – such an approach is set out in para 2a-017 of the PPG which states *'plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections…'.*

2.21 The sensitivity scenarios take account of longer-term migration trends and also the 'Unattributable' component of population change within ONS population data for the 2005-11 period. Additionally, data from the ONS 2015 mid-year population estimates (MYE) is considered.

2.22 The analysis below therefore considers three potential sensitivities to the figures. These can be described as:

- Implications of 2015 and 2016 Mid-Year Population Estimates – Rebased SNPP;
- Implications of 10-year migration trends – 10-year migration;
- Implications of 15-year migration trends – 15-year migration; and
- Implications of Unattributable Population Change (UPC) and 15-year migration trends – 15-year migration (+UPC).

Rebased SNPP

2.23 This projection takes assumptions from the 2014-based SNPP, but overwrites the population projection figures for 2015 and 2016 by those in the ONS Mid-Year Population Estimates (by age and sex) as there is data on population growth available and it is not therefore necessary to project it. Moving forward from 2016, this projection uses the same birth and death rates as contained in the 2014-based SNPP and the actual projected migration figures (by age and sex). Due to age structure differences in the MYE compared to the projection, this does mean that population growth from 2016 onwards does not exactly match that in the actual projections as published.

10-year migration/15-year migration

2.24 These projections use information about migration levels in the 10-year period (2006-16) and also a 15-year period (2001-16); the scenarios therefore include the most up-to-date MYE figures (for 2016). The projections do not just look at the migration figures and roll these forward but recognise that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.

2.25 To overcome the issue of variable migration, the methodology employed looks at the share of migration in each local authority compared to the share in the period feeding into the 2014-based SNPP (which is 2009-14 for internal migration and 2008-14 for international migration). Where the share of migration is higher in the 10-/15-year period, the projection applies an upward adjustment to migration, and vice versa.

15-year migration (+UPC)

2.26 As shown earlier there is a modest level of Unattributable Population Change (UPC) in the ONS data for the HMA. In this instance UPC is positive. This suggests that the components of change feeding into the SNPP may under-estimate migration and population growth.

2.27 Whilst making an adjustment for UPC could be an alternative scenario, it is not considered, on its own, to be a robust alternative to the SNPP. The main reasons for this are that it is unclear if UPC

is related to migration and more importantly, due to changes in the methods used by ONS to measure migration it is most probable that any errors are focused on earlier periods (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate. On this basis, whilst it is not considered that UPC should be included on its own as a projection to take forward into the modelling of objectively assessed need it is considered that there is merit in looking at UPC when also considering longer-term trends.

2.28 Hence, this sensitivity projection takes the outputs from the longest-term (15-year) migration scenario and makes a further additional adjustment for UPC. For the purposes of analysis, it has been assumed that UPC is a one-off adjustment and takes account of the age structure as shown by ONS.

Outputs from different demographic projections

2.29 Tables 9 and 10 show the estimated level of population growth in the SNPP and the alternative projections developed for Runnymede. Taking the 2016-30 period, the SNPP shows population growth of 13.5% - this figure increases slightly when more recent population and migration data is included in the modelling (i.e. to include 2015 and 2016 MYE data). When looking at 10-year trends the projected population growth is virtually identical to the SNPP (a 13.8% increase) and with longer-term (15-year) trends and an adjustment for UPC the figure comes down notably, to show population growth as low as 2.9%.

Table 9: Projected population growth (2016-2030) – alternative scenarios – Runnymede

	Population 2016	Population 2030	Change in population	% change
2014-based SNPP	86,967	98,727	11,759	13.5%
Rebased SNPP	86,889	99,460	12,571	14.5%
10-year migration	86,889	98,887	11,998	13.8%
15-year migration	86,889	95,507	8,618	9.9%
15-year migration (+UPC)	86,889	89,367	2,478	2.9%

Source: Demographic projections

Table 10: Projected population growth (2016-2036) – alternative scenarios – Runnymede

	Population 2016	Population 2036	Change in population	% change
2014-based SNPP	86,967	102,533	15,565	17.9%
Rebased SNPP	86,889	103,415	16,526	19.0%
10-year migration	86,889	102,509	15,620	18.0%
15-year migration	86,889	97,280	10,391	12.0%
15-year migration (+UPC)	86,889	91,140	4,251	4.9%

Source: Demographic projections

2.30 Tables 11 and 12 show the same range of scenarios for Spelthorne and the HMA – data for the 2016-30 period only is shown. This shows the same general direction of travel with the numbers, whereby longer-term trends tend to show lower levels of population growth. It also shows the scenario which has an adjustment for UPC is the lowest in both areas.

Table 11: Projected population growth (2016-2036) – alternative scenarios – Spelthorne

	Population 2016	Population 2030	Change in population	% change
2014-based SNPP	99,747	111,693	11,945	12.0%
Rebased SNPP	98,902	110,545	11,643	11.8%
10-year migration	98,902	108,785	9,883	10.0%
15-year migration	98,902	106,748	7,846	7.9%
15-year migration (+UPC)	98,902	107,619	8,717	8.8%

Source: Demographic projections

Table 12: Projected population growth (2016-2030) – alternative scenarios – Runnymede and Spelthorne HMA

	Population 2016	Population 2030	Change in population	% change
2014-based SNPP	186,715	210,419	23,704	12.7%
Rebased SNPP	185,791	210,005	24,214	13.0%
10-year migration	185,791	207,672	21,881	11.8%
15-year migration	185,791	202,255	16,464	8.9%
15-year migration (+UPC)	185,791	196,986	11,195	6.0%

Source: Demographic projections

Appropriateness of alternative scenarios

2.31 Having developed a range of scenarios based on alternative migration assumptions, it is appropriate to consider which are the most appropriate to use when taking the data forward into estimates of housing need.

2.32 Given the migration interactions between authorities, it is important that consistent assumptions are drawn at a housing market area level on the appropriate population scenarios to take forward in drawing conclusions on the demographic-led need for housing.

2.33 The SNPP projections are based on official projections which are identified in the PPG as the starting point for analysis of housing need. The rebased SNPP takes into account the latest demographic data. However, the projections for migration are based on trends between 2008/9 – 2014 which included a period of substantial over-delivery of housing in the HMA and its constituent authorities.

2.34 The projection linked to 10-year migration trends should be given some weight although this period also included a period of marginal over-delivery of housing in the HMA. As the analysis of housing need has developed over time it has become common practice to consider 10-year trends as well as the most recent official projections. Given that both population growth and migration in the HMA has been variable over time, this projection might be described as being more 'stable'.

2.35 A 15-year trend projection might therefore be argued as even more stable, however when looking back that far there is a greater risk of picking up trends which no longer persist. Adding in a UPC adjustment to the 15-year trends shows a higher projected level of population growth (across the HMA) and is arguably also a projection that should be given consideration.

2.36 However, it is noted that including UPC within projections is not an approach universally supported by planning inspectors (or indeed by ONS). It is the case that any errors due to UPC may now be quite historic (and potentially associated with data prior to 2006). Hence, on balance, it is not recommended that the UPC adjustment is fed into conclusions about OAN.

2.37 Overall, the modelling to follow continues to look at the five scenarios developed. However, in drawing conclusions about a reasonable level of population growth to plan for, the official projections (rebased to 2016) and those linked to 10-year trends should be the main ones used to understand potential range of housing need.

Household Formation Rates

2.38 Having studied the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of Household Representative Rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

2.39 In June 2016, CLG published a new set of (2014-based) household projections – the projections contain two core analyses. The Stage 1 household projections project HRRs based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups greater weight was given in the CLG projections methodology to the dampened logistical trend than the simple logistics trend; the effect of which is to give greater weight to the shorter-term trends.

2.40 The Stage 2 household projections consider household types and the methodology report accompanying the projections is clear that these projections are based on just two data points – from the 2001 and 2011 Census. Overall outputs on total household growth are constrained to the

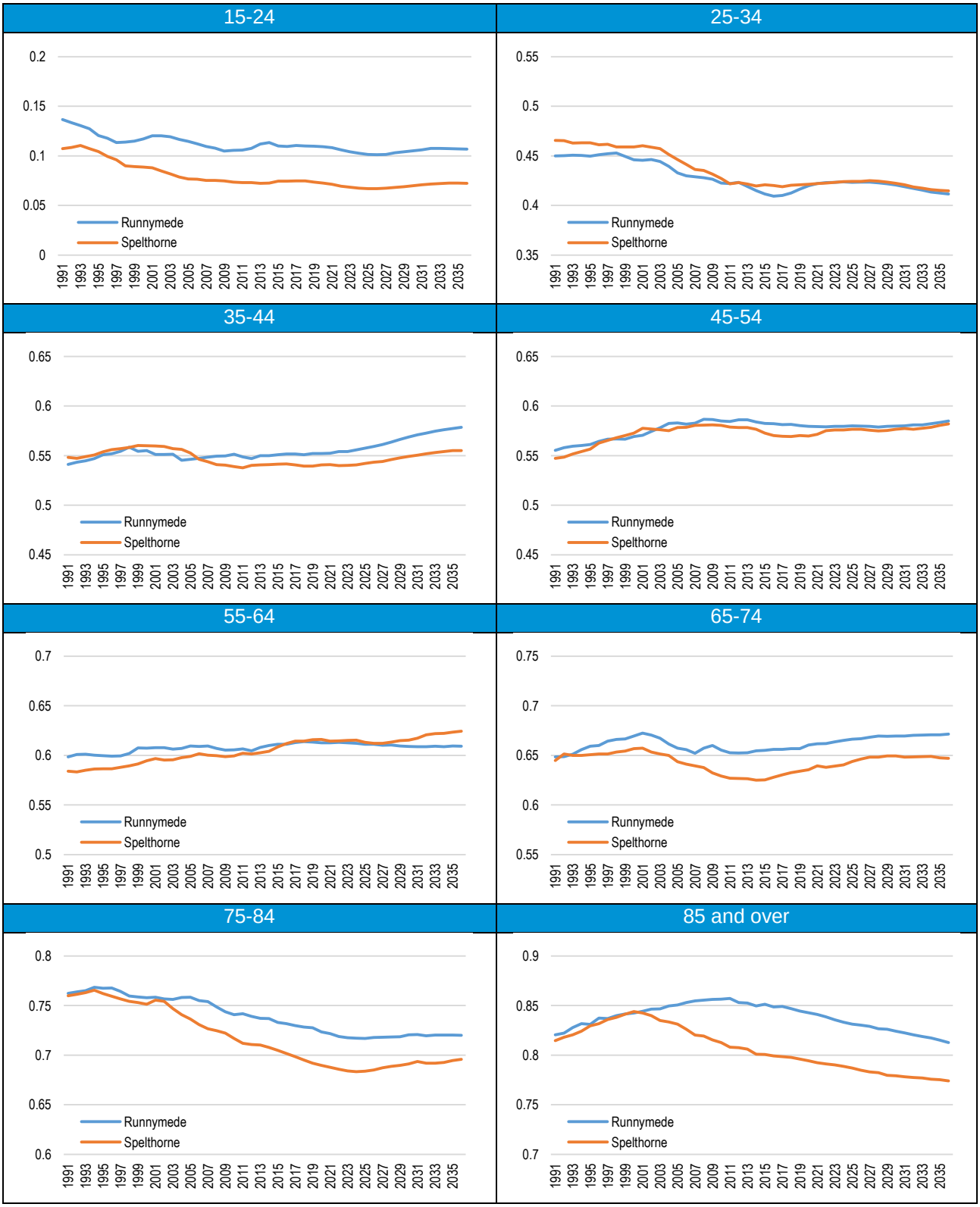
totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure).

2.41 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth; this is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves. The analysis to follow therefore focuses on Stage 1 figures.

2.42 Figure 3 shows how Stage 1 figures differ for different age groups. It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell slightly over the 2001-11 decade.

2.43 Moving forward from 2011, the data does suggest that there will not be any notable further reduction (with any reduction only apparent after about 2029). The 2014-based household projections also expect household formation rates amongst older age groups to fall over time. Given improving life expectancy this ‘trend’ looks to be reasonable (as it would be expected that more people would remain living as couples).

Figure 3: Projected household formation rates by age of head of household – Runnymede and Spelthorne



Source: Derived from CLG data

Sensitivity Testing Household Formation Assumptions

2.44 The PPG in Para 2a-017 states that it may be sensible to undertake sensitivity testing around household formation rates; and sets out that the household formation rates may in some circumstances have been suppressed historically by an under-supply of housing and worsening affordability (Para 2a-015). Against this context, GL Hearn has considered trends in household formation in the 2014-based Household Projections.

2.45 Figure 3 shows that in a number of areas within the HMA, household formation rates for younger households had fallen. Research by the late Alan Holmans[8] has suggested that this is likely in part due to increasing international migration and in part due to economic factors and affordability. His research identified that:

'The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse'.

2.46 Broadly what Dr Holmans was saying is that about half of changes to household formation seen nationally are due to market factors and about half due to international migration.

2.47 International migration has been an important component of demographic trends in Runnymede, as the components of change analysis in shows, and international migration is therefore likely to have contributed to a fall in household formation amongst younger households.

2.48 Research by Neil McDonald and Christine Whitehead[9] has taken forward the Holmans' research to consider the 2012-based Household Projections. The assumptions on household formation in the 2014-based Household Projections are very similar to these. Their research identified that changes in household formation amongst younger households are not just related to the recession and housing market factors, but to levels of student debt, impacts of welfare reform, changes in types of employment, and higher numbers of couple households than previously projected, as well as the impacts of international migration on changing household structures. The implication of all of this is that the household formation assumptions in the 2008-based Household Projections, which pre-dated the 2011 Census, should be considered too high and it is unrealistic to assume a 'full return' to these.

2.49 Nonetheless, as the analysis above shows some reduction in the HRRs for the population aged 25-34 (and to a lesser extent 35-44 in Spelthorne) a sensitivity test has been developed to look at an

[8] Holmans, A. (2013) *New estimates of housing demand and need in England, 2011-31, TCPA, London.*
[9] McDonald, N. and Whitehead, C. (Nov 2015) *New estimates of housing requirements in England, 2012 to 2037*.

alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version.

2.50 The adjustment has been applied to both the 25-34 and 35-44 age groups with outputs being provided in the following section. These headship adjustments are modelled in drawing conclusions on both the demographic and economic-led need for housing in this report.

Housing Need

2.51 The series of tables below bring together outputs in terms of household growth and housing need using the 2014-based HRRs and with an uplift to the 25-44 age group.

2.52 To convert households into dwellings the data includes an uplift to take account of vacant homes. This has been based on 2011 Census data with an adjustment to take account of the reduction in the number of vacant homes seen since 2011 (which is about a 10% reduction in Runnymede). The vacancy rates applied are:

- Runnymede – 4.4%; and
- Spelthorne – 2.7%.

2.53 The Council Tax Register (CTR) as published could have been used as an alternative source (which would be more up-to-date). However, there are concerns that the CTR may not include all vacant homes and therefore would underestimate the figures (which would slightly reduce the housing need). In the modelling, household growth figures are uplifted by these figures to provide an estimate of housing need. It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes.

2.54 Across Runnymede, the analysis shows an overall housing need for 415 dwellings per annum when using the 2014-based SNPP as the underlying population projection (2016-30). This figure goes up slightly when the assumptions include MYE data for 2016. With long-term (10-year) migration assumptions the housing need is shown to be for some 410 dwellings per annum, and with longer-term (15-year) trends and/or a UPC adjustment this figure is reduced further.

2.55 If the part-return to trend HRRs are applied the level of housing need increases; in the case of the SNPP, by about 6% to 438 dwellings per annum. All other scenarios also increase, but none shows need as high as with the rebased official projections.

Table 13: Projected housing need – range of demographic based scenarios and 2014-based HRRs – Runnymede (2016-30)

	House-holds 2016	House-holds 2030	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	34,951	40,508	5,557	397	415
Rebased SNPP	34,816	40,478	5,662	404	422
10-year migration	34,816	40,317	5,501	393	410
15-year migration	34,816	39,098	4,282	306	319
15-year migration (+UPC)	34,816	37,159	2,343	167	175

Source: Demographic projections

Table 14: Projected housing need – range of demographic based scenarios and part-return to trend HRRs – Runnymede (2016-30)

	House-holds 2016	House-holds 2030	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	34,951	40,817	5,866	419	438
Rebased SNPP	34,816	40,795	5,979	427	446
10-year migration	34,816	40,630	5,814	415	434
15-year migration	34,816	39,386	4,570	326	341
15-year migration (+UPC)	34,816	37,421	2,605	186	194

Source: Demographic projections

2.56 When looking at longer-term projections (2016-36) the annual housing need is generally lower than for the 2016-30 period; the exception to this is in the case of the UPC adjusted projection; this is higher in the longer-term simply because the modelling assumes that all of the adjustment should be applied in the period to 2030. The UPC projection remains the lowest of the various scenarios tested.

Table 15: Projected housing need – range of demographic based scenarios and 2014-based HRRs – Runnymede (2016-36)

	House-holds 2016	House-holds 2036	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	34,951	42,739	7,788	389	407
Rebased SNPP	34,816	42,660	7,844	392	410
10-year migration	34,816	42,403	7,587	379	396
15-year migration	34,816	40,529	5,713	286	298
15-year migration (+UPC)	34,816	38,586	3,770	189	197

Source: Demographic projections

Table 16: Projected housing need – range of demographic based scenarios and part-return to trend HRRs – Runnymede (2016-36)

	House-holds 2016	House-holds 2036	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	34,951	43,150	8,200	410	428
Rebased SNPP	34,816	43,068	8,252	413	431
10-year migration	34,816	42,805	7,989	399	417
15-year migration	34,816	40,889	6,073	304	317
15-year migration (+UPC)	34,816	38,914	4,098	205	214

Source: Demographic projections

2.57 Tables 17 and 18 show a summary of the outputs for the starting point and the core scenarios for the two different time periods across the HMA.

Table 17: Projected housing need – range of demographic based scenarios – Runnymede and Spelthorne (2016-30) – per annum housing need

	Runnymede		Spelthorne		HMA	
	2014-based HRRs	Part-return to trend	2014-based HRRs	Part-return to trend	2014-based HRRs	Part-return to trend
2014-based SNPP	415	438	440	482	855	920
Rebased SNPP	422	446	437	479	860	925
10-year migration	410	434	392	433	803	866

Source: Demographic projections

Table 18: Projected housing need – range of demographic based scenarios – Runnymede and Spelthorne (2016-36) – per annum housing need

	Runnymede		Spelthorne		HMA	
	2014-based HRRs	Part-return to trend	2014-based HRRs	Part-return to trend	2014-based HRRs	Part-return to trend
2014-based SNPP	407	428	451	489	858	917
Rebased SNPP	410	431	450	488	860	919
10-year migration	396	417	402	439	798	856

Source: Demographic projections

2016-based National Population Projections

2.58 On the 26th October 2017, a new publication of 2016-based National Population Projections was released. These project notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy.

2.59 The key differences are:

- ONS's long-term international migration assumptions have been revised downwards to 165,000 pa (beyond mid 2022) compared to 185,000 in the 2014-based Projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based Projections; and
- ONS is no longer assuming a faster rate of increase in life expectancy of those born between 1923 and 1938, based on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

2.60 Table 19 shows the projected population change in England for the period 2016-36. Population growth is now projected to be around 22% lower than projected in the 2014-based Projections.

Table 19: Projected Population Growth in England (2016-36)

	Population 2016	Population 2036	Change in population	% change
2014-based	55,218,701	62,403,948	7,185,247	13.0%
2016-based	55,268,067	60,905,479	5,637,412	10.2%

Source: ONS

2.61 It is not possible to be certain about the impact the new projections will have for individual local authority areas (or the HMA). However, because these projections are reconciled with those for the UK as a whole (reflecting the ONS' assumptions that there will be lower long-term international migration and lower improvements in life expectancy), it would be reasonable to expect that 2016-based SNPP and Household Projections will in due course show substantially lower growth than the current (2014-based) SNPPs and Household Projections.

GLA Household Projections

2.62 As well as presenting data from the 2014-based CLG household projections and a range of sensitivities, the opportunity has been taken to source other independent projections, specifically, the recent projections developed by the GLA, published in July 2016.

2.63 The GLA set out a number of projections for all local authorities in England, including a 10-year migration projection using the latest MYE data. The figure below shows the estimated levels of housing need in the HMA from both the 10-year migration modelling set out above and the equivalent GLA projection.

2.64 It can be observed that overall, the figures in the GLA projections of housing need are slightly higher than the GL Hearn projections (both sets of figures being based on Stage 1 projections as noted above) although differences are not substantial.

Table 20: Per annum housing need – including Vacancy Allowance (10-year migration trends)

	2016-30		2016-36	
	GL Hearn	GLA	GL Hearn	GLA
Runnymede	410	407	396	401
Spelthorne	392	404	402	419
HMA	803	810	798	820

Source: GLA and demographic projections

2.65 Whilst the differences between the GL Hearn and GLA figures are not great, it should be noted that this is not always the case when similar comparisons have been made in other areas. A review of the methodology used by the GLA reveals that there are substantial differences in the way the GLA put their projections together when compared with ONS (which is the broad methodology followed by GL Hearn). The main differences are in the approach to migration and the fact that GLA use a 'bottom-up' approach which does not then aggregate to the official national projections.

2.66 The GLA projections should therefore be treated with some caution; whilst the GLA projections should not be thought of as wrong, there are clear differences that can lead to very different outputs. On balance, an approach (as used by GL Hearn) which seeks to be consistent with ONS/CLG projections should be preferred. This aligns with the PPG (2a-017) which notes *'The household projections produced by the Department for Communities and Local Government are statistically robust and are based on nationally consistent assumptions'* – GL Hearn seek to maintain these nationally consistent assumptions within their own modelling.

2.67 Finally, although the 2015 SHMA did make a London adjustment to the OAN this is no longer appropriate. This is because the GLA projections in 2015 were based on a part return to pre-migration trends but now the GLA approach broadly aligns with the 10-year trend therefore the additional adjustment is unnecessary.

Drawing Conclusions on the Demographic-led Need for Housing

2.68 The above analysis can be brought together to draw initial conclusions on the need for housing based on the demographic evidence.

2.69 The starting point housing need for Runnymede is 415 dpa, using the 2014-based Household Projections as published. However there is a strong basis for taking into account the latest demographic information – 2015 and 2016 Mid-Year Population Estimates – and rebasing the SNPP to take these into account, in line with Paragraph 2a-017 in the PPG. This results in a need for 422 dpa for the period 2016-30.

2.70 Consideration should also however be given to the 10 year migration trend projections prepared by GLH/JGC. This shows a slightly lower need for 410 dpa over the same period.

2.71 The need for adjusting the household formation rates is not entirely obvious as the analysis shows some historic reduction in the HRRs for the population aged 25-34 being partially off-set with some future improvements within the official projections. The sensitivity which sees a 'part-return-to-trend' can however be justified by positive planning. For the Rebased SNPP scenario this results in a 24 dpa in Runnymede

2.72 GL Hearn conclude that this adjustment to the Rebased SNPP scenario which results in 446 dpa for housing in Runnymede is an appropriate and robust assessment for housing need over the 2016-30 period. Looking over the longer-term period to 2036 the equivalent figure is 431 dpa, reflecting the slower growth towards the end of the forecast period.

Key Points

- The Runnymede Borough's population totals 86,967 persons as of mid-2016. This has grown by 17% since 1991, with an average annual growth of 0.63%.
- Net International migration has been a key driver of historic population change, although levels of migration have been notably lower in the most recent past, particularly relating to internal migration.
- The starting point of the assessment is the 2014-based projections which show an average household growth of about 415 household per annum for the period 2016-30 – this is a 16% increase over a ten year period.
- Taking into account the latest MYE and reflecting the particularly historic suppression of household formation rates in younger age groups adjusts the housing need to 446 dpa. This should be seen as the concluded demographic need in Runnymede for the period 2016-30.

3 FUTURE EMPLOYMENT AND THE LINK TO HOUSING

Introduction

3.1 In this section, consideration is given to economic growth and how this may influence the level and distribution of housing need. The relationship between economic growth and housing need is complex, influenced by a number of factors including:

- The inter-relationship between jobs and people, recognising that some people hold down more than one job;
- Levels of economic participation, with employment rates a function of a number of factors including the availability of jobs and skills; and
- Commuting patterns and ratios, which can influence the balance between residents in employment and jobs in an area. These are influenced by transport connections, investment, the availability of employment opportunities and earnings levels.

3.2 The complexity of these factors, coupled with the inevitable uncertainties associated with predicting long-term economic performance, makes accurate modelling of the numbers of homes needed to support future economic growth inherently difficult to accurately predict. However Planning Practice Guidance requires consideration of the relationship between jobs growth and housing need.

Overall job growth

3.3 To inform the SHMA Update, GL Hearn has purchased the following forecasts in October 2017:

- Cambridge Econometrics (CE), August 2017
- Oxford Economics (OE), October 2017

3.4 Forecasts provide a tool which can be used to interrogate and understand economic growth potential, but should not be used uncritically. They are mathematical models and should be interrogated alongside other information in drawing conclusions on economic growth potential.

3.5 Two sets of forecasts were purchased to allow us to compare and contrast their outputs. The two models work in different ways. Both however are top down models with sector based national forecasts derived from their experts based on trends, research and opinions. As such they may take different but equally valid views on how sectors may perform in future.

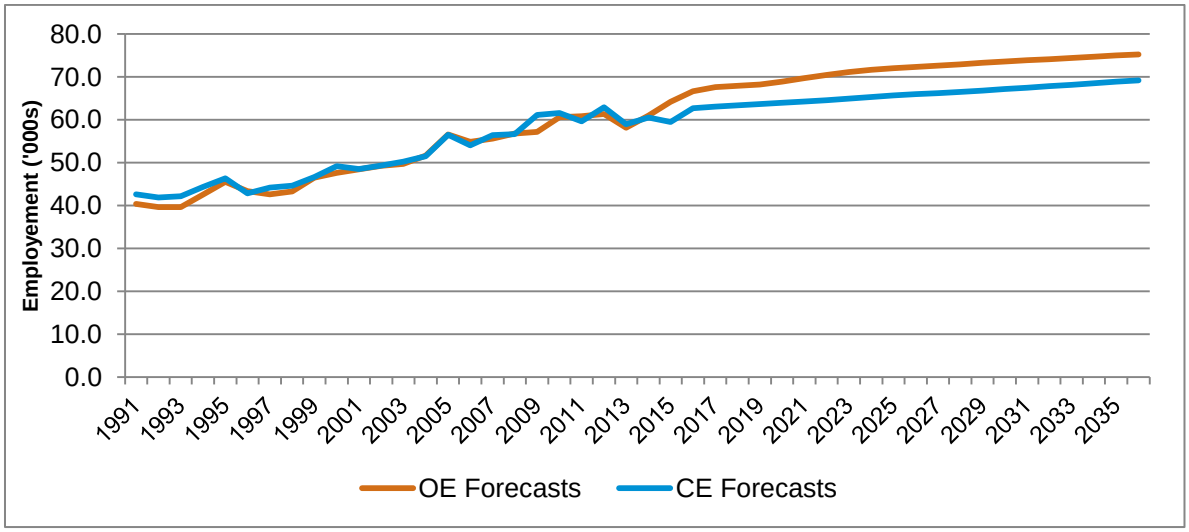
3.6 The forecasts also use slightly different sectors and can therefore not always be examined on a likely for like basis when disaggregated. Furthermore when the national forecasts and broken down to regional and then local authority basis they may take a different view on how this should be done. For example they may use trends based on different time frames or based on different location quotient e.g. percentage of regional expenditure or percentage of regional employment. Again both equally valid but may result in differing outputs.

3.7 The third company which provides local authority forecasts for economic performance is Experian, however the starting point for Experian's model is the latest official population projections and not a top down demand based assessment of employment growth.

3.8 As the population input is a significant driver of its results on employment growth it does not necessarily reflect the true demand in the area. In assessing housing need, this created particular problems of circularity as more population results in more employment growth and thus more. GL Hearn have therefore not purchased Experian data for use in this or other recent OAN studies.

3.9 Figure 4 shows the employment trends in the forecast datasets. Employment grew relatively strongly across Runnymede over the period from 1997-2009 but employment growth has slowed and fluctuated in the period since. Some modest differences arise in employment numbers between the two datasets, although going forward the Oxford Econometrics forecasts are far more positive.

Figure 4: Employment Growth – Runnymede (1991-2036)



Source: Oxford Economics and Cambridge Econometrics 2017

3.10 The more modest level of growth set out in the CE forecasts is reflective of the more pessimistic view it has on each of the individual sectors (with the exception of Utilities. The Borough has seen growth in the utilities sector, particularly since 2008. CE expects this to continue while OE expects it to contract.

Table 21: Employment Change – 2016-30 – Runnymede (Jobs Based)

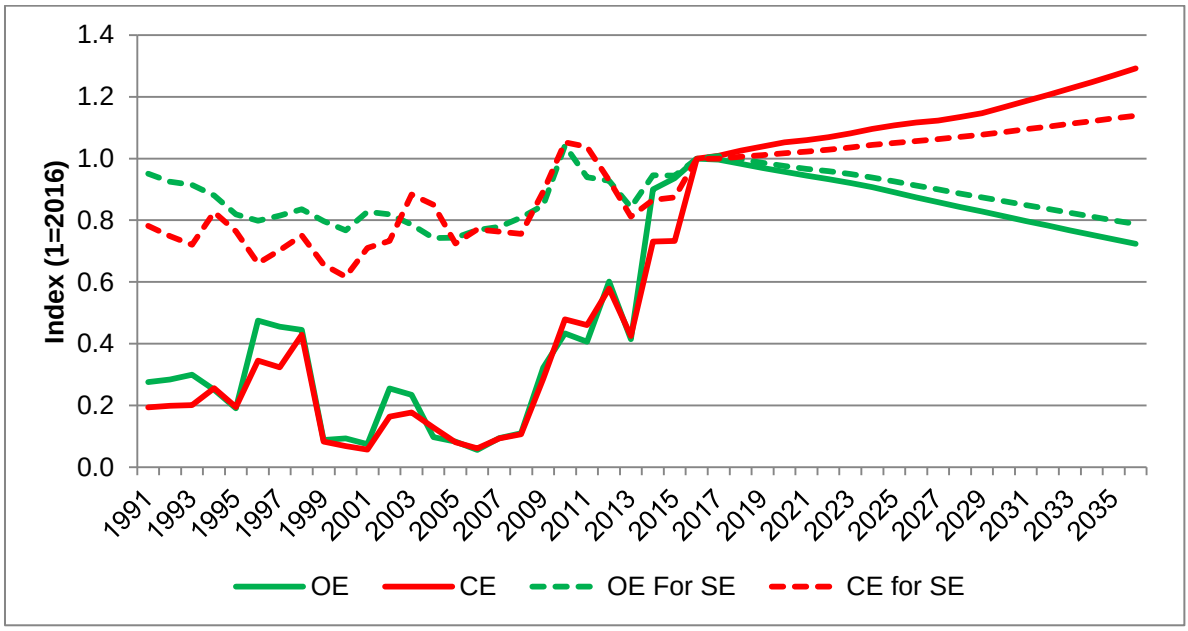
Sector	CE Jobs	OE Jobs
Agriculture	0	0
Mining & quarrying	0	0
Manufacturing	-400	-200
Utilities	900	-1,000
Construction	500	700
Retail and Wholesale	0	800
Transport & storage	0	100
Hospitality	300	500
Info & Comms.	500	800
Private Professional Sectors	1,600	2,700
Public Sector	700	1000
Other services	300	700
Total	**4,400**	**6,100**

Source: Cambridge Econometrics and Oxford Economics (note these figures are rounded to the nearest 1,000 and there is merging of some sectors for comparison)

3.11 Although there are a number of utilities companies in the Borough the growth in Utilities employment is likely to be linked to Centrica whose British Gas and Dyno (formerly Dynorod) brands head offices are both located in the Borough as well as other facilities.

3.12 Centrica's three sites employ a mixture of permanent staff and contractors and there is the potential that while registered in Runnymede some employees may operate elsewhere in the Country. The CE forecasts expect growth to continue while OE thinks that there will be a contraction.

Figure 5: Utilities Sectors - Indexed Change (1991-2036)



Source: Cambridge Econometrics and Oxford Economics

3.13 Although Centrica announced in 2015 plans to cut around 6,000 jobs with redundancies occurring by 2017, the company did not specify where these job losses would occur. It should be noted that at this time the company were operating from 50 sites across the UK and Ireland. No specific information regarding job losses in the Borough has been published.

3.14 In June 2017 planning permission was granted for an 18,614sq.m office building at 31 The Causeway in Runnymede. This site was capable of accommodating approximately 1,500 staff for proposed occupier British Gas.

3.15 The application details state that the proposed development will allow British Gas to rationalise their operations in Runnymede and stay within the Borough. Although it currently appears employment levels are likely to remain fairly stable, it would however appear to be unreasonable for CE to assume continued growth in this sector particularly to the level it does.

3.16 Our discussions with the Economic Development Officer at Runnymede highlight a few areas of growth particularly in the private professional sectors including professional, scientific and technical and information and communications sectors. This would give more credence to the OE forecasts.

3.17 The growth has mainly been the result of new companies moving into the Borough during the last four years such as Akamai, VMWare, Ingram Micro and Mallinckrodt Pharmaceuticals. However a number of international companies have also grown their Runnymede workforce through organic growth, acquisition and relocation of offices to Runnymede from elsewhere in the UK.

3.18 The Council hopes to see further agglomeration effects resulting from the local growth in cloud computing and Information and communications specialists. That said they still believe that future growth in the sector is expected to be more modest.

3.19 Other professional, scientific and technical sector considerations include the eventual loss of approximately 400 jobs at Procter and Gamble's site near Royal Holloway, resulting from the signing of a definitive agreement by Procter & Gamble to merge 43 of its beauty brands with Coty Inc. in a Reverse Morris Trust transaction.

3.20 There is also the expected loss of 100 jobs at Thales as a result of them consolidating elsewhere, and the loss of approximately 300 jobs at Service Now who relocated in nearby Staines Town Centre having outgrown their offices in Runnymede,

3.21 Although the office market in the sub-region has slowed over the last year additional Grade A office space has come onto the market. The local economy has historically been fairly resilient with 3 Lotus Park on the Causeway being the first speculative office scheme to be launched in the South East following the financial crisis.

3.22 Furthermore, the former DERA tank testing facility at Longcross Park has recently acquired Enterprise Zone status (April 2017) and also Garden Village status. This should help accelerate delivery of the outline permission for approximately 79,000 sq.m of B1 Grade A office space plus a 16,000 sq.m data centre, which was granted full planning permission at the end of 2017.

3.23 The site has overall capacity for 1,700 homes and 1,000,000 sq. ft. of commercial space with additional Ancillary uses. The developer (Crest) is developing the northern part of the site which has planning permission for approximately 200 homes as well as the commercial development. The first phase of 108 units is under construction.

3.24 Part of the site is currently being used as a film studio although most of this falls within the Surrey Heath administrative area. Surrey Heath Council hopes to capitalise on this by making a permanent filming studio.

3.25 The regeneration of Addlestone, Egham and Chertsey town centres will also seek to boost retail jobs and expenditure in the Borough. Not only would this increase retail jobs but also cultural and other leisure activities as well as hospitality

3.26 Taking this into account (as well as taking a positive approach to planning) GL Hearn have assumed that the Oxford Economics forecasts are correct for the other sectors as they show a more positive growth. Thus while this report presents the findings for both sets of forecasts, the focus should be the OE forecasts.

3.27 Tables 22 and 23 show the annual forecast growth in the number of jobs in each area from each of the two forecasts and for two different time periods. The analysis shows that forecast job growth varies dramatically between the two forecasting houses and by area.

Table 22: Annual job growth (2016-30)

	OE	CE
Runnymede	496	316
Spelthorne	298	108
HMA	794	424

Source: Cambridge Econometrics and Oxford Economics

Table 23: Annual job growth (2016-36)

	OE	CE
Runnymede	432	325
Spelthorne	268	107
HMA	700	432

Source: Cambridge Econometrics and Oxford Economics

3.28 Overall, the OE forecast expects job growth to be nearly double that in the CE forecast (when viewed over the 2016-30 period). It is these OE forecasts which have been fed through to the later analysis on employment land need.

Key assumptions

3.29 The series of sub-headings below set out the key assumptions used in the analysis of the link between jobs and homes. Under many of the headings, additional sensitivity analysis has been carried out. This is noted as relevant with core outputs in relation to the number of homes needed being provided at the end of the section.

Double jobbing

3.30 The analysis considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data to estimate double jobbing has been taken from the Annual Population Survey (available on the NOMIS website) and uses an average over the period since 2004. This period of time has been used to reflect relatively high error margins associated with data for individual years. Double jobbing assumptions for each local authority are as follows:

- Runnymede – 5.0%; and
- Spelthorne – 4.1%.

Commuting dynamics

3.31 As well as recognising that some people may have more than one job, the analysis takes account of commuting patterns. Where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active/working population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting).

3.32 The core analysis in this report uses commuting data from the Census and assumes that the relationships seen in 2011 remain the same going forward. This is essentially the same core assumption as in the SHMA with detailed information being found in Figure 59 of the 2015 SHMA report. The commuting ratios applied to each local authority are shown below and it should be noted that a ratio above 1 implies a degree of out-commuting and below 1 is in-commuting:

- Runnymede – 0.82 and
- Spelthorne – 1.22.

3.33 Further information on commuting patterns is set out in Chapter 2 of the 2015 Runnymede and Spelthorne SHMA

Growth in residents in employment

3.34 Tables 24 to 27 bring together analysis of forecast job growth with double jobbing and commuting dynamics to estimate the required change in the number of residents in employment. The analysis (based on the OE forecast for the 2016-30 period (i.e. the highest figures) shows that for 795 jobs per annum to be filled, a slightly lower increase in the number of residents in employment would be required (734 per annum).

Table 24: Estimated growth in resident labour supply – per annum (2016-30) – OE forecast

	Jobs	Double jobbing	Jobs × Double Jobbing	Commuting ratio	Resident labour supply
Runnymede	496	0.950	471	0.816	385
Spelthorne	298	0.959	286	1.220	349
HMA	795	-	758	-	734

Source: Derived from a range of sources as discussed

Table 25: Estimated growth in resident labour supply – per annum (2016-30) – CE forecast

	Jobs	Double jobbing	Jobs × Double Jobbing	Commuting ratio	Resident labour supply
Runnymede	316	0.950	300	0.816	245
Spelthorne	108	0.959	104	1.220	126
HMA	424	-	404	-	371

Source: Derived from a range of sources as discussed

Table 26: Estimated growth in resident labour supply – per annum (2016-36) – OE forecast

	Jobs	Double jobbing	Jobs × Double Jobbing	Commuting ratio	Resident labour supply
Runnymede	432	0.950	410	0.816	335
Spelthorne	268	0.959	257	1.220	313
HMA	700	-	667	-	648

Source: Derived from a range of sources as discussed

Table 27: Estimated growth in resident labour supply – per annum (2016-36) – CE forecast

	Jobs	Double jobbing	Jobs × Double Jobbing	Commuting ratio	Resident labour supply
Runnymede	325	0.950	309	0.816	252
Spelthorne	107	0.959	103	1.220	126
HMA	432	-	412	-	378

Source: Derived from a range of sources as discussed

Economic activity/employment rates

3.35 Having estimated the likely required change to the workforce under a range of scenarios, the next stage is to estimate how much growth is implied by demographic projections (to allow for a comparison between jobs and workforce growth). This entails making assumptions about how economic participation might change in the future.

3.36 Trends are of growing employment rates driven in particular by growing numbers of women in the workforce and people working longer (linked to growing life expectancy and health and changes in State Pension Age). The extent of the changes is however difficult to precisely predict.

3.37 The approach taken in this report is to derive a series of age and gender specific employment rates and use these to estimate how many people in the population will be working as projections develop. This is a fairly typical approach and the analysis uses the same information as in the 2015 SHMA (a discussion of the methodology can be found in Sections 5.17-5.21 and Figure 61 of the SHMA).

3.38 By way of a sensitivity analysis or sense check, two alternatives have been developed; these are both based on economic activity rates and are described below:

- Office of Budget Responsibility (OBR) – The latest set of OBR rates date from January 2017 and have been widely used in analysis of this nature (mainly by the development industry). It is not considered that these rates are very useful as they do not relate to economic forecasts and they tend to show rates of change in the economically active population that are at odds with the expectations of the main forecasting houses; and
- Experian – In February 2016, Experian published a set of economic activity rates which underpinned the document *'Comparison between Experian and OBR Participation Rate Projections'*. Generally, it is considered that the Experian rates can be used in analysis of this nature. To some extent these can be viewed as an update to the SHMA rates, which were also linked to Experian forecasts.

3.39 In using the OBR and Experian data, it should be noted that the rates are for economic activity rather than employment, and hence an additional consideration of how unemployment might change is necessary. However, as of 2016 (the point at which projections become variable) it was the case across both Runnymede and Spelthorne that unemployment was already at very low levels. Hence any future changes are likely to be modest and therefore no additional adjustments for unemployment have been applied.

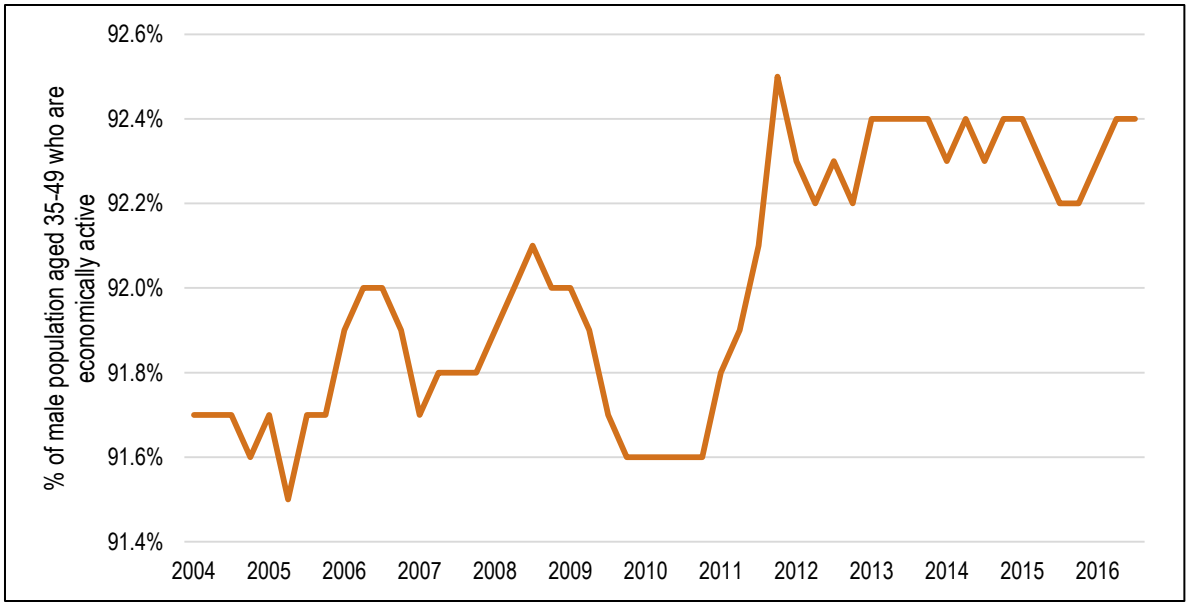
3.40 The Office for Budget Responsibility (OBR) models economic participation using 2014-based ONS projections, modelling labour market entry and exit rates using averages over the 19 years to 2015 as well as making adjustments to exit rates to take account of State Pension Age changes. The OBR Report applies its economic participation assumptions to the 2014-based Population Projections to calculate employment.

3.41 Experian similarly take account of the 2014-based ONS projections and more recent data on participation rates by age and gender. They project activity rates (similarly for age and gender groups) taking into account trends and announced State Pension Age changes, as well as expected cohort effects which they expect to increase female participation rates, expected changes in behaviour associated with improved longevity and health, changes to the pattern of working; and structure of the economy.

3.42 The level of job growth (growth in residents in employment) estimated by OBR is significantly lower than from any of the main forecasting houses. For national (UK) growth in residents in employment OBR forecast growth of about 2,000,000 from 2014-35 compared with a figure in excess of 3,480,000 by Cambridge Economics and 4,000,000 in the most recent Experian forecast. This is influenced by OBR's demographic and economic participation assumptions. This means that the OBR employment/activity rate figures cannot realistically be used when testing job growth levels from forecasts, as they relate to a completely different set of national assumptions.

3.43 The OBR projections include a cohort effect which results in a reduction in economic participation in some younger age groups. This contrasts clearly with trends of increasing economic participation amongst these age groups. An example of this can be seen for the male age groups from 35-49, where OBR has a decrease in the activity rate of 0.4%-1.5% moving forward from 2016. The past trend data for this age group (drawn from the Annual Population Survey) actually shows a modest upward trend since 2004 (see Figure 6 below).

Figure 6: Change to economic activity rate of males aged 35-49 since 2004 – United Kingdom



Source: Annual Population Survey

3.44 Furthermore, there are economic factors which are not captured within the OBR model but which are captured for instance by Experian. The Experian projections take account not only of State Pension Age changes but socio-economic drivers, including:

- Expected improvements in the participation of females in older age groups as evidenced by today's participation rates of younger cohorts (who will age into those older groups);
- Expected changes in behaviour connected with improved longevity and health; changes to patterns of work (allowing older people to continue working under more flexible arrangements); and changes in the industrial composition of the economy (especially the shift to services). Improving health and longevity will result in a need for people to build up savings for a longer retirement.

3.45 As well as the OBR and Experian rates GL Hearn has for consistency also applied the same assumptions as those used to inform the 2015 SHMA. These are again drawn from Experian and are central to the range between Experian and OBR. Thus given the uncertainty with either end of the range could be seen as a robust compromise position to focus on.

Summary of assumptions and sensitivities

3.46 Table 28 sets out the range of assumptions used to look at the link between jobs and population growth/housing need. The various sensitivities are also highlighted. In total this gives 6 different scenarios for each area (which doubles when looking at an alternative HRR in each area). Hence only summary (dwellings per annum) outputs are provided for scenarios other than under core assumptions.

Table 28: Assumptions used in modelling of link between jobs and homes in Runnymede and Spelthorne

Topic	Core assumption	Sensitivities
Job growth	OE forecast for each local authority (this is the highest of two forecasts accessed	CE forecast
Double jobbing	Data from APS for the period since 2004	None
Commuting patterns	Based on 2011 Census	None
Employment/economic activity rates	SHMA assumptions	OBR and Experian assumptions

Housing Need linked to Job-Growth Forecasts

3.47 Having studied the various issues above, the analysis moves on to consider what level of housing might be required for forecasts to be met. This analysis is predominantly designed to see if there are any areas where there is either a clear workforce shortage or a workforce surplus.

3.48 In line with the PPG, this analysis could provide an indication of where the locations of housing might need to be amended when compared with the outputs of the demographic projections. Within the modelling, migration assumptions have been changed so that across each local authority the increase in the economically active population matches the increase in the resident workforce required.

3.49 The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). Once the level of working (economically active) population matches the job growth forecast the population (and its age structure) is modelled against CLG headship rates to see what level of housing provision that might imply (additional analysis has looked at an uplift to HRRs (linked to part-return to trend for the 25-44 age groups)).

3.50 Tables 29 to 32 show estimates of housing need set against the core modelling assumptions and 2014-based HRRs (and with an uplift to the 25-44 age group). The analysis (for 2016-30) shows a housing need in Runnymede of 388 dwellings per annum when linking the data to the 2014-based HRRs, this figure is consistent with (but slightly lower than) the demographic projections developed. With the part-return to trend HRRs the housing need is higher again (a need for 411 dwellings per annum).

Table 29: Projected housing need – OE job-led scenario and 2014-based HRRs (2016-30)

	Households 2016	Households 2030	Change in households	Per annum	Dwellings (per annum)
Runnymede	34,816	40,020	5,204	372	388
Spelthorne	40,903	45,926	5,023	359	368
HMA	75,719	85,946	10,226	730	757

Source: Demographic projections

Table 30: Projected housing need – OE job-led scenario and part-return to trend HRRs (2016-30)

	Households 2016	Households 2030	Change in households	Per annum	Dwellings (per annum)
Runnymede	34,816	40,327	5,511	394	411
Spelthorne	40,903	46,467	5,564	397	408
HMA	75,719	86,794	11,075	791	819

Source: Demographic projections

Table 31: Projected housing need – OE job-led scenario and 2014-based HRRs (2016-36)

	Households 2016	Households 2030	Change in households	Per annum	Dwellings (per annum)
Runnymede	34,816	41,601	6,785	339	354
Spelthorne	40,903	47,820	6,917	346	355
HMA	75,719	89,421	13,702	685	710

Source: Demographic projections

Table 32: Projected housing need – OE job-led scenario and part-return to trend HRRs (2016-36)

	Households 2016	Households 2030	Change in households	Per annum	Dwellings (per annum)
Runnymede	34,816	41,986	7,170	358	374
Spelthorne	40,903	48,511	7,608	380	391
HMA	75,719	90,497	14,777	739	765

Source: Demographic projections

3.51 Tables 33 and 34 show the full range of economic based scenarios developed. Figures are just for the overall housing need (figures in bold represent the core scenario). It can clearly be seen that there are a wide range of outputs, and that the core scenario sits somewhere in the middle of the range. For all areas and scenarios, the highest and lowest figures have been highlighted in *underlined italics*.

Table 33: Projected housing need – job-led scenarios (housing need per annum (2016-30))

	2014-based HRRs			Part-return to trend HRRs		
	Runny-mede	Spel-thorne	HMA	Runny-mede	Spel-thorne	HMA
OE - SHMA rates	**388**	**368**	**757**	**411**	**408**	**819**
OE - Experian rates	380	357	737	403	396	799
OE - OBR rates	*416*	*413*	*828*	*439*	*453*	*893*
CE - SHMA rates	300	220	520	321	256	577
CE - Experian rates	*296*	*216*	*513*	*317*	*252*	*570*
CE - OBR rates	331	270	602	353	307	661

Source: Demographic projections

Table 34: Projected housing need – job-led scenarios (housing need per annum (2016-36))

	2014-based HRRs			Part-return to trend HRRs		
	Runny-mede	Spel-thorne	HMA	Runny-mede	Spel-thorne	HMA
OE - SHMA rates	**354**	**355**	**710**	**374**	**391**	**765**
OE - Experian rates	348	345	693	368	380	748
OE - OBR rates	*398*	*412*	*810*	*419*	*449*	*868*
CE - SHMA rates	298	227	524	316	259	576
CE - Experian rates	*294*	*223*	*517*	*313*	*256*	*568*
CE - OBR rates	342	287	629	361	321	683

Source: Demographic projections

3.52 In conclusion the core assumptions figures are all substantially lower than the demographic starting point (415 dpa for the 2016-30 period). Therefore there is no strong case to uplift the OAN in Runnymede or across the HMA in response to the forecast employment growth.

3.53 This case is strengthened when the demographic conclusions for Runnymede are considered (446 dpa for the 2016-30 period). The demographic conclusion is 58 dpa higher than the core scenario. Indeed, even the highest scenario (OE forecasts and OBR EAR rates) only results in a need for 416 dpa over the same period, a difference of 30.

3.54 As set out later in this report, the level of population growth associated with the OAN could support employment growth of up to a third more than is forecast by OE. Based on the core assumptions the OAN population growth could support a growth of 9,376 jobs over the 2016-30 period and 13,523 over the period to 2036. This equates to 670 and 677 jobs per annum respectively. Any level of jobs growth above this would require an adjustment to the OAN.

Potential Impact of Heathrow Expansion

3.55 As sensitivity to our Core Economic-led housing need figure GL Hearn has sought to estimate the need associated with Heathrow being granted a third runway. At present no decision has been finalised, although in summer 2015 the Airports Commission has recommended that additional capacity is provided at Heathrow. Following this, in October 2016 the Government confirmed that Heathrow was its preferred option for expansion of airport capacity in the South East.

3.56 In February 2017 the Government produced a draft Airports National Policy Statements (NPS) which set out the need for additional airport capacity in the south-east of England, and that it should be delivered by a north-west runway at Heathrow.

3.57 A final version of the NPS is expected to be published for MPs to approve in a vote in Parliament in 2018. If accepted, the NPS will provide the planning policy that will apply to a third runway at Heathrow.

3.58 As part of their bid for the additional capacity, Heathrow's Airport Limited produced a number of documents estimating the impact of the additional runway on the local, regional and national economies.

3.59 Their "Taking Britain Further" document[10] set out their employment projections for a range of different geographies. In summary the third runway would support:

- 35,650 additional direct jobs at the airport; and
- 15,250 additional indirect and induced jobs in the 5 host boroughs (Hillingdon, Hounslow, Ealing, Slough and Spelthorne).
- 20,970 additional indirect, induced and catalytic jobs elsewhere in Greater London; and
- 51,700 additional indirect, induced and catalytic jobs elsewhere in Great Britain

3.60 GL Hearn have sought to quantify the percentage of these additional jobs at Heathrow and the five host Boroughs (Hillingdon, Hounslow, Ealing, Slough and Spelthorne) that would be taken up by Runnymede residents based on the commuting patterns seen in 2011.

3.61 Firstly, GL Hearn has adjusted these figures to reflect the growth which is likely to occur within the relevant period of 2025-2036. This assumes the Heathrow Ltd job calculations result in equal growth in employment in each year from 2025 to 2040, with 2025 provided as an ambitious date for operation of the runway to commence.

3.62 GL Hearn has not sought to model the impact of the additional 51,700 additional jobs elsewhere in Great Britain as this number is both minimal (when divided across the UK) and includes jobs supported by increased tourist expenditure (which are likely to be disproportionately located in Central London) and runs the risk of potential double counting given the already forecast growth in Runnymede.

3.63 As set out in Table 35 approximately 2.4% of the 72,654 people employed in Heathrow and its surrounding area[11] resided in Runnymede in 2011. This falls to 1.5% of the 440,000 people employed in the five host boroughs that reside in Runnymede.

3.64 Assuming the same percentage of workers are drawn from Runnymede as they were in 2011 (when the last comprehensive travel to work analysis was undertaken) then the third runway at Heathrow

[10] https://your.heathrow.com/takingbritainfurther/wp-content/uploads/2014/09/Heathrow-Taking-Britain-Further-Summary.pdf
[11] Defined for these purposes as the following Middle Super Output Areas - E02000521, E02000522, E02000523, E02000524, E02000525, E02000538, E02000547, and E02000548

would draw 621 more direct workers from Runnymede residents with the wider five borough growth requiring 170 more workers than at present.

Table 35: Commuting from Runnymede to Heathrow and its Host Boroughs

Area	Heathrow	5 Host Boroughs
2011 Jobs	72,654	440,345
Taken up by Runnymede Residents	1,725	6,693
% from Runnymede	2.4%	1.5%
Expected Additional Jobs 2025-2040	35,650	15,250
Expected Additional Jobs Per Annum	2,377	1,017
Expected Additional Jobs 25-36	26,143	11,183
Additional Out-Commuters	621	170
2011 Jobs	72,654	440,345

Source: Census 2011 and Heathrow Airports Ltd

3.65 In total an additional runway would likely draw some 791 additional workers from Runnymede. This should be seen as an absolute maximum as transport improvements to Heathrow including Crossrail and western access rail link would likely see an increased proportion of commuters not from Runnymede.

3.66 In order to relate these additional residents to 2016-30 and 2016-36 periods examined GL Hearn have assumed no growth from 2016-2025, an additional 360 economically active residents in the 2025-30 period and a further 432 for the 2030-36 period.

3.67 Using the same assumptions as the previous economic led housing needs calculations GL Hearn has sought to quantify the homes required to accommodate a further 791 economically active residents in the Borough who will commute to jobs at the expanded Heathrow and surrounds.

3.68 Using the Core SHMA economic activity rate assumptions and with improvements to household formation rates, the expansion of Heathrow would require an additional 232 dwellings over the 2016-30 period (17 per annum) with a further 282 dwellings over the 2030-36 period (47 dpa). If these are delivered across the longer 2016-36 period then it would average at a rate of 24 additional homes per annum.

Table 36: Projected uplift needed as a result of Heathrow Expansion (total figures)

		2016-30	2030-36	Total 2016-36
2014-based HRRs	Based on SHMA rates	228	276	503
	Based on Experian rates	216	262	478
	Based on OBR rates	218	268	485
		2016-30	2030-36	Total 2016-36
Part-return to trend HRRs	Based on SHMA rates	232	282	514
	Based on Experian rates	220	269	489
	Based on OBR rates	222	274	496

Source: Demographic projections

3.69 On balance should the expansion of Heathrow be confirmed then the Council should be considering adding an additional 500 homes to the total OAN (25 dpa). This could reasonably be split as 250 homes before and after 2030. However, until the plans are confirmed it should not be seen as a component of the OAN.

Key Points

- To inform this study economic forecasts have been purchased from OE and CE. The OE forecasts are substantially more positive than the CE forecasts setting out a jobs growth of 496 jobs per annum over the 2016-30 period
- Based on a set of assumptions which take into account Double Jobbing Commuting Patterns and Economic Activity Rates the Core scenario results in a need for 411 dpa.
- GL Hearn has also run a further sensitivity looking at the housing need resulting from an expanded Heathrow. There are a number of uncertainties relating to this sensitivity therefore it does not form part of the OAN however it does calculate a potential need for an additional 25 dpa to cater for the increased workforce which is likely to commute to the airport.

4 AFFORDABLE HOUSING NEED

Introduction

4.1 The PPG (2a-022) describes the calculation of affordable housing need as relating to *'the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock'*.

4.2 The PPG sets out a model for assessing affordable housing need – this model largely replicates the model set out in previous SHMA guidance (of 2007). It draws on a number of sources of information including Census data, demographic projections, house prices/rents and income information. Paragraph 14 of the PPG (2a-014) sets out that:

"Plan makers should avoid expending significant resources on primary research ... They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance".

4.3 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. Given the range of data available, a base date of 2016 is used. For the purposes of consistency with the end date of demographic projections, data is presented as per annum data for the period 2016-36. The analysis does not seek to fully recalculate levels of affordable need from previous SHMA research and is provided as a selective update.

4.4 It should be noted that the analysis in this section seeks to identify the need for affordable housing from all types of household (i.e. the overall need). When it comes to meeting need, the Council will additionally need to consider those for whom there is a statutory duty to provide housing. Such households may well have a different profile (notably in terms of the size of accommodation needed) which will impact on the most suitable profile of additional housing to be provided. This latter point is considered within Section 6 of this report, when looking at the mix of housing (by size).

Data Sources and Input Data

4.5 A full assessment of affordable housing need was carried out in the Runnymede and Spelthorne (November 2015) and so this report provides just a selected update to key variables where new information is available. The methodology used in the previous assessment is largely unchanged

for this study and full details can be found in the previous SHMA. Specifically, this assessment seeks to update the following variables:

- Housing costs (private sector rent levels) – drawing on the latest Valuation Office Agency data covering a 12-month period to March 2017
- Income data – taking account of new data about local incomes (including information from the Annual Survey of Hours and Earnings (2016) and small area income estimates from ONS (published in October 2015)
- Estimates of the number of newly forming households – this is a direct output of the demographic modelling; and
- Estimates of the supply of affordable housing from relets – taken from Continuous Recording of Lettings data (CoRe) up to 2016

4.6 Other more minor changes have been made; for example, estimates of the current need for affordable housing have been updated but this does not substantially change the figures. The text below therefore discusses the main updating undertaken in the assessment.

Rent Levels

4.7 An important part of the study is to establish the entry-level costs of housing. In previous assessments, it has been established that the private rented sector typically requires lower incomes to access than owner-occupation and so the focus is on costs in this sector.

4.8 The affordable housing needs assessment compares rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.'

4.9 The entry-level costs of housing have been established from Valuation Office Agency (VOA) data. For the purposes of analysis (and to be consistent with Paragraph 25 of the PPG (2a-025)), lower quartile (LQ) rents have been taken to reflect the entry-level point into the market – the data covers a 12-month period to March 2017. The analysis below shows LQ rents by size of dwelling in each area; across all dwelling sizes, LQ rents in both areas are shown to be £950 per month.

Table 37: Lower quartile private rents by size and location (year to March 2017) – per month

	Runnymede	Spelthorne
Room only	£450	£500
Studio	£700	£695
1 bedroom	£850	£850
2 bedrooms	£1,050	£1,100
3 bedrooms	£1,300	£1,250
4+ bedrooms	£1,695	£1,550
All dwellings	£950	£950

Source: Valuation Office Agency (2017)

4.10 The figures presented above can be compared with equivalent data from the previous assessment of affordable housing need (which used data for the year to March 2014). This analysis (shown below) identifies that there has been an increase in the overall lower quartile rent in both Runnymede and Spelthorne over the period since the last affordable needs assessment was carried out – with rents increasing in both areas by 15%.

Table 38: Change in lower quartile private rents (all dwellings) since previous SHMA research

	Previous assessment (year to March 2014)	Updated position (year to March 2017)	Change in monthly rent	% change
Runnymede	£825	£950	+£125	+15%
Spelthorne	£823	£950	+£127	+15%

Source: Valuation Office Agency

Affordability Thresholds

4.11 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis. The threshold of income to be spent on housing should be set by asking the question *'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?'*

4.12 CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

4.13 What proportion of households can afford to pay for housing will be influenced in part by household incomes in an area: in an area with higher overall incomes, a greater proportion of income could be spent on housing whilst leaving sufficient remaining income for households to live on, than in an area with lower incomes. Living costs are also relevant.

4.14 Rent levels in the study area are somewhat higher than those seen nationally (a lower quartile rent of £500 per month across England) and are some way higher than seen in a number of areas (the lowest lower quartile rents nationally are around £350 per month). If the cheapest areas were to be considered as '25%' areas then it is clear that a higher threshold would be reasonable where rents are higher. In taking a consideration of rent levels in the study area and levels of residual income it is considered that for the purposes of affordability, a threshold of around 35% would be reasonable.

4.15 For the purpose of working through the step-by-step derivation of the affordable housing need, this should be seen as the core analysis. This is consistent with the 2016 SHMA assumptions, enabling comparison with it. Sensitivity analysis has been provided looking at alternative scenarios in the range of 25% to 40%.

Household Incomes

4.16 Following on from the assessment of local housing costs it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy); the analysis also provides an indication of the potential for intermediate housing to meet needs.

4.17 Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- ONS modelled income estimates (published in October 2015 with a 2011/12 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas;
- English Housing Survey (EHS) – to provide information about the distribution of incomes; and
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date and to provide an alternative source about how incomes in different areas vary.

4.18 Table 39 shows average (mean) incomes in each local authority and also a comparison with figures in previous assessments (which have a 2013 base). It can be seen that the incomes assumed in this report are somewhat higher than previous assessments (up by 14% across the HMA).

Table 39: Average (mean) income estimates – households

	2013-based estimate	2016-based estimate	% change
Runnymede	£45,968	£51,653	12%
Spelthorne	£44,161	£51,147	16%
HMA	£44,983	£51,379	14%

Source: Derived from a range of data as discussed

4.19 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

4.20 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Newly Forming Households

4.21 The number of newly-forming households has been estimated through the demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation (e.g. the analysis considers the number of households aged under 45 in a particular year and subtracts the number aged under 40 five-years previously – this provides an indication of the number of new households (i.e. that didn't exist five years earlier). This differs from numbers presented in the demographic projections which are for net household growth.

4.22 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007 – see Annex B) which notes after age 45 that headship (household formation) rates 'plateau'. The PPG does not provide any specific guidance on how to calculate the number of newly forming households. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

4.23 Table 40 below shows estimates of the annual number of newly forming households from the updated demographic modelling and compares figure with those in previous assessments of affordable need. Generally, the figures do not change significantly, with the overall HMA-wide estimate being an increase in new household formation of about 45 per annum (a 3% increase).

Table 40: Estimated number of newly forming households (per annum)

	Previous assessment(s) estimate	This study
Runnymede	703	728
Spelthorne	842	862
HMA	1,545	1,590

Source: Demographic projections

Supply of Affordable Housing from Relets

4.24 The final area of updating is around the supply of affordable housing from relets of current stock. For this analysis, information has been taken from CoRe for the 2013-16 period – the previous assessment looked at data for a three-year period from 2011 to 2014. Table 41 compares estimates

of the supply of social and affordable rented housing in each area. Across the HMA, the estimated future supply of relets is virtually identical to that in the SHMA (379 vs. 367). The figures include a small number of relets of intermediate housing (e.g. shared ownership) – these figures have not been recalculated from the earlier SHMA.

Table 41: Estimated future supply of relets/sales of social/affordable/intermediate housing

	Previous assessment(s) estimate	This study
Runnymede	151	161
Spelthorne	216	218
HMA	367	379

Source: CoRe

Summary of Information Used

4.25 Table 42 provides a summary of some of the key sources of information and analysis used in the assessment.

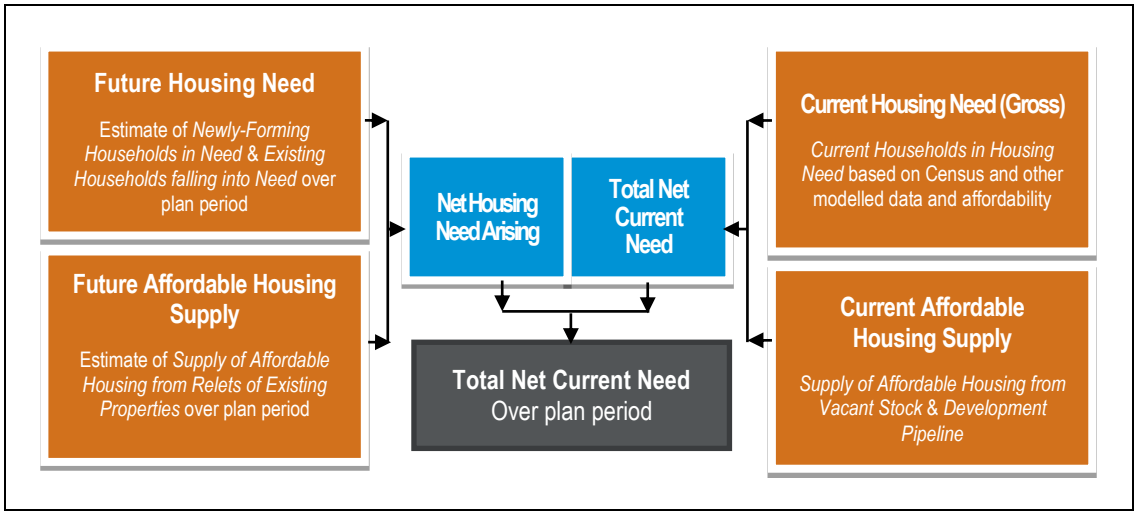
Table 42: Affordable Needs Model – summary of core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to March 2017.	Used to establish the entry level cost of housing.
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earning (ASHE).	Used to estimate the average household income in 2016 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households).
Affordability ratio	Valuation Office Agency (VOA) data for the year to March 2017.	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of Runnymede/Spelthorne the analysis suggests that spending 35% of income on housing is an appropriate affordability threshold.
Current need	2011 Census, CLG live table 784 (homelessness), EHS, income and housing cost data.	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing).
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data.	Analysis consistent with 2a-025 of PPG, including affordability testing.
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data.	Analysis consistent with 2a-025 of PPG, including affordability testing.
Supply of affordable housing (through relets)	Continuous Recording of Lettings and Sales (CoRe) – 2013-16.	Takes account of new-build and transfers as well as including resales of intermediate housing (e.g. shared ownership).

Affordable Housing Needs Assessment

4.26 Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in Figure 7.

Figure 7: Overview of Affordable Housing Needs Assessment Model



4.27 The table below shows the calculation of affordable housing need based on the core assumption of 35% gross income spent on housing. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 20-year period from 2016 to 2036. Whilst most of the data in the model are annual figures the current need has been divided by 20 to make an equivalent annual figure. The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

4.28 As Table 43 sets out, the analysis calculates an overall need for affordable housing of 711 units per annum over the 20-years to 2036 in the HMA. Both local authorities show a high level of affordable housing need.

Table 43: Estimated level of Affordable Housing Need per annum –HMA and local authority

	Current need	Newly forming households	Existing households falling into need	Total Need	Supply from existing stock	Net Need
Runnymede	37	347	114	498	161	337
Spelthorne	50	420	123	593	218	375
HMA	87	767	237	1,090	379	711

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

4.29 Long-term estimates of affordable need should be treated with caution, as these will be influenced by changes in housing costs. By increasing overall housing delivery contributing to an improvement in affordability, the affordable housing need will fall, all other factors remaining equal.

Sensitivity to Income Thresholds

4.30 The PPG does not provide any guidance about what an appropriate threshold for affordability is (i.e. the maximum proportion of income that a household should spend on housing costs). Whilst 25% of income is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the population in the study area, particularly with respect to earnings and the cost of housing, in practice, many households locally will spend a greater proportion of their income on housing.

4.31 A 35% threshold has been used in the main modelling following analysis of the relative costs of housing in the HMA although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, GL Hearn sensitivity tested affordable housing need assuming variant levels of income spent on housing costs.

4.32 Table 44 summarises the findings. In particular, the calculations show that with an assumption of households spending 40% gross income on housing costs, the affordable housing need falls to 588 households per annum (down from 711 using a 35% threshold across the HMA).

Table 44: Estimated Level of Affordable Housing Need (per annum) at Variant Income Thresholds

	@ 25%	@30%	@35%	@40%
Current need	106	96	87	78
Newly forming households	1,017	886	767	665
Existing households falling into need	262	250	237	223
Total Need	1,385	1,232	1,090	967
Supply from existing stock	379	379	379	379
Net Need	**1,006**	**853**	**711**	**588**
Runnymede	471	402	337	280
Spelthorne	535	452	375	307

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Comparison with Previous Assessment of Affordable Housing Need

4.33 Tables 45 and 46 show estimates of the annual affordable need in this assessment and the previous SHMA. Overall, this assessment shows a slightly higher level of need. This looks likely to be due to earlier analysis showing a slightly higher increase in housing costs (private rent levels)

relative to changes in income. Figures are shown for a 25% and 40% affordability ratio – consistent with the analysis in the 2015 SHMA.

Table 45: Comparing assessments of affordable housing need – 25% affordability threshold

	Previous assessment	This study	Difference
Runnymede	444	471	+27
Spelthorne	528	535	+7
HMA	972	1,006	+34

Source: This study and previous (2013-based) assessment

Table 46: Comparing assessments of affordable housing need – 40% affordability threshold

	Previous assessment	This study	Difference
Runnymede	258	280	+22
Spelthorne	304	307	+3
HMA	562	588	+26

Source: This study and previous (2013-based) assessment

4.34 Whilst overall, the levels of affordable housing need appear to have increased, it needs to be remembered that all of the outputs are based on information available at the time of the assessment (and this can vary; as is seen with the income estimates and rental costs). However, it remains the case that there is a notable need for affordable housing in the HMA (and individual local authorities); Councils should therefore seek to maximise the delivery of affordable housing where opportunities arise.

Relating Affordable Housing Need to Overall Housing Need

4.35 The PPG then sets out in Para 2a-029 that:

> *"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes."*

4.36 Runnymede is proposing an affordable housing requirement of 35% from development proposals of 11 or more (net) additional dwellings in its pre-submission Local Plan, with a 30% Borough wide affordable housing target being aimed to be achieved over the period of the Local Plan. GL Hearn has therefore notionally assumed 33% affordable housing delivery. The adopted Spelthorne Core Strategy seeks 40% of all housing to be delivered as affordable.

4.37 Invariably there are some sites which do not deliver policy-compliant affordable housing levels, but set against this there is delivery on land owned by the public sector or registered providers; grant support through the HCA which contributes to affordable housing delivery and, in some instances,

local housing companies or delivery vehicles which have been established to support increased delivery of affordable housing.

4.38 Applying these delivery percentages to the core affordable housing need figures yields the following notional levels of housing provision to meet the affordable need in full. This would result in an compound annual growth rate in Runnymede of 2.3%.

Table 47: Notional Housing Provision to Meet Affordable Housing in Full

Affordable Housing Need	Runnymede	Spelthorne	HMA
Affordable Housing Need	337	375	711
Assumed % Affordable Housing Delivery	33%	40%	
Notional Housing Provision to Meet Affordable Need in Full	1,027	938	1,964

4.39 The results of applying the assumed proportions of affordable housing delivery in Table 47 to the need figures using different income thresholds is shown in Table 48.

Table 48: Notional Housing Provision to Meet Affordable Housing in Full for different income thresholds

Income Threshold	@ 25%	@30%	@35%	@40%
Runnymede	**1,427**	**1,218**	**1,021**	**848**
Spelthorne	1,338	1,130	938	768
HMA	2,765	2,348	1,959	1,616

4.40 In interpreting the affordable housing needs evidence and these calculations, it is important to bear in mind the following:

- Firstly, the calculations include existing households – the types of households identified as having a current need include those with insecurity of tenure, overcrowded households, those lacking facilities or with a social/physical impairment which cannot be met *in situ*. This includes households across a range of tenures who are in need (ID 2a-022-20130306 and ID 2a-023-20140306). In moving, these households would release a home for another household. Thus whilst there is a need for affordable housing, there is not a net need for additional housing overall.
- Secondly, it clearly includes supply-side factors – with the estimate of need expected to be compared against the current total affordable housing supply and committed supply of affordable housing (ID-2a-025-20140306), and future supply taking account of relets (ID 2a-026-20140306). This is in contrast to other parts of the methodology where supply-side factors are left aside, and the focus is on *net* growth in households/ dwellings. This is an important consideration when the assessed affordable need is compared against demographic projections and the calculations should be considered as indicative.

4.41 Nonetheless, the scale of affordable housing need does provide some basis for considering higher overall housing provision relative to the conclusions on the demographic-based need for housing.

4.42 Case law has established the appropriate approach in considering affordable housing needs evidence.[12] In the Kings Lynn case, Mr Justice Dove notes the "ingredients" involved in assessing the full OAN, and that this necessitated considering a range of relevant data for which there is no one set methodology and which will involve elements of judgement. He went on to outline how the need for affordable housing should be considered in drawing conclusions on the OAN:

> *"31 In terms of the first element of the assessment in the first of the sub-bullet points in paragraph 159, namely meeting household and population projections taking account of migration and demographic change, the PPG illustrates that this is a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgment about trends and the interpretation and application of the empirical material available.*
>
> *These judgments will arise for instance in relation to whether, for example, adjustments for local demography or household formation rates are required (see paragraph ID 2a-014–20140306), and the extent and nature of adjustments for market signals (see paragraph ID 2aa-018–20140306). Judgment will further be involved in taking account of economic projections in undertaking this exercise.*
>
> *32 At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208–20140306 as follows:*
>
> *"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."*
>
> *33 This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area.*
>
> *34 Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG for the reasons which I have just set out."*

4.43 It is clear from this that the expectation is that it may be necessary, based on the affordable needs evidence to *consider* an adjustment to enhance the delivery of affordable housing, but that this does

[12] *Kings Lynn & West Norfolk vs. SSCLG & Elm Park Holdings Ltd* [2015] EWHC 2464 (Admin)

not necessarily need to be done in a mechanical way whereby the affordable need on its own dictates the OAN figure. Nonetheless it is clear that affordable housing need may result in upwards adjustments to the OAN, but with consideration given to the overall deliverability of housing.

4.44 GL Hearn considers that there is a strong interaction between affordable housing need and market signals, noting that the scale of affordable housing need is sensitive to housing costs. For example, a reduction in entry-level market housing costs would result in the affordable housing need using the core assumptions falling. This serves to highlight that an improvement in market housing costs relative to incomes (i.e. affordability), will reduce the need for affordable housing. On this basis GL Hearn has sought to draw the affordable housing analysis together with the market signals evidence, as set out in the next section, in drawing conclusions.

Key Points

- The affordable housing need model identified a total need for 6,740 units over the 20-years to 2036 (337 per annum) across the Borough.
- The identified affordable housing need of 337 per annum comprises around 75% of the 446 dpa need resulting from the OAN. This is significantly higher than the proposed Council policy of 30%-35%.
- Housing benefit reforms and future reforms could continue to impact upon the calculated need for affordable housing presented in this report. Although it is too early to fully quantify the impact of these changes.
- The extent of affordable housing need in Runnymede does merit an uplift to the OAN however due to their inter-connectedness this should be conducted alongside the market signals uplift.

5 MARKET SIGNALS

5.1 In this section consideration is given to market signals within the Housing Market Area. Para 2a-019 outlines the market signals which should be assessed, and goes on to set out that:

> *"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*

5.2 It is clear that a comparative analysis is required. In preparing the analysis herein, GL Hearn has also sought to consider longer-term trends, recognising that for some indicators there can be short-term volatility. GL Hearn has assessed trends consistent to the input period to the main demographic projections considered (2009-14 for the SNPP as well as a 10 year period 2006-16).

5.3 GL Hearn has also been mindful of the base date for the assessment being in 2013, the implication of which is that if there has been an under-delivery since this period (2013-16) against for instance the starting point demographic projections, this would be expected to be made good through the shortfall in the five year land supply calculation, and to additionally adjust for an under-delivery as a market signal over this period could introduce double counting.

Scope of the Update

5.4 Since the preparation of the 2015 SHMA, there has been new data released in a number of areas, and this is what is considered herein. The update thus considers:

- House Prices – drawing on the 2016 Price Paid Data. Our analysis assesses trends over three separate time periods 2013-2016 (since the base date), 2006-2016 (10 years) and 2001-2016 (15 years).
- Private Rental Sector – updating rental trends using the latest Valuation Office Agency Data covering a 5 year period from September 2011 to September 2016.
- Affordability – using the latest median and lower quartile affordability ratio data, considering residence based and workplace-based data, over a 15 year period from 2001.
- Rate of Development – taking account of 2016 completions data and comparing completions against Runnymede's housing target/ OAN from 2001 to 2016 to understand housing over/ under delivery.

5.5 Furthermore, 2011 census based data relating to overcrowded houses have been included, although the latter figures have not been updated. Similarly the Land Price data set out below has not been updated.

Land Prices

5.6 There is limited published data relating to land prices nationally. That which is available was produced by the DCLG in February 2015 in a publication entitled *Land value estimates for policy appraisal*. Since 2015 there has been no update to land value estimates and therefore no update available to the figures in the 2015 SHMA. Table 49 demonstrates the land values across the HMA. Values are highest in Runnymede when compared with Spelthorne, both of which are higher than the South East average and the national average when London values are excluded.

Table 49: Post Permission residential land value estimates, per hectare

	Value
Runnymede	£4,927,000
Spelthorne	£3,876,000
South East	£3,600,000
England excl. London	£2,100,000
England incl. London	£6,900,000

Source: CLG

House Price Analysis

5.7 The latest available full year's data from the Land Registry, for 2016, identified that the median house price in both Runnymede and Spelthorne was £380,000. This is lower than the Surrey average (£430,000), but 24.2% above the South East regional equivalent.

Table 50: Absolute and Percentage Change in Median House Prices (2006-2016)

		Q3 2009-2014		Q3 2006-2016	
	Median 2016	Absolute Change	% Change	Absolute Change	% Change
Runnymede	£380,000	£130,001	52%	£130,050	52%
Spelthorne	£380,000	£145,000	62%	£148,000	64%
HMA	£380,000	£137,501	57%	£139,025	58%
Surrey	£430,000	£155,000	56%	£165,000	62%
South East	£290,000	£78,500	37%	£80,000	38%
England	£212,950	£37,950	22%	£40,950	24%

Source: Price Paid Data (2016)

5.8 Table 50 shows that from Q3 in 2009 to Q3 in 2014 Spelthorne experienced a higher absolute change in house price than Runnymede whilst house prices across the HMA have risen by 57%.

5.9 The percentage increase in the Runnymede (and indeed the HMA) is greater than the percentage increase regionally and nationally although it is below the Surrey growth. The absolute growth in

Runnymede at £130,000 was less than that seen in Spelthorne although this was clearly from a higher starting point.

5.10 The PPG however advises that consideration is given to longer-term trends and over the 2006-16 decade, prices increased by 58% across the HMA, again representing stronger relative growth than has been seen at a regional or national level, however weaker growth in comparison to Surrey. The similar level of growth over the longer term in comparison to the shorter term reflects the lack of growth between the core recession years of 2006 and 2009.

Price by Type

5.11 Median house prices are influenced by the mix of properties sold. Table 51 provides analysis which enables consideration of the relative price for comparable properties. It shows that for most property types Spelthorne prices are higher than those in Runnymede, the only exception being prices for detached properties.

Table 51: Average House Price by Type of Dwelling (2016)

	Detached	Semi-Detached	Terrace	Flat
Runnymede	£581,750	£415,000	£350,000	£250,000
Spelthorne	£560,000	£425,000	£360,000	£270,000
HMA	£570,000	£420,000	£357,500	£265,000
Surrey	£700,000	£460,000	£400,000	£297,500
South East	£467,725	£315,000	£260,000	£195,000
England & Wales	£305,000	£187,000	£168,000	£197,000

Source: Price Paid Data (2016)

5.12 Again, prices in the HMA for each property type are higher than the regional and national comparators but below the Surrey equivalent. The values of detached properties across the wider County are particularly higher than those in the HMA.

Rents

5.13 Likewise, median and lower quartile rents in the HMA (£1,137 and £938 per calendar month respectively (pcm)) are above the South East and England average. As shown in Table 52, median rental costs are higher in Runnymede (£1,173 pcm) than Spelthorne (£950).

Table 52: Rental Value Trends (2011-2016)

	Median 2016	Median 2011-2016		LQ Rent 2016	LQ 2011-2016	
		Absolute Change	% Change		Absolute Change	% Change
Runnymede	£1,173	£241	21%	£950	£200	21%
Spelthorne	£1,100	£225	20%	£925	£200	22%
HMA	£1,137	£233	20%	£938	£200	21%
Surrey	£1,175	£275	23%	£925	£175	19%
South East	£850	£150	18%	£675	£100	15%
England	£650	£75	12%	£500	£50	10%

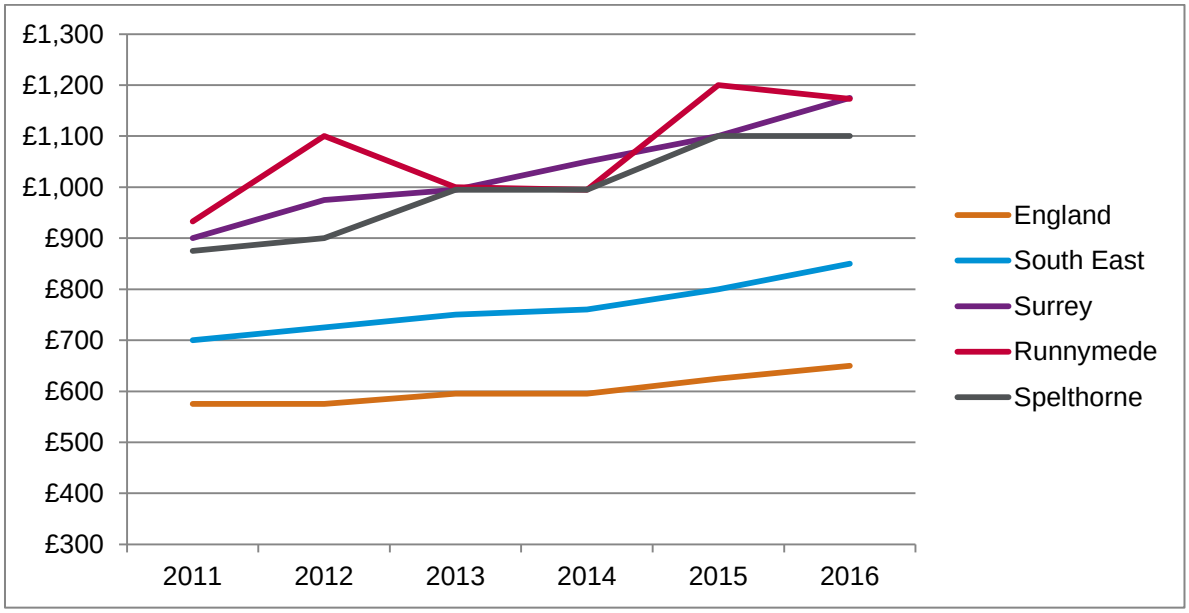
Source: VOA Private Rental Data

5.14 As expected, lower quartile rents follow a similar pattern: Runnymede has higher rents (£950) than Spelthorne (£925). In terms of rental trends, from 2011-2016 median rents have increased marginally more in Runnymede (21%) than Spelthorne (20%). In contrast lower quartile rents have increased slightly more in Spelthorne (22%) than Runnymede (20%).

5.15 In proportional terms lower quartile rents across the HMA have risen faster than the South East Surrey and national average although median rents have grown faster in Surrey. Figures 8 and 9 illustrate the median and lower quartile rental trends from 2011 to 2016, respectively.

5.16 Median rents in Runnymede have been erratic since 2011, increasing one year and decreasing the next. This is largely due to the smaller sample size. Both median and lower quartile rents in Runnymede increased sharply from 2014 to 2015 with median rents decreasing from 2015 to 2016 whilst lower quartile rents plateaued.

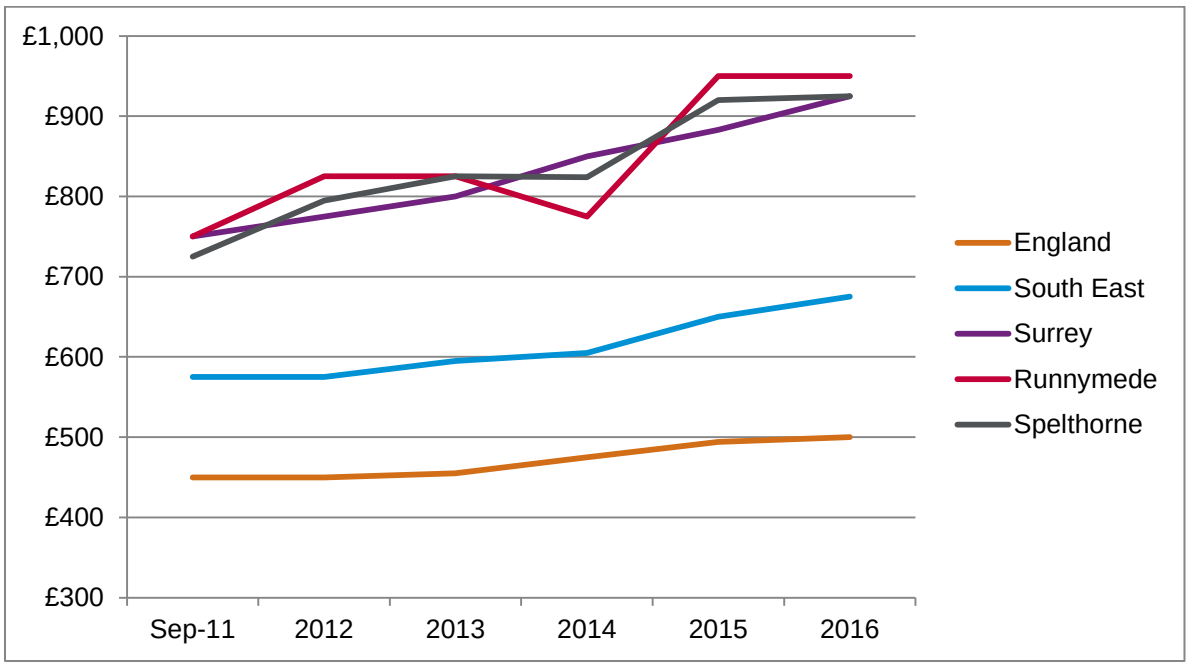
Figure 8: Median Rental Trends (2011-2016)



Source: VOA Private Rental Data

5.17 Spelthorne has experienced steadier growth than Runnymede, whereas Surrey has a similar trend to wider regional and national benchmarks (albeit from a higher base).

Figure 9: Lower Quartile Rental Trends (2011-2016)



Source: VOA Private Rental Data

Affordability Ratios

5.18 The 2015 SHMA considered evidence of affordability by looking specifically at the relationship between median and lower quartile house prices and incomes up to 2013. This report provides an updated analysis considering data up to 2016.

5.19 Affordability ratios are considered below in terms of work-place earnings and residence based earnings to take calculate the difference in affordability for those who work in the area; but also those who live in the area.

Lower Quartile

5.20 Table 53 below shows the lower quartile affordability ratio based on the earnings of those living in each authority. It considers the current ratio and how it has changed over two time periods, being 2009-2014 (5 years) and 2006-2016 (10 years).

5.21 The lower quartile affordability ratio is higher in Runnymede (12.34) compared to Spelthorne (10.15). Both are above the South East (9.74) and national (7.16) average, however Runnymede has a higher affordability ratio than Surrey (11.96) but Spelthorne (and the HMA) does not.

Table 53: Lower quartile affordability trend (residence based earnings)

	LQ 2016	Q3 2009-2014		Q3 2006-2016	
		Absolute Change	% Change	Absolute Change	% Change
Runnymede	12.34	1.07	11%	2.72	22%
Spelthorne	10.15	0.69	8%	2.18	21%
HMA Average	11.25	0.88	10%	2.45	22%
Surrey	11.96	1.10	11%	1.67	14%
South East	9.74	1.10	13%	1.32	14%
England	7.16	0.63	9%	0.01	0.2%

Source: DCLG Live Tables: Land Registry

5.22 Since 2006 and 2009, the affordability ratio has increased across all geographies, with the greatest increase in Runnymede illustrating the Borough's acute affordability situation. There was a greater worsening of affordability in Surrey and the South East in comparison to Spelthorne

5.23 Workplace based lower quartile affordability is also acute in Runnymede which has house prices which are almost 12 times higher than average earnings. However this is less than the equivalent figure for Spelthorne and Surrey but again above the regional and national figures.

Table 54: Lower quartile affordability trend (workplace earnings)

	LQ 2016	Q3 2009-2014		Q3 2006-2016	
		Absolute Change	% Change	Absolute Change	% Change
Runnymede	10.43	0.42	5%	1.39	13%
Spelthorne	10.90	1.39	16%	2.05	19%
HMA Average	10.67	0.91	10%	1.72	16%
Surrey	12.47	1.71	15%	2.56	21%
South East	9.75	1.17	13%	1.06	11%
England	7.72	0.43	6%	0.55	7%

Source: DGLG Live Tables: Land Registry Data

5.24 Affordability has worsened considerably more in Spelthorne than Runnymede over the 10 and five-year periods examined. Only the longer term deterioration in Surrey (21%) has exceeded that in Spelthorne (19%)

Median Affordability

5.25 GL Hearn has also considered median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. A similar pattern emerges that there has been consistent growth in the affordability ratio since 2006.

5.26 The affordability ratio in Runnymede (11.93) is higher than Surrey (11.56), regional (9.43) and national averages (7.72). Over the 5 year period (2009-2014) Runnymede also had a greater worsening in affordability (2.08 point increase) than Spelthorne although not to the same extent as the County as a whole. Although over the 10 year period (2006-2016) the affordability ratio in Runnymede worsened more than all other areas.

Table 55: Median affordability trend (residence based earnings)

	Median 2016	Q3 2009-2014		Q3 2006-2016	
		Absolute Change	% Change	Absolute Change	% Change
Runnymede	11.93	2.08	21%	3.89	33%
Spelthorne	10.42	1.07	13%	2.91	28%
HMA Average	11.18	1.58	17%	3.40	30%
Surrey	11.56	2.17	22%	3.35	29%
South East	9.43	1.22	15%	1.76	19%
England	7.72	0.70	10%	0.77	10%

Source: DCLG Live Tables: Land Registry

5.27 Both Runnymede and Spelthorne have a very similar workplace based and residents based median affordability ratio. Over the longer term the workplace affordability has deteriorated at a faster rate than those residing in Runnymede while the opposite is true in Spelthorne.

Table 56: Median affordability trend (workplace earnings)

	Median 2016	Q3 2009-2014		Q3 2006-2016	
		Absolute Change	% Change	Absolute Change	% Change
Runnymede	11.85	1.03	12%	4.19	35%
Spelthorne	10.62	0.61	8%	2.73	26%
HMA Average	10.47	1.23	14%	2.57	25%
Surrey	12.73	2.53	23%	3.73	29%
South East	9.99	1.28	15%	1.97	20%
England	7.16	0.70	10%	0.21	3%

Source: DCLG Live Tables: Land Registry

5.28 Runnymede also demonstrates a greater worsening in affordability over the 5 year period (2009-2014) in comparison with Spelthorne. Overall both areas can be seen as having severe affordability issues.

Rate of Development

5.29 GL Hearn has assessed housing delivery compared to housing targets/ OAN figures across two separate time periods, 2009 to 2014 (5 years feeding into the official projection) and 2006 to 2016 (10 year period feeding into ten year trend analysis). Table 57 below identifies the percentage of delivery for each authority and the total delivery across the HMA since 2006.

5.30 Across the HMA over both periods, net completions exceeded the target of the time. In particular the period feeding into the official projections saw an over delivery of 102 homes, 6% above the target.

Table 57: Rate of Development (2006-2016)

	Completions	Target	Under Delivery	% of Delivery
2009-2014				
Runnymede	926	864	-62	107%
Spelthorne	870	830	-40	105%
HMA	1,796	1,694	-102	106%
2006-2016				
Runnymede	2,159	2,102	-57	103%
Spelthorne	1,991	2,046	55	97%
HMA	4,150	4,148	-2	100%

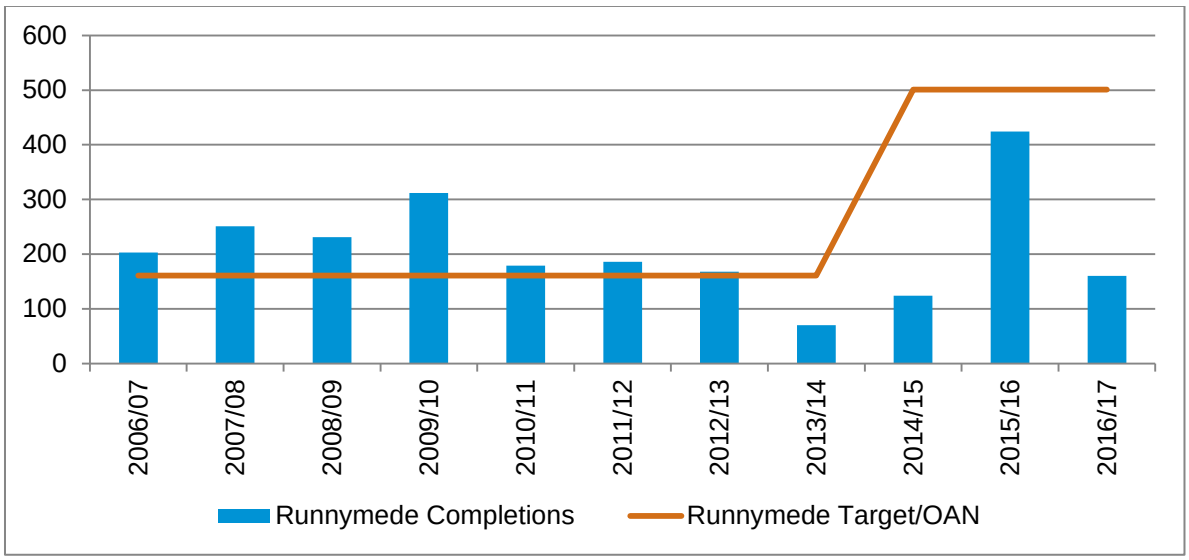
Source: Annual Monitoring Reports

5.31 It should be noted that the housing requirement for Runnymede is taken from the Current Local Plan (2007 Update). This continued policies written in the late 90s which were also reflected in Policy H1 of the South East Plan (Regional Spatial Strategy (RSS)). Both documents required a total of 5,720 dwellings (286 dpa) for 2006-26 period.

5.32 However, the RSS acknowledged that the former DERA site at Longcross should be considered separately. Therefore, the requirement for Runnymede excluding Longcross was 3,320 for 2006 onwards or 161 dpa.

5.33 Figure 10 shows, there was a cumulative over-delivery even during the credit crunch and market downturn since 2013; however influenced by market conditions a level of under-delivery has arisen since.

Figure 10: Housing Delivery 2006/7-16/17



Source: AMR 2016/17, AMR 2012/13

5.34 Although this is not a significant shortfall mainly based on the comparatively low housing targets previously. However, including the most recent years which reflect the higher target from the 2015 SHMA there has been a cumulative shortfall in delivery. Indicatively, the average delivery of the last five years is 60% below the 2015 OAN.

5.35 However, under-delivery in the past year (since 2016) will be picked up in any shortfall once this report is published and used to assess five-year housing land supply.

Overcrowded Housing

5.36 The previous SHMA stated that a symptom of affordability pressures, restrictions on access to mortgage and finance and housing under-supply (which are all related) is an increase in overcrowded households (including young people living with their parents for longer).

5.37 Overcrowding is based on the number of rooms required for a given household against the number of rooms for a given household against the number of rooms in their home and where there are too few rooms this would be classed as 'overcrowding'. This is identified through Census data and has not been updated since 2011. Therefore, there is no update from the previous SHMA.

Table 58: Change in Overcrowded Households, 2001-2011

	2001	2011	% Change
Runnymede	1,918	2,170	41%
Spelthorne	2,493	3,553	43%
Surrey	23,690	30,783	30%
South East	195,392	265,974	36%
England	1,457,512	1,928,596	32%

Source: Census 2001 and 2011

5.38 Table 58 is taken from the 2015 SHMA and identifies that across the HMA the number of overcrowded households, using this measure, increased by 42% between 200-2011. This is above the equivalent trends in the wider area.

Implications of the Market Signals and Affordable Housing Needs Analysis

5.39 In drawing conclusions, GL Hearn has sought to bring together the evidence on affordable housing and market signals. Our analysis indicates that house prices and rents are both above the South East average.

5.40 Although there has been no historical under-delivery of housing affordability has worsened with lower quartile house prices in Runnymede more than 12 times earnings. The Affordable housing needs evidence would also justify an upward adjustment from the starting point projections.

5.41 The appropriate benchmark against which to assess adjustments for market signals and affordable housing need is the starting point demographic projections, which point to a need for 415 dpa. The evidence would warrant a 20% adjustment, resulting in a need for 498 dpa.

5.42 Over the longer term to 2036 a 20% uplift to address affordability would result in an OAN of 488 dpa. Such an adjustment would improve household formation rates in all age groups part way back to historic levels but also allow for increased migration to increase the workforce.

Key Messages

- Residential land values are higher in Runnymede than Spelthorne than the south east average.
- Median house prices for Runnymede and Spelthorne are identical (as at 2016) although Spelthorne has been experiencing higher growth over the 5 year period from 2009 to 2014. Since Q3 2006, absolute increases in house prices have been greater in Runnymede.
- Typically, Spelthorne has higher house prices for most types of dwelling than Runnymede (not detached) but both have lower house prices by type when compared with Surrey.
- Median and lower quartile rents in Runnymede and Spelthorne are considerably higher than regional and national averages, but again lower than the Surrey average.
- Over the period 2011 to 2016, median rents increased marginally more in Runnymede than Spelthorne whereas for lower quartile rents the opposite is true.
- Overall, Runnymede has higher affordability ratios than Spelthorne, which are also higher than regional and national averages.
- Past rates of development have fallen, particularly between 2010/11 and 2014/15. Although there is no shortfall in the examined input periods. Under-delivery over the past year has reversed this.
- The market signals evidence coupled with the affordable housing need calculations warrants a 20% uplift in Runnymede. When applied to the starting point this results in a housing need of 498 dpa for the 2016-30 period.

6 HOUSING MIX

Introduction

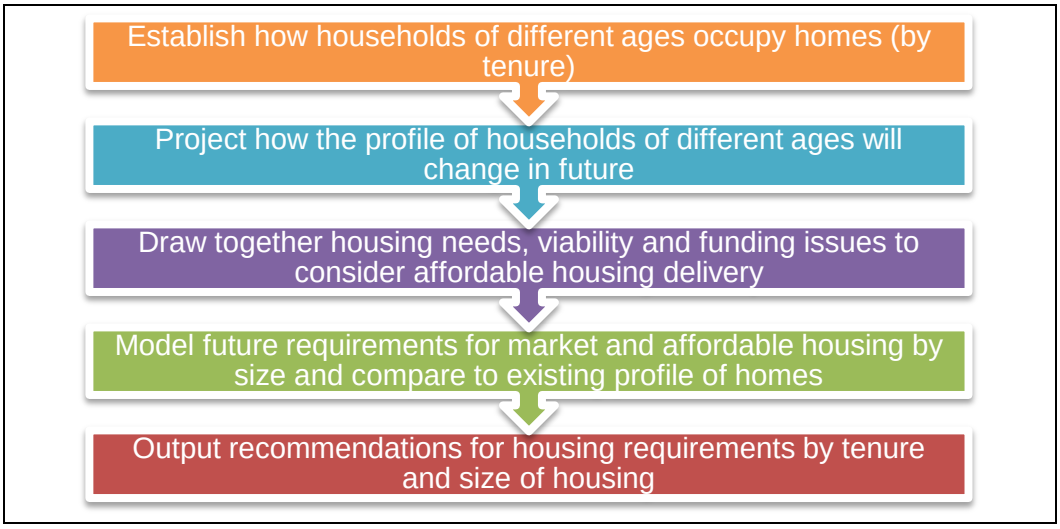
6.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

6.2 This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

6.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. The analysis is based on 498 additional dwellings per annum in the 2016-30/36 period; this being the OAN assessed in this report. In total, over the 2016-36 period, the number of households is projected to increase by about 9,500, and this figure is used in the modelling (including the underlying population structure).

6.4 Figure 11 describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections. The methodology is essentially the same as in previous SHMA work for the Council, but with the inclusion of more up-to-date Census information and data from population/household projections.

Figure 11: Stages in the Housing Market Model



6.5 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and Table 59 shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. Generally, in the owner-occupied and social rented sector the current mix looks to be fairly balanced, however, there looks to be a higher proportion of 4+ bedroom homes in the private rented sector. This seems to be driven by student households; excluding these households from the figures would reduce the 4+ bedroom proportion to about 14% - more in-line with other areas. This point is taken into account in drawing conclusions.

Table 59: Number of bedrooms by tenure (2011)

		Runnymede	Spelthorne	Surrey	England
Owner-occupied	1 bedroom	7%	5%	5%	4%
	2 bedrooms	26%	21%	22%	23%
	3 bedrooms	41%	40%	44%	48%
	4+ bedrooms	27%	35%	30%	25%
	Total	100%	100%	100%	100%
Social rented	1 bedroom	36%	37%	32%	31%
	2 bedrooms	28%	30%	33%	34%
	3 bedrooms	31%	30%	31%	31%
	4+ bedrooms	5%	3%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1 bedroom	24%	23%	24%	23%
	2 bedrooms	35%	39%	37%	39%
	3 bedrooms	21%	24%	27%	28%
	4+ bedrooms	20%	14%	12%	10%
	Total	100%	100%	100%	100%

Source: Census 2011

Understanding how Households Occupy Homes

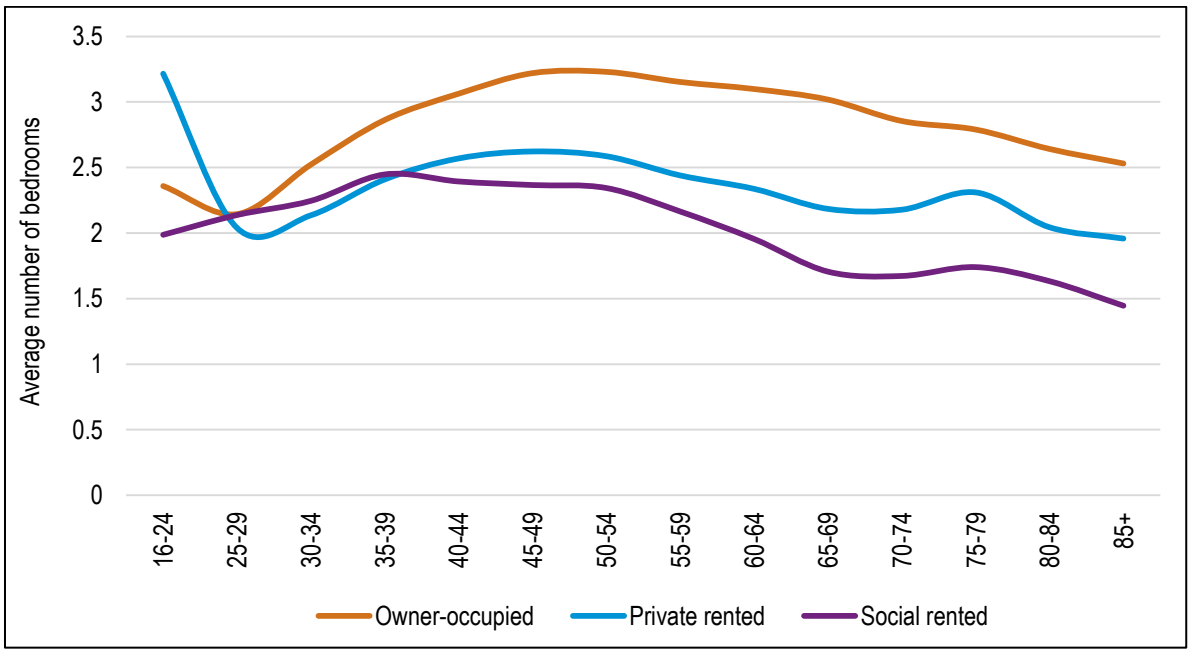
6.6 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

6.7 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing.

6.8 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

6.9 Figure 12 shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes) is seen in the private rented sector; data for this sector also clearly shows the influence of student households (in the 16-24 age group). In the social rented sector the size peak is earlier (age 35-39) with again smaller dwellings sizes than the owner-occupied sector (and the private rented sector in many age groups). After dwelling sizes peak, the average dwelling size decreases; this will be due to some households downsizing as they get older.

Figure 12: Average Bedrooms by Age and Tenure – Runnymede



Source: Derived from ONS Commissioned Table CT0621

6.10 In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Tenure Assumptions

6.11 The housing market model has been used to estimate the future need for different sizes of property over the 20-year period from 2016 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus, it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

6.12 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 35% of net completions are either affordable housing (rented) or low-cost home ownership and therefore that 65% are market housing (designed to be sold for owner-occupation).

Within the 35% affordable/low-cost a split of roughly 70:30 has been used; this means an estimated total of 25% of completions as affordable housing (rented) and 10% as affordable home ownership (this latter figure being informed by the Housing White Paper).

6.13 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whist some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. The figures used are not a policy position and has been applied simply for the purposes of providing outputs from the modelling process. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- Market housing – 65%
- Low-cost home ownership – 10%
- Social/affordable rent – 25%

Key Findings: Market Housing

6.14 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2016 to 2036.

6.15 On the basis of projecting in-line with OAN conclusions, an increase of 4,300 additional households is modelled to 2030 and 6,200 through to 2036. The majority of these need three-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households. There are only minor differences in the mix shown when looking at the period to 2036 compared with the period to 2030.

Table 60: Estimated Size of Dwellings Needed 2016 to 2030 – Market Housing – OAN conclusion – Runnymede

Size	2016	2030	Additional households 2016-2030	% of additional households
1 bedroom	1,766	2,079	313	7.2%
2 bedrooms	6,314	7,488	1,174	27.1%
3 bedrooms	9,871	11,647	1,776	40.9%
4+ bedrooms	6,516	7,591	1,075	24.8%
Total	24,467	28,806	4,339	100.0%

Source: Housing Market Model

Table 61: Estimated Size of Dwellings Needed 2016 to 2036 – Market Housing – OAN conclusion – Runnymede

Size	2016	2036	Additional households 2016-2036	% of additional households
1 bedroom	1,766	2,223	457	7.4%
2 bedrooms	6,314	8,000	1,686	27.2%
3 bedrooms	9,871	12,391	2,520	40.7%
4+ bedrooms	6,516	8,051	1,535	24.8%
Total	24,467	30,665	6,198	100.0%

Source: Housing Market Model

6.16 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

6.17 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Low-cost home ownership

6.18 Table 62 and 63 show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends. The data suggests that the main need is for homes with two- or three-bedrooms, although the proportions in the 1-bedroom category are higher than for market housing. The figure for 4+ bedroom homes should be treated with some caution as it is impacted by student households. If these households are removed from the analysis, the 4+ bedroom category would be expected to drop to something in the region of 12%-13%.

Table 62: Estimated Size of Dwellings Needed 2016 to 2030 – affordable home ownership – OAN conclusion – Runnymede

Size	2016	2030	Additional households 2016-2030	% of additional households
1 bedroom	1,428	1,585	156	23.4%
2 bedrooms	2,048	2,285	236	35.4%
3 bedrooms	1,212	1,364	152	22.8%
4+ bedrooms	1,133	1,256	123	18.4%
Total	5,822	6,490	667	100.0%

Source: Housing Market Model

Table 63: Estimated Size of Dwellings Needed 2016 to 2036 – affordable home ownership – OAN conclusion – Runnymede

Size	2016	2036	Additional households 2016-2036	% of additional households
1 bedroom	1,428	1,660	232	24.3%
2 bedrooms	2,048	2,385	336	35.3%
3 bedrooms	1,212	1,420	207	21.7%
4+ bedrooms	1,133	1,311	178	18.7%
Total	5,822	6,776	954	100.0%

Source: Housing Market Model

6.19 Discussions with the Council about recent shared ownership schemes suggest that many are not accessed by people with a local connection. Therefore, the mix of affordable housing could potentially be more biased towards rented products.

6.20 The analysis above is broadly based on a 70:30 split between rented and intermediate products; if intermediate housing is not readily available to local people then an alternative (maybe 80:20) might be appropriate.

6.21 The decision on the split is one for the Council and will additionally depend on issues such as viability, and whether or not the Government is prescriptive about the amount of housing that should be “affordable” home ownership products. The split of housing between rented and intermediate will not however have any notable impact on analysis of the size mix.

Key Findings: Affordable Housing (rented)

6.22 Table 64 and 65 show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends. The data suggests that the main need is for homes with one- or two-bedrooms.

Table 64: Estimated Size of Dwellings Needed 2016 to 2030 – affordable housing (rented) – OAN conclusion – Runnymede

Size	2016	2030	Additional households 2016-2030	% of additional households
1 bedroom	1,664	2,322	659	39.5%
2 bedrooms	1,281	1,730	450	26.9%
3 bedrooms	1,369	1,854	485	29.1%
4+ bedrooms	213	289	75	4.5%
Total	4,527	6,195	1,669	100.0%

Source: Housing Market Model

Table 65: Estimated Size of Dwellings Needed 2016 to 2036 – affordable housing (rented) – OAN conclusion – Runnymede

Size	2016	2036	Additional households 2016-2036	% of additional households
1 bedroom	1,664	2,616	953	40.0%
2 bedrooms	1,281	1,925	644	27.0%
3 bedrooms	1,369	2,052	683	28.7%
4+ bedrooms	213	317	104	4.4%
Total	4,527	6,910	2,384	100.0%

Source: Housing Market Model

6.23 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

6.24 It should be noted that the figures presented above cover all households. In the affordable (rented) sector, the level of need is such that in reality the Council will need prioritise certain household groups to be accommodated (likely to be based primarily on those for whom the Council has a statutory duty to house). These households will have a different profile to all households (likely to be fewer single people) and therefore will require a different mix of housing.

6.25 To investigate this, the Council has provided a range of statistics (including about the supply of homes by size) – these are presented and commented on below, and are utilised in drawing conclusions about an appropriate mix of affordable (rented) housing.

6.26 The first table below shows the size of homes in which the Council has been able to place applicants in the 2017 calendar year. This shows a strong focus on 1-bedroom units (48% of the total if including 0 bedrooms/Studios) – higher than the need shown above (which is for all households).

Table 66: Vacancies that the Council have been able to place applicants in from 1 January 2017 to 31 December 2017

Bedrooms	Count	% of total
1 bedroom	7	2%
2 bedrooms	139	46%
3 bedrooms	110	36%
4 bedrooms	39	13%
5 bedrooms	8	3%
Total	303	100%

Source: Runnymede Borough Council

6.27 The table below shows information about the size of accommodation required by households accepted as homeless (such households would be considered to have a priority need). In this case there is a strong focus on the need for 2-bedroom homes.

Table 67: Applicants Accepted as Homeless or provided with a homelessness prevention offer from 1 January 2017 to 31 December 2017

Bedrooms	Count	% of total
1 bedroom	19	16%
2 bedrooms	81	70%
3 bedrooms	14	12%
4 bedrooms	1	1%
5 bedrooms	1	1%
Total	116	100%

Source: Runnymede Borough Council

6.28 Finally, the table below shows current Housing Register applicants who are in priority need (and the size of home they require). This shows a particular focus on a need for 2- and 3-bedroom homes. There is also a relatively high need in the 1-bedroom category; however, it should be noted that around three-fifths of this category consists of people who are registered for under occupation and may be reluctant to move unless they are offered a bungalow or house on a social rent.

Table 68: Current Housing Register applicants in priority need

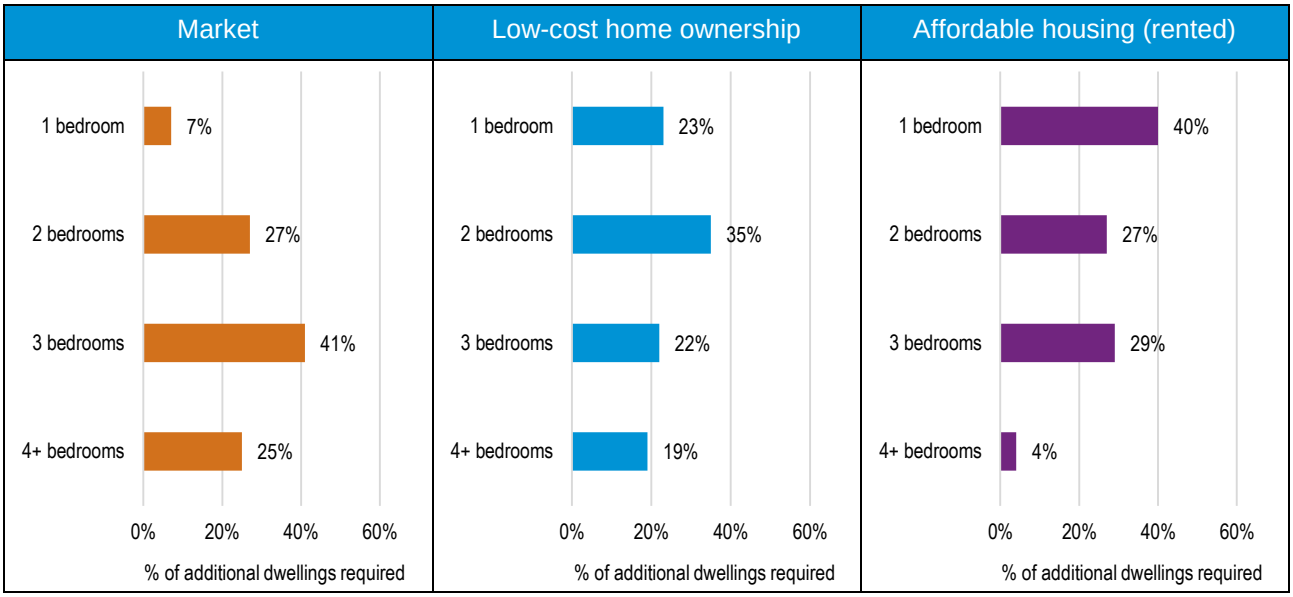
Requirement	Number	%
1 bedroom	51	26%
2 bedrooms	70	35%
3 bedrooms	60	30%
4 bedrooms	16	8%
5 bedroom	1	1%
6 bedrooms	1	1%
Total	199	100%

Source: Runnymede Borough Council

Indicative Targets by Tenure

6.29 Figure 13 summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clear shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 13: Size of housing required 2016 to 2030/36 – Runnymede



Source: Housing Market Model

6.30 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise. Reducing the 1-bedroom need is also consistent with analysis around the profile of lettings and the size requirements of homeless households and those in priority need.

6.31 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

6.32 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced from these outputs with a commensurate increase in other dwelling sizes being appropriate.

6.33 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:

- 1-bed properties: 10-15%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4-bed properties: 5-10%

6.34 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

6.35 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

6.36 In the low-cost home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant – this is particularly the case for four bedroom homes in the affordable home ownership category. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of low-cost home ownership is suggested:

- 1-bed properties: 15-20%
- 2-bed properties: 40-45%
- 3-bed properties: 25-30%
- 4-bed properties: 10-15%

6.37 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 5-10%
- 2-bed properties: 25-30%
- 3-bed properties: 40-45%
- 4-bed properties: 20-25%

6.38 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process.

Housing Mix (Size of Homes Needed) – Conclusions

6.39 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Taking account of all these factors, our analysis suggests that the following represents an appropriate mix of affordable and market homes:

Table 69: Suggested mix of housing (by size and broad tenure)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Low-cost home ownership	15-20%	40-45%	25-30%	10-15%
Affordable housing (rented)	10-15%	40-45%	35-40%	5-10%

Source: GL Hearn modelling

6.40 The mix identified above should inform strategic planning and housing policies. In applying recommended housing mix to individual development sites, regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

6.41 The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

6.42 The analysis of an appropriate mix of dwellings could also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance in affordable housing negotiations.

6.43 The conclusions for the affordable rented sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

6.44 The analysis also takes account of the fact that rented affordable housing would tend to be allocated on the basis of a bedroom standard (which for example would see a childless couple having a need for a one-bedroom home), whilst it is expected that accessing low-cost (affordable) home ownership would have more flexibility (and that this tenure is in part designed to allow households in the private rented sector to buy their own home).

6.45 Based on the evidence, it is expected that the focus of new market housing provision should be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households.

6.46 There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay. To respond and/or encourage this the Council may wish to adopt a policy which has increased provision of small to medium homes and reduced numbers of larger (+4 bed homes).

Key Messages

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Low-cost home ownership	15-20%	40-45%	25-30%	10-15%
Affordable housing (rented)	10-15%	40-45%	35-40%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).

- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

- The analysis of an appropriate mix of dwellings could also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

7 HOUSING TECHNICAL STANDARDS AND NEEDS OF SPECIFIC GROUPS

Introduction

7.1 Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.

7.2 The PPG sets out that the reason for the approach to setting standards is designed to 'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes' (56-001) and that 'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area' (56-002).

7.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
- the accessibility and adaptability of existing housing stock;
- how needs vary across different housing tenures; and
- the overall impact on viability.

7.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

7.5 Additionally, for some analysis it is necessary to project the population forward. Reference for this is made to the projections developed in this report, linking to the assessment of Objectively Assessed Housing Need (OAN). In this projection, the population is projected to grow by 20,200 in the 2016-36, with an increase of 9,500 in the number of households – data is also provided for the 2016-30 period.

Current Population of Older People

7.6 Table 70 provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2016 to reflect the latest published data for local authority areas and above. The data shows, when compared with the county, the region and England, that the Borough of Runnymede has a slightly lower proportion of older persons; differences are not however substantial. In 2016, it is estimated that 17% of the population of the Borough was aged 65 or over.

Table 70: Older Person Population (2016)

		Under 65	65-74	75-84	85+	Total	Total 65+
Runnymede	Popn	72,076	7,713	4,779	2,321	86,889	14,813
	% of popn	83.0%	8.9%	5.5%	2.7%	100.0%	17.0%
Surrey	% of popn	81.3%	9.8%	6.0%	2.9%	100.0%	18.7%
South East	% of popn	81.1%	10.3%	6.0%	2.7%	100.0%	18.9%
England	% of popn	82.1%	9.8%	5.7%	2.4%	100.0%	17.9%

Source: ONS 2016 Mid-Year Population Estimates

Future Change in the Population of Older Persons

7.7 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the OAN projection (for Runnymede) and subnational population projections (SNPP) for other areas to provide a comparison – the data runs from 2016 to 2030/36.

7.8 The data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 49% over the 20-years from 2016; this compares with overall population growth of 23% and a more modest increase in the Under 65 population of 18%.

7.9 The increase in the number of older people in the Borough is projected to be similar to that in other areas whilst the increase in the under 65 population is somewhat higher – this latter finding will to some extent be linked to the projection for Runnymede being an uplift from the SNPP (data for other areas is directly from official ONS projections).

Table 71: Projected Change in Population of Older Persons (2016 to 2030) – OAN conclusion and 2014-based SNPP

	Under 65	65-74	75-84	85+	Total	Total 65+
Runnymede	13.5%	23.4%	39.3%	49.5%	16.7%	32.6%
Surrey	6.8%	18.9%	42.3%	60.9%	11.7%	32.9%
South East	4.7%	20.5%	51.1%	64.7%	10.7%	36.5%
England	4.3%	19.0%	45.7%	61.8%	9.5%	33.2%

Source: ONS subnational population projections (2014-based) and demographic modelling

Table 72: Projected Change in Population of Older Persons (2016 to 2036) – OAN conclusion and 2014-based SNPP

	Under 65	65-74	75-84	85+	Total	Total 65+
Runnymede	17.8%	34.9%	51.5%	93.7%	23.2%	49.5%
Surrey	8.0%	30.3%	50.1%	110.9%	15.7%	49.1%
South East	5.5%	32.1%	60.3%	120.2%	14.6%	53.7%
England	5.1%	29.2%	54.5%	114.0%	12.9%	48.7%

Source: ONS subnational population projections (2014-based) and demographic modelling

7.10 In total population terms (2016-36), the projections show an increase in the population aged 65 and over of 7,300 people, this is against a backdrop of an overall increase of 20,200, meaning that the population aged 65 and over is projected to make up over a third of all population growth.

Table 73: Projected Change in Population of Older Persons (2016 to 2030) – Runnymede (OAN projection)

	2016 population	2030 population	Change in population	% change
Under 65	72,076	81,793	9,717	13.5%
65-74	7,713	9,516	1,803	23.4%
75-84	4,779	6,656	1,877	39.3%
85+	2,321	3,470	1,149	49.5%
Total	86,889	101,436	14,547	16.7%
Total 65+	14,813	19,643	4,830	32.6%

Source: ONS subnational population projections (2014-based) and demographic modelling

Table 74: Projected Change in Population of Older Persons (2016 to 2036) – Runnymede (OAN projection)

	2016 population	2036 population	Change in population	% change
Under 65	72,076	84,933	12,857	17.8%
65-74	7,713	10,404	2,691	34.9%
75-84	4,779	7,240	2,461	51.5%
85+	2,321	4,495	2,174	93.7%
Total	86,889	107,072	20,183	23.2%
Total 65+	14,813	22,139	7,326	49.5%

Source: ONS subnational population projections (2014-based) and demographic modelling

Older Persons' Housing Needs

7.11 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

7.12 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

7.13 Table 75 shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for around 800 units – 39 per annum in the 2016-36 period – this is around 8% of the total need identified in household projections (498 dwellings per annum).

Table 75: Projected need for Specialist Housing for Older People (2016-30/36) – Runnymede

	2016-30	2016-36
Population aged 75+ (2016)	7,100	7,100
Population aged 75+ (2030/36)	10,127	11,734
Change in population aged 75+	3,027	4,634
Specialist housing need (@ 170 units per 1,000)	515	788
Per annum need (2016-30/36)	**37**	**39**

Source: Derived from demographic projections and Housing LIN

7.14 The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market (including shared ownership)[13] - this is likely to be a reasonable tenure split to consider in Runnymede. Within the 170 units per 1,000 population in the Housing LIN data, an indicative split is provided between sheltered housing, enhanced sheltered and extra-care. In reality, most additional specialist housing can be expected to be within the extra-care category, this is because many areas already have a notable supply of sheltered accommodation.

7.15 It should be noted that these are national based assumptions which the Housing LIN apply to local areas. It may well be the case than in more affluent areas the need for this type homes would be less and vice versa. Therefore, the figures should be treated as indicative.

7.16 Alternatively, Surrey County Council has also produced their own detailed Commissioning Strategy for Older People in Surrey14 which seeks to provide a further layer of detail. The aims of the strategy are to:

- Stimulate the market to develop services which help older people make the most of personalisation and self-directed support;
- Set up comprehensive commissioning arrangements for preventative services designed to improve the quality of life and maximize independence for older people and also control spend through managing increasing demand;
- Specifically improve services for dementia; and
- Minimise the costs of services provided, to ensure that the County Council can maximize their ability to help Older People in need of support.

Registered Care Bedspaces (C2 use class)

7.17 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of demographic modelling which indicates an increase of around 330 people living in institutions over the 2016-36 period (17 per annum).

[13] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

[14] https://www.surreycc.gov.uk/social-care-and-health/care-and-support-for-adults/information-for-professionals-partners-and-providers/adult-social-care-strategies-policies-and-performance/adult-social-care-commissioning-strategy-for-older-people-in-surrey-2011-2020

Table 76: Potential Need for Residential Care Housing – Runnymede

	2016-30	2016-36
Institutional population aged 75+ (2016)	501	501
Institutional population aged 75+ (2030/36)	681	835
Change in institutional population aged 75+	180	334
Per annum 'need' (2016-30/36)	**13**	**17**

Source: Derived from demographic projections

Health Related Population Projections

7.18 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used which provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.

7.19 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

7.20 Table 77 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 70%) along with a 60% increase in the number with mobility problems (in the period to 2036).

7.21 When related back to the total projected change to the population, the increase of 1,700 people with a mobility problem represents 8% of the total population growth projected by the OAN projections.

Table 77: Estimated Population Change for range of Health Issues (2016 to 2030/36) – Runnymede

Type of illness/ disability	2016	2030	Change	% increase
Dementia	1,118	1,597	480	42.9%
Mobility problems	2,819	3,868	1,049	37.2%
Type of illness/ disability	**2016**	**2036**	**Change**	**% increase**
Dementia	1,118	1,897	779	69.7%
Mobility problems	2,819	4,510	1,691	60.0%

Source: Data from POPPI and demographic projections

People with Disabilities

7.22 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

7.23 Table 78 shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough some 26% of households contain someone with a LTHPD. This figure is lower than seen across the region, and well below the national average.

7.24 The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 14% of the population of the Borough have a LTHPD). Although the figures for England are slightly higher (18%).

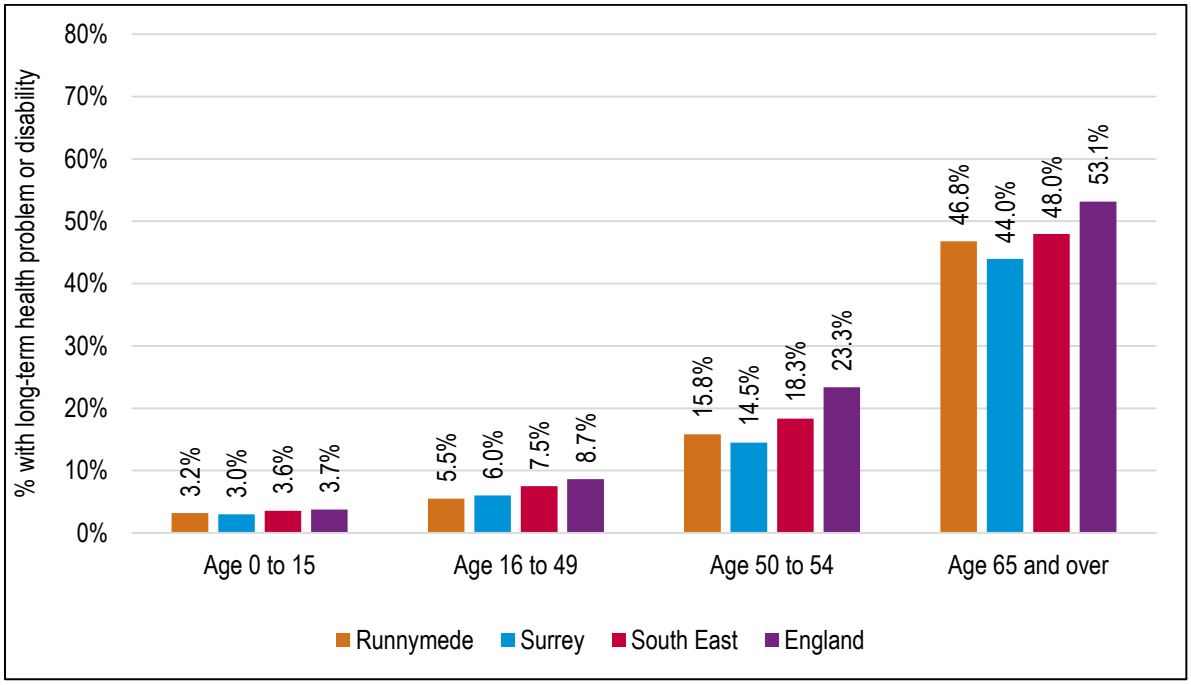
Table 78: Households and people with Long-Term Health Problem or Disability (2011)

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Runnymede	**8,637**	**26.4%**	**11,155**	**13.9%**
Surrey	117,913	25.9%	153,354	13.5%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

7.25 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, Figure 14 shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. When compared with other areas, the population of Runnymede is less likely to have a LTHPD for all age bands when compared with regional and national data.

Figure 14: Population with Long-Term Health Problem or Disability in each Age Band



Source: 2011 Census

7.26 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that by 2036 the number of people with a LTHPD will increase by around 4,300 (a 35% increase).

7.27 Across the Borough, much of this increase (80%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 21% of the total increase in the population estimated by the projections.

Table 79: Estimated change in population with LTHPD (2016-2030/36) – Runnymede

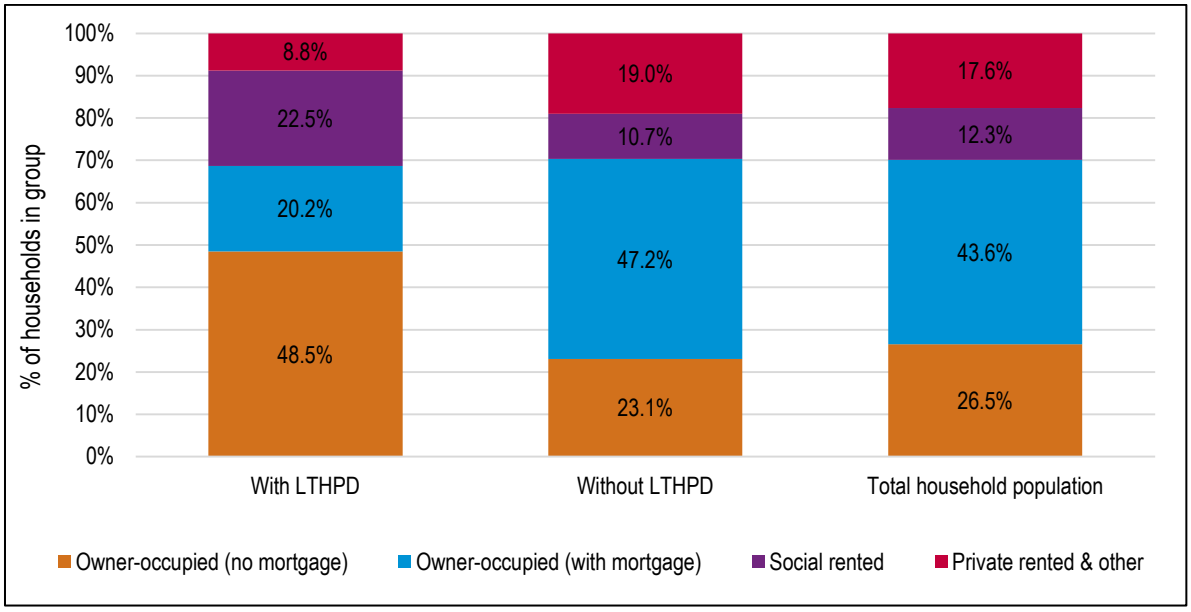
	Population with LTHPD		Change	% change from 2016
	2016	2030/36		
2016-30	12,153	15,076	2,923	24.0%
2016-36	12,153	16,443	4,290	35.3%

Source: Derived from demographic modelling and Census (2011)

7.28 Figure 15 shows the tenures of people with a LTHPD – it should be noted that the data is for people rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the

population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 15: Tenure of people with LTHPD – Runnymede



Source: 2011 Census

7.29 Table 80 shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are about twice as likely to have a person with a LTHPD as those in other tenures.

Table 80: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
Runnymede	**24.7%**	**11.9%**

Source: Derived from demographic modelling and Census (2011)

Wheelchair User Housing

7.30 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

7.31 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).

7.32 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the number of wheelchair user households with unmet housing need). In Runnymede, as of 2016, this would represent a current need for about 122 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2016-36) then there would be an additional need for around 286 adapted homes. If this figure is brought together with the estimated current need then the total wheelchair user need would be for around 408 homes – this is about 4% of the total household growth in the projections.

Table 81: Estimated need for wheelchair user homes (2016-2030/36) – Runnymede

	Current need	Projected need (2016-30/36)	Total	Total household growth	% wheelchair user
2016-30	122	215	337	6,675	5.0%
2016-36	122	286	408	9,536	4.3%

Source: Derived from demographic projections and Habinteg prevalence rates

7.33 Information in the CLG Guide to available disability data, also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that 'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling').

Student Need

7.34 Runnymede is home to Royal Holloway, University of London (RHUL) which is an historic college of the University of London. The main campus of RHUL is located between Egham and Englefield Green. RHUL has just less than 10,000 students and 3,552 bed-spaces including 621 additional bed-spaces built in 2017.

7.35 The University currently offers guaranteed accommodation for all under-graduate new entrants and single year Masters students and post-graduate research students (around 400 per annum) if they apply before a certain deadline. RHUL operates almost at capacity but there are a few unavoidable voids due to university drop-outs.

7.36 Only 80% of undergraduates (both international and domestic/EU) and only 60% of overseas Masters students and 20% of domestic Masters students take up this offer. The 20% of under-graduate students that do not take up the offer do so for differing reasons. Typically the international students tend to live in private halls while the domestic under-graduates tend to already live locally.

7.37 RHUL do not keep records of where students live if they do not live on campus. They have parent's addresses as emergency contact but nothing else. It was suggested however that the majority of students living off campus lived in Englefield Green, Staines, West London and along the train line serving Egham.

Growth Aspirations

7.38 The University's Masterplan would see an increase in student numbers to 12,000 by 2031 (+2,000) and the delivery of 5,579 additional bed-spaces (+2027). The growth is almost entirely in under-graduate numbers with same proportion of Home/EU students and Internationals students as at present (79%:21%).

7.39 As well as increasing the total number of students the University is also seeking to increase both bed-spaces and the percentage of students who live on campus. Their aim is to have 46% living on campus by 2031.

7.40 RHUL has aspirations to widen the offer of guaranteed accommodation to returning students (2&3rd year under-graduates) particularly those in the third year. However the University has not gauged the appetite among the students for this. As living in halls cost more than some the private rents in HMOs on offer this is not necessarily a given. To give an indication of costs:

- University run Halls of Residence – anything up to £150 per week with a 30/38 week contract;
- Private Halls of Residence – Anything up to £250 per week for 50 weeks; and
- HMO - £75-£120 per week plus bills, with a 50 week contract.

7.41 The relatively lower cost of HMO accommodation is also a challenge for the private sector halls of residence providers. There are a number of such halls in the area which are planned for and populated without consulting with RHUL. The provision includes:

- The Pad – 229 rooms
- The Podium – 178 rooms

- The Hox – 499 rooms which will be available from Sept 2019 on the former Brunel Campus.

7.42 While the Masterplan was prepared pre-Brexit RHUL is still on course for their 2021 targets and their long term aspirations haven't changed. They still intend to increase the supply of bed-spaces by 1,000 in the immediate future but no concrete plans which will lead to a planning application. That said the longer term targets may need revision as there is some uncertainty but they have no deviated from them yet.

7.43 The masterplan for the campus is a skeleton for the development of the area. They have since purchased (on a purchase and lease back basis) the adjacent Proctor and Gamble site. When P&G eventually vacate the site this will provide additional land for RHUL to grow into. Plans for that site have not yet been developed.

7.44 It is also considered noteworthy that the Council is moving forward with regeneration proposals in Egham Town Centre. The provision of student accommodation is currently being considered for potential inclusion in these schemes. This would add another element of supply.

PRS Accommodation

7.45 Within the wider housing stock there are several issues that students face. In particular the landlords are now required to prove to the government that their tenants have the appropriate visas. This causes issues with International students who don't often have the required proof or get it too late in the rental process. Landlords are also requiring substantial deposits which are difficult for some students to raise.

7.46 To combat unscrupulous landlords the student union runs a landlord accreditation scheme. The accreditation scheme has four levels (Gold, Silver. Bronze, Platinum). In order for landlords or agents to become platinum accredited they must:

- Registered member of a Deposit Protection Scheme (TDS, DPS or My Deposits);
- Provide the union with copies of the Assured Short-hold Tenancy or Lodgers Agreement;
- Provide the union evidence that they are registered members of a Property Redress Scheme;
- Are accredited landlords with Runnymede Borough Council;
- Have an independent company carry out a fire risk assessment;
- Have an independent company carry out an inventory report;
- Have an independent company carry out a damp and timber report every 5 years;
- Charge a maximum of £100 administration fee;
- Provide deposit deduction lists and receipts for the costs they charge tenants; and
- Do not charge the student a holding fee.

Impact on OAN

7.47 In order to understand whether the Council should consider delivering additional homes to meet the ambitions of RHUL we need to understand the assumed growth within the official forecasts and whether this exceeds or underestimates this growth.

7.48 In 2011 54% of the Runnymede population aged 16-24 were full-time students (living in a household space). In the 2014-based projections this age group is projected to grow by 2,530 people between 2012 and 2031 (The Universities plan period). Assuming the proportion of students remains constant this would equate to a growth of 1,369 students.

7.49 However the University in their masterplan have sought to increase the number of students by 3,395 over the same period. Around 2% would be mature students which if excluded would mean growth of in students aged 16-24 by 3,327. This is some 1,958 persons higher than the 2014-based projections anticipate. This is the unplanned for growth which would justify an uplift to the OAN.

7.50 These calculations assume that all the forecast growth in students are RHUL students. Conversely, not all of this planned growth in RHUL Students living in households will live inside the Borough. As stated RHUL does not record the location of residence for students that do not live in University accommodation.

7.51 In relation to the 1,958 additional students over and above the household population forecasts this would be offset by provision of institutional households. Put simply any additional provision of halls of residence would remove this group from the household population.

7.52 As it is RHUL is seeking to deliver an additional 2,650 additional bed-spaces over the same period. This in itself would offset the additional student growth and when coupled with the number of private sector developments could justify some of the forecast growth in the household population moving to the institutional population. This would in fact reduce the OAN.

7.53 If the University or the private sector does increase its bed-space provision by over 1,958 spaces then for every four bed-spaces) that are delivered (over and above 1958 spaces) then the OAN can justifiably be reduced by one.

7.54 This is based on the average student household size of 3.8 in Runnymede as of 2011. This calculation does however assume that the university increases its bed-spaces provision in tandem to its student growth as planned.

Self and Custom Build

7.55 Custom and self-build housing can be defined as housing commissioned and built by individuals or groups for their own use, either by building it themselves or working with builders and developers. "Custom build" is used to include self-build, which is a particular type of custom build where a person organises all the works themselves. Custom build may be undertaken by an individual, a group, or a developer (who will customise a standard product to suit a purchaser).

7.56 From 1st April 2016, Regulations required that relevant authorities were to have established and publicised a Self-Build and Custom Housebuilding Register. As at 30th August 2017 the Runnymede register had 133 individuals on the custom and self-build register and 1 association.

7.57 However, included within the Regulations were standardised eligibility criteria for entry onto the register. The Regulations mentioned above were updated in October 2016 and now specify that relevant authorities can introduce eligibility criteria in the form of a local connection test and a financial solvency test.

7.58 The updated 2016 Regulations also state that the Council will be able to introduce an entry fee and an annual charge for applicants wanting to remain on the register. The Guidance states that relevant authorities who choose to set a local connection test are required to have two parts to their register. Individuals or associations of individuals who apply for entry on the register and meet all the eligibility criteria must be entered on Part 1. Those who meet all the eligibility criteria except for a local connection test must be entered on Part 2 of the register. The Council is likely to introduce these changes in early 2018, and therefore, Runnymede's numbers are likely to alter (and decrease) on the introduction of a Local Connection Test.

7.59 Authorities must count entries on Part 1 of the register towards the number of suitable serviced plots that they must grant development permission for. Entries on Part 2 do not count towards demand for the purpose of the 2015 Act (as amended) but relevant authorities must have regard to the entries on Part 2 when carrying out their planning, housing, land disposal and regeneration functions.

7.60 There are no comprehensive sources of plot supply for custom and self-build homes however the two most commonly used are the Buildstore[15] and Rightmove. While Buildstore has no plots in Runnymede Rightmove has seven plots.

[15] www.Buildstore.co.uk

7.61 However, the cheapest of these plots is on sale for £850,000 site in Ottershaw which has a planning permission for a 5 bedroom home. The remaining sites are split between Virginia Water and Wentworth with asking prices of up to £7,950,000.

Key Messages

- Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).

- The data shows that in general, Runnymede has a lower level of disability when compared with the national position, but that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:

    - 49% increase in the population aged 65+ (accounting for 36% of total population growth) in the 2016-36 period;
    - 8% of household growth identified in the OAN projections to be specialist housing for older persons;
    - 60% increase in the number of older people with mobility problems to 2036 (representing 8% of all population growth);
    - 35% increase in the number of people with a long-term health problem or disability (LTHPD) (representing 21% of all population growth);
    - concentrations of LTHPD in the social rented sector; and
    - a need for around 4% of dwellings to be for wheelchair users (M4(3))

- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The exact proportion of homes in categories M4(2) and M4(3) is for the Council to consider based on this evidence and also any other relevant information (e.g. about viability). In seeking M4(2) compliant homes the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

- The growth in Students at RHUL will not impact the housing market unless there is a failure to deliver the planned level of purpose built student accommodation.

8 EMPLOYMENT LAND REQUIREMENT

8.1 In this section GL Hearn consider demand for employment land and floorspace over the period from 2016-2030 and 2016-2036. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments.

8.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2014) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

8.3 There are relative benefits of each approach. The labour demand approach, based on econometric forecasts from Oxford Economics (OE), take account of differences in expected economic performance moving forward relative to the past, with regard to the sectoral composition of growth. However, a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

8.4 The labour supply approach takes the housing need as the starting point for assessing employment land needs. It considers the level of workforce growth which could be expected to arise from housing delivery and models the employment land required to support this. This approach aims to provide alignment between future housing and employment land needs.

8.5 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

Labour Demand Scenarios

8.6 This section takes forward the economic growth forecasts from OE set out in Chapter 4. Two periods have been considered: one for the period from 2016 to 2030 and one from 2016 to 2036. These show a growth of 6,950 jobs and 8,640 jobs respectively.

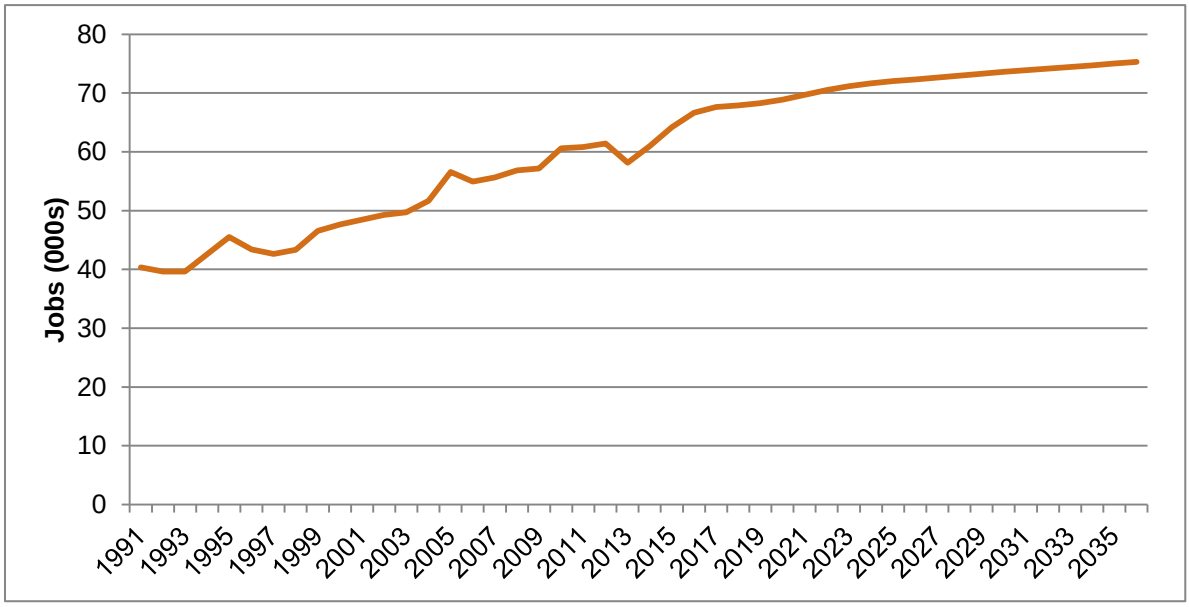
Table 82: Forecast Jobs Growth, Runnymede

	2016-2030	2016-2036
Jobs Growth	6,950	8,640
Average Annual Jobs Growth	496	432
Average Annual Growth Rate	0.7%	0.6%

Source: GL Hearn analysis of Oxford Economics data

8.7 The OE forecast shows a jobs growth rate which is forecast to slow slightly over the period to 2036. This results in the annualised figures for 2016-30 being slightly higher per annum than the figures for 2016-36.

Figure 16: Jobs Growth Forecast, 1991-2036



Source: Oxford Economics

8.8 GL Hearn has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in the Borough[16]. The FTE jobs growth figures are used in the modelling from this point forward.

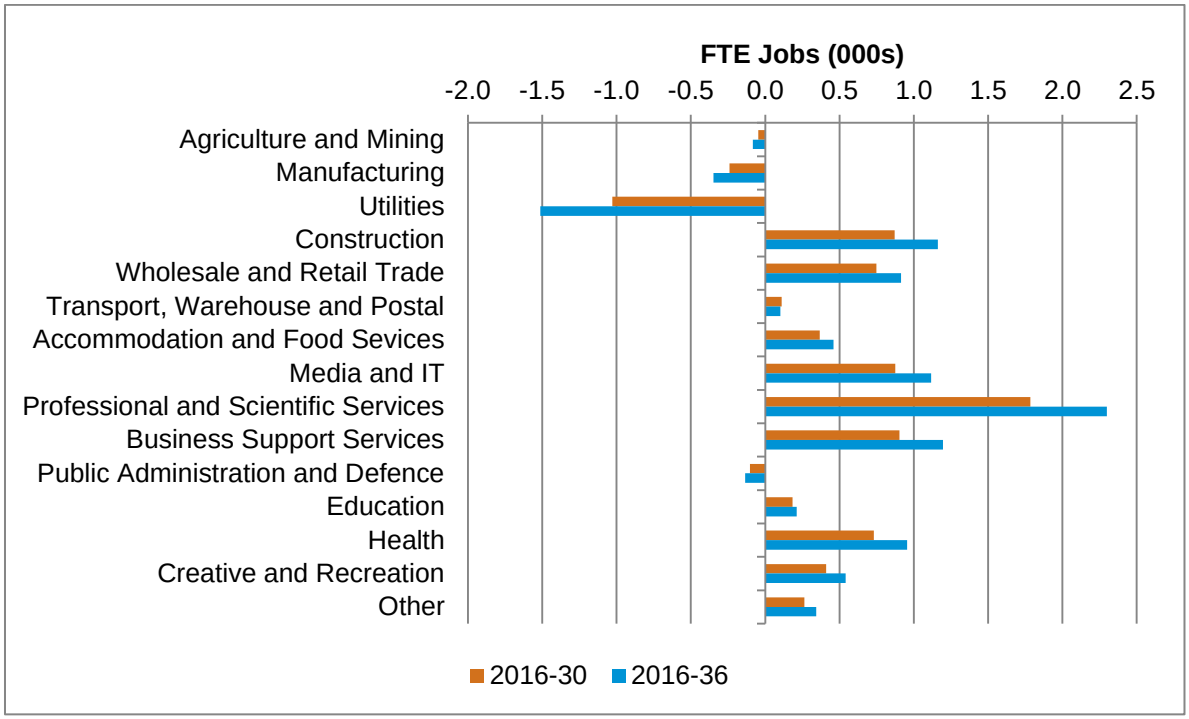
8.9 This provides a figure for net change in the number of FTE jobs in each sector over the plan period. This show a net jobs growth of 5,800 FTE jobs over the period 2016-30 and 7,200 FTE jobs over the period 2016-36.

8.10 Figure 17 shows the FTE growth per broad sector for each time period. This shows the greatest level of growth in the Professional and Scientific Services sector as well as considerable growth in the Construction, Wholesale and Retail Trade, Media and IT, Business Support Services and Health sectors. Conversely, there are forecast large losses in the Utilities sector as well as modest

[16] Based on the latest (2016) data from the Business Register and Employment Survey (BRES).

losses in Manufacturing, Agriculture and Mining and Public Administration and Defence. For the majority of sectors the 2016-36 forecast extends the trend seen over 2016-30.

Figure 17: OE Forecast – Net change in FTE jobs, 2016-2030 and 2016-2036



Source: Oxford Economics

8.11 GL Hearn has considered the proportion of employment in each sector which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8). To do this GL Hearn have calibrated our standard model which relates sectors and use classes for the Runnymede economy through interrogation of the current composition of employment in key sectors at 4-digit SIC level. This provides an estimate of the proportion of FTE jobs in each sub-sector which are currently located on each type of employment land. The modelling assumes that this proportion will hold true moving forwards. This is used to derive the following forecasts of net growth in FTE employment by use class over the two periods:

Table 83: FTE Job Growth by B-Class Sector, 2016-2030 and 2016-2036

	2016	2030	2036	2016-30	2016-36
B1a/b	20,300	23,000	23,800	2,800	3,500
B1c/B2	3,400	3,100	3,000	-300	-400
B8	3,800	4,200	4,300	400	500
Non-B	30,200	33,100	33,800	2,900	3,700
Total	57,700	63,500	64,900	5,800	7,200
B-Class Total	27,500	30,400	31,100	2,900	3,600

Source: GL Hearn analysis of Oxford Economics data

8.12 To these figures GL Hearn has applied employment densities taking account of the *HCA Employment Densities Guide: 3rd Edition* (Drivers Jonas Deloitte, 2015). GL Hearn has converted figures to provide employment densities for gross external floor areas on the following basis:

- Office (B1a): An average of 14 sq. m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Office – Research and Development (B1b): An average of 60 sq. m GEA per employee, assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial (B1c): An average of 49 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial (B2): An average of 38 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution (B8): An average of 72 sq. m GEA per employee. This is slightly below the middle of the range of employment densities for B8 activities, reflecting the predominantly smaller stock and lack of large scale and high bay warehousing in the Borough.

8.13 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, GL Hearn has derived a forecast for the net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of 63,100 sq. m for the 2016-30 period and 73,800 sq. m for the 2016-36 periods. The breakdown by use class is shown below.

Table 84: Net Floorspace Growth by B-Class Use (sq. m), 2016-30 and 2016-36

	2016-30	2016-36
B1a/b	46,400	59,100
B1c/B2	- 12,200	- 19,000
B8	28,800	33,700
Total B Class	63,100	73,800

Source: GL Hearn analysis of Oxford Economics data

8.14 Floorspace is converted to land area by using the following plot ratios:

- B1a/b offices: assumed 10% of the new floorspace would be in higher density, town centre sites with a high plot ratio of 2.0 (i.e. it is assumed that total floorspace will be twice the total site area). The remaining 90% is assumed to be developed on town centre, edge-of-centre, or other urban sites at a lower density plot ratio of 0.8 (i.e. the floorspace is 80% of the total site area);
- B1c/B2 industrial and B8 warehouse: plot ratio of 0.4 was applied (i.e. the floorspace is 40% of the total site area).

8.15 These are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace. In considering how much employment land to allocate, it is therefore appropriate to include a margin to provide some flexibility within the supply.

8.16 In identifying how much land to allocate for development, GL Hearn consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market; and
- To provide flexibility to allow for any delays in individual sites coming forward.

8.17 GL Hearn consider that it would be appropriate to make provision for a 5-year 'margin' based on the five year completions trend data. The margin equates to 2.6 Ha of land which is added to both time-scales and can be disaggregated by use class into an additional 1.7 Ha of B1a/b land, 0.3 Ha of B1c/B2 land and 0.6 Ha of B8 land. Adding the margin to the floorspace figures set out in table 84 and applying the plot ratios (set out in paragraph 8.14) results in the following employment land needs for the 2016-30 and 2016-36 periods:

Table 85: Employment Land Need (ha) – Labour Demand, 2016-2030 and 2016-2036

	2016-2030	2016-2036
B1a/b	6.8	8.2
B1c/B2	- 2.7	- 4.4
B8	7.8	9.0
Total B Class	11.8	12.7

Source: GL Hearn analysis of Oxford Economics data

Labour Supply Scenario

8.18 The labour supply approach takes the housing need as the starting point for assessing employment land needs. It considers the level of workforce growth which could be expected to arise from housing delivery and models the employment land required to support this. This approach aims to provide alignment between future housing and employment land needs.

8.19 The starting point is the population and labour force associated with the OAN figure (498 dpa for the 2016-30 period) identified in this report. The OAN considered the level of housing need resulting from the projected demographic growth and the level required to meet the forecast economic growth – taking into account commuting rates, double jobbing, and economic activity rates. The analysis shows the demographic-led housing need figure was higher than the economic-led need figure. Accordingly, there was no uplift to the OAN figure to support economic growth.

8.20 The OAN was based on the demographic-led need with adjustments to improve household formation rates and to improve affordability. The OAN modelling assumes that these uplifts will improve household formation rates of residents and reduce the number of concealed households in the Borough. It also assumes an increased level of in-migration into the Borough.

8.21 It is therefore appropriate to consider the jobs growth – and therefore employment land – to align with the housing OAN. This process is done using the same assumptions regarding commuting rates, double jobbing, and economic activity rates as used in the previous analysis, to firstly

calculate the growth in the Borough's workforce should the OAN be delivered in full, and then to calculate the total jobs growth aligned to this.

8.22 This results in the jobs growth for the two time periods shown in Table 86. The housing-led (labour supply) jobs growth figure is considerably higher than the growth shown in the OE forecast – 35% higher over the 2016-30 period and 57% higher for the 2016-36 period.

Table 86: Jobs Growth – Labour Supply (Resulting from Housing OAN) vs Labour Demand

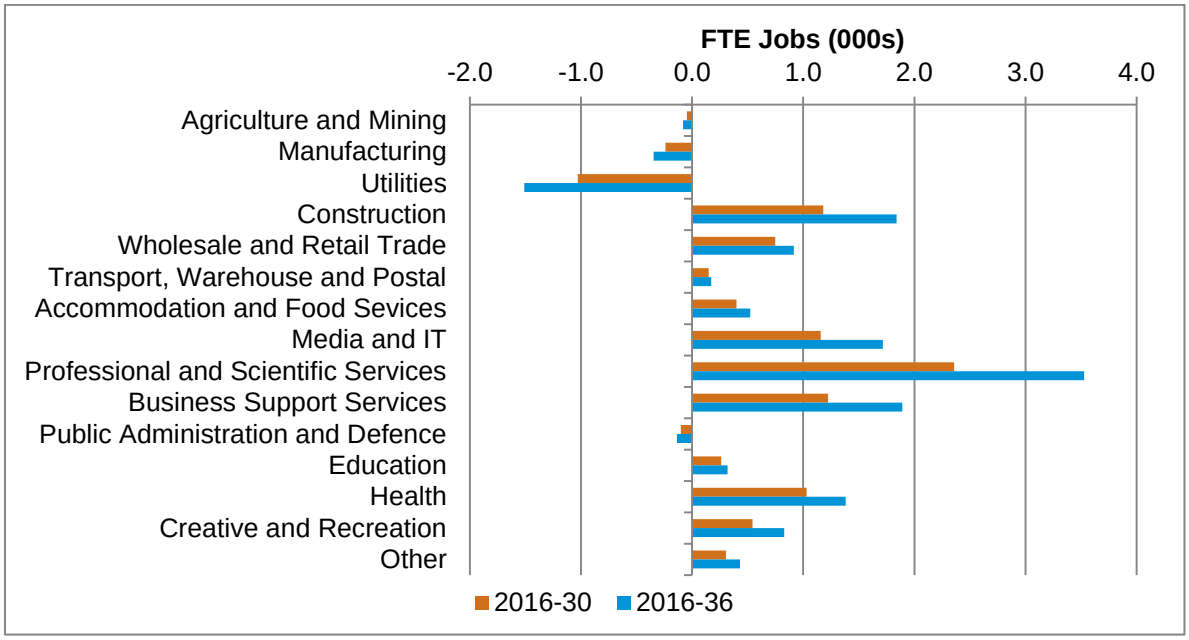
	2016-30	2016-36
Labour Supply – total jobs growth	9,376	13,523
Labour Demand (OE) – jobs growth	6,950	8,640
Difference – jobs growth	2,426	4,883
Difference – %	35%	57%

Source: GL Hearn

8.23 To calculate the employment land needs required to support total jobs growth, it is necessary to disaggregate the jobs growth by sector based on adjustments to the OE jobs forecast. Certain sectors – for example education and health – can be considered as population-driven, as their growth is primarily due to supporting the needs of the growing population. These sectors have been adjusted to reflect the forecast population growth which would result if the OAN were delivered in full. Additionally, the model adjusts the jobs growth in the Borough's strongest sectors (those forecast to grow at 1.0% per annum or higher to 2036), so that these sectors see stronger jobs growth.

8.24 Using the same modelling assumptions as for the Baseline Scenario, GL Hearn has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector.

Table 87: Supply Scenario – Net change in FTE jobs, 2016-2030 and 2016-2036



Source: GL Hearn based on OE Data

8.25 Using the same assumptions as used in the Labour Demand Scenario, the Labour Supply Scenario jobs growth results in the following forecasts of net growth in FTE employment by use class over the two periods:

Table 88: FTE Job Growth by B-Class Sector, 2016-2030 and 2016-2036

	2016	2030	2036	2016-30	2016-36
B1a/b	20,250	23,990	25,850	3,740	5,600
B1c/B2	3,400	3,180	3,080	-220	-330
B8	3,840	4,320	4,470	480	630
Non-B	30,160	34,090	35,720	3,940	5,560
Total	57,650	65,580	69,120	7,930	11,470
B-Class Total	27,490	31,490	33,400	4,000	5,900

Source: GL Hearn based on OE Data

8.26 Applying the employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of 87,100 sq. m to 2030 and 124,400 sq. m to 2036. The breakdown by use class is shown below.

Table 89: Net Floorspace Growth by B-Class Use (sq. m), 2016-30 and 2016-36

	2016-30	2016-36
B1a/b	63,200	94,600
B1c/B2	-10,700	-15,800
B8	34,600	45,600
Total B Class	87,100	124,400

Source: GL Hearn based on OE Data

8.27 Converting to land requirements and including the same margin of flexibility as in the baseline scenario (2.6Ha) results in a need for 15.5 ha of employment land to meet development needs in the Borough over the 2016-2030 period and 20.4 Ha over the period to 2036.

Table 90: Employment Land Need (ha) – Labour Supply, 2016-2030 and 2016-2036

	2016-2030	2016-2036
B1a/b	8.6	12.0
B1c/B2	-2.3	-3.6
B8	9.2	12.0
Total B Class	15.5	20.4

Source: GL Hearn based on OE Data

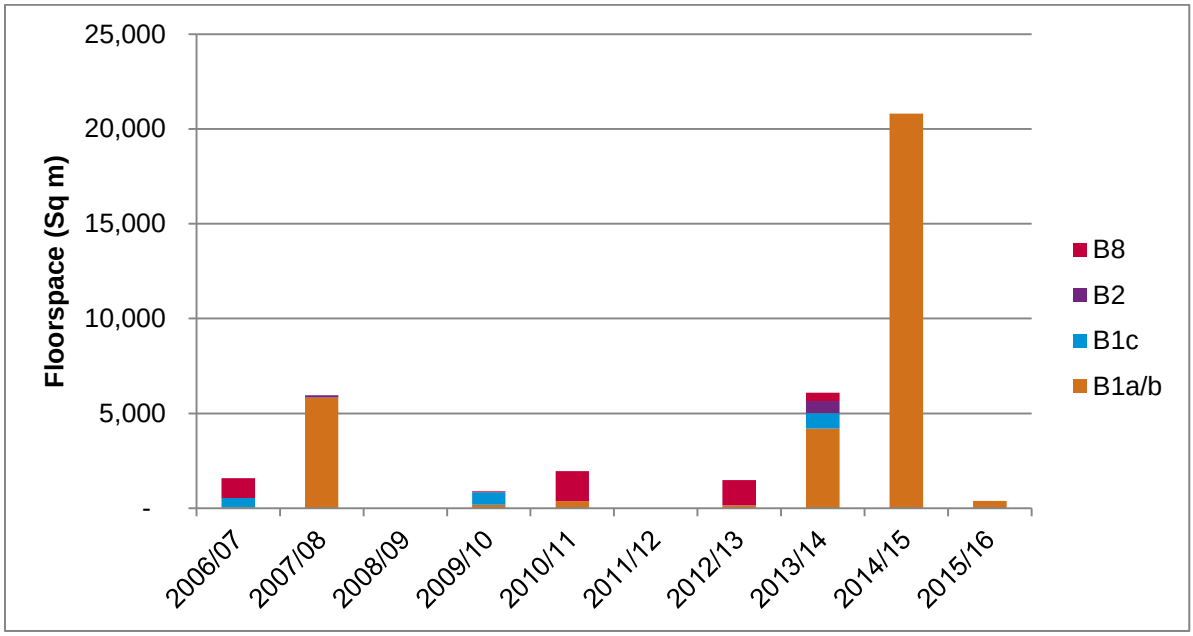
Past Completions Trend

8.28 An alternative forecasting method is based on historic completions of employment floorspace trends. GL Hearn has considered data for completions of B class floorspace in the Borough over the ten year period from 2006/07 to 2015/16 based on the Council's annual development monitoring data.

8.29 The employment completions figures per year are shown in Figure 18. Over this period there has been a total of 39,100 sq. m of employment floorspace (gross) completed in the Borough. The year with the largest total completions was 2014/15 which saw just over 20,000 sq. m of employment space completed, which was considerably higher than any of the other years. This was due to three large office schemes being completed in this year – Burgan House, Buildings 3 and 4 Lotus Park, and 5 Pine Trees – all in Staines.

8.30 Overall, the greatest quantum of completed employment floorspace in the Borough was in office (B1a/b) use: 32,000 sq. m over the ten year period – equivalent to 82% of all employment floorspace completed. Over the same period, there was a total of 4,400 sq. m of B8 floorspace completed in the Borough (11% of all employment floorspace completions); and 2,700 sq. m of industrial B1c/B2 floorspace (7% of all employment floorspace completions in the Borough).

Figure 18: Completions by Employment Use, 2006/07-2015/16



Source: Runnymede Borough Council

8.31 Applying the same plot ratio assumptions as the labour demand and labour supply scenarios, we can extrapolate the future quantum of employment land required to 2030 and 2036 assuming that development trends seen over the past ten years continue.

8.32 As set out in Table 91 this results in a need for 7.4 ha of employment land for the 2016-30 period, and 10.5 ha for the 2016-36 period.

Table 91: Completions Trend Scenarios Future Requirement, 2016-30 & 2016-2036

	2016-30		2016-36	
	Sq. m	Ha	Sq. m	Ha
B1a/b	44,800	4.9	64,000	7.0
B1c/B2	3,800	0.9	5,400	1.4
B8	6,200	1.6	8,900	2.2
Total	54,800	7.4	78,300	10.5

Source: GL Hearn based on Runnymede Borough Council data

Implications

8.33 The outputs of the labour demand, labour supply, and completions trends forecasts are shown in the Table 92. The labour demand scenario, based on the OE forecast, shows a growth in the middle of the range (11.8ha / 12.7ha). This shows a lower need for B1a/b and B8 land than the than the labour supply forecast and a larger net loss of B1c/B2 land.

Table 92: Range of Net Employment Land Need (Ha), 2016-30 & 2016-36

	Labour Demand		Labour Supply		Completions Trend	
	2016-30	2016-36	2016-30	2016-36	2016-30	2016-36
B1a/b	6.8	8.2	8.6	12.0	4.9	7.0
B1c/B2	- 2.7	- 4.4	-2.3	-3.6	0.9	1.4
B8	7.8	9.0	9.2	12.0	1.6	2.2
Total	11.8	12.7	15.5	20.4	7.4	10.5

Source: GL Hearn based on Runnymede Borough Council and OE Data

8.34 The labour supply scenario results in the largest forecast demand for employment land (15.5ha / 20.4ha). This level of employment land would align with the housing OAN figure and is based on meeting the workforce growth implied by the growing population.

8.35 That the labour supply scenario results in a higher need than the labour demand forecast would require the economy to see growth well above that shown in OE's econometric forecasts. This would require a growth rate of 0.9% per annum instead of the 0.7% per annum forecast by OE.

8.36 Considered against past trends this still represents a broadly reasonable level of growth. However, the OE forecast factors in a wide range of macro-economic factors into its forecast, whereas the labour supply approach builds upon these but does not factor them in directly, and as such should be treated with caution.

8.37 Conversely, the forecast based on past completions trends shows a much smaller demand (7.4ha / 10.5ha). However, this approach has the potential to model forward supply constraints as well as demand factors. As this is the lowest of the scenarios planning to meet this level of employment growth could potentially run the risk of modelling forward past constraints.

8.38 The completions trend is the only scenario to show a positive need for B1c/B2 land due to it reflecting a gross rather than net need. However, the demand for B8 uses is considerably lower than the other scenarios.

8.39 Overall, GL Hearn would consider it reasonable to plan for a figure towards the higher end of the range shown above. Specifically the range between the labour demand and labour supply scenarios looks most reasonable. In order to account for the forecast demand for a net loss of B1c/B2 land GL Hearn would recommend grouping that with the B8 land requirements as these uses tend to collocate and require many of the same attributes. This results in the following employment land need for the Borough:

Table 93: Net Employment Land Need (Ha), 2016-30 & 2016-36

	2016-30	2016-36
B1a/b	6.8 – 8.6	8.2 – 12.0
B1c/B2/B8	5.1 – 6.9	4.6 – 8.4

Source: GL Hearn based on Runnymede Borough Council and OE Data

Key Points

- This section estimates the quantum of employment floorspace and land area required to support B Class employment development in the Borough over the period 2016-30/36.
- Three scenarios have been developed:
  - A labour demand– based on the OE jobs growth forecast;
  - A labour supply scenario – based on the population growth associated with 498 dpa
  - A past completions trend scenarios - based on extrapolating historic completions
- The labour demand scenario results in higher employment land requirements than the completions trend based forecasts but lower than the labour supply scenario. The various forecasts show a future employment land need ranging from 7.4 ha (completions trend) to 20.4 ha (labour supply).
- The largest differences between the scenarios are the land requirements for industrial (B1c/B2) and distribution uses. The labour demand forecasts show lower requirements reflecting national and regional long term decline in the manufacturing sector. However, since 2006 Runnymede Borough has seen a positive performance of the manufacturing sector and there has been a growth in both jobs and industrial floorspace.
- Considering all factors we consider that a range between the labour demand and labour supply forecasts are the most reasonable forecast for Runnymede. This shows a need for between 12.7 and 20.4 ha of employment land in the borough over the period from 2016-36.

9 SUMMARY AND CONCLUSIONS

9.1 This summary section sets out the stages and findings used to update the OAN for Runnymede Borough. In line with the proposed local plan time period GL Hearn have set out the findings for the 2016-2030 period. As part of the process the report also extends this period to 2036.

9.2 The approach to defining housing need follows that set out in the PPG. It starts by considering trend-based demographic projections and then considered whether there is a case for adjusting the assessed housing need. These adjustments are to either support economic growth, or improve affordability (taking account of evidence from market signals and of affordable housing need).

9.3 It should be reiterated that **the OAN figure is not the housing target.** It is an input to determining or reviewing housing targets in local plans alongside wider evidence. The housing target itself will be informed by the OAN but will also take into account wider factors such as sustainability, infrastructure constraints and land availability. It may also be necessary to take into account the unmet needs of neighbouring housing market areas.

Demographic Need

9.4 The PPG sets out that the "starting point" when assessing housing need are the official projections, the latest of which are the 2014-based set. Including an allowance for vacant properties these projections show a need for 415 dpa over the 2016-30 period.

9.5 However, the official household projections do show some suppression within the Household Formation Rates (HFR). The suppression is particularly related to those aged 25-34 and is evident both historically (since 2001) and in the forward projections.

9.6 In response GL Hearn modelled the impact of returning the HFR part way back to those expected prior to the 2007/8 recession (i.e. a mid-point between the 2008-based and 2014-based HFR). This increases the housing need in the starting point to 438 dpa. The remainder of the report reflects the use of the remodelled HFR.

9.7 GL Hearn has also modelled the impact of taking into account the 2015 and 2016 mid-year population estimates (MYE). These indicated that the official projections under-estimated population growth over the 2014-16 period. Rebasing the projections to take the MYE into account increases the housing need in Runnymede to 446 dpa over the 2016-30 period.

9.8 GL Hearn has also run some additional sensitivities looking at longer term trends over the 2006-2016 period and the 2001-2016 period. The later period also included a further sensitivity relating to unattributable population change (UPC).

9.9 However, as housing delivery exceeded the need over both the five year period feeding into the official projections and over the 2006-2016 period then examining longer term trends becomes largely redundant as there was clearly no constraint on delivery.

9.10 Furthermore, the pre-2006 data is sometimes questionable and there are inherent issues with UPC meaning that there is little merit in focusing on these projections. In any case the three sensitivities show a lower housing need than those using the official projections when they are rebased to take into account the latest mid-year estimates.

9.11 **Our demographic conclusion is therefore 446 dpa for the period 2016-30 based on the re-based official projections.** Looking slightly longer term to 2036 the same scenario results in a housing need of 431 dpa.

9.12 In the previous SHMA GL Hearn also ran a sensitivity which sought to examine the housing need should migration to and from London revert back to pre-migration levels. The approach at that time reflected the Greater London Authority (GLA) methodology. However the GLA has since changed their methodology to look at longer term trends over the last 10 year. This therefore aligns with the scenario already included within the sensitivities above.

Economic Need

9.13 The next stage in the OAN methodology is to assess whether there is a need to increase housing need to address the needs of the local economy. This stage is informed by economic forecasts purchased from Oxford Economics and Cambridge Econometrics.

9.14 In both cases the projected employment growth (jobs based) was substantially lower than those Experian forecasts which informed the previous 2015 SHMA. This was particularly the case in Spelthorne where the forecasted jobs growth was around 500 jobs per annum less than the forecasts used for the 2015 SHMA.

9.15 Notwithstanding previous concerns with the Experian forecasts the downgraded forecasts reflect the on-going uncertainty around Brexit as well as continued austerity measures among other considerations. The forecasts also take into account the latest evidence produced in the interim period from sources such as Business Register and Employment Survey and the regional Workplace Jobs data. Broadly these show fluctuating employment in Runnymede and falling employment in Spelthorne.

9.16 In both local authorities the Oxford Economics forecasts show a more positive level of jobs growth. In Runnymede the OE forecasts show a compound annual growth rate of 0.7% per annum for the

2016-30 period falling to 0.6% per annum for the longer term to 2036. In contrast the CE forecasts only show a growth of 0.5% per annum for both periods.

9.17 Having held discussions with the Economic Development Officer at the Council it is clear that the OE forecasts are more reflective of the likely growth in the Borough. Particularly in relation to high end sectors such as Professional, Scientific and Technical and Information and Communications sectors. As such the OE forecasts are the focus of the economic led housing need.

Table 94: Projected Employment Growth (jobs based)

Per Annum Jobs	Runnymede	Spelthorne	HMA
CE 2016-30	316	108	424
OE 2016-30	496	298	795
CE 2016-36	325	107	432
OE 2016-36	432	268	700

Source: Oxford Economics and Cambridge Econometrics, 2017

9.18 In modelling this job growth through to housing need GL Hearn has tested a range of scenarios relating to economic activity rates as well as taking into account double-jobbing and commuting patterns which are maintain to 2011 levels.

9.19 In relation to Economic Activity Rates (EAR) GL Hearn has tested assumptions from Experian, the Office of Budgetary Responsibility (OBR) as well as maintaining the assumptions from the 2015 SHMA. In all cases the 2015 SHMA assumptions consistently calculated the mid-point of the three sets of assumptions.

9.20 The economic led housing need modelling seeks to increase/decrease migration to a point where the required resident active labour force matches that required to meet the forecast jobs growth for each local authority. The adjusted household formation rates are then applied to the calculated population growth.

9.21 As set out in Table 95 the 2015 SHMA assumptions on EAR for Runnymede results in an economic-led housing need which ranged 321 to 411 dpa (CE and OE respectively) for the period 2016 to 2030. This falls to 316 to 374 dpa over the longer term to 2036.

9.22 The highest of all the sensitivities tested (OBR economic activity rates on OE growth) resulted in a need for 439 dpa over the 2016-30 period. **On this basis there is no justification for increasing the OAN on the basis of supporting local economic growth at a local authority or HMA level.**

Table 95: Economic Led Housing Need (Dwellings Per Annum) - Runnymede

OE Forecasts	2016-30	2016-36
2015 SHMA EAR	411	374
Experian EAR	403	368
OBR EAR	439	419
CE Forecasts	2016-30	2016-36
2015 SHMA EAR	321	316
Experian EAR	317	313
OBR EAR	353	361

Source: Oxford Economics and Cambridge Econometrics, 2017

Affordable Housing Need and Market Signals

9.23 Due to the inter-connectivity between affordable housing need and market signals in our opinion it is appropriate to make a single adjustment to address both issues. For example an increase to improve market signals will not only deliver more affordable homes in theory it should make housing more affordable thus reducing the affordable housing need.

9.24 The report will firstly consider the need for affordable housing; using the Basic Needs Assessment Model recommended in the PPG and then reviews the market signals against reasonable comparators.

Affordable Housing Need

9.25 Using the available information, GL Hearn has calculated a net need for 471 affordable homes per annum in Runnymede for the 2013-36 period. On a like for like basis this represents a small increase in the Borough's affordable housing need from that set out in the 2015 SHMA.

9.26 This calculation is particularly sensitive to the assumptions relating to the percentage of household income which is spent on housing costs. The figures above assume that it is reasonable to spend up to 25% of income on housing costs. Changing this assumption to 40% of household income on housing need reduces the affordable housing need to 280 homes per annum.

9.27 Delivering just 280 affordable homes per annum on the current policy basis of 30%-35% (mid-point of 32.5%) would require an overall delivery of 862 dwellings per annum. This equates to a compound annual growth rate of 2.0%.

9.28 Such a level of growth would exceed all reasonable expectations for Runnymede and would be akin to the growth seen in Milton Keynes and Tower Hamlets in their peak periods of growth.

9.29 Furthermore, as the report explains, the affordable housing need only represents the 'theoretical need' for affordable homes if all households who needed some form of support in meeting their housing need were to be allocated an affordable home.

9.30 However, the affordable needs calculations include the needs arising from existing households who require an alternative type/ size of home (and would thus release their current homes) and from newly forming households who are already included in the demographic growth.

9.31 That said a recent High Court judgement (Borough of Kings Lynn and West Norfolk Vs SoS for DCLG and Elm Park Holdings Ltd) set out that the level of affordable housing need should be an "important influence" for local authorities when calculating their OAN.

Market Signals and Response

9.32 The market signals analysis points to house prices which are generally above the national and regional trends and worsening at a faster rate. Runnymede has particularly acute affordability issues although this it is slightly better than the wider Surrey figures.

9.33 Affordability pressures are demonstrated by entry level house prices (lower quartile) which are almost 12 times lower quartile earnings. There is also evidence that affordability has rapidly deteriorated over the 2013-16 period. This would indicate a degree of 'market imbalance'.

9.34 To address the poor affordability and also the extent of affordable housing need our recommended response would be to uplift the housing need by 20% in both local authorities. In line with the PPG any response to market signals should be proportionate and applied to the baseline demographic "starting point".

9.35 As set out below **the 20% market signals adjustment results in a housing need of 498 dpa for the period 2016-30.** This reduces to 489 dpa for the longer period to 2036**.** In both cases the housing need exceeds the economic-led housing need and the demographic conclusions.

Table 96: Market Signals and Affordable Housing Need Adjustment - Runnymede

	2016-30	2016-36
2014-based SNPP ("Starting Point")	415	407
Recommended Uplift	20%	20%
Uplift in Number - Per Annum	83	82
Housing Need	**498**	**489**

Source: DCLG and GL Hearn, 2017

9.36 **GL Hearn therefore concludes that the OAN for Runnymede is 498 dpa over the 2016-30 period. This would reduce to 488 dpa should the period be extended to 2036. This equates to a compound annual growth rate of 1.3%.**

9.37 Such a level of housing need sits within the concluded range of 466 - 535 dpa in the 2015 SHMA. The mid-point of which (501 dpa) is only three homes per annum higher than the calculated need. The upper end of the previous range was driven by an economic need which has been substantially downgraded.

9.38 It should however be noted that this level of growth is around 60 homes per annum lower than the figure proposed by the new standardised methodology for calculating housing need (557 dpa). The proposed approach sees a substantially larger increase to address market signals. However, this methodology is only in draft form and is therefore subject to change.

Housing Mix

9.39 The modelling outputs provide an estimate of the proportion of homes of different sizes that are needed. There are a range of factors which should be taken into account in setting policies for provision. The mix of affordable rented housing sought through development at a Borough-wide level could be as follows:

- 1-bed properties: 10-15%;
- 2-bed properties: 40-45%;
- 3-bed properties: 35-40%; and
- 4-bed properties: 5-10%

9.40 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues and the issue of single people under 35 years old only being eligible to claim benefits for a room in a shared house.

9.41 The conclusions also take account of information about the turnover of homes of different sizes as well as the profile of need form homeless households and those with a priority need.

9.42 The provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of low-cost home ownership housing is suggested:

- 1-bed properties: 15-20%;
- 2-bed properties: 40-45%;
- 3-bed properties: 25-30%; and
- 4-bed properties: 10-15%.

9.43 In the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. The following mix of market housing is suggested:

- 1-bed properties: 5-10%;
- 2-bed properties: 25-30%;
- 3-bed properties: 40-45%; and
- 4-bed properties: 20-25%.

9.44 The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area or linked to macro-economic factors and local supply.

9.45 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

9.46 The mix identified above should inform strategic planning and housing policies and for monitoring over time. In applying recommended housing mix to individual development sites, regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

Older Persons Housing Need

9.47 The SHMA Update indicates that the number of residents aged over 65 across the Borough is projected to increase by 32.6% over the period to 2030. As a result of a growing older population and increasing life expectancy, the official projections show an increase in people with mobility problems of around 37% by 2030 and an increase of 43% in persons with dementia.

9.48 Some of these households will require adaptations to properties to meet their changing needs whilst others may require more specialist accommodation or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.

9.49 Based principally on the expected growth in population of older persons, the report estimates a need for additional specialist C3 dwellings (registered care) for older persons in Runnymede over the 2014-30 period of 37 dpa. This forms part of the SHMA's conclusions on the objectively assessed housing need (OAN).

Table 97: Need for Specialist Housing for Older People, 2014-30

Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)	Per annum need (2014-30)
3,027	515	85

9.50 A 60:40 split between market (including shared ownership) and affordable (rented) housing provision is expected. While it is not possible to disaggregate this figure further the Housing LIN is quite pro-active in looking at intermediate options for downsizing and the market part of the older persons' needs

9.51 A need is identified for up to 337 wheelchair adapted homes (2014-30), equivalent to 4.8% of new housing provision.

9.52 Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The Council should liaise with the County Council as appropriate in this respect.

9.53 GL Hearn recommends that councils should give consideration to how best to deliver the identified specialist housing need, including, for instance, the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.

Need for Registered Care Provision

9.54 Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in the SHMA from that for C3 dwellings (and is separate to the C3 housing OAN).

9.55 The official population projections indicate a net need for 180 C2 bed spaces for older persons in the HMA over the 2014-30 period (13 per annum). The assessment, however, should be treated as indicative, and does not seek to set policies for how older persons with care needs should be accommodated.

Other Groups

9.56 The Runnymede Custom and Self Build register had 133 individuals on the custom and self-build register and 1 association in August 2017. This is likely to fall once local connections requirement is introduced.

9.57 GL Hearn has also consulted with Royal Holloway University of London. While their growth ambitions are significant so too is their aspirations to increase student halls of residence bed spaces. There is therefore no impact on the OAN but this should be monitored.

Employment Land Requirement

9.58 As set out above GL Hearn have purchased forecasts for Runnymede from Oxford Economics to inform this assessment. The forecasts show a growth of employment of 496 jobs per annum over the period 2016-30 and 432 per annum to 2036.

9.59 In accordance with PPG, the assessment of employment land required in the Borough has been assessed in a number of ways: a labour demand approach based on calculating the employment land required supporting forecast jobs growth; and a forecast based on past completions trend data and finally based on how many jobs the population growth could support.

9.60 Overall, GL Hearn would consider it reasonable to plan for a figure between the labour demand and labour supply scenarios. This results in a need for just over 15 Ha in the period to 2030 and just over 20 Ha to 2036.

Table 98: Net Employment Land Need (Ha), 2016-30 & 2016-36

	2016-30	2016-36
B1a/b	6.8 – 8.6	8.2 – 12.0
B1c/B2/B8	5.1 – 6.9	4.6 – 8.4

Source: GL Hearn based on Runnymede Borough Council and OE Data

9.61 In order to account for the forecast demand for a net loss of B1c/B2 land GL Hearn would recommend grouping that with the B8 land requirements as these uses tend to collocate and require many of the same attributes.