Strategic Housing Market Assessment

Runnymede BC & Spelthorne BC

Final Report

November 2015

Prepared by

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Quality Standards Control

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DATE	ORIGINATORS	APPROVED
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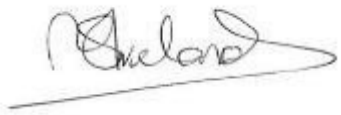


Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

EXECUTIVE SUMMARY

This Strategic Housing Market Assessment (SHMA) defines the Objectively Assessed Need (OAN) for housing, as well as considering the need for different types of housing and the housing needs of different groups within the community. The assessment **does not set housing targets** – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.

The SHMA has considered housing market geographies, taking account of existing research and through analysis of differences in housing costs; as well as migration and commuting flows. The analysis highlights a complex set of relationships at play across Surrey. However, triangulation of the evidence converges upon the Boroughs of Spelthorne and Runnymede sharing the strongest relationships and correlation in both market and behavioural terms. This forms part of a 'London Fringe' in housing market terms. We therefore consider the definition of a single HMA covering these two authorities to be appropriate.

The Demographic "Starting Point"

The latest official household projections are the 2012-based Household Projections published by Government in February 2015. These project household growth between 2012-37 and estimate growth in households of 891 households per annum across the HMA between 2012-37 (399 in Runnymede and 492 in Spelthorne).

We have rebased these projections to 2013 to take into account the latest Mid-year estimates and translated them into a housing need for the 2013-33 period. The overall housing need calculated was for 945 dwellings per annum. This is split into a need for Spelthorne at 511 homes per annum and Runnymede 434 homes per annum.

We have also undertaken further sensitivity analysis around migration from London as there is an important interaction between each of the two authorities to/from London. This was on the basis that the London Plan adopted a target which sought to return migration patterns to pre-recession levels. For the HMA this would mean more people moving out from London than set out in the SNPP

The sensitivity results in a housing need for 962 homes per annum across the HMA. This splits into a need for:

- 441 homes per year in Runnymede Borough; and
- 520 homes per year in Spelthorne Borough.

This should be taken forward as the demographic starting point.

However, this figure does not take into account affordable housing need, or include adjustments to take account of market signals or the needs for the local economy.

Examining the Needs of the Local Economy

Following the approach in the Planning Practice Guidance, the demographic-based assessment set out above provides a baseline for housing need. The Guidance recommends that consideration is given to whether economic growth could result in a need for additional housing.

The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another[1]. The SHMA has considered the LEP's recent evidence regarding economic prospects as set out in the Enterprise M3 Housing Evidence Study. This study directly uses the Experian job forecasts from September 2013.

One of the main limitations of the trend based projections is that they do not take into account capacity for employment land in any local authority. While the macro-economic factors may forecast a level of growth, the local authority may not have the land or floorspace to accommodate this growth. However, it is not for the SHMA to consider the land/floorspace supply position when considering whether economic growth could result in a need for additional housing..

We have undertaken some basic analysis of the LEP projections which shows a considerable variance from past trends. Because of the difference there is a level of uncertainty and reliance on the economic projections and these are therefore to be tested further. The Councils have committed to producing their own assessments of employment growth as part of their work on economic/ employment needs. The assessment of housing need may therefore require adjustment, to take account of more detailed evidence regarding economic growth potential, taking account of both factors which may support or constrain economic performance. Once the projections are produced it will trigger a targeted update of this SHMA.

Nevertheless we have modelled the relationship between jobs and homes on the basis of the LEP projections. It models increasing employment rates, linked to an expectation that people will retire later and more women will work. It assumes that commuting patterns will remain stable in proportional terms. It also takes account of evidence that people may hold down more than one job. The modelling indicates that to support the forecast growth in employment (using Experian 2013 forecasts), the following levels of housing provision would be needed:

[1] CLG (2012) *National Planning Policy Framework, Paragraph 158*

Initial Assessment of Annual Need for Housing based on Economic Forecasts

Housing Need PA 2011-31	Runnymede	Spelthorne	HMA
Per Annum Change in Resident Workforce	544	813	1,357
Annual Housing Need	508	722	1,230

Source: Derived from Experian and Census Data

At 1,230 dwellings per annum across the HMA, the level of housing provision necessary to support economic growth could be potentially up to 28% higher than indicated in the trend-based demographic projections when adjusted for market signals. The SHMA modelling adopts a 'policy off' approach which does not seek to change commuting patterns. As set out above, these findings should be considered indicative pending further work on economic growth potential.

Examining Affordable Housing

The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

The SHMA analysis indicates that between 513 and 924 additional households per year will require support in meeting their housing needs (using income thresholds varying from 25% to 40%). The table below shows the annualised need in each Borough for a range of different affordability threshold scenarios. The analysis shows how the choice of threshold has a notable impact on the figures, making it impossible for the analysis to do more than provide an indication of the need and its relative scale.

The identified need from households requiring financial support represents up to 98% of the need arising through the demographic projections when adjusted for long term migration from London.

The evidence does not suggest that this overall level of housing provision is necessary, not least as part of the identified need for affordable housing is from existing households who need an alternative size or tenure of accommodation but would release their current home for another household by moving. There are also other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. Net additional needs arising would be solely from concealed and homeless households.

Examining Market Signals

The SHMA evidence indicates that affordability pressures in the HMA are significant. House prices are above the South East average. Entry level house prices are 9 or more times the typical earnings of younger households compared to a ratio of 6.4 nationally. Over the 2001-11 decade, housing costs increased relative

to earnings; whilst household formation and home ownership both fell. An increasing number of households have been living in rented accommodation, shared homes and with parents.

These market signals give a clear justification for an additional uplift to the baseline demographic need. To assess an appropriate adjustment to the overall housing need, GL Hearn has assessed the degree to which household formation levels have been constrained for younger age groups.

To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been historically constrained for younger age groups and the level to which this constraint is expected to continue or worsen. We then respond with a scale of adjustment to housing provision which would be necessary to return the household formation rates of the 25-34 age group back to 2001 levels.

The analysis indicates that, all other things being equal, an uplift of 61 homes per annum across the study area would support an improvement in affordability (and provide additional affordable housing) and household formation rates amongst younger households. The uplift in each case is set out in the table below:

Uplift to improve affordability

	Economic Need	Total Uplift	Uplifted Housing Need
Runnymede	508	**26**	535
Spelthorne	722	**35**	757
Total	1,230	**61**	1,292

Source: GL Hearn and CLG (numbers may not add due to rounding)

Using the same population data, and the 2011-based rates an estimated need for housing of 1,230 dwellings per annum would be derived; The uplifted figure of 1,292 dwellings per annum is therefore some 5% higher (61 units per annum) than would be derived using older (and arguably more constrained) household formation rates.

While the analysis above is based on a projection linked to economic need; similar analysis using other projections (e.g. the London adjusted demographic need at 57 additional units) would be expected to show a similar proportionate increase. The level of uplift in each Borough reflects the age profile and level of suppression as well as what the CLG had anticipated the change in household formation rates to be. For example the uplift is highest in Spelthorne; this is driven by the observation earlier that it is in this area where formation rates of younger people are shown to have fallen the most.

The uplift should go towards addressing the needs of those groups who require an additional dwelling, such as:

- Newly-forming households;

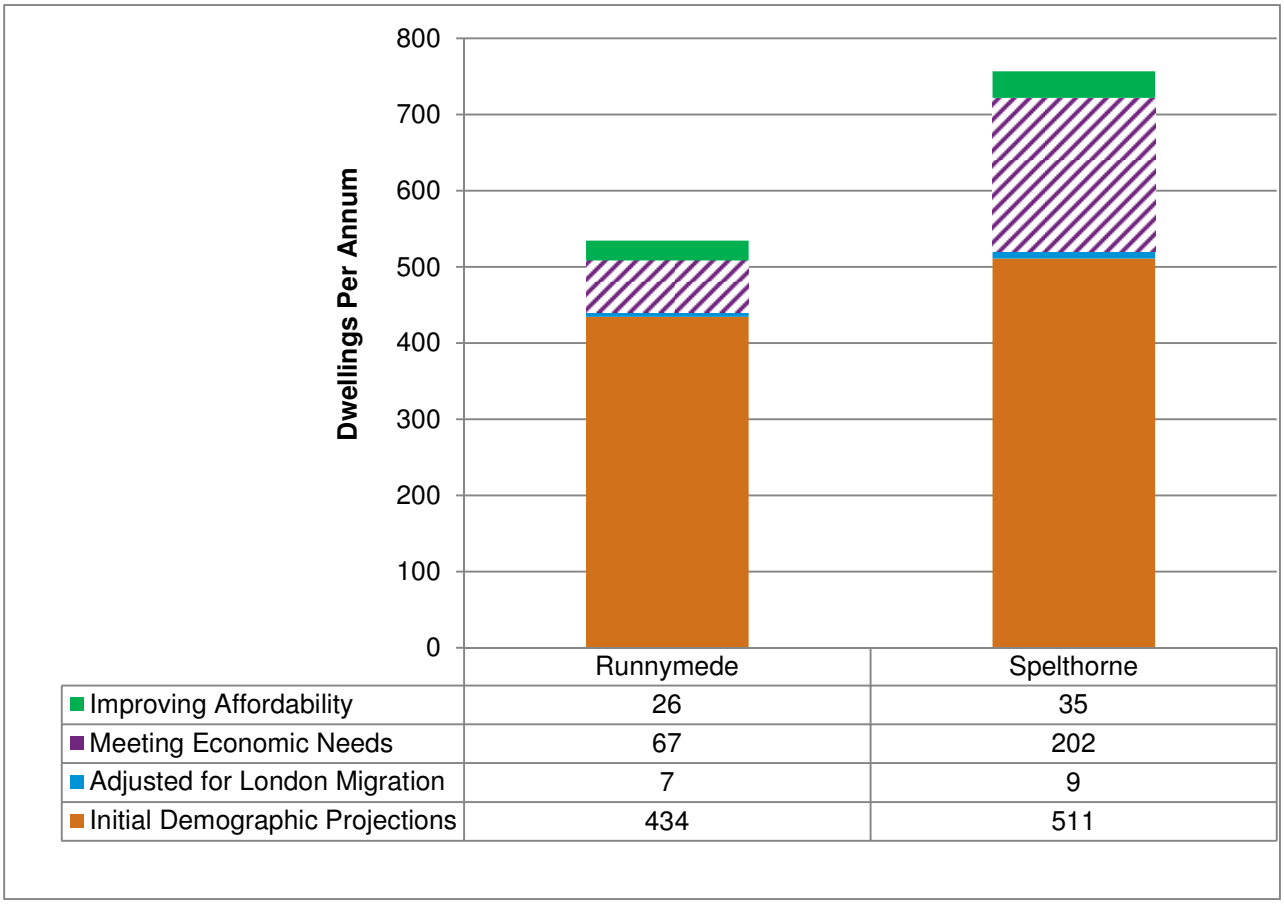
- Concealed households; and
- Homeless households.

It should also contribute to a fall in households living with parents or in shared accommodation.

Conclusions on Overall Housing Need

Taking account of these adjusted household formation rates for younger households and adjustment for economic need, the SHMA concludes that the overall need for housing over the 2013-33 period is 1,292 homes per annum (Runnymede 535 and 757 in Spelthorne). The derivation of the conclusions on housing need is shown below.

Conclusions on Full Objectively-Assessed Housing Need, 2013-33



	Runnymede	Spelthorne
Improving Affordability	26	35
Meeting Economic Needs	67	202
Adjusted for London Migration	7	9
Initial Demographic Projections	434	511

(Numbers may not add up due to rounding)

In accordance with the Planning Practice Guidance, this takes account of the level of housing provision which is expected to be needed to meet demographic changes, support economic growth and improve affordability.

In the absence of development constraints this could potentially be considered to represent the full 'objectively assessed need' (OAN) for housing. This represents in total an annual need for 1,292 homes per year across the HMA.

However, because of the uncertainty surrounding the economic growth potential of the Boroughs and the significant protection the NPPF affords to Green Belt, it may well be appropriate to plan for a range of dwellings. Taking account of improvements to affordability, the SHMA draws the following rounded conclusions on the overall need for housing over the 2013-33 period:

- Runnymede: 466 - 535 homes pa
- Spelthorne: 552 – 757 homes pa

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

Where development constraints influence the ability to meet housing need in full, we would recommend that any shortfall in housing provision is measured against the demographically-assessed need (962 per annum) as in these circumstances it would be unlikely that affordability would improve.

This SHMA report considers housing need from 2013-33. Any shortfall in housing delivery prior to the 2013 starting point has been considered and taken into account in the adjustments made to derive the SHMA conclusions regarding the Objectively Assessed Need (OAN) for housing. Therefore the Councils are not required to add any historic backlog (pre-2013) onto the overall housing need calculations. In doing so they would in effect be double-counting.

Conclusions on Housing Mix

In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.

The SHMA identifies that there is a need for a mix of house sizes across the HMA, as the figure overleaf indicates. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2033 and how people occupy homes.

In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a HMA-wide level.

Need for Different Sizes of Homes across Runnymede and Spelthorne

	1-bed	2-bed	3-bed	4+ bed
Market	5%	30%	45%	20%
Affordable	35-40%	25-30%	25-30%	5-10%
All dwellings	15%	30%	40%	15%

Source: Derived from demographic projections

It should however be noted that this analysis is aimed at informing strategic policies over the plan period and there will be a range of factors which will influence demand for different sizes of homes over time, particularly demographic changes, growth in real earning/savings, housing affordability and wider economic performance. There is also a geographical dimension and the specific mix of housing needed at a local level will be influenced in part by gaps in the existing housing offer locally (such as differences between the urban and rural areas).

Policies for what proportion of homes in new development schemes should be affordable need to take account of evidence both of housing need and of the viability of residential development. The NPPF sets out that percentage targets for affordable housing need to take account of viability evidence.

Our assessment of affordable housing needs indicates that, in delivering affordable units, a HMA-wide mix target of 23% intermediate and 77% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which we have identified, as well as any site specific issues.

In the affordable sector, we recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the potential role which delivery of larger family homes (3 and 4 bedrooms) 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. These have been balanced against the recent Government reforms to social housing and welfare, including issues associated with the changes introduced by Government to housing benefit eligibility for working-age households in the social housing sector.

For market housing, we recommend that the focus of new provision is on two and three-bed properties. This would serve to meet the needs of newly forming households and younger families in the HMA as well as demand from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. There is however likely to be a notable level of continued need for larger family properties arising from existing growing households and those migrating into the HMA.

The mix identified above should inform strategic borough-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would

again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

Needs for Groups within the Population

Over the period to 2033 the population of older persons in the HMA is expected to grow, with the population aged over 55 expected to increase by 42%. Many older households will remain in homes which they have lived in for many years. However some may wish to downsize, and this has been taken into account in the conclusions drawn on the mix of homes needed.

Some older households will require specialist housing or support. Others may need to adapt their homes to meet their changing needs. It is expected that a growing older population may result in an increase in the number of people with dementia by over 1,700 between 2013-33, with growth in the number of persons with mobility problems of over 3,800. Some older households will require specialist housing solutions. The SHMA identifies a mid-point need for 1,850 additional specialist units of housing for older people between 2013-33, including sheltered and extra care homes.

In addition, the SHMA indicates a need for 191 bedspaces in care homes over the period 2013-33 - 69 in Runnymede and 122 in Spelthorne. This does not form part of the household population and so is separate to the need identified for housing. The same is true for student halls of residence.

The BME population of the study-area is relatively large in comparison with the South East region and has grown significantly over the past decade. Where possible the Councils should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

Lone parents are also particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the study-area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

Young people are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

While the overall number of students is expected to increase in Runnymede by 2031 so too is the number of student bed spaces owned by the University and other service providers. However this includes a presumption of development being allowed.

There is limited data available on demand for custom or self-build property. Runnymede Council have set up their own register for those interested in this type of property. The National Custom & Self Build Association's data suggest that there is interest for around 430 such households across the two districts,

For all of the above groups, with the exception of residential care homes and student halls of residence the need for these properties will be met as part of the general supply, they are not in addition to it.

1 INTRODUCTION

Context and Purpose

1.1 GL Hearn has been commissioned to prepare a Strategic Housing Market Assessment (SHMA) for Runnymede and Spelthorne District Councils. GL Hearn leads a consultancy team which includes Justin Gardner Consulting (JGC).

1.2 The preparation of the SHMA has followed relevant national policy and guidance, specifically the National Planning Policy Framework[2] and Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments*[3]. It defines the Objectively Assessed Need (OAN) for housing as national planning policy requires, as well as considering the need for different types of housing and the housing needs of different groups within the community.

1.3 The preparation of a new SHMA has been commissioned to respond to the requirements of the NPPF and PPG to provide a fit-for-purpose evidence base to inform and support planning and housing policies, including to:

- Reflect the latest datasets including population and household projections;
- Comply with the requirements of the NPPF, the NPPG and objectively assessed need guidance;
- Comprehensively inform duty to cooperate requirements;
- Incorporate and have full regard for housing and economic growth imperatives and the connections between them;
- Enable improved alignment between housing and workspace evidence bases.

National Planning Policy Framework (NPPF)

1.4 The National Planning Policy Framework (NPPF) was published in March 2012. 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 indicate that development should be restricted.

1.5 The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;

[2] CLG (March 2012) *National Planning Policy Framework*
[3] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.6 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the Housing Market Area (HMA), and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.

1.7 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

1.8 Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act.

1.9 Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development."* Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another – principally through joint working at a HMA level.

Planning Practice Guidance

1.10 New Planning Practice Guidance was issued by Government in March 2014. This includes Guidance on 'Assessment of Housing and Economic Development Needs'. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report follows that in the Planning Practice Guidance (PPG).

1.11 The Guidance defines "need" as referring to:

> *'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.'*

It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.12 Against this context it is important to recognise that **the SHMA assesses need for housing, it does not set housing targets** – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.

1.13 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of the preparation of this report the latest projections were the 2011-based 'Interim' Household Projections[4]. These have now been superseded by the 2012-Based Household Projections published by the DCLG in February 2015. The guidance also outlines that the latest population projections should be considered. These are the 2012 Sub-National Population Projections published by ONS in May 2014.

1.14 The Guidance sets out that there may be instances where these national 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.

1.15 It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.16 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

[4] CLG (April 2013) *2011-based Interim Household Projections*

1.17 In regard to employment trends, 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 HMA. It sets out that where the supply of the 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.

Overview of the Approach to Deriving OAN

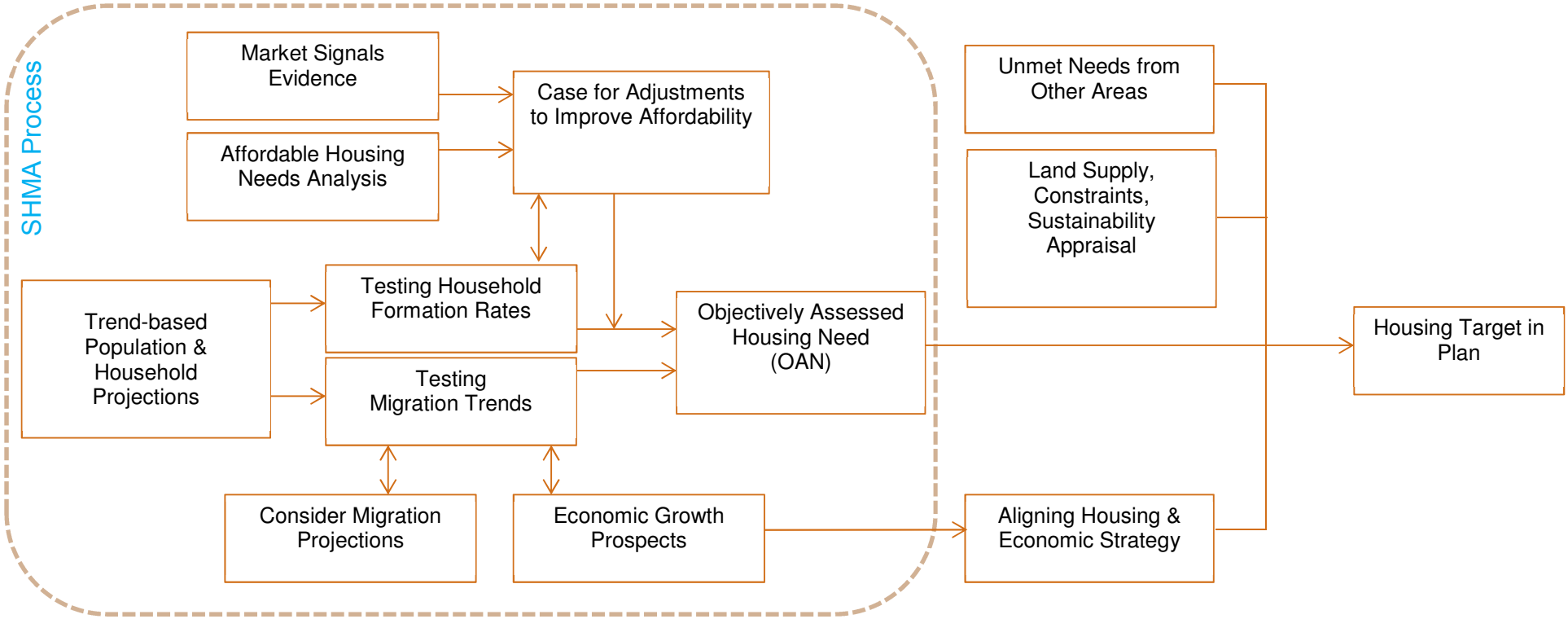
1.18 The NPPF and PPG set out a clear approach to defining the Objectively Assessed Need (OAN) for housing. We have sought to summarise this within Figure 1. This summarises the approach we have used to considering OAN.

1.19 Those elements of figure 1 within the dashed line will be considered through this SHMA process, the core output of which will be an objective assessment of housing need. This will then be considered alongside wider factors such as unmet need from other areas, land supply, delivery constraints, sustainability appraisals and aligning the economic and housing strategies in order to derive a housing target for the Borough.

1.20 The starting point for the objective assessment of need will be the trend based population and household projections. The core inputs of these, migration rates and household formation rates, will be tested. In particular the household formation rates will be tested on the basis of whether household formation has historically been constrained. This will include analysis of market signals and whether there is a need to adjust the formation rates to take this into account.

1.21 The migration rates will be interrogated to see whether recent trends used in the national projections are likely to reoccur going forward or whether a longer term or alternative trend would be more appropriate. We will also consider the impact of job forecasts and how this will drive migration rates going forward. Taking these elements together we then calculate an objective assessment of need.

Figure 1: Overview of Approach



Report Structure

1.22 This report takes account of the 2012-based Sub-National Population Projections issued by ONS in March 2014. It also takes into account recent academic research regarding the impact of the recession and housing market downturn on household formation rates; and associated improvements in GL Hearn's modelling approach. The report also seeks to look more specifically at local dynamics affecting future housing need in Runnymede and Spelthorne.

1.23 Following this introductory section the remainder of this Report is structured as follows:

- Section 2: Defining the Housing Market Area (HMA);
- Section 3: Characteristics of the Housing Market;
- Section 4: Overall Housing Need;
- Section 5: Economic-led Housing Need;
- Section 6: Affordable Housing Need;
- Section 7: Market Signals;
- Section 8: Conclusions. Requirements for Different Sizes of Homes
- Section 9: Specific Groups of the Population
- Section 10: Conclusions and recommendations

2 DEFINING THE HMA

2.1 Paragraph 47 of the National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their Housing Market Area (HMA).

2.2 In simple terms, the HMA is a geographical area in which the majority of people, who move, will move within. It also reflects functional relationships between where people live and work. However, defining housing market areas is an inexact science and there is no single source of information that will clearly identify housing market areas.

Review of Existing Research

2.3 National research undertaken for the Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England. As the PAS Guidance recommends, we have used this as a 'starting point' for considering the HMA geography.

2.4 The CURDS Study for CLG considers commuting and migration dynamics (based on 2001 Census data) and house prices (standardised to account for differences in housing mix and neighbourhood characteristics). This information was brought together to define a three tiered structure of housing markets, as follows:

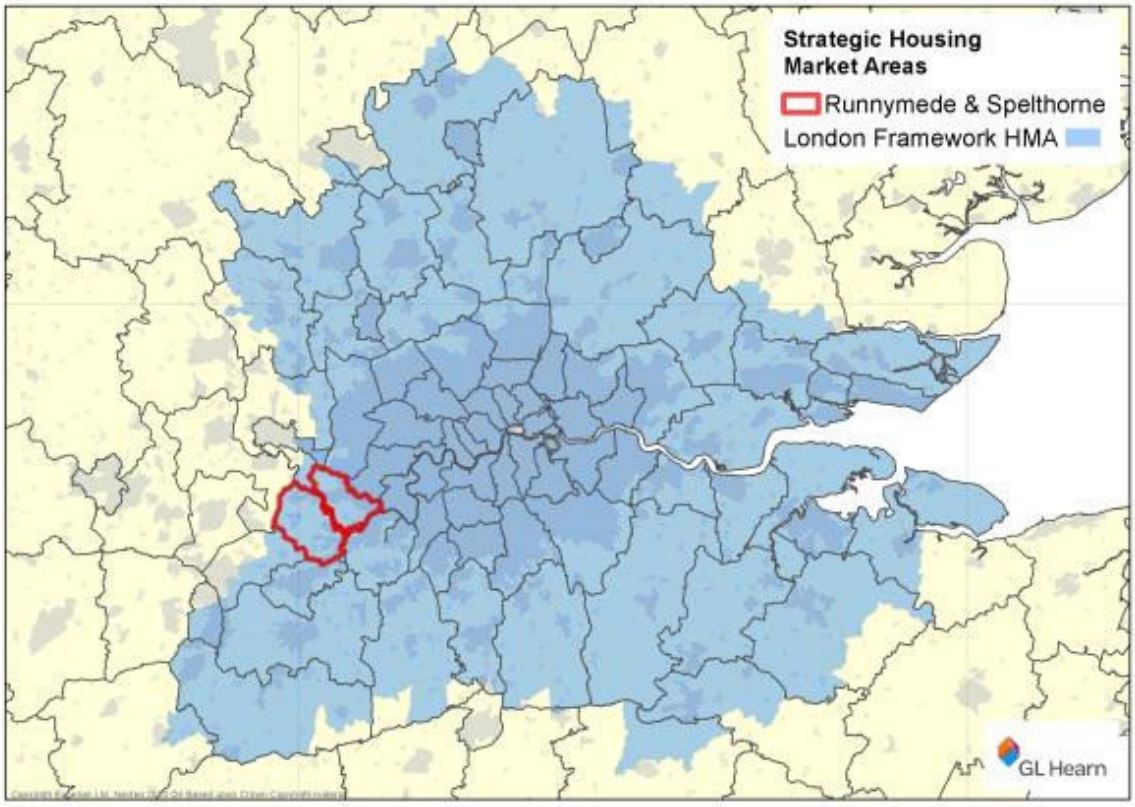
- Strategic (Framework) Housing Markets– based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

2.5 The Strategic and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards at a gold standard and based on local authorities for the silver standard.

2.6 The Study defines a London Framework HMA which extends into the Home Counties. In our view a national analysis of house prices would tend to support this, showing the influence of London and transport links into London extending well beyond Greater London into the South East and East of England.

2.7 Figure 2 illustrates the gold standard Strategic (Framework) Housing Market Areas and how the London Housing Market area extends to South West London and North Surrey. It is worth noting that the silver standard (which groups local authorities to Housing Market Areas) also includes both Spelthorne and Runnymede Boroughs as part of the London Strategic (Framework) Housing Market Area.

Figure 2: CURDS-Defined London Framework HMA



Source: CURDS

2.8 As the 2013 London SHMA demonstrates, there is an established trend of migration into London from across the UK and abroad, with net movement out of London into the Home Counties. In our view this movement out of London is influenced both by quality of place/ lifestyle factors and by housing costs, and is most apparent for family households.

2.9 The CURDS Study identifies that the use of local housing market areas is particularly relevant in housing markets which include a major urban area, setting out:

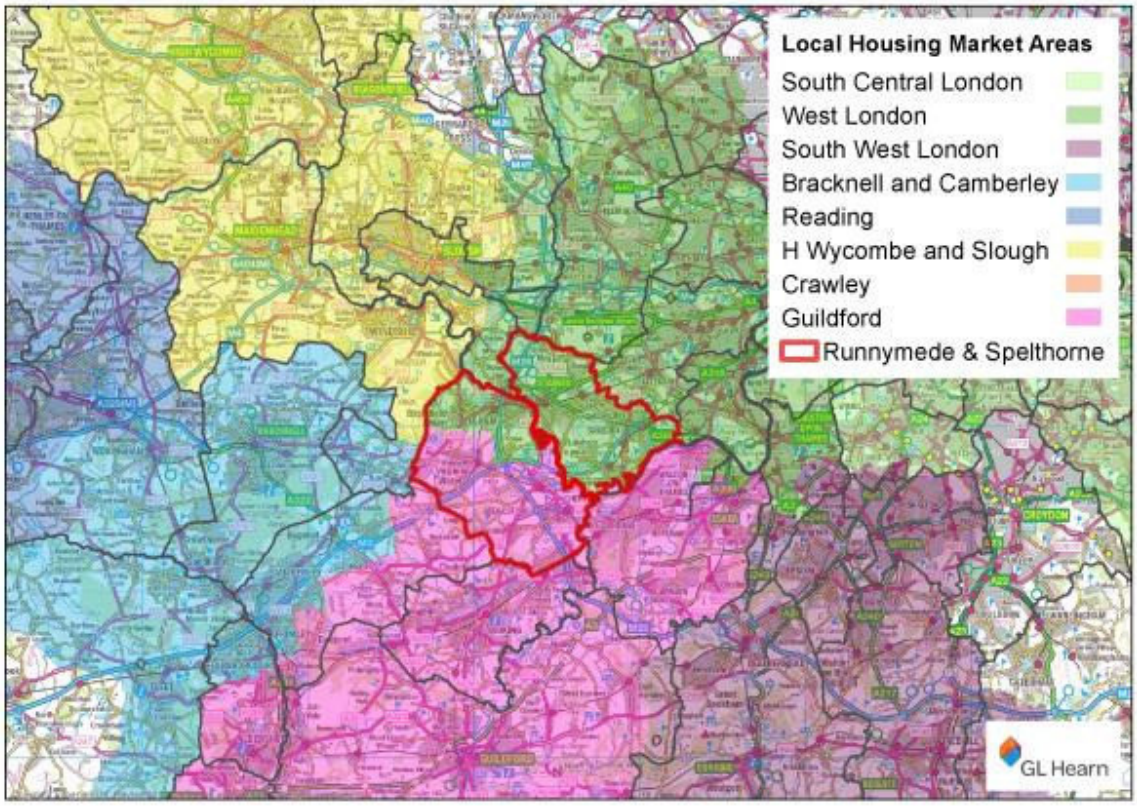
> *"Without a tiered perspective, a focus on large Framework HMAs (will run the risk of) any local areas of very high and very low house prices (being) averaged out. Which fails to diagnose the dynamics of local changes in the housing market.*
>
> *The more fine-grained differentiation of multiple housing markets within a major urban area will also be missed – the latter is most obvious in London where much of Greater London is identified as a large Framework HMA. It is in such areas that an additional lower-tier geography can reflect more localised housing market conditions, and it is notable that in such areas separate lower-tier HMAs are mostly identified."*

2.10 In respect of the use of the lower-tier local HMAs, the CURDS Study goes on to comment that "*a tiered geography links to both national/ cross-regional and more strategic sub-regional analysis*

whilst, at the same time, providing a sufficiently fine-grained basis for more locally based analysis and policy formulation in respect of, for example, issues relating to affordability and/or to core strategy / LDF preparation and monitoring by individual local planning authorities."

2.11 Considering the CURDS defined HMA, the majority of Runnymede is shown to be within the Guildford-centred Local HMA. The remainder of the Borough along with Spelthorne Borough is defined as falling within a West London local HMA.

Figure 3: CURDS-Defined Local Housing Market Areas



Source: CURDS

2.12 The CURDS Report, which the PAS Guidance recommends as a 'starting point,' includes both Runnymede and Spelthorne as within a London Housing Market Area. This reflects in particular the commuting relationship with London. Drilling down to more local housing markets, the CURDS work based on 50% migration self-containment suggests that Spelthorne and the northern part of Runnymede (around Egham) fall within a West London HMA. In contrast Addlestone, Chertsey and Ottershaw are identified as within a Guildford-focused HMA.

2.13 The CURDS work has defined HMAs by grouping wards together. However as population and household projections are only published at a local authority basis, it is accepted standard practice to group local authorities as the "best fit" to Housing Market Areas. The benefits of

drilling down below local authority level are outweighed by the complexities and multiple assumptions necessary to model housing need at this more local level. Using the CURDS "Silver Standard" groupings of local authorities to HMAs would include Runnymede in the Guildford-focused HMA together with Basingstoke, East Hants, Rushmoor, Guildford, Surrey Heath, Waverley and Woking. Spelthorne would form part of a South West London HMA, including Hounslow, Hillingdon, Kingston and Richmond. The CURDS work however includes Runnymede in a London-focus Strategic HMA but within a Guildford-focused Single Tier Geography. It in effect does not draw firm conclusions regarding where Runnymede sits. However it does clearly demonstrate a housing market relationship to London.

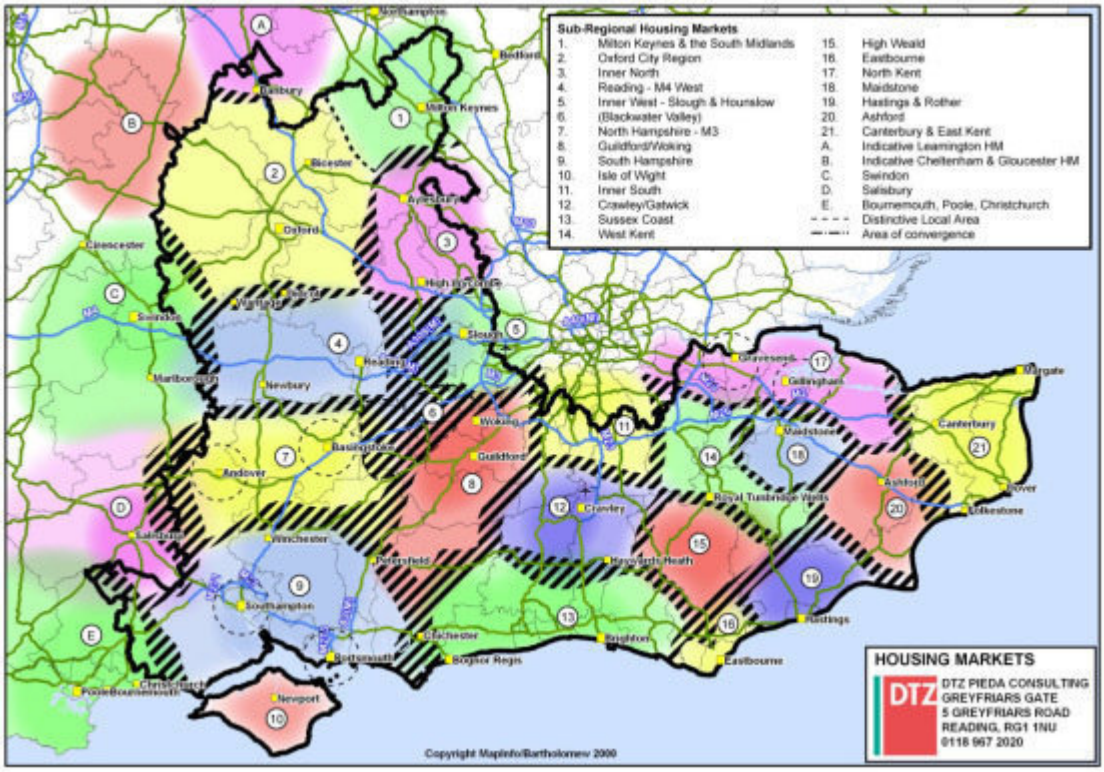
2.14 However it must be borne in mind that the CURDS work is based on 2001 data, which is now 13 years old. 2011 Census commuting and migration flow data has been released in Summer 2014 which provides a basis for reconsidering housing market geographies using more recent information. This is considered in Section 3 of the Report.

DTZ Regional Research

2.15 Sub-regional housing markets within the South East of England were defined in the South East Plan based on a regional study undertaken by DTZ for the South East Regional Assembly and Homes and Communities Agency in 2004[5] to define housing market areas across the South East. DTZ identified 21 housing market areas across the region, as shown in Figure 4.

[5] DTZ (2004) Identifying the Local Housing Markets of the South East

Figure 4: Housing Market Areas in the South East



Source: DTZ (2004) Identifying the Local Housing Markets of the South East

2.16 The DTZ Study identified a Guildford/Woking Sub-Regional HMA extending across much of western Surrey and into East Hampshire. This was based on analysis of migration and travel to work patterns and wider data; and a programme of stakeholder engagement to agree the definitions of housing markets across the region. This HMA included East Hampshire, Waverley, Guildford, Woking, Surrey Heath, Runnymede and Elmbridge.

2.17 An Inner West (Slough and Hounslow) market was defined which was found to extend from Runnymede in the south to South Buckinghamshire in the north, encompassing Spelthorne, the eastern part of Bracknell Forest, the eastern part of the Royal Borough of Windsor and Maidenhead, with a central nucleus focused on Slough.

2.18 The split of the two authorities across different housing market areas, one focused more towards the M4/ Heathrow; and the other towards Woking and Guildford, is relatively consistent with the CURDS analysis. This is unsurprising as both are informed by 2001 Census data.

Existing SHMA Studies

2.19 We have undertaken a high-level review of existing post-NPPF SHMA studies in the immediate surrounding areas and how these define Housing Market Areas.

- **Hart, Rushmoor & Surrey Heath SHMA** – the Consultation Draft Report for this SHMA, dated May 2014, concludes that taken together, previous research on housing markets and up to date analysis of migration and travel to work patterns supports the particular importance of Hart, Rushmoor and Surrey Heath working together;
- **West Surrey SHMA** - this defines a housing market area centred on Guildford which includes Guildford, Waverley and Woking, but with a degree of overlap with the Hart, Rushmoor and Surrey Heath market and an influence from London;
- **Windsor & Maidenhead SHMA** – this SHMA, dated Jan 2014, defines an HMA which includes all of the Borough's adjoining Districts, these being Reading, Wokingham, Wycombe, Windsor and Maidenhead, South Bucks, Slough, Bracknell Forest, Surrey Heath, Runnymede and Spelthorne;
- **London SHMA** – the GLA's 2013 SHMA looks at the Greater London area, but recognises links beyond this setting out that 'its urban area extends beyond this boundary and encompasses a substantial hinterland' but sets out that there is no universally accepted way of measuring this, noting that boundaries based on analysis of commuting and migration "are highly sensitive to the specific level of containment uses" based on reference to the CURDS Study.

2.20 The examination of Further Alternations to the London Plan took place in late 2014. The inspector's findings identified London as a self-contained market. It is understood that the London Boroughs planned to meet the minimum housing target within the City's boundaries and that no unmet need would be expected to be met outside of the Greater London area.

2.21 It is also relevant noting the findings of the slightly older SHMAs which also relate to the immediately surrounding area:

- **2007 Berkshire SHMA -** This Study, prepared by DTZ, reviewed the definition of the Inner West Market identified in their earlier 2004 Study, and concluded that there was a separate East Berkshire HMA containing Slough and Windsor and Maidenhead (and possibly South Bucks).
- **Eastern Surrey SHMA** – this 2007 Study defined an Eastern Surrey HMA which included Elmbridge, Epsom & Ewell, Mole Valley, Reigate and Banstead and Tandridge;

2.22 The Windsor and Maidenhead SHMA defined a Housing Market Area as based on those local authorities directly around it as well as some with strategic links. This HMA reflects the local authorities which have any notable relationship with the Royal Borough, rather than just those with a key relationship. While Runnymede was included in the RBWM HMA this was to reflect localised links around Sunningdale and Virginia Water. Localised links between Spelthorne and RBWM, in particular Staines-upon-Thames with Old Windsor and Wraysbury, were also identified.

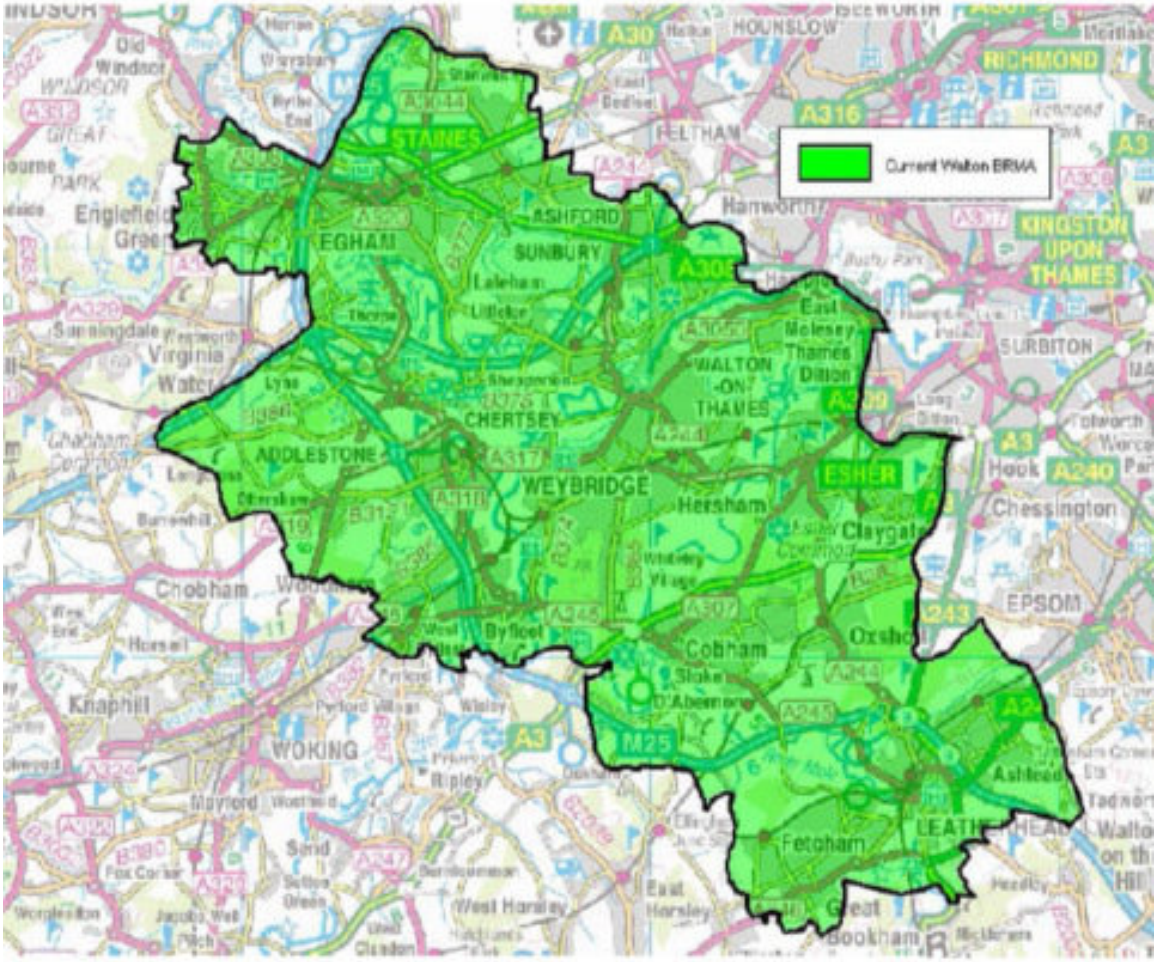
2.23 A review of these studies demonstrates that Runnymede and Spelthorne are not defined as part of a common Housing Market Area with their surrounding authorities, with the exception of the Windsor and Maidenhead SHMA which draws a wider-ranging HMA based on its adjoining local authorities and not any notable relationships.

2.24 The GLA SHMA defines a London HMA which comprises Greater London, but recognises housing market relationships which extend beyond this. All of the other Surrey authorities are defined as falling within either an East or West Surrey HMA, or within one which extends into Hampshire.

Broad Rental Market Areas

2.25 The Valuation Office Agency (VOA) define Broad Rental Market Areas (BRMA) which are the geographical areas used to determine Local Housing Allowance (LHA) rates. These are defined based on the broad area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. The areas are defined by looking at these services and the ease by which residents can visit them via a variety of transport modes.

Figure 5: Walton Broad Rental Market Area



Source: VOA

2.26 According to the VOA, most of Spelthorne and Runnymede fall within the Walton BRMA (as shown in Figure 5), which includes a number of key towns around the Surrey/London border. The parts of Runnymede around Virginia Water and sparsely populated parts of Spelthorne (mostly reservoirs) are within the East Thames Valley BRMA.

2.27 The Walton BRMA stretches across a wide area to the South West of London and encompasses the towns of Staines-upon-Thames, Ashford, Esher, Leatherhead, Cobham, Walton, Weybridge, Addlestone, Egham, Oxshott and Sunbury. It includes parts of the local authorities of Spelthorne, Runnymede, Elmbridge and the northern parts of Mole Valley.

2.28 The basis for defining the Broad Rental Market Area does not however correlate with the key indicators identified in the Planning Practice Guidance. It is based principally on issues of access to services, and therefore needs to be considered alongside other evidence.

Implications

2.29 The existing evidence identifies various housing market geographies which cut across the two boroughs. At a strategic level, the influence of London is clear, based on both migration and commuting dynamics.

2.30 Within Surrey, neither Spelthorne nor Runnymede is included within existing locally-defined Housing Market Areas with other Surrey authorities. However Spelthorne and Runnymede are identified as having a localised relationship to Windsor and Maidenhead (see paragraph 2.22). The evidence does suggest some links from Spelthorne towards Heathrow and West London; and from Runnymede towards Woking. What emerges from this initial analysis is a question regarding at what scale HMAs should be defined.

Reviewing 2011 Census Data

2.31 The previous housing market area studies (as outlined earlier in this report) have principally been based on interrogation of 2001 Census data where analysis has been undertaken below local authority level. Data on commuting and migration flows from the 2011 Census was issued in July 2014, and it is thus an appropriate point at which to review housing market geographies.

2.32 In line with the recent PAS Advice note we analysed commuting focusing on the major settlements and employment centres in the sub-region. We have reviewed both the catchments of the larger employment centres, as well as the major flows from and to and between Runnymede and Spelthorne. We have also reviewed migration patterns from the 2011 Census at a local authority level, which is the most detailed level available at the time of preparation.

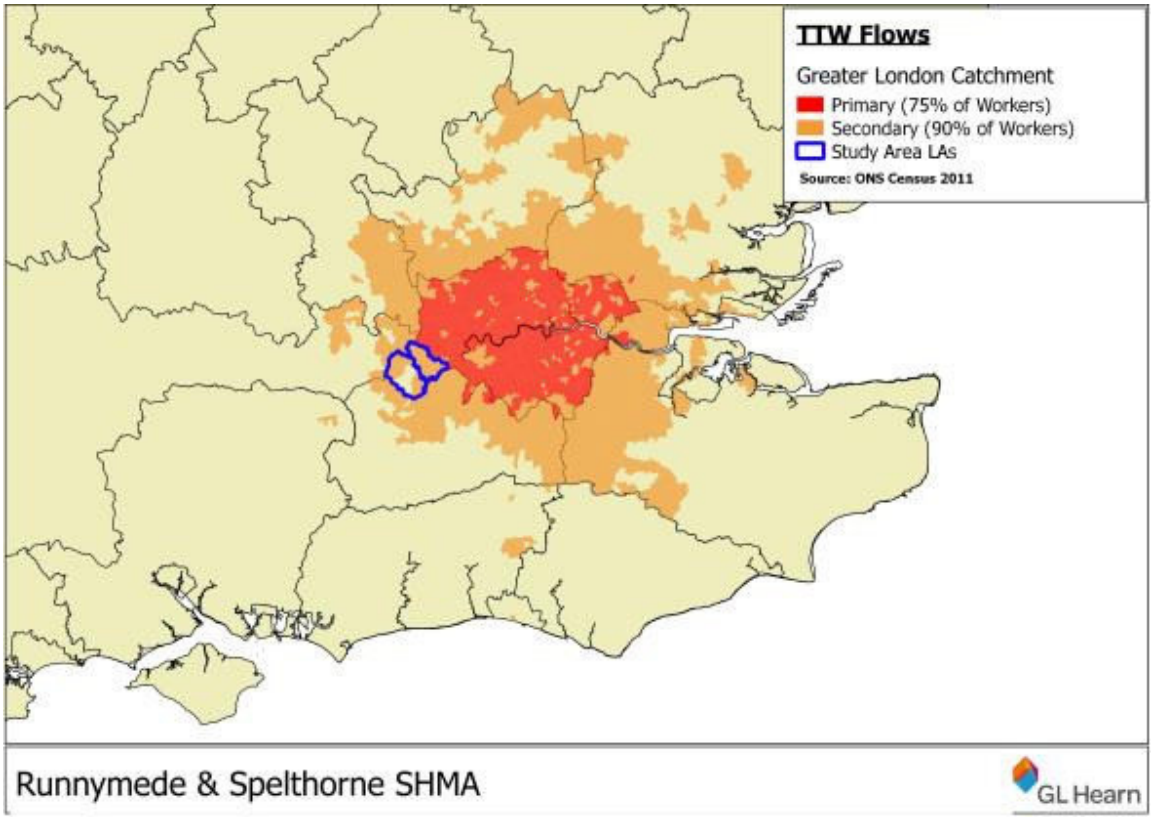
Travel to Work

2.33 As with the previous studies, the influence of London on commuting patterns in Runnymede and Spelthorne is quite clear. At present around 36% of residents in Spelthorne and 19% of those in Runnymede commute to Inner London.

2.34 The proportion of people commuting to Greater London as a whole is higher still. 44% of working residents in Spelthorne commute to work in London, with 24% commuting to London from Runnymede. There is clearly a strong relationship to London from Spelthorne in particular; and a significant relationship from Runnymede. Figure 6 maps London's Travel to Work Catchment.

2.35 Indeed significantly more residents from Runnymede commute to work in London (24%) than commute to work in the three West Surrey authorities (9%), to those defined as within East Surrey in the 2007 SHMA (10.8%) or to Surrey Heath/North Hampshire (2%). The largest single flows from Runnymede were to Elmbridge (8.9%), Spelthorne (7.2%) and Woking (6.3%) but in all cases are significantly lower than flows towards London. This reinforces the strong link towards London.

Figure 6: London Commuting Catchment (2011)



Source: ONS, Census 2011

2.36 Reflecting the influence of London and density of the transport network, self-containment levels are generally low. Runnymede has the highest self-containment at 39%. Self-containment is 32% in Spelthorne. When both Boroughs are combined the self-containment is around 47%.

Figure 7: Residence-based Commuting Self-Containment Levels, 2011

	Runnymede	Spelthorne
Total Residents in Work	40,985	50,484
Residence-based Self-Containment	16,143	16,055
Self-Containment	39%	32%

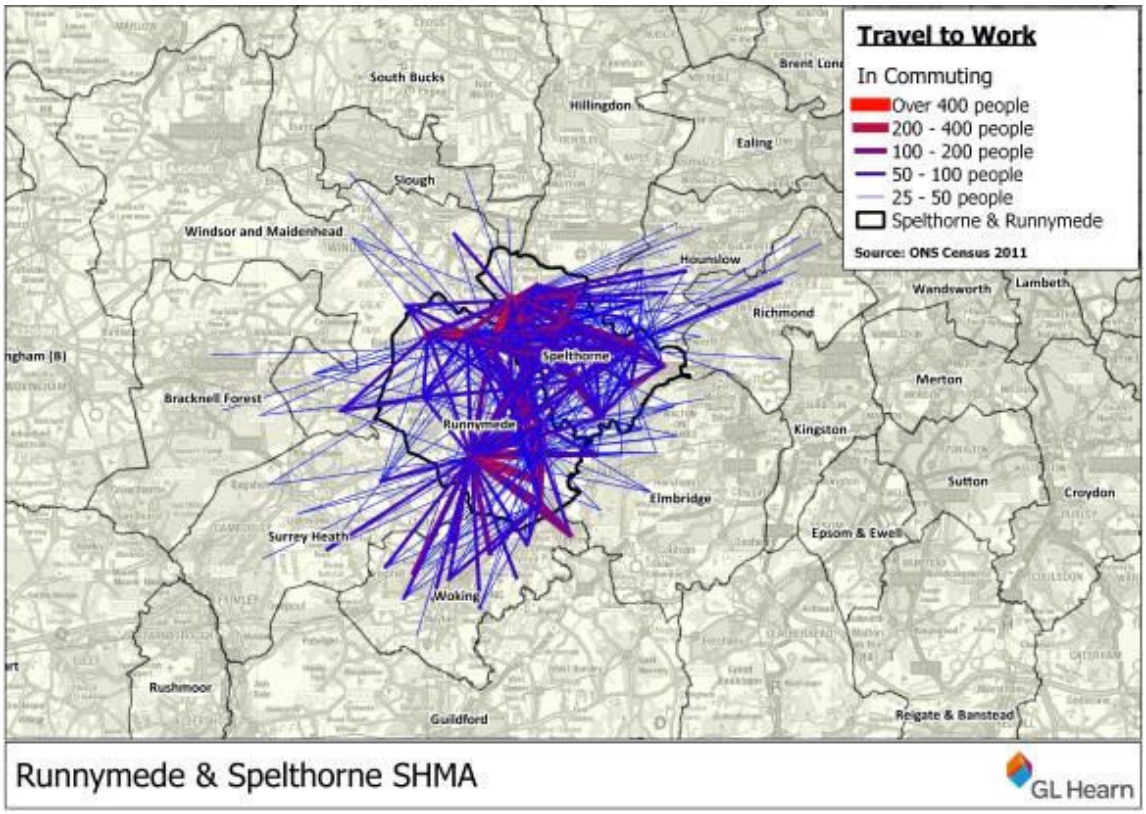
Source: ONS, Census 2011

2.37 The primary catchment area for London, as Figure 6 shows, is principally contained within Greater London. This supports and reinforces the GLA's approach of identifying London as a Housing Market Area. The map however clearly shows London's wider area of influence in commuting (and housing market) terms - the secondary catchment. These areas effectively fall within a "London Fringe" and see significant commuting to London as the above analysis demonstrates. It should be recognised that the precise geography will be influenced by the commuting threshold used.

2.38 Figures 8 and 9 plot where residents in Runnymede and Spelthorne work, and where those working within the two Boroughs live, based on analysis of 2011 Census data at Mid Super Output Area (MSOA) level. This indicates:

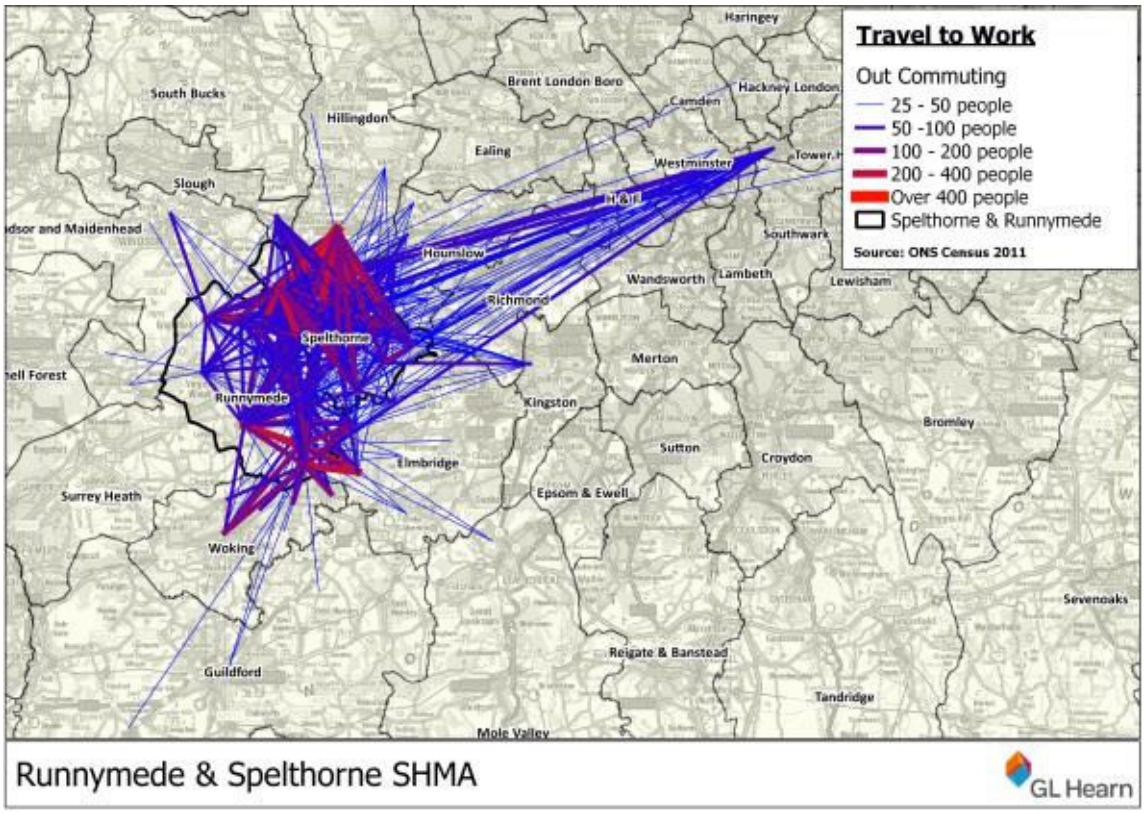
- Cross-boundary commuting between the two Boroughs;
- Short cross-boundary flows with adjoining areas to/from Byfleet, Woking, Windsor, Weybridge, Langley;
- Notable flows to work from the Boroughs to Heathrow and London;
- Relatively more modest links towards Guildford.

Figure 8: In Commuting to Runnymede and Spelthorne (2011)



Source: 2011 Census

Figure 9: Out Commuting from Runnymede and Spelthorne (2011)



Source: 2011 Census

2.39 Overall, the commuting analysis shows a series of inter-relationships across local authority boundaries. It shows commuting to a range of employment centres, reflecting in part the density of the transport network (both road and rail), including the M25 and links to London. It suggests a stronger relationship towards London from Runnymede and Spelthorne than to other parts of Surrey.

2.40 Within Surrey, the London Fringe includes the majority of Elmbridge, Epsom and Ewell, Reigate and Banstead, Tandridge, Spelthorne and Runnymede (as well as Woking and Guildford Town). In Berkshire it includes Slough and Windsor and Maidenhead. In Buckinghamshire it includes South Bucks and Chiltern.

2.41 What we have next sought to do is analyse more local commuting patterns, migration and house prices with a view to considering what housing market quadrants/ local market areas might exist within this "London Fringe" area.

2.42 Figure 10 sets out our initial analysis which considers commuting flows to the Surrey HMAs defined by previous studies (as described in Section 2) and the relationship between Runnymede and Spelthorne. The analysis highlights:

- Low self-containment levels within the two authorities individually or combined, reflecting the significant influence of commuting to London;
- Some commuting to the West Surrey and East Surrey HMAs, particularly from Runnymede; but low links with North Hampshire/ Surrey Heath.

Figure 10: Commuting Flows to Previously Defined HMAs

	From Runnymede	From Spelthorne
All working Residents	32,578	41,291
Working in London	7,970	17,989
% to London	24%	44%
Self-Containment	11,229	11,153
Self-Containment %	34%	27%
To Opposite Borough	2,344	4,215
To Opposite Borough %	7%	10%
To North Hampshire & Surrey Heath	764	591
To North Hampshire & Surrey Heath %	2%	1%
To West Surrey	2,855	898
To West Surrey %	9%	2%
To East Surrey	3,534	2,106
To East Surrey %	11%	5%

Source: 2011 Census

2.43 The density of transport links (rail and road), and plethora of employment centres, means that we see commuting flows to a number of employment centres. We have sought to define larger employment centres, based on local authorities with a workplace population of over 50,000 persons in 2011. We have then assessed flows to these areas from Runnymede and Spelthorne. This analysis is shown in Figure 11. These are the centres outside of London which we might therefore expect to have their own wider Travel to Work Area (TTWA).

2.44 Our analysis suggests that of these, those larger employment centres in the South East to which there is a significant commuting flow (over 500 persons) from Runnymede or Spelthorne comprise:

- Slough
- Guildford
- Windsor and Maidenhead

2.45 However there is both a geographic proximity and economic inter-relationship between Slough and Windsor and Maidenhead, and we would therefore expect these centres to fall within a

common TTWA[6]. Similarly looking further east, there is a proximity and inter-relationship between Crawley and Reigate and Banstead.

Figure 11: Commuting Flows to Larger Employment Centres in South East

Employment Centre	Runnymede	Spelthorne	United Kingdom
Reading	122	103	76,269
Crawley	126	97	72,060
Basingstoke and Deane	110	104	68,346
Slough	736	1,416	63,388
Guildford	689	292	63,309
Wycombe	85	117	62,191
Windsor and Maidenhead	986	722	60,123
Reigate and Banstead	139	87	53,585
Wokingham	189	143	52,545

Source: 2011 Census

2.46 There is a relationship from both authorities to Slough and Windsor and Maidenhead; but a relatively weak link between Spelthorne and Guildford.

2.47 There is also clearly a relationship with centres in Outer London. Using a similar approach, Figure 12 tracks commuting from Runnymede and Spelthorne (as well as Elmbridge). We have included Elmbridge in this table to demonstrate the contrasting commuting patterns to Richmond and Kingston. We see notable commuting:

- From Spelthorne to Hounslow (5,579 persons), Hillingdon (4,219) and Richmond (2,111);
- From Elmbridge to Kingston (3,947), Richmond (2,083) and Hounslow (1,487);
- From Runnymede to Hillingdon (1,687) and Hounslow (1,633).

Figure 12: Commuting Flows with Key Outer London Employment Centres

Place of work	Spelthorne	Runnymede	Elmbridge	United Kingdom
Hillingdon	4,219	1,687	994	143,012
Hounslow	5,579	1,633	1,487	105,269
Ealing	635	293	260	97,801
Croydon	52	58	141	88,324
Richmond upon Thames	2,111	577	2,083	57,322
Kingston upon Thames	871	473	3,947	56,946
Merton	167	165	770	55,011

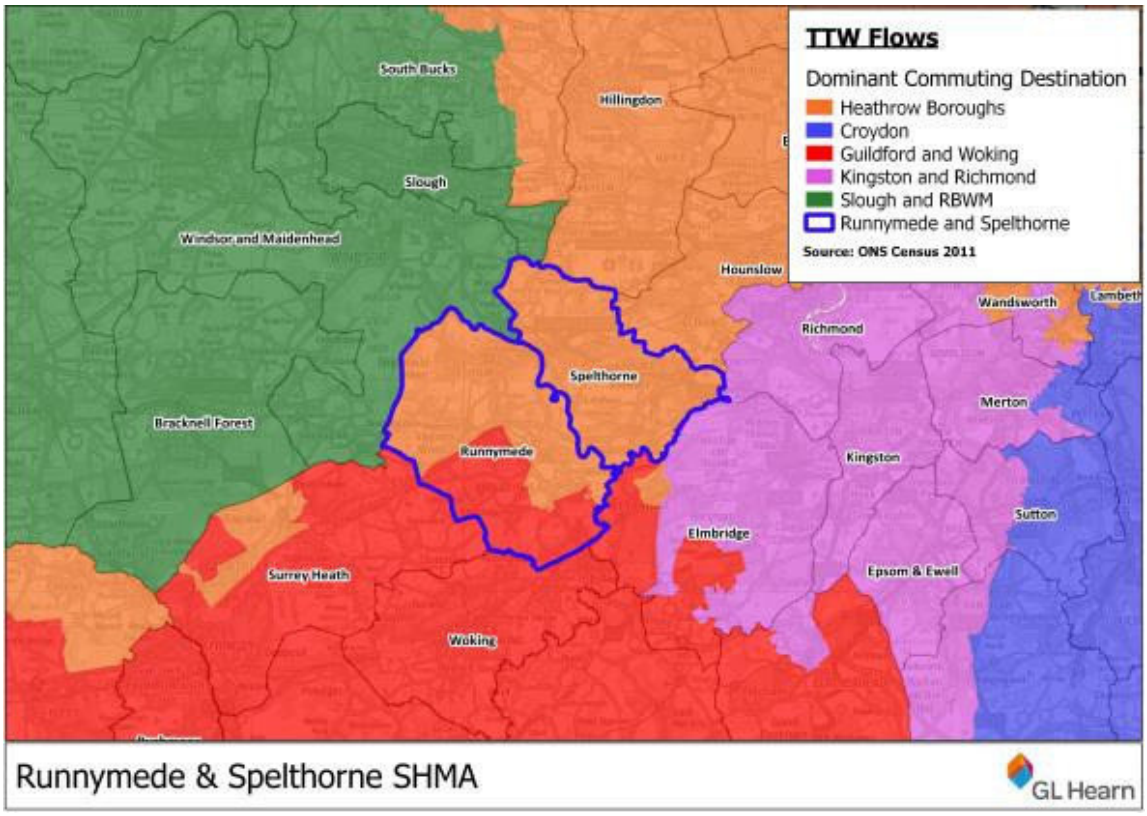
Source: 2011 Census

[6] The 2001 TTWAs defined by ONS supports this

2.48 Hillingdon, Hounslow and Ealing in economic terms are closely related, and include employment at Heathrow and along the M4 Corridor.

2.49 We have therefore sought to use the catchment mapping to define the economic influence of these larger employment centres. Figure 13 shows where the strongest commuting flows are with different areas, to the defined employment centres. This analysis shows that strongest commuting flows from Runnymede and Spelthorne are towards Heathrow/ West London; that Elmbridge and Epsom and Ewell relate more towards South West London Boroughs; whilst we do not see the influence of London Boroughs extending further south/west. Furthermore the commuting relationship with Heathrow/West London from Runnymede and Spelthorne is stronger than that with Slough/ Windsor and Maidenhead. It should be noted that this map does not consider commuting flows to Bracknell/ Farnborough and other towns in the Blackwater Valley which are likely to influence commuting in Surrey Heath.

Figure 13: Dominant Commuting Destination, 2011



2.50 Figure 13 indicates that the strongest commuting links from Runnymede and Spelthorne are towards London, and particularly West London Boroughs. This reflects in particular the concentration of employment around Heathrow and the M4 Corridor. However the south-western

part of Runnymede around New Haw, Woodham and Ottershaw shows a stronger relationship to Woking.

Migration Patterns

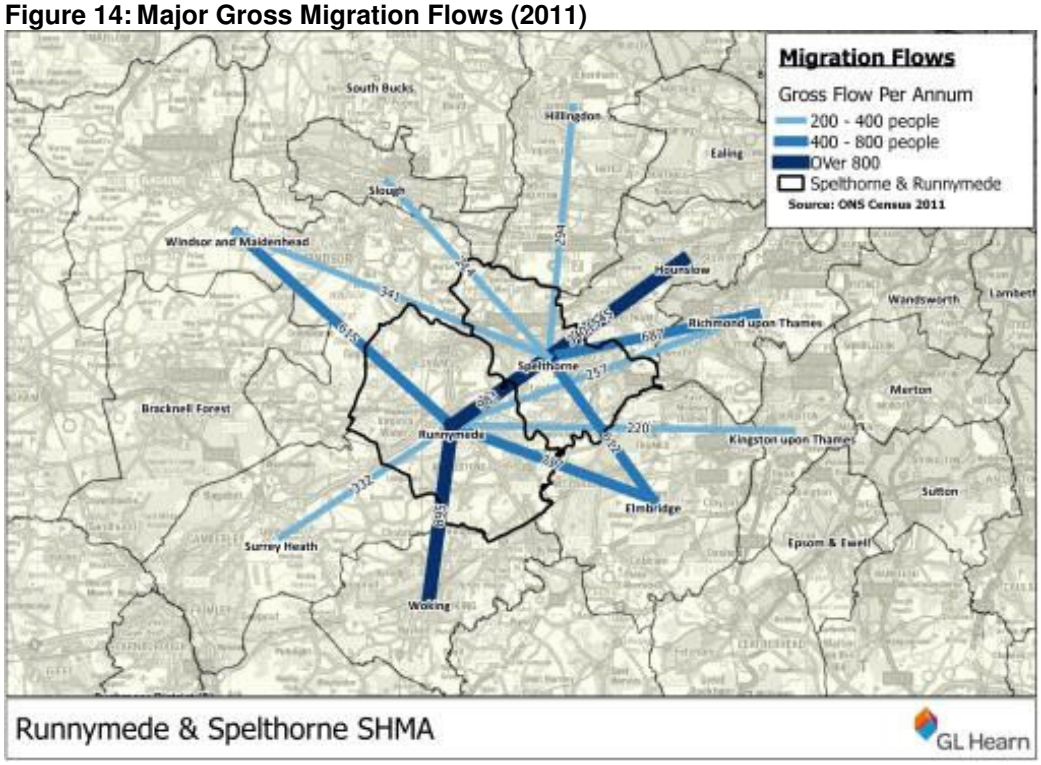
2.51 Migration data has only been published at a local authority level. The migration patterns reflect the location of residents one year prior to the completion of the Census. We have reviewed both net and gross flows. The first identifies the direction of movement; with the latter highlighting the strength of inter-connectedness.

2.52 In total, approximately 5,500 people left Runnymede to somewhere else in the UK in the year leading up to the Census. Over the same period 6,100 people arrived in Runnymede from somewhere else in the UK. This reflects a modest level of internal in migration into the Borough. In addition, approximately 4,400 people moved within the Borough over the same period. Just fewer than 500 people moved from Runnymede to Spelthorne.

2.53 In total, approximately 4,800 people left Spelthorne to somewhere else in the UK in the year leading up to the Census. Over the same period 4,900 people arrived in Spelthorne from somewhere else in the UK. This reflects a very modest level of internal in migration into the Borough. In addition, approximately 3,300 people moved within the Borough over the same period. Just over 500 people moved from Spelthorne to Runnymede.

2.54 By reviewing gross flows we can see the strength of relationships between Spelthorne and Runnymede with other local authorities. As Figure 14 indicates the Boroughs have significant flows with each other (983 persons moving in either direction). In addition there are also significant inter-relationships between Spelthorne and Hounslow (1,545 per annum) and between Runnymede and Woking (895 per annum).

Figure 14: Major Gross Migration Flows (2011)



Source: ONS, 2011

2.55 Both Boroughs also see flows to and from Elmbridge, Richmond upon Thames and Windsor and Maidenhead. However, we would expect there to be higher flows from areas with a higher population such as Hounslow and Woking.

2.56 As Figure 15 shows, the major flows are between Spelthorne and Runnymede as well as between Runnymede and Woking; and Spelthorne and Hounslow respectively. Overall the largest flow is between Spelthorne and Hounslow with over 1,500 people moving in either direction per annum.

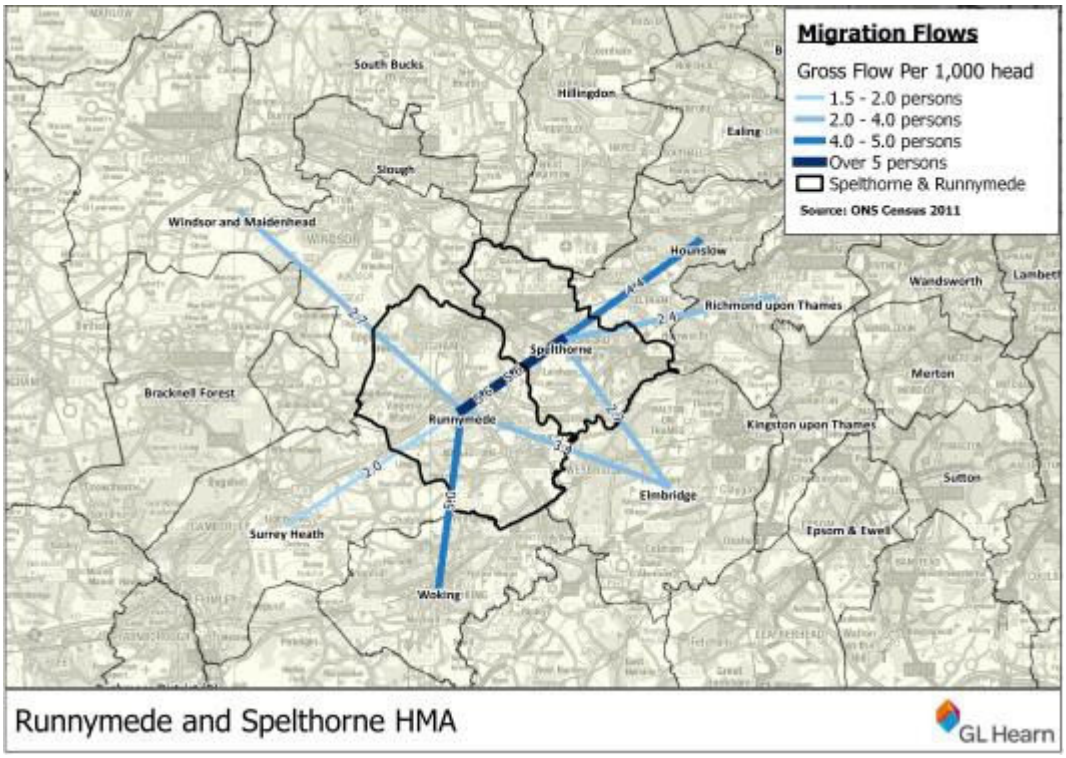
Figure 15: Top Ten Gross Flows With Runnymede and Spelthorne, 2010-11

Spelthorne	Gross	Runnymede	Gross
Hounslow	1,545	Spelthorne	983
Runnymede	983	Woking	895
Richmond upon Thames	687	Elmbridge	717
Elmbridge	612	Windsor and Maidenhead	615
Windsor and Maidenhead	341	Hounslow	340
Hillingdon	294	Surrey Heath	332
Slough	214	Richmond upon Thames	257
Ealing	192	Kingston upon Thames	220
Bracknell Forest	187	Wandsworth	195
Woking	176	Guildford	194

Source: ONS, 2011

2.57 We would expect that larger areas (by population) would provide and accept larger numbers of people coming into and out of their local authority than a less populated local authority would. To reflect the impact of different population sizes in individual local authorities we have also undertaken an analysis of weighted flows based on the total size of the population in each local authority e.g. gross flows per 1,000 head of population. As illustrated in Figure 16, the strongest flows are between Runnymede and Spelthorne at 5.6 flows per 1,000 head of population. The links to Hounslow from Spelthorne and to Woking from Runnymede are less significant when weighted in this manner, although still significant.

Figure 16: Major Gross Migration Flows Per Head (2011)



Source: ONS, 2011

2.58 This analysis is consistent and supports our commuting analysis, which shows a strong relationship between Spelthorne and Hounslow; and part of Runnymede Borough as having a strong relationship towards Woking. Links with Elmbridge are also noted. Figure 17 sets out the underlying figures. We must therefore also understand the extent to which Spelthorne and Runnymede represent a key driver to the migration dynamics in those particular authorities.

Figure 17: Top Ten Gross Flows Weighted by Size of Population (2011)

Spelthorne	Gross per 1,000 head	Runnymede	Gross per 1,000 head
Runnymede	5.58	**Spelthorne**	5.58
Hounslow	4.42	Woking	4.98
Elmbridge	2.70	Elmbridge	3.39
Richmond upon Thames	2.43	Windsor &	2.73
Windsor & Maidenhead	1.42	Surrey Heath	1.99
Slough	0.91	Hounslow	1.02
Woking	0.90	Richmond upon	0.96
Bracknell Forest	0.90	Bracknell Forest	0.94
Hillingdon	0.80	Kingston	0.91
Surrey Heath	0.78	Guildford	0.89

Source: ONS, 2011

2.59 Figure 18 shows each of these local authorities (Elmbridge, Woking and Hounslow) has relatively significant links with either Runnymede or Spelthorne, however these are less significant than those with other authorities. The analysis suggests that:

- The strongest migration links affecting Runnymede and Spelthorne are with one another;
- Elmbridge falls within an HMA which includes Kingston, with which it has a particularly strong relationship;
- Woking falls within an HMA with Guildford, with which it has a particularly strong relationship, albeit that there is also strong migration with Runnymede;
- There is a strong link between Spelthorne and Hounslow, albeit that the link between Runnymede and Hounslow is not that strong. Hounslow also has a strong link with Ealing and Richmond.

2.60 The identification of housing market relationships on this basis is broadly consistent with that based on our analysis of the predominant commuting destinations.

Figure 18: Top Ten Gross Flows per 1,000 head of population for Selected Local Authorities

Elmbridge	Gross Per '000 Head	Woking	Gross Per '000 Head	Hounslow	Gross Per '000 Head
Kingston	5.50	Guildford	5.05	Ealing	8.47
Runnymede	**3.39**	**Runnymede**	**4.98**	Richmond	6.55
Richmond	2.74	Surrey Heath	3.87	**Spelthorne**	**4.42**
Spelthorne	**2.70**	Elmbridge	2.59	H&F	3.51
Woking	2.59	Waverley	1.26	Hillingdon	3.16
Mole Valley	2.44	Rushmoor	1.15	Slough	1.89
Guildford	1.95	**Spelthorne**	**0.90**	Wandsworth	1.43
Wandsworth	1.81	Mole Valley	0.71	Kingston	1.16
Merton	1.48	Kingston	0.65	K&C	1.16
Epsom and Ewell	1.20	Wandsworth	0.64	Brent	1.10

Source: ONS, 2011

2.61 Net migration describes the balance of flows between two areas. In general near major UK cities we see a pattern where there is a net migration from abroad and other parts of the UK to the cities (including people moving for work and students) and then a net out-flow from the cities to surrounding areas. We would expect a net outflow from Inner to Outer London Boroughs, and from these areas into Surrey.

2.62 Figure 19 outlines the major boroughs for net in and net out migration to and from Spelthorne Borough. We can see that only 5 local authorities have a net number of people moving to Spelthorne all of which are from London. The opposite is true those leaving the boroughs with none of the major net out migration destinations in London.

Figure 19: Net Migration to and from Spelthorne (Flows of 30+ Persons), 2010-11

Local Authority	Net in	Local Authority	Net out
Hounslow	543	Bracknell Forest	-89
Richmond upon Thames	227	Windsor and Maidenhead	-83
Ealing	106	Runnymede	-51
Hillingdon	104	Elmbridge	-38
Hammersmith and Fulham	46	Chichester	-36
		Surrey Heath	-34
		Woking	-34
		Guildford	-30

Source: ONS Census, 2011

2.63 Figure 20 outlines the top ten boroughs for net in and net out migration to and from Runnymede Borough. Seven out of the ten largest net contributors are London Boroughs. Only Surrey Heath is a major net recipient from Runnymede although the direction of migration is different from Spelthorne. A number of the less expensive London boroughs are net recipients from Runnymede. This may reflect graduating students moving to London for employment.

Figure 20: Net Migration to and from Runnymede, 2010-11

Local Authority	Net in	Local Authority	Net out
Hounslow	176	Surrey Heath	-108
Elmbridge	139	Bracknell Forest	-58
Hillingdon	98	Lambeth	-42
Ealing	57	Tower Hamlets	-33
Spelthorne	51	Wandsworth	-31
Kingston upon Thames	40	Westminster, City of London	-29
Slough	40	Guildford	-26
Harrow	33	Windsor and Maidenhead	-23
Richmond upon Thames	31	Cornwall, Isles of Scilly	-22
Barnet	26	Newham	-19

Source: ONS Census, 2011

House Price Analysis

2.64 The Planning Practice Guidance also recommends that house prices are considered when identifying Housing Market Areas.

2.65 Figure 21 outlines median house prices in selected local authorities for the period January 2013 to April 2014. Median house prices are influenced by the mix of properties sold. House prices in Runnymede and Spelthorne are remarkably similar to one another.

Figure 21: Median House Prices in Selected Local Authorities

	Detached	Semi-Detached	Terraced	Flats	Overall
Runnymede	£465,000	£300,000	£250,000	£194,625	£286,000
Spelthorne	£440,000	£301,000	£250,000	£197,250	£267,500
Woking	£570,000	£305,000	£249,950	£202,000	£270,000
Hounslow	£415,000	£325,000	£319,975	£235,000	£285,000
Elmbridge	£925,000	£445,000	£370,000	£246,500	£432,500
Surrey Heath	£475,000	£275,000	£235,000	£172,250	£296,000
Kingston	£667,000	£460,000	£345,000	£267,000	£344,950
Richmond	£1,140,000	£710,000	£600,000	£325,000	£475,000
Ealing	£965,000	£470,000	£405,000	£277,500	£335,000

Source: HM Land Registry, 2014

2.66 We have sought to map house prices based on average sales prices for terraced and semi-detached prices for the South East and London. This reflects mid-range property and seeks to strip out the impact of dominant house typologies i.e. clusters of larger detached or smaller flatted properties.

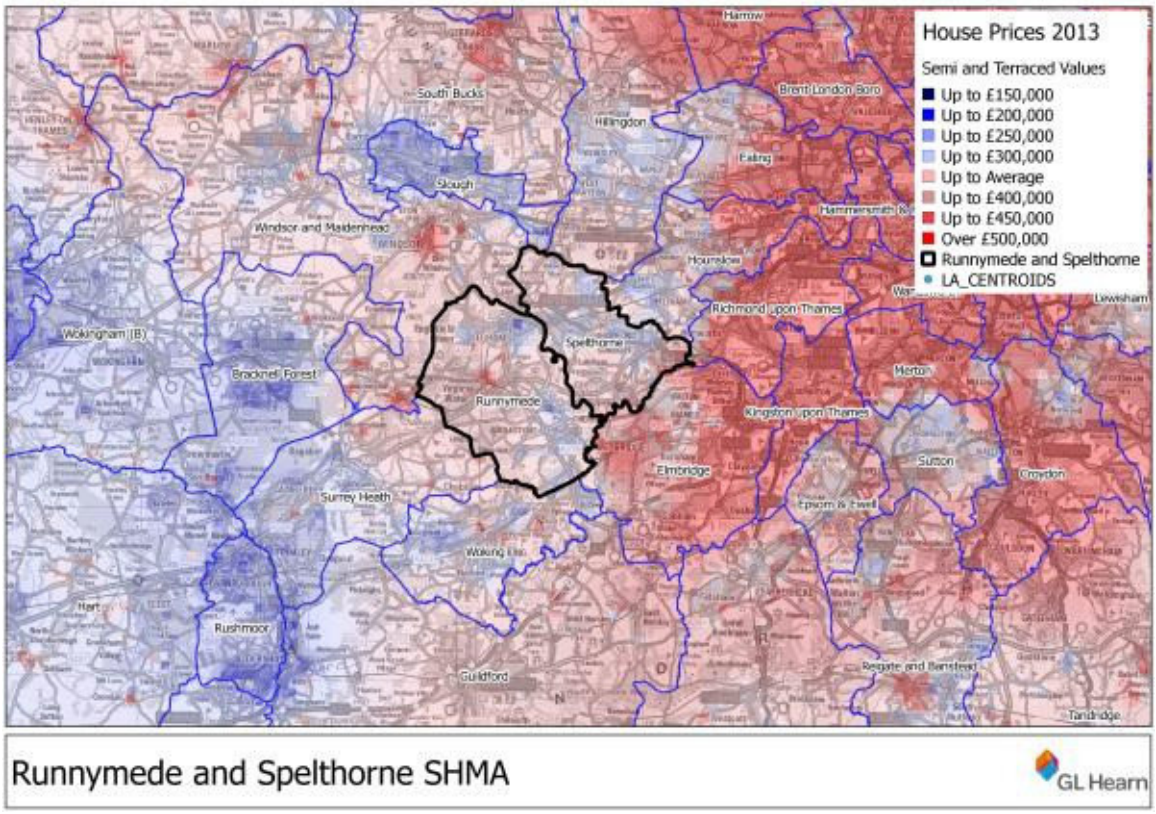
2.67 Figure 22 illustrates localised house price patterns and shows a clear distinction between the higher house prices in London, falling slightly in the immediately surrounding authorities and again in those further out. There are a number of exceptions to this including lower prices in parts of West London around Hounslow and Hillingdon. These areas immediately surround Heathrow Airport.

2.68 What the analysis particularly highlights is:

- Stronger house prices in Elmbridge than in Runnymede or Spelthorne. Prices in Elmbridge are more similar to those in Kingston, Richmond and Merton – particularly in the eastern parts of the Borough;
- Lower house prices in Rushmoor, Surrey Heath and Hart relative to the majority of areas in Surrey. Prices in these areas are more similar to Bracknell and Wokingham;
- Some parity between housing costs in Runnymede and Spelthorne with parts of Woking, Hounslow, Hillingdon and Windsor and Maidenhead.

2.69 The price geographies shown, leaving aside very local differences, are not inconsistent with the geography of dominant commuting destinations shown by our earlier analysis.

Figure 22: Average Semi-detached and Terraced House Prices (2013)



Source: HM Land Registry, 2014

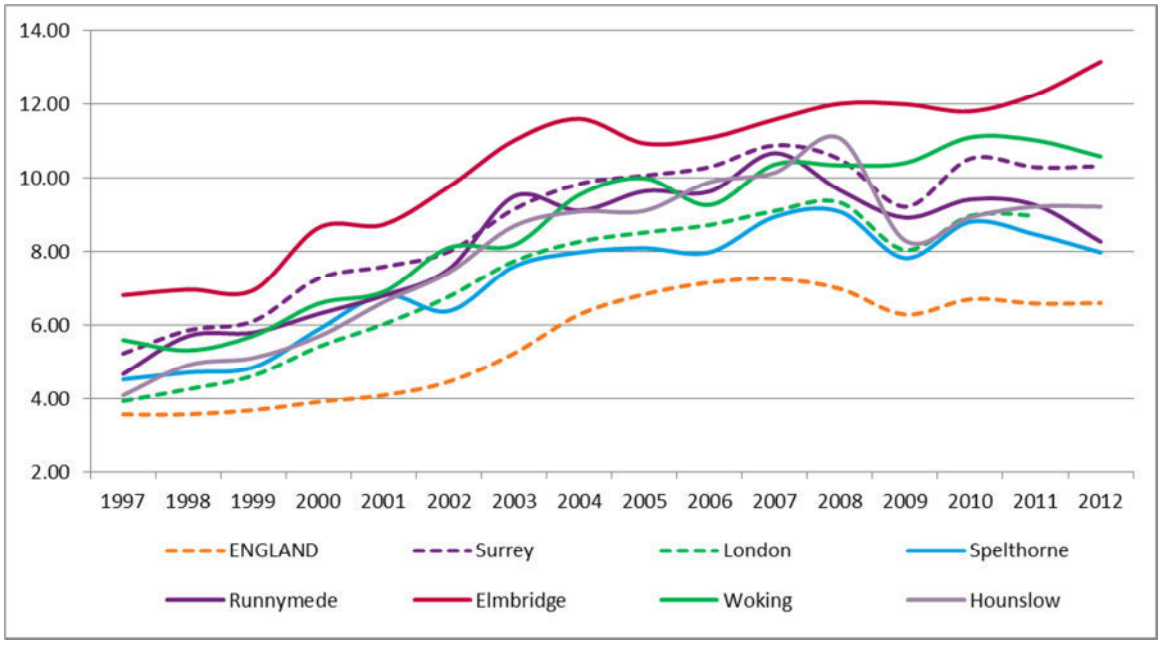
2.70 Prices in Spelthorne are higher in Sunbury and lower in Staines-upon-Thames. The area around Staines-upon-Thames (again close to Heathrow) aligns more closely with the lower prices in West London. There is a closer alignment between prices in Elmbridge and the London Borough of Kingston upon Thames and Richmond upon Thames.

2.71 Prices in Runnymede are higher in Virginia Water and lower in Egham and Addlestone. This reflects the relative quality of place as well as transport links to central London. In the lower value areas prices align more closely with the lower prices in West London.

Affordability

2.72 We have reviewed the lower quartile house price to income ratio in Runnymede and Spelthorne as well as a number of other comparator areas. As shown in Figure 23, all the local comparators have been consistently above the ratio for England as a whole.

Figure 23: Change in Lower Quartile Affordability Ratio (1997 – 2012)



Source: CLG 2014

2.73 The affordability ratio in Elmbridge has been consistently higher than Spelthorne or Runnymede. For most of the period Spelthorne has been slightly more affordable than Runnymede, although since the start of the recession the gap has closed. As of 2012 there was very little difference between Runnymede and Spelthorne.

2.74 As Figure 23 illustrates between 1997 and 2007 Runnymede, Woking and Hounslow all saw similar levels of affordability and a similar rate of change. However since 2007 affordability in Woking has continued to deteriorate, whereas in Hounslow and Runnymede the ratio has decreased.

Implications

2.75 The 2011 Census data confirms a strong economic relationship between both Runnymede and Spelthorne with London. It supports the identification of a London HMA which comprises the Greater London Boroughs, but with a wider area of influence of London shown extending into Surrey and other Home Counties. This 'London Fringe' area includes both Runnymede and Spelthorne.

2.76 The 2011 Census commuting data has then been used to map quadrants within the London Fringe area. The analysis indicatively identifies the following potential groupings of authorities to the south and west of London:

- South Bucks, Slough and Windsor and Maidenhead;
- Spelthorne and Runnymede, with links particularly to Hillingdon and Hounslow and from Runnymede to Woking;
- Elmbridge and Epsom and Ewell, with links to Kingston, Richmond and Sutton;
- Mole Valley, Tandridge and Reigate and Banstead, with links to Croydon and Crawley/Gatwick;
- Surrey Heath, Hart, Rushmoor; and
- Woking, Guildford and Waverley

2.77 The migration analysis supports these groupings. It indicates strong links between Runnymede, and Spelthorne, as well as between Spelthorne and Hounslow; and Runnymede and Woking. Elmbridge is aligned more with Kingston; and Woking with Guildford. It also shows that Hounslow has a stronger relationship with the London Boroughs of Ealing and Richmond than with Spelthorne.

2.78 The house price analysis also reinforces these conclusions, in particular through the stronger house prices in Elmbridge which relate more closely to Kingston and Richmond; and lower house prices in Surrey Heath relative to other parts of Surrey (and a similarity to Rushmoor and Hart).

2.79 We have not considered housing market boundaries in detail in this report beyond that which contains Runnymede and Spelthorne. Further work will need to be undertaken to consider and agree housing market geographies based on detailed interrogation of dynamics and relationships in these areas.

Conclusions

2.80 The Planning Practice Guidance does not provide a clear set of instructions on how a HMA should be defined. It does however set out which factors/datasets should be used to define them. There is therefore some subjectivity in defining HMAs, considering what is appropriate taking account of local circumstances and practical issues.

2.81 The analysis indicates that London's economic influence extends beyond Greater London's boundaries. The extent of its influence varies depending on the commuting threshold used. However London's primary catchment area is confined within Greater London and this is thus considered to be a reasonable assessment of the London HMA. This is consistent with the GLA's analysis.

2.82 Whilst it is important to recognise the influence of London, and to take this into account in planning for housing, it is not however practical to develop a SHMA covering London and a significant proportion of the Home Counties. On this basis we consider that an SHMA should be

prepared for the relevant local housing markets. This approach is also in line with the recommendation contained in the CURDS study (see paragraph 2.7).

2.83 Beyond Greater London we can identify a 'London Fringe' area which includes authorities immediately around London which are influenced significantly by it. Our analysis has sought to define quadrants within this, which for instance can be related to quadrants identified by the GLA within London, and to major employment centres in Outer London.

2.84 The analysis indicates that local markets/ quadrants within London includes:

- A West London Market, which extends to include Hillingdon and Hounslow;
- A South West London Market, which includes Kingston and Richmond;
- A South London Market, which is centred on Croydon.

2.85 Within the London Fringe area, we can identify a market which includes Windsor, Slough and South Bucks. This reflects Slough's scale as a major employment centre, and employment along the M4. The extent to which this stretches further towards Reading is not considered in this report.

2.86 Looking more specifically at Surrey, we can identify the Surrey authorities within the following HMA Groupings:

- North West Surrey: Spelthorne and Runnymede;
- West Surrey: Woking, Guildford and Waverley;
- North Surrey: Elmbridge, Epsom and Ewell;
- East Surrey: Mole Valley, Reigate and Banstead.

2.87 The exact extent to these areas should be ratified through further work which considers and agrees housing market geographies based on detailed interrogation of dynamics and relationships in these areas.

2.88 The North Surrey market in particular relates quite strongly to the adjoining London Boroughs of Kingston and Richmond in the South West London Market. The East Surrey Market relates more to the South London Boroughs of Sutton and Croydon.

2.89 Spelthorne and Runnymede in North West Surrey relate to both the West London Market (particularly for Spelthorne) and to West Surrey (in Runnymede's case). However, any definitions of the Housing Market Area would be limited in these areas such are the overlaps of different markets and the fuzzy edges of these boundaries.

2.90 More widely the picture is one of a series of inter-connected local housing markets which reflect the density of transport networks, both road and rail. It is therefore good practice for the Councils

to work alongside their neighbouring authorities (particularly Elmbridge, Hounslow and Woking) to better understand the issues and seek to coordinate activities.

2.91 There are notable interactions between these local housing market areas. Housing need will be influenced by supply/demand dynamics within London and adjoining housing market areas. What this means is that the above analysis of HMAs should not be used to seek to close down cross-boundary discussions regarding future housing provision. However as the FALP inspector's findings set out London is a single housing Market area, although its influence extends beyond the GLA boundary.

2.92 The boundaries provide a starting point for seeking to consider these issues. The analysis highlights an inter-relationship with London; and between different local market areas within Surrey. These interactions will be relevant in respect of the Duty to Cooperate.

2.93 Given the inter-connected nature of local housing markets in Surrey, and functional links between Surrey and Greater London, through the Duty to Cooperate the findings of SHMA studies can be brought together on a sub-regional basis along with the wider evidence (including around land availability and development potential). While the HMA has been identified any imperfections or overlaps in its definition can be mitigated against through the Duty to Cooperate.

2.94 Such work will help in considering both the supply-demand balance and for finalising policies for housing provision not only within Runnymede and Spelthorne but also the wider sub-region

3 CHARACTERISTICS OF THE HOUSING MARKET

Housing Stock and Supply

3.1 Although new housing will be delivered in the wider housing market over the coming years, much of the housing stock in the area in 2033 already exists now; and it is thus important to understand the current "housing offer." In this section we profile the current housing offer, considering the profile of stock of different types, sizes and tenures of homes, how this has been changing and how it varies across the two local authorities within the HMA.

3.2 There were 75,300 homes in the North West Surrey HMA in 2011, of which 45% were in Runnymede and 55% in Spelthorne[7].

Tenure Profile

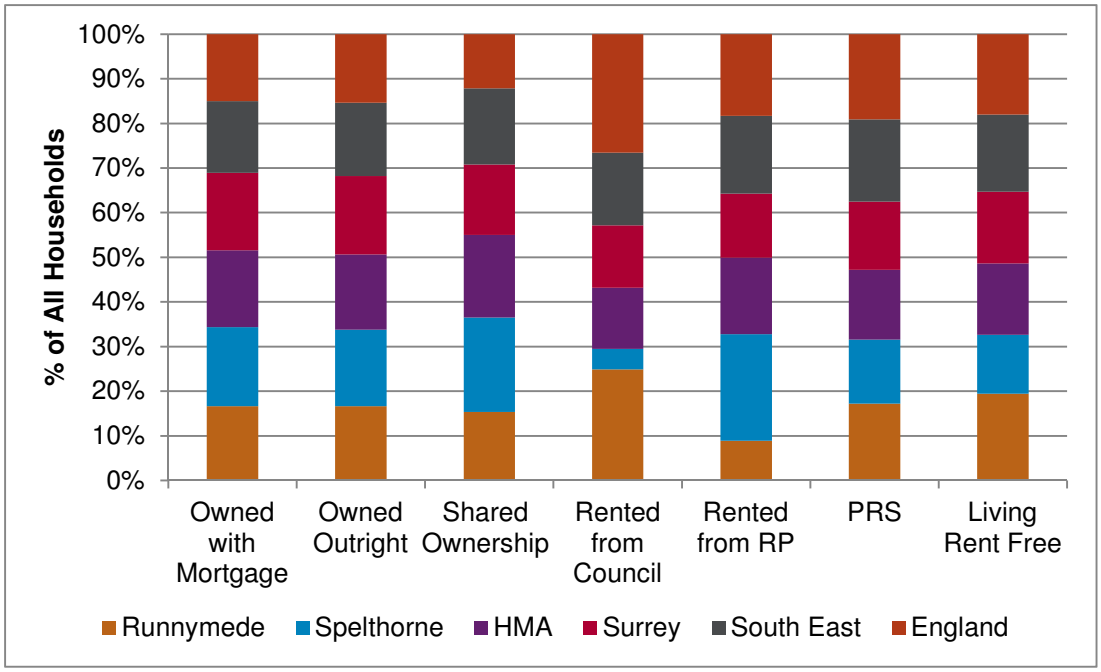
3.3 A detailed profile of tenure mix can be gleaned from the 2011 Census. Like much of the South East, the tenure profile in the HMA is dominated by owner occupation. The proportion of owner occupation in Runnymede (69%) is lower than Spelthorne (73%) and Surrey but still slightly higher than the South East average (68%).

3.4 Runnymede has a higher than average proportion of private renting (15.2%) compared to Spelthorne, linked to its younger age structure and in part to the students renting locally. Private renting is however below the regional average (16.3%). Spelthorne has a particularly low level of privately rented stock (12.7%) – reflecting particularly the high level of owner occupation in the Borough.

3.5 Social renting across the HMA, at around 13%, is slightly below the regional average. Spelthorne has a slightly lower percentage of socially rented properties. The tenure distribution is illustrated in Figure 24. It should be noted that Spelthorne no longer owns any housing stock and that any housing attributed to this sector should be attributed to rented from RP (minus any right to buy).

[7] Census Dwelling Spaces

Figure 24: Detailed Tenure Composition (2011)



Source: Census 2011

3.6 According to the Census between 2001 and 2011, the total housing stock in the North West Surrey HMA increased by 4.6%. This falls below the growth across the South East region (8.9%) and England (8.3%). This is despite indicators of above average demand, and is likely to reflect development constraints.

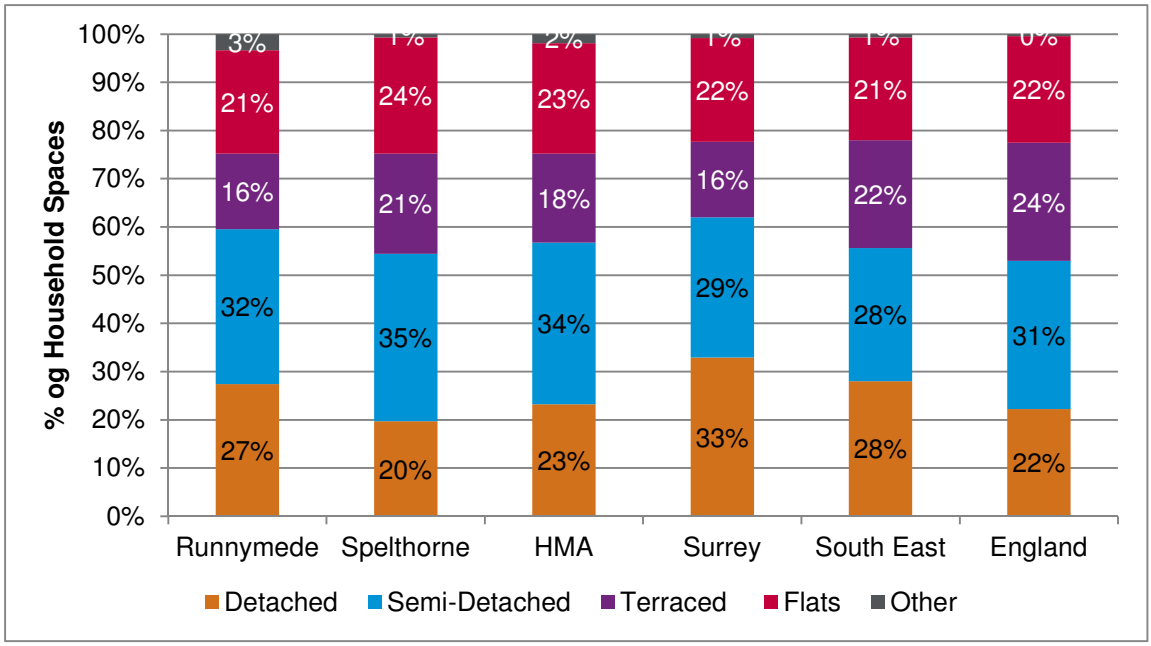
3.7 Overall, the change in total stock in Spelthorne Borough has been the lower (4.2%); with Runnymede seeing 5.1% growth in stock.

House Types

3.8 The HMA has an above average proportion of semi-detached homes and a lower proportion of flatted properties relative to the South East. It has a high proportion of detached homes relative to the national average.

3.9 Of the two authorities, Runnymede has the highest proportion of detached homes (27%) - significantly higher than Spelthorne (20%). It also has a higher percentage of "other" properties which include caravans and barges. By contrast, Spelthorne has the highest percentage of all other types of properties.

Figure 25: Profile of Stock by Type (2011)



Source: Census 2011

Housing Size

3.10 The size mix of housing in the North West Surrey HMA is dominated by family homes with around 60% of the stock comprising three or more bedrooms. Three-bed homes are most prevalent size of home across both authorities, and accommodate 40% of households in the HMA. Relative to England, there is also an above average representation of homes with four or more bedrooms (19.9%). Of the two authorities, Runnymede has a stronger representation of one-bed and two-bed properties (accommodating 40.8% of households) with the equivalent figure of Spelthorne 39.1%.

Figure 26: House Size – Number of Bedrooms (2011)

	No Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 or More Bedrooms
Runnymede	0.1%	13.4%	27.4%	36.0%	16.7%	6.3%
Spelthorne	0.3%	12.4%	26.7%	43.3%	14.1%	3.2%
HMA	0.2%	12.9%	27.0%	40.0%	15.3%	4.6%
Surrey	0.2%	10.9%	24.3%	36.4%	19.6%	8.6%
South East	0.2%	11.6%	26.2%	38.9%	17.0%	6.0%
England	0.2%	11.8%	27.9%	41.2%	14.4%	4.6%

Source: Census 2011

Overcrowding and Under-Occupation

3.11 Studying levels of overcrowding and under occupation in the housing stock is an important part of the SHMA. The Guidance identifies overcrowding as an important indicator of the supply/demand balance. Analysis of housing occupancy is also useful as an indicator of any potential mismatch between the supply and demand for different sizes of homes.

3.12 Overcrowding is defined by the number of households who have one or more rooms less than their household need; for example, a couple with a young child would have a need for two rooms but may only have one.

Figure 27: Overcrowding and Under-Occupation (2011)

	Under Occupied		Over Occupied	
	#	%	#	%
Runnymede	23,775	72.7%	2,710	8.3%
Spelthorne	28,289	71.6%	3,553	9.0%
HMA	**52,064**	**72.1%**	**6,263**	**8.7%**
Surrey	350,426	76.9%	30,783	6.8%
South East	2,660,553	74.8%	265,974	7.5%
England	16,027,853	72.6%	1,928,596	8.7%

Source: Census 2011

3.13 We can see that 72.1% of households in the HMA have an excess of space for the number of residents. There is a higher level of under occupation in Runnymede, although this is still below the Surrey and South East averages.

3.14 In the market sector in particular, the sizes of homes which households occupy relates more to their age and what they can afford than it does to the size of the household. In the affordable sector there is a closer relationship between household and house size.

3.15 With a growing older population, we would expect under-occupation of homes to increase over time in the absence of intervention. However by providing an appropriate mix of attractive homes, some older households may choose to downsize.

3.16 The 2011 Census suggested that 8.7% of households in the HMA are over-crowded using the 'bedroom standard.' This is above the South East and Surrey average but in line with the national averages. Overcrowding is highest in Spelthorne, affecting 9.0% of households. In Runnymede 8.3% of households are overcrowded. Section 5 considers how overcrowding has changed since 2001[8].

[8] This analysis uses the Census 'occupancy rating' measure which is a cruder measure of overcrowding as it does not take into account family member relationships.

3.17 Some of the over-crowding could be attributed to a shifting ethnic profile in the area with some BME groups likely to have higher household size.

Vacant and Second Homes

3.18 The 2011 Census provides data on the number of household spaces with no usual residents which can be used as a proxy for vacancy and second homes. The data indicates that there are just over 3,000 vacant properties or second homes in the North West Surrey HMA equivalent to 4.0% of the dwelling stock. This is marginally above the average for Surrey (3.8%) but in line with the regional average (4.0%). Runnymede has the higher level of vacant/ second homes with 4.7% of homes having no usual residents.

Figure 28: Vacant and Second Homes (2011)

	Total households	Household Spaces with no usual residents	% Vacant/Second Homes
Runnymede	34,316	1,602	4.7%
Spelthorne	40,945	1,433	3.5%
HMA	**75,261**	**3,035**	**4.0%**
Surrey	473,760	17,969	3.8%
South East	3,704,173	148,710	4.0%
England	23,044,097	980,729	4.3%

Source: Census 2011

Population Characteristics

Population Size

3.19 The 2011 Census recorded that the HMA had a population of just over 175,000. Of this 46% was in Runnymede and 54% in Spelthorne. The starting point for the demographic projections is the 2013 Mid-Year Population Estimates.

Figure 29: Headline Total Population, March 2011

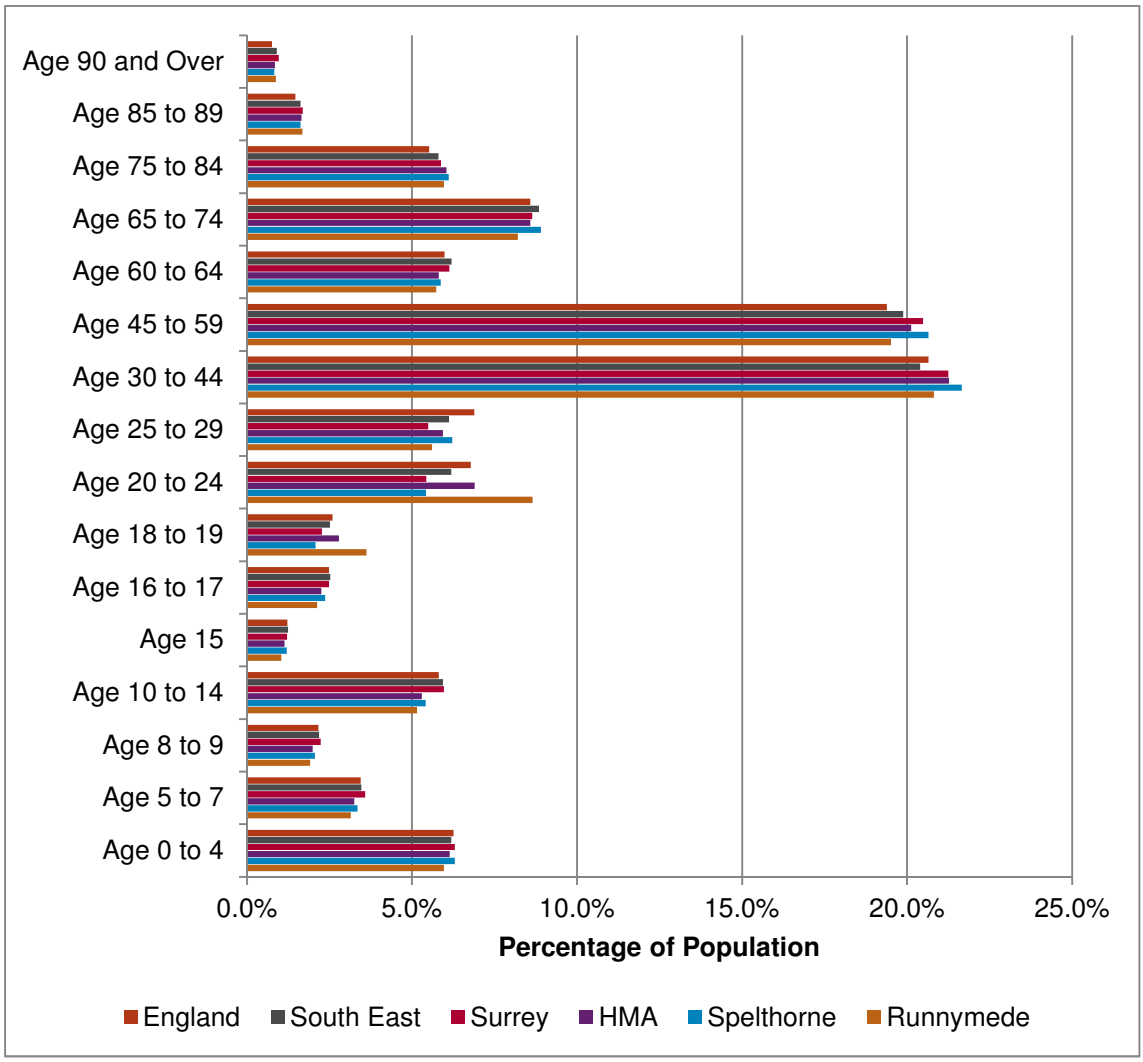
	Census Population (March 2011)
Runnymede	80,510
Spelthorne	95,598
HMA	**176,108**
Surrey	1,132,390
South East	8,634,750
England	53,012,456

Source: Census 2011

Population Structure

3.20 The population structure differs across the two authorities. Runnymede, reflecting its student population, sees a higher proportion of residents in their late teens and early 20s. Conversely Spelthorne has a particularly low proportion of people aged between 20-24, and higher proportions of people in all working age groups over 30.

Figure 30: Population Structure by Five Year Age Bands (2011)



Source: Census 2011

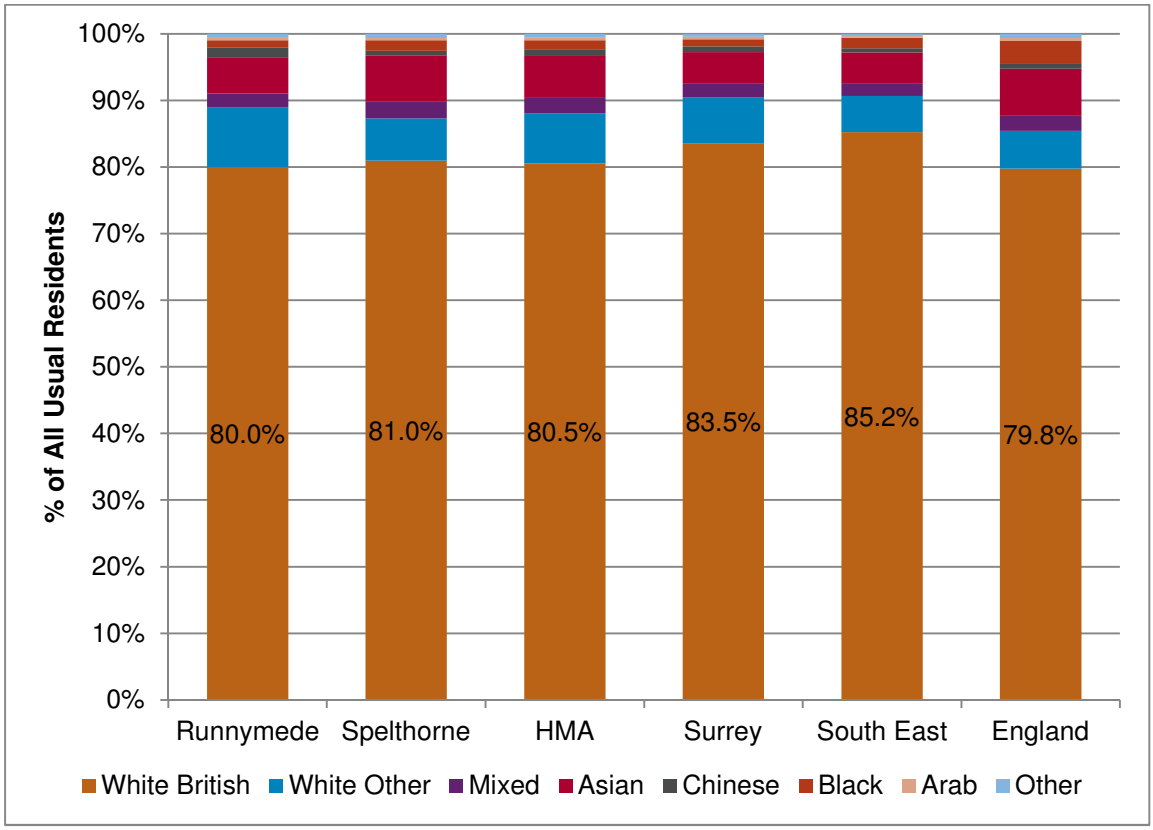
Ethnic Profile

3.21 Figure 31 profiles the population by ethnic group from the 2011 Census. Across the two authorities, 80.5% of the population are White British/Irish - this is similar to the England average (79.8%) although well below the Surrey and South East averages of 83.5% and 85.2% respectively. Runnymede and Spelthorne have a similar percentage of the non-white British

population, however in Runnymede there is a higher population of White Other and Chinese groups, while Spelthorne has higher Asian and Black populations.

3.22 Across the HMA as a whole, the largest minority ethnic groups are White Other and Asian/Asian British.

Figure 31: Population by Ethnic Group – Local Authorities



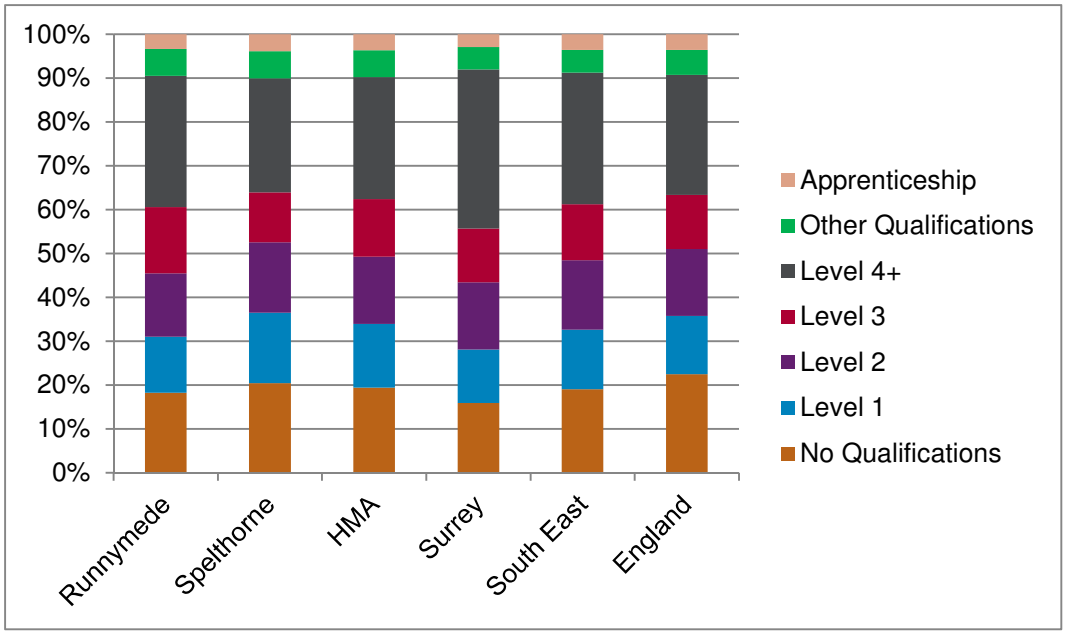
Source: Census 2011

Labour Market

Qualifications and Skills

3.23 The population across Surrey is generally highly qualified in comparison to the South East and national profiles. Over 36% of the population across the county have Level 4 or above qualifications (compared to 30% across the South East) whilst just under 16% have no qualifications (compared to 19% across the South East). This is shown in Figure 32.

Figure 32: Qualifications (2011)



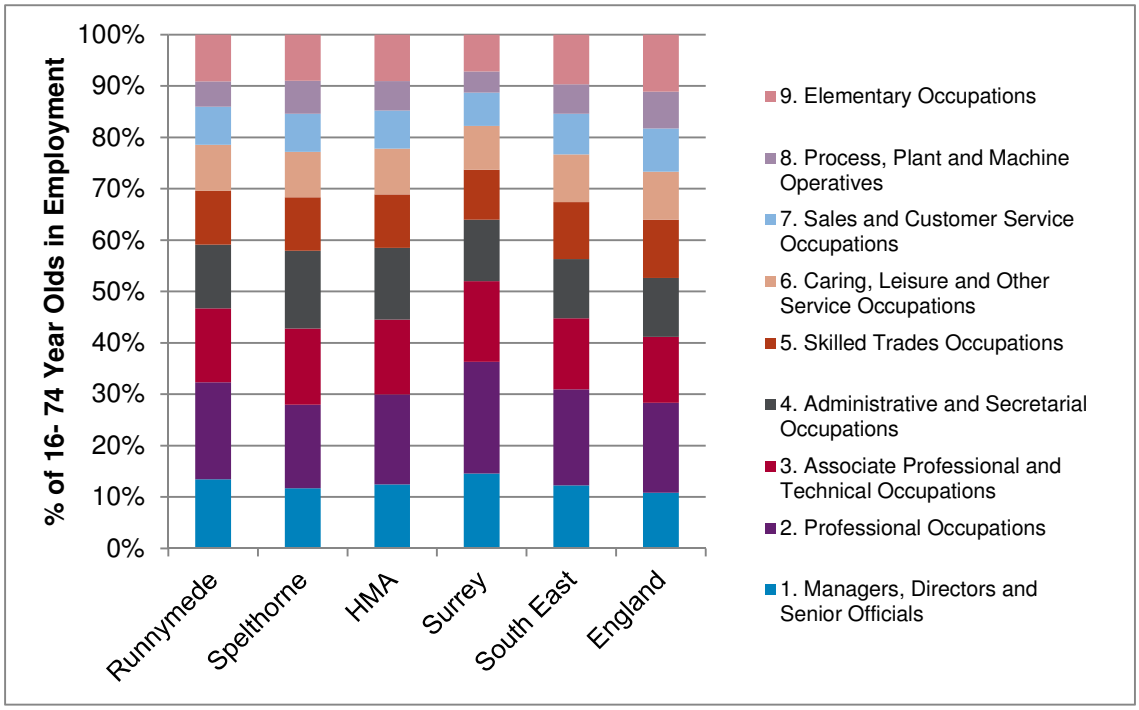
Source: Census 2011

3.24 Runnymede has a substantially better qualified population than Spelthorne with 45% of the population aged 16 or over qualified to Level 3 or above compared to 37%.

Occupations

3.25 The skills profile of the population is also borne out in the profile of residents' occupations. Resident occupations are skewed towards higher skilled (and generally higher income) occupations, with 47% of the working age population in Runnymede employed in a Managerial, Professional or Associate Professional Occupation compared to 43% in Spelthorne. The Runnymede figure is slightly above the corresponding figure for the South East and England, although below the equivalent figure for Surrey.

Figure 33: Occupational Profile (2011)



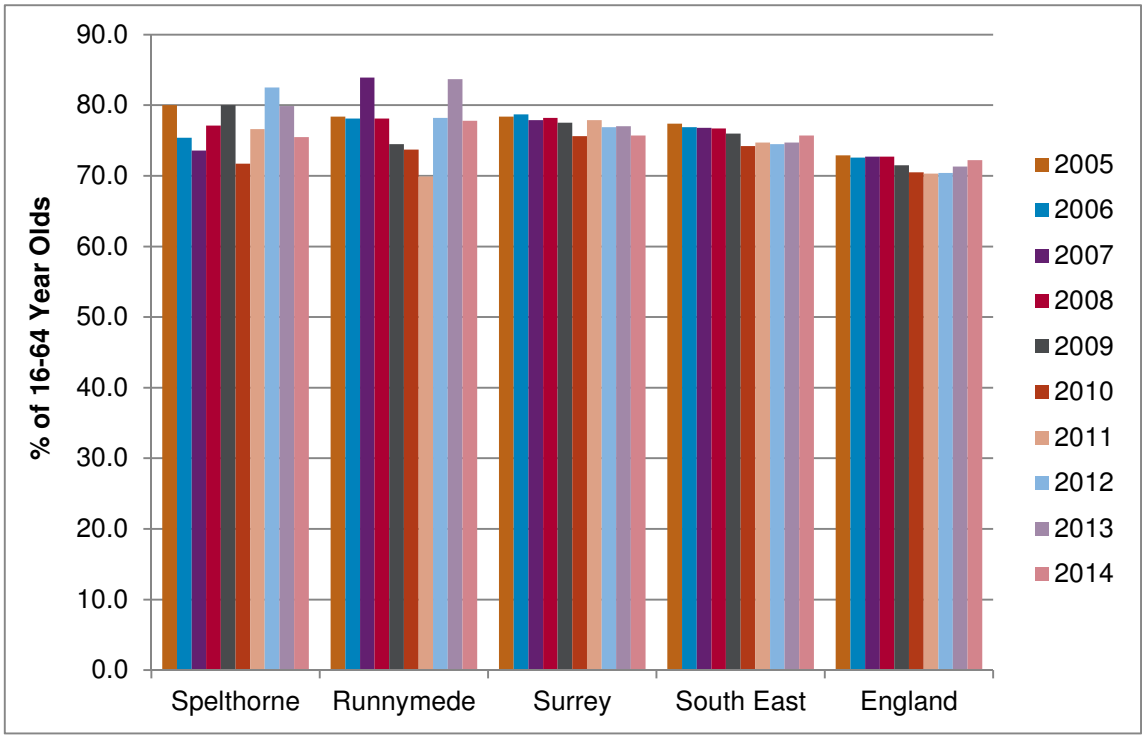
Source: Census 2011

Employment Rate

3.26 Figure 34 tracks the employment rate (the percentage of the economically active population 16-64 in employment) in both of the HMA authorities and comparator areas. The employment rate has fluctuated over the analysis period (particularly at a local authority level). This partly reflects the economic backdrop and partly the survey nature of the data.

3.27 Currently the employment rate in Runnymede is at 77.8%; whereas in Spelthorne the employment rate is slightly lower at 75.5%. Both of these are above the England figure (72.2%) although only Runnymede is above Surrey and the South East (both 75.7%).

Figure 34: Employment Rate Trends



Source: Annual Population Survey

Income and Earnings

3.28 Annual gross resident earnings in Runnymede (£31,194) and Spelthorne (£32,767) are lower than the Surrey average (£34,430) but above levels seen across the South East (£29,903); somewhat reflecting the skills and occupation profile identified earlier.

3.29 It is useful to compare the incomes of full-time employed residents of the HMA with those non-residents working in jobs located in the HMA. At around £36,737 the median income of Runnymede "workers" is around £5,500 higher than the median income of Runnymede "residents". The correlation between resident and workforce earnings is closer in Spelthorne – with those working in the Borough earning over £2,000 more per annum than residents.

Figure 35: Annual Median Workplace and Resident Earnings (2012)

	Residents	Workplace
Runnymede	£31,194	£36,737
Spelthorne	£32,767	£34,815
Surrey	£34,430	£30,900
South East	£29,903	£28,629
England	£27,500	£27,487

Source: NOMIS/Annual Survey of Hours and Earnings 2012

3.30 Higher workplace earnings than residents' earnings suggests that there is a concentration of higher paid jobs in the Boroughs, with some in-commuting to higher paid roles. We would expect however that some residents commute out of the Borough to higher paid jobs within London.

KEY MESSAGES

- The HMA accommodates 72,000 dwellings (2011). However growth in the housing stock over the 2001-11 period fell below regional and national levels. Set against the evidence from market signals considered in Section 6, this suggests that housing supply was constrained over this period.
- The housing offer is characterised by a mid-range of properties, with above average representation of semi-detached homes and those with 2 or 3 bedrooms. Over 70% of households are owner occupiers. The nature of the housing offer probably contributes to affordability issues for households on lower incomes.
- The population structure differs across the two authorities. Runnymede has a younger population than Spelthorne whose population is more biased towards working aged adults aged between 30-60.

4 ASSESSING OVERALL HOUSING NEED

Introduction

4.1 The analysis carried out follows the requirements of the National Planning Policy Framework and the Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments.* The PPG effectively describes a process whereby the latest population and household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?

4.2 In this section consideration is given to demographic evidence on housing need. The analysis begins by looking at the most recent household projections published by CLG before moving on to consider more recent population projection information to form a view about the most appropriate scenario for Runnymede and Spelthorne. To convert population into households the concept of headship rates is used. The report considers recent data about household formation rates by age to form a view about the most appropriate data to use.

4.3 The core projections in this section look at housing needs in the period from 2013 to 2033. The start point reflects the base date for which population data exists (from ONS 2013 Mid-Year Population Estimates) with the end date being set 20-years forward from that date to provide a reasonable period for analysis.

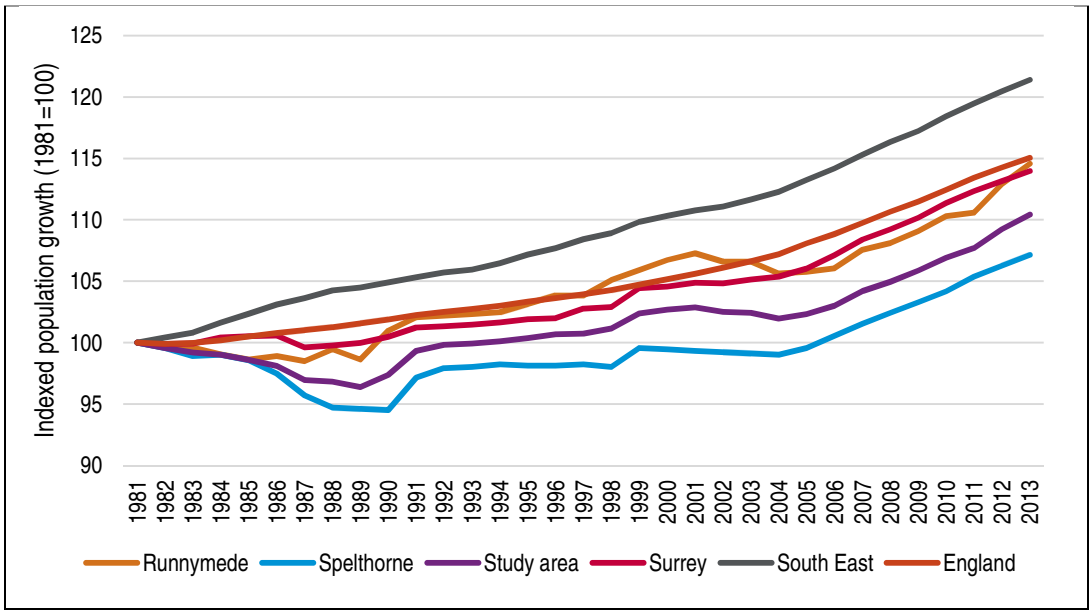
4.4 To establish a baseline of households, information has been drawn from the 2011-based CLG Household Projections although adjustments have been made to this source post-2013 (as is detailed later in the section).

Demographic profile of Runnymede and Spelthorne

4.5 The population of Runnymede and Spelthorne in 2013 is estimated to be 180,900, this is an increase of 12,400 people since 2001 – a 7.4% increase over the 12-year period. This level of population growth is below that seen across Surrey (8.7%), the South East (9.6%) and England (8.9%). Of the two local authorities, the data shows the most significant growth in the 2001-13 period to have been in Spelthorne (7.9%) with growth in Runnymede only being 6.8%.

4.6 We can also consider longer-term trends in population growth with data being available back to 1981. Figure 36 shows that population growth in the HMA has historically been quite modest – between 1981 and 2004 the population of the two Boroughs only grew by 2%, lower than the average for Surrey and England (5%-7%) and notably below the South East average (of 12%). Since about 2004, however, population growth is recorded as having been stronger (as indeed it has in other areas). Between 2004 and 2013 the population of the HMA (and both local authorities) has increased by about 8%, roughly the same level of growth as seen in all the other areas used for comparison.

Figure 36: Indexed population growth (1981-2013)



Source: ONS

4.7 Figures 37 and 38 consider the drivers of population change in the HMA. 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 suggests 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 2001 to 2011.

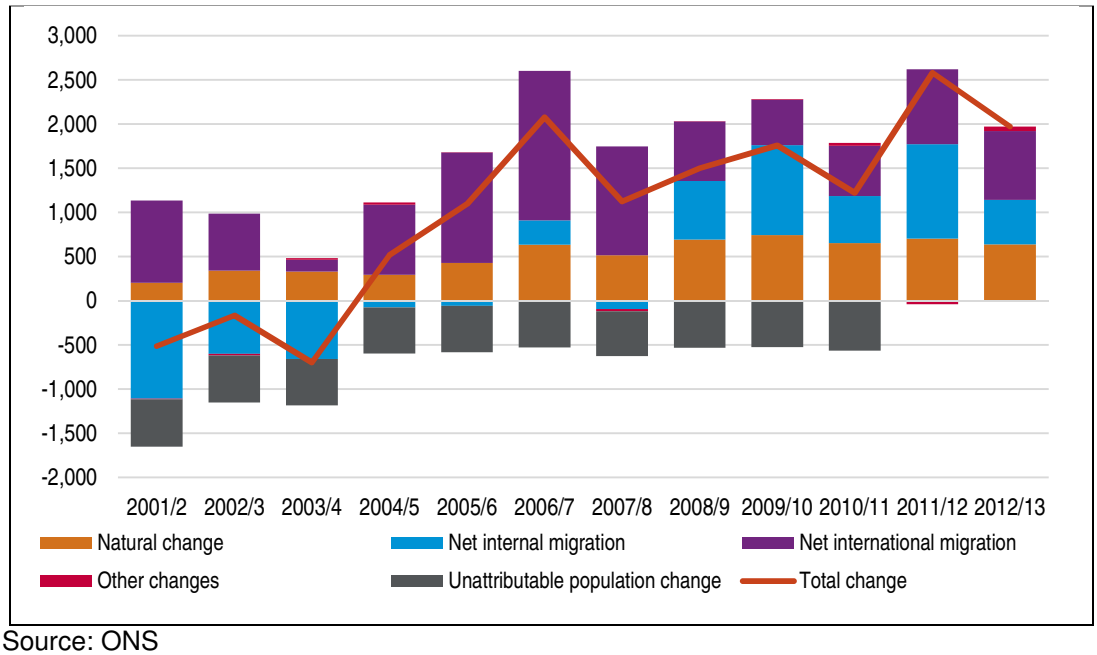
4.8 The data shows that natural change has been an increasingly important component of population growth in the sub-region. In 2001-4 the number of births exceeded the number of deaths by an average of about 290 per annum although over the past few years this balance has changed significantly – over the past five years for which data is available, natural change averaged about 690 per annum. The level of natural change has therefore been increasing over time, although the more recent evidence (2011-13) suggests that this may now be levelling off or

even decreasing slightly. As well as an increase in natural change, the data suggests an increase in net migration over time – net migration averaged about 14 (i.e. virtually no net migration) in the four year period to 2005; however, over the past eight years this has increased to an average of over 1,400 per annum. This change has been driven by significant changes to both internal migration (i.e. moves from one part of the Country to another) and international migration.

4.9 Overall, the balance between natural change and net migration has meant that population growth over the past 12-years or so has generally been in an upward direction; although it has arguably been fairly steady since about 2006 (averaging about 1,750 additional people per annum on average).

4.10 Other changes are quite small whilst the data shows a notable (and negative) level of UPC – the negative UPC suggests that previous ONS components of change data may have over-estimated population growth in the HMA or that the Census data was incorrect. The negative UPC particularly impacts on Runnymede (and is in fact slightly positive in Spelthorne). The implications of UPC for housing need is discussed later in this section.

Figure 37: Components of population change, mid-2001 to mid-2013 – Runnymede and Spelthorne



Source: ONS

Figure 38: Components of population change (2001-13) – Runnymede and Spelthorne

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	202	-1,107	932	-10	-533	-516
2002/3	341	-603	645	-16	-533	-166
2003/4	330	-659	134	19	-524	-700
2004/5	294	-78	791	25	-518	514
2005/6	426	-58	1,250	1	-527	1,092
2006/7	635	274	1,693	-5	-523	2,074
2007/8	513	-93	1,233	-25	-507	1,121
2008/9	691	664	672	3	-532	1,498
2009/10	742	1,018	513	9	-525	1,757
2010/11	650	535	568	34	-565	1,222
2011/12	701	1,069	849	-39	-	2,580
2012/13	639	501	781	50	-	1,971

Source: ONS

What is the Starting Point to Establish the Need for Housing?

4.11 The PPG 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'*.

4.12 The most up-to-date projections are the 2012-based CLG household projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014. Our analysis therefore initially considers the validity of the population projections and their consistency with past trends.

2012-based Sub-National Population Projections

4.13 The latest set of Sub-National Population Projections (SNPP) were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based Projections.

4.14 Sub-National Population Projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration. They are constrained to the assumptions made in the 2012-based National Population Projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends).

4.15 The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates). The difference between projections and forecasts is that forecasts are made upon refined assumptions of future growth (e.g. could build in constraints or factors which could enhance growth), whereas projections are based on past figures being extrapolated (i.e. past trend data) and do not attempt to predict the impact that future government or local policies could have, changing economic circumstances or other factors which might have an impact on demographic behaviour.

Overall Population Growth

4.16 Figure 39 shows projected population growth from 2013 to 2033 in Runnymede and Spelthorne and other areas. The data shows that the population of the two local authorities is expected to grow by around 34,600 people – with Runnymede's population projected to grow by 19.4% and Spelthorne's by a slightly lower 18.4%. The level of increase expected is in excess of that for any of the wider areas studied. Figures for all areas are very slightly different in 2033 to those in the published population projections as the projections have been updated to take account of the 2013 Mid-Year Population Estimates.

Figure 39: Projected Population Growth (2013-2033)

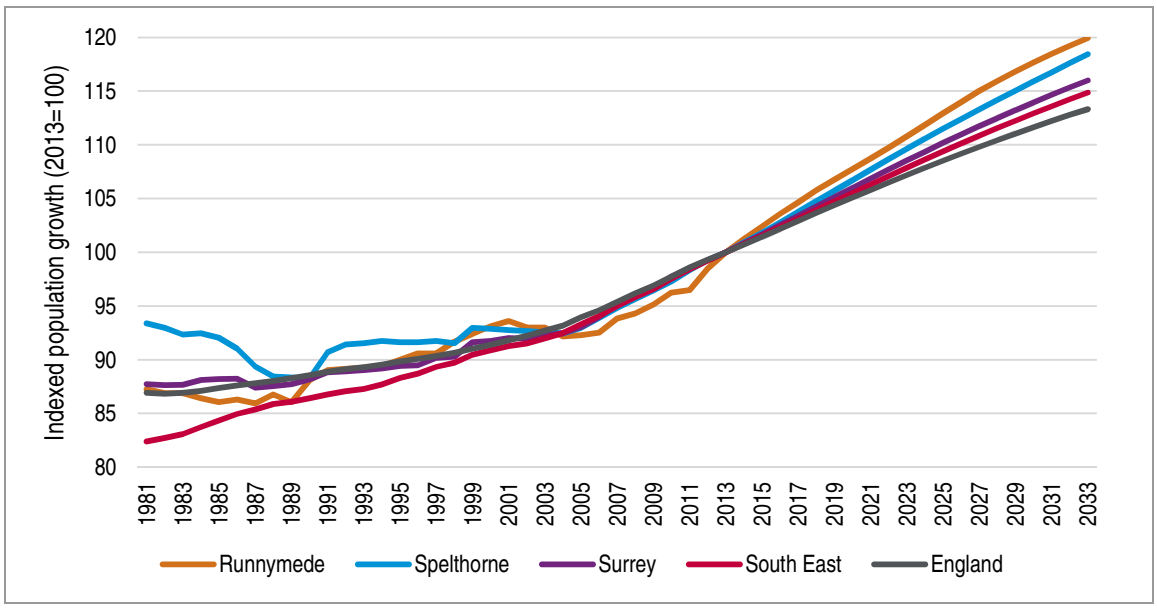
	Population 2013	Population 2033	Change in population	% change
Runnymede	83,448	100,088	16,640	19.9%
Spelthorne	97,456	115,433	17,977	18.4%
Surrey	1,152,100	1,336,400	184,300	16.0%
South East	8,792,600	10,100,600	1,308,000	14.9%
England	53,865,800	61,044,700	7,178,900	13.3%

Source: ONS

4.17 Figure 40 shows past and projected population growth in the period 1981 to 2033. Figures have been indexed to 100 for 2013. The data shows that over the period from 1981 to around 2004, population growth in the two areas was relatively weak. Since 2007, population growth however looks to have been quite strong – particularly in Runnymede. These past trends go some way to explaining the higher levels of population growth in the 2012-based SNPP – noting that these projections tend to look at trends over the past 5-6 years. The recent strong population growth is what is projected forwards.

4.18 Since 2004 we have seen increased numbers of Central and Eastern European workers allowed to work in the UK. This was noted in Figure 38 as the population growth increased significantly from this point. Unless there is a reversal of that policy the shorter term trends are likely to be more accurate.

Figure 40: Indexed Population Growth (1981-2033)

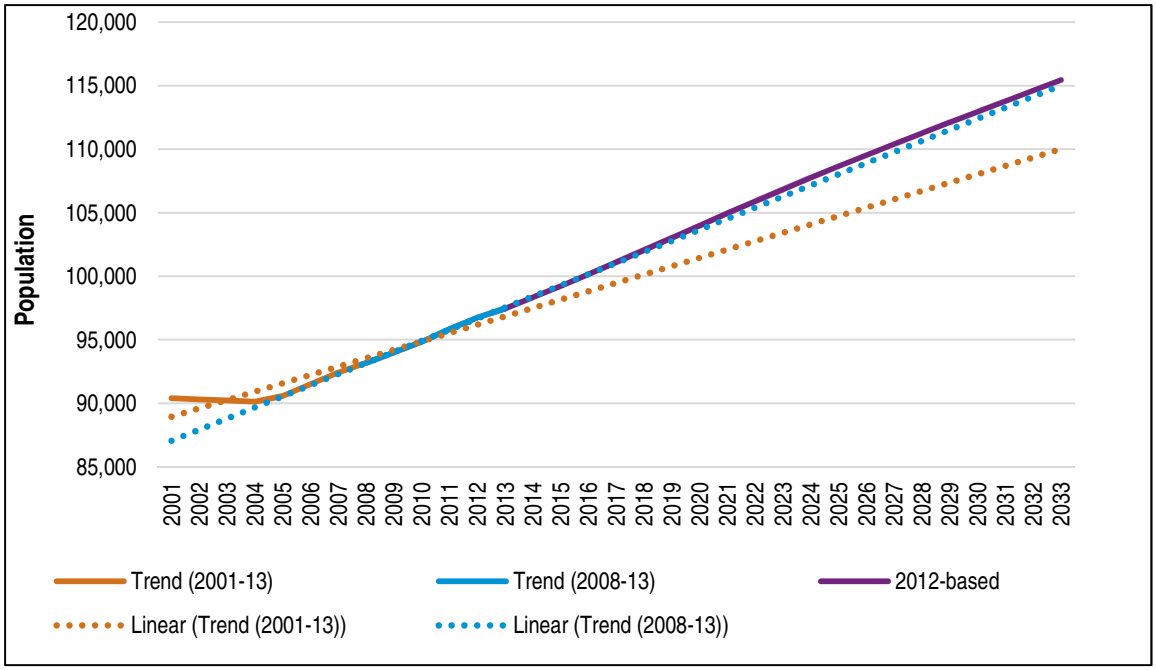


Source: ONS

4.19 It is also worthwhile to analyse population growth over a more recent period since 2001. This is shown in Figures 41 and 42 (firstly for Spelthorne and then Runnymede). The data also plots a linear trend line for the last five years for which data is available (2008-13) and also a longer-term period from 2001 to 2013 – this being the longest period for which reasonable data about the components of population change (particularly migration) is available.

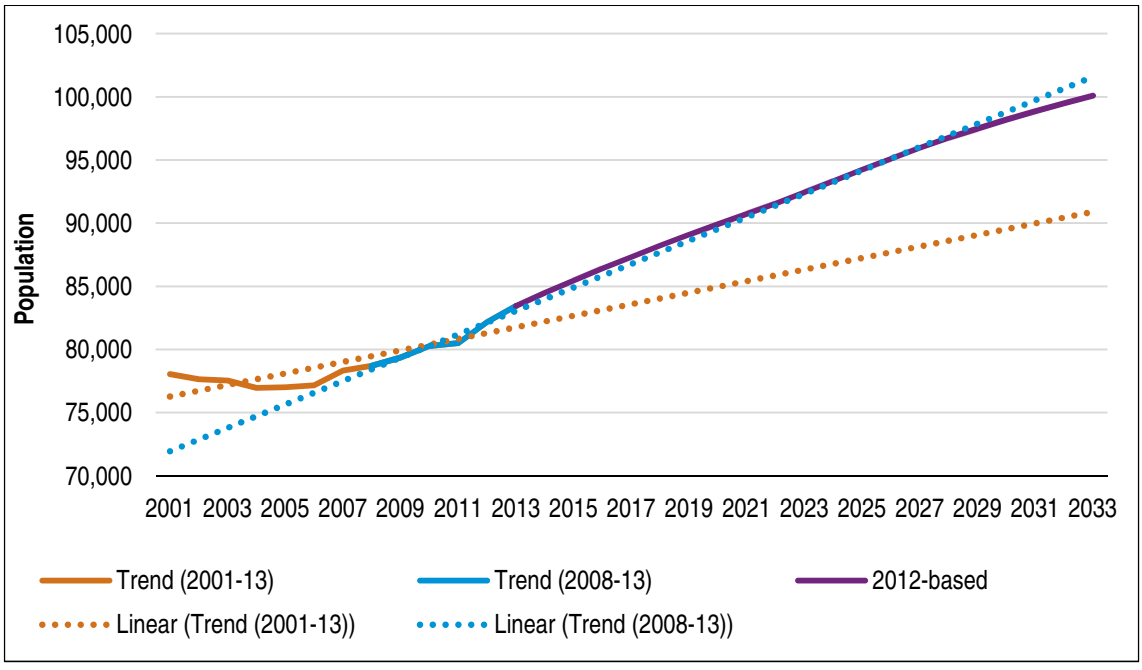
4.20 The data shows in both areas that population growth is expected to be broadly in-line with the short-term trend (over the past five years) but somewhat above the longer-term trend. The difference between short- and long-term trends is most marked in Runnymede.

Figure 41: Past and Projected Population Growth – Spelthorne



Source: ONS

Figure 42:Past and Projected Population Growth – Runnymede



Source: ONS

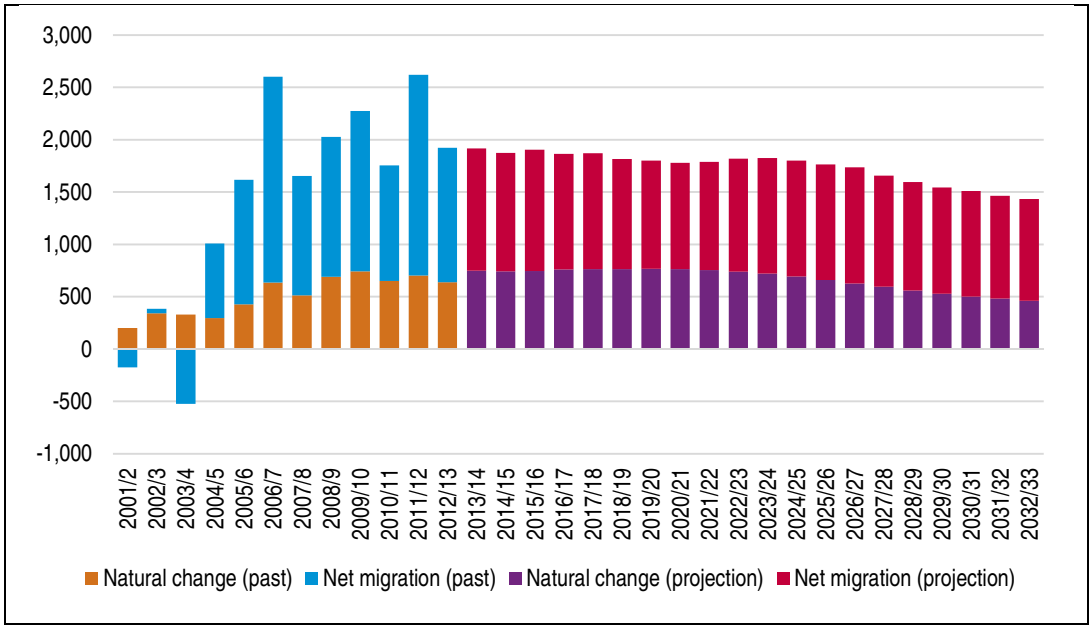
4.21 Although the data above suggests that projected population growth in the 2012-based SNPP is on the high side when compared with long-term trends; it needs to be recognised that ONS in developing projections looks at data for the past 5-years (in terms of internal migration – people

moving from one part of the country to another) and 6-years for international migration. The SNPP are also calibrated to be consistent with national projections.

Components of population change

4.22 Figure 43 brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that after growing very lightly at the start of the projection period, natural change is expected to decrease over time. Expected levels of migration are also expected to generally decrease over time (although the variation is less than seen with natural change). When compared with the past trends in migration the figures look to be reasonable. For the whole of the projection period (2013-33) the average level of migration is expected to be around 1,069 people (net) per annum – this figure is lower than the level seen in short-term past trends (1,434 per annum over the past five years) but some way above the longer-term (960 per annum on average from 2001 to 2013). On this basis the conclusion above (about the soundness of the SNPP) seems to be supported by this additional analysis.

Figure 43: Components of population change, mid-2001 to mid-2033 (summary chart) – Runnymede and Spelthorne



Source: ONS (this doesn't include other and UPC)

Household Growth

4.23 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 headship rates is used. Headship rates 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))

4.24 With the publication of new 2012-based CLG household projections a new set of headship rates is now available. These rates are considered to be more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a national level (in the 2012-21 period considered by CLG) the new projections show 10% higher growth in households, for Runnymede and Spelthorne the figure is slightly lower (at 7%).

4.25 Figure 44 shows expected household growth in the 2012-based projections from 2013 to 2033 for Runnymede, Spelthorne and a range of other areas. The figures for Runnymede and Spelthorne do not exactly match the CLG projections as we have included population data for 2013, all other areas show the data as published. The data suggests an increase in households of about 8,300 in Runnymede and 9,900 in Spelthorne over the 20-year period – this is a 25% increase; higher than across Surrey, the South East and England.

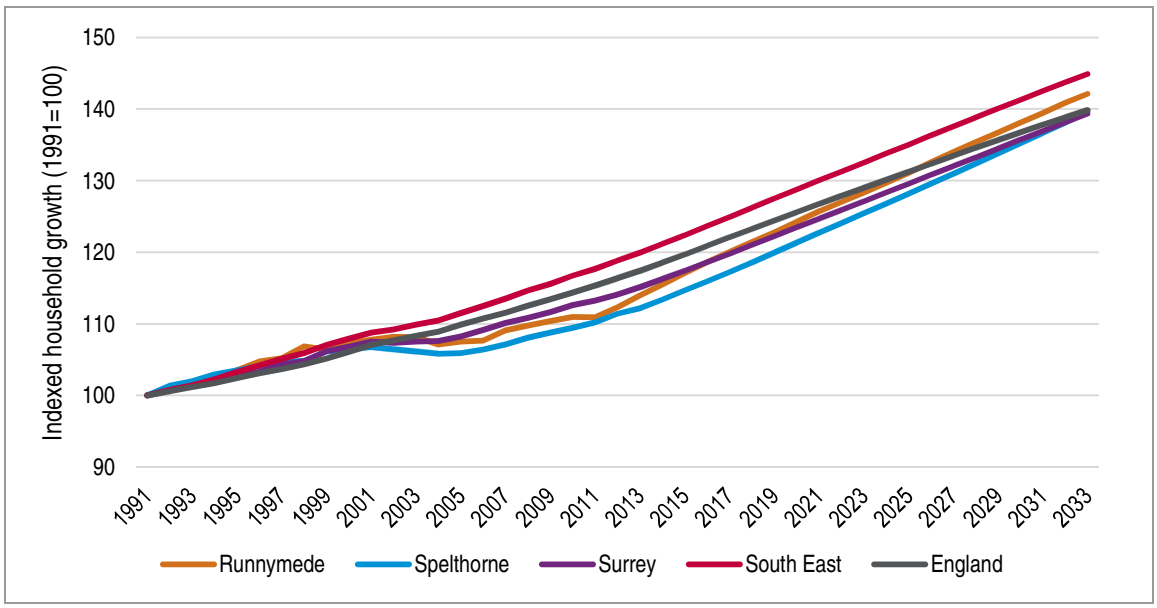
Figure 44: Projected Household Growth (2013-2033)

	Households 2013	Households 2033	Change in households	% change
Runnymede	33,566	41,848	8,282	24.7%
Spelthorne	40,325	50,187	9,862	24.5%
Surrey	464,443	562,183	97,740	21.0%
South East	3,631,482	4,386,939	755,457	20.8%
England	22,499,536	26,797,826	4,298,290	19.1%

Source: ONS

4.26 Figure 45 shows household growth back to 1991 and projected forward to 2033. The analysis shows that growth in Runnymede and Spelthorne has generally followed trends in other areas and moving forward is expected to continue to see growth (albeit at a level slightly above the rate seen in other locations). Generally, the data shows some evidence of a slight acceleration in growth rates from about 2012 onwards – this is consistent with the view that the new projections are taking a more positive view about household formation rates.

Figure 45: Indexed Household Growth (1991-2033)



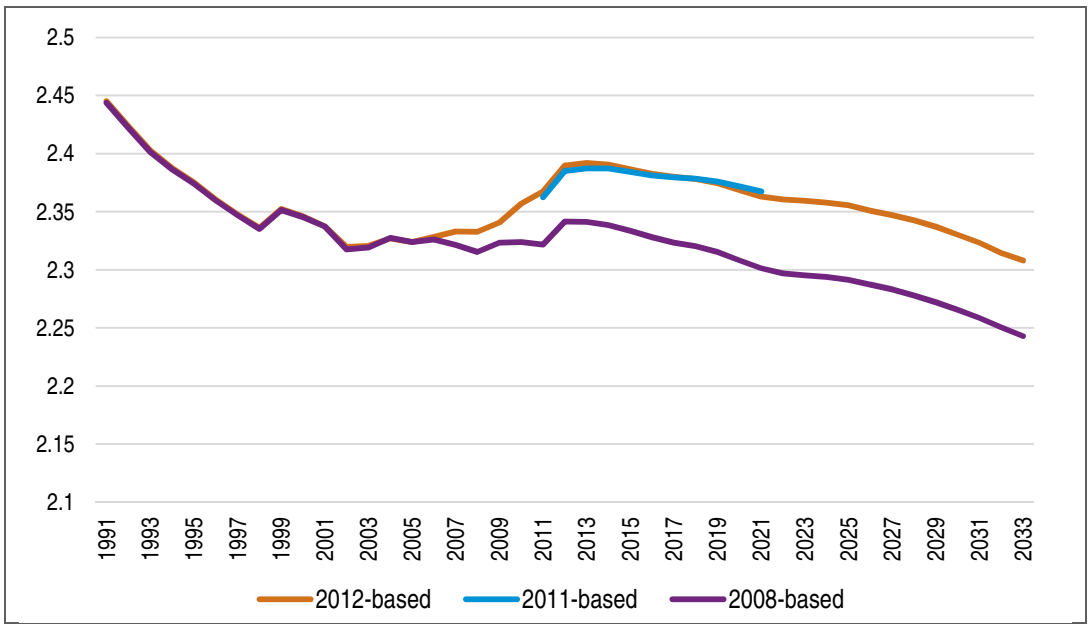
Source: CLG

4.27 To look at the impact of the 2012-based household projections we can make a comparison of average household sizes. Figure 46 shows this based on each of 2012-, 2011- and 2008-based CLG household projection data. The data does show the 2012-based figures being slightly more positive than the 2011-based version. This can be seen by the newer projections expecting a greater decrease in average household sizes over time – this would be more noticeable if we were to continue the 2011-based 'trend' beyond 2021.

4.28 The data also shows an increase in household sizes from 2001 to 2011 in both areas – this is a period where it is considered that there was some suppression in the housing market and this increase would tend to suggest that such suppression is evident in the HMA. Moving forwards, average household size is expected to fall at a rate which is slightly faster than the past trends might suggest – if for example we look at the 1991-2011 period which includes both a period of relative buoyancy in the housing market and a period of constraint).

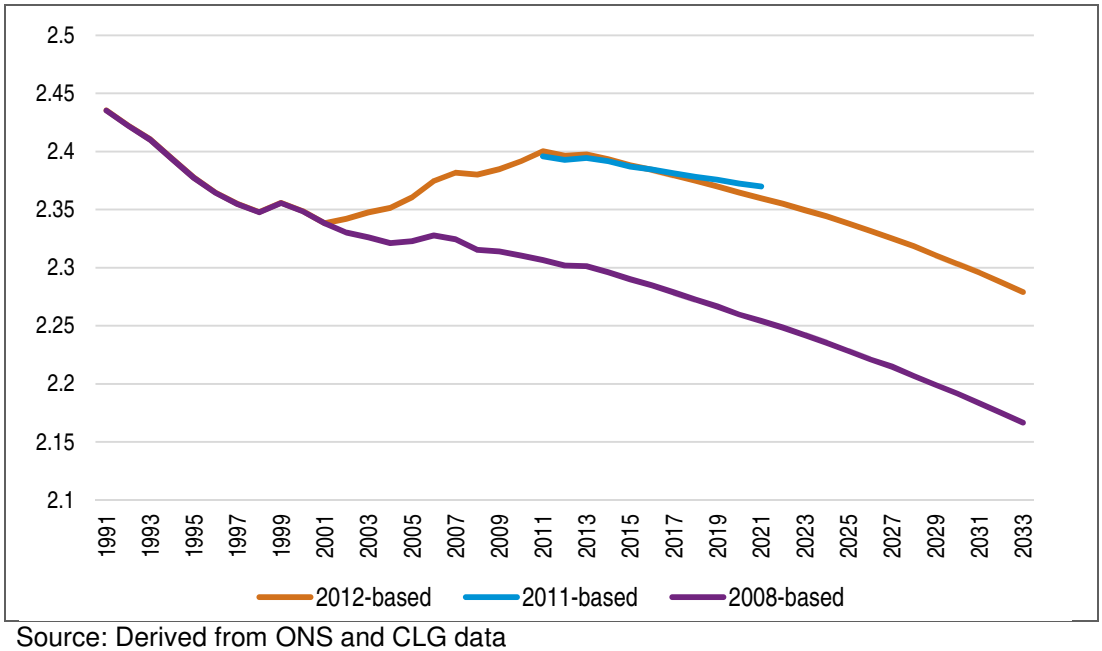
4.29 Data from the 2008-based projections has also been included. This shows that average household sizes are above what might have been expected from this earlier release of data. However, looking at the period from 2012 the data suggests that the future trajectory in the 2012-based version is not dissimilar. Hence at face value it does look as if the new projections are returning rates of change to those experienced in the longer-term.

Figure 46: Past and Projected Trends in Average Household Size – Runnymede



Source: Derived from ONS and CLG data

Figure 47: Past and Projected Trends in Average Household Size – Spelthorne



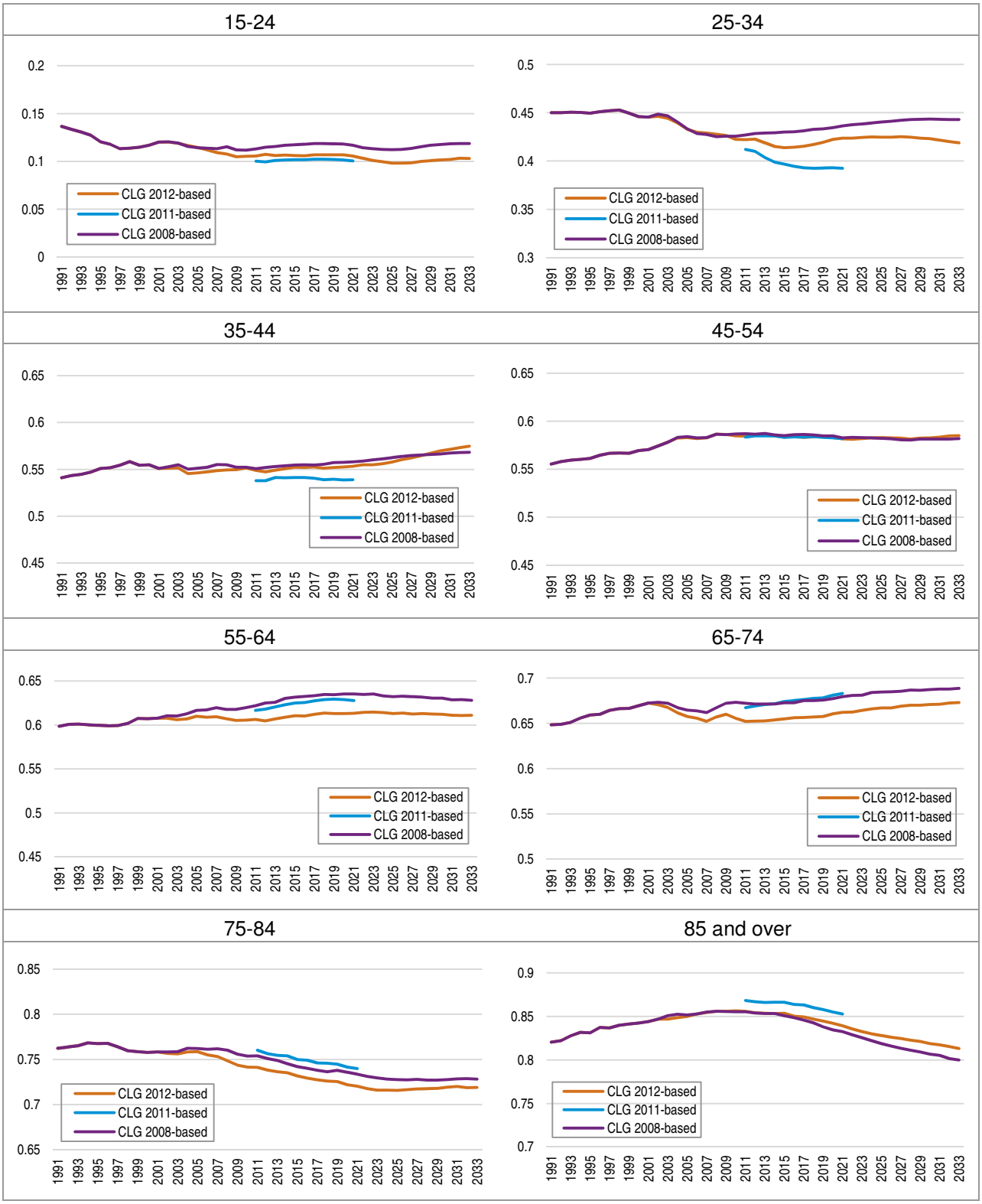
Source: Derived from ONS and CLG data

4.30 It is also useful to understand how the different CLG projections impact on assumptions for different age groups. Figure 48 and 49 shows the headship rates used in each of the projections. Overall the 2012-based projections look fairly sound with levels and rates of change being not dissimilar to those in the earlier (pre-recession) 2008-based projections. The main age group of concern is people aged 25-34 where the latest projections show quite a movement away from the figures in the 2008-based projections. Particularly in the 2001-11 period the 2012-based

projections do appear to be indicating some degree of supressed household formation – whilst the downward trend is not projected forward post-2012 it still leaves the rate some way below figures in the older projections.

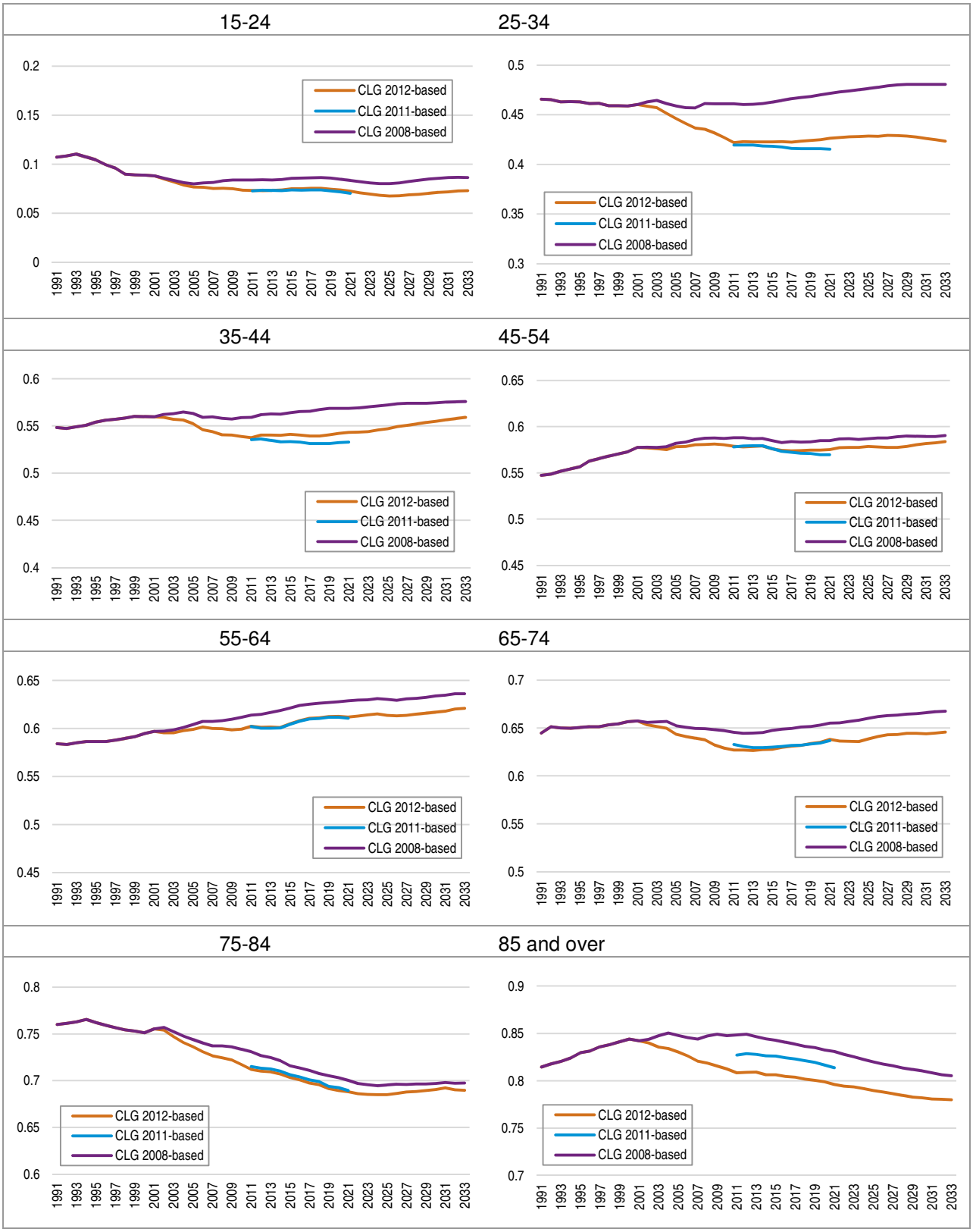
4.31 The issue of supressed household formation in the 25-34 age group is considered in more detail when considering market signals and the extent to which the area experiences an affordability issue.

Figure 48: Projected household formation rates by age of head of household – Runnymede



Source: Derived from CLG data

Figure 49: Projected household formation rates by age of head of household –Spelthorne



Source: Derived from CLG data

4.33 Figure 50 brings together outputs in terms of household growth and housing need using the 2012-based headship rates and our core projection linked to the 2012-based SNPP. To convert households into dwellings the data includes an uplift to take account of vacant homes. Analysis of 2011 Census data about unoccupied household spaces provides the following vacancy rate figures which have been used in analysis:

- Runnymede – 4.9%;
- Spelthorne – 3.6%

4.34 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.

4.35 The analysis shows an overall housing need for some 945 dwellings per annum across the two local authorities (434 in Runnymede and 511 for Spelthorne). These figures would be considered as the start point in terms of the PPG – they take account of the most recent population and household projections.

Figure 50: Projected Household Growth 2013-33 – 2012-based SNPP with 2012-based Household Formation Rates

	Runnymede	Spelthorne	Study-area
Households 2013	33,566	40,325	73,891
Households 2033	41,848	50,187	92,035
Change in households	8,282	9,862	18,144
Per annum	414	493	907
Dwellings (per annum)	434	511	945

4.36 The 2012-based household formation rates increase the projected household growth in the sub-region by 9% compared to using those in the 2011-based Household Projections (suitably indexed from 2021). The 2012-based rates therefore appear to show that as economic conditions improve (as they have started to) that household formation rates will also show some recovery. In Runnymede the uplift from the 2011-based rates is about 7%, with a higher figure (of about 11%) being seen for Spelthorne.

Alternative demographic scenarios

4.37 Although we consider the 2012-based SNPP to be reasonable demographic projection when taking account of past trends in population growth we have also developed two alternative projections. These can be summarised as:

- 12-year migration trends – this projection looks at the level of population and household/housing growth we might expect if migration levels in the future are the same as seen over the past decade. A consideration of longer-term trends is suggested as an alternative scenario in PAS guidance although we would recognise that the approach is

unlikely to be as robust as the SNPP as it won't take account of changes to the age structure over time and the impact this might have on migration levels.

- UPC adjustment – as noted earlier there is a notable level of Unattributable Population Change (UPC) in the ONS data for 2001-11 in the Runnymede and Spelthorne area (particularly in Runnymede). In this instance as UPC is negative, this suggests that the components of change feeding into the SNPP may slightly overestimate migration and population growth or that the census counts were incorrect.

4.38 Figures 51 and 52 show the outputs of the two alternative demographic projections developed. In the case of 12-year migration trends the analysis suggests a lower level of need than when using the 2012-based SNPP (for 906 dwellings rather than 945) – however, the need in Runnymede is shown to be higher, with the opposite being the case in Spelthorne. With an adjustment for UPC the need is also lower – seeing a decrease to 709 dwellings per annum – in this instance the need in Spelthorne increases slightly but is significantly lower in Runnymede (arguably unrealistically low).

4.39 Given that we consider these alternative projections as being less robust than the SNPP it is not proposed to take either forward. It does however provide us with some comfort that the longer-term migration trend is not significantly out of kilter with the SNPP, whilst the UPC adjustment produces an output which for Runnymede does not look particularly sound.

Figure 51: Projected household growth 2013-33 – 12-year migration trends and 2012-based headship rates

	Runnymede	Spelthorne	HMA
Households 2013	33,566	40,325	73,891
Households 2033	44,046	47,200	91,246
Change in households	10,480	6,874	17,355
Per annum	524	344	868
Dwellings (per annum)	550	356	906

4.40 As noted earlier there is a notable and negative level of Unattributable Population Change (UPC) in the ONS data for 2001-11 in Runnymede. Whilst this is a useful scenario to consider (again it is one suggested in the PAS guidance) we do not consider it, on its own, to be a robust alternative to the SNPP.

4.41 The main reasons for this are that it is unclear if UPC is related to miscounts at the Census, migration under/estimates or more importantly, due to changes in the methods used by ONS to measure migration. It is most probable that any errors are focussed on earlier periods (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate. When considering longer-term trends (as with the projection above) there is however a case for looking

at the impact of UPC; this is particularly at a local authority level where the analysis suggests a significant and negative level of UPC in Runnymede and a modest positive level in Spelthorne.

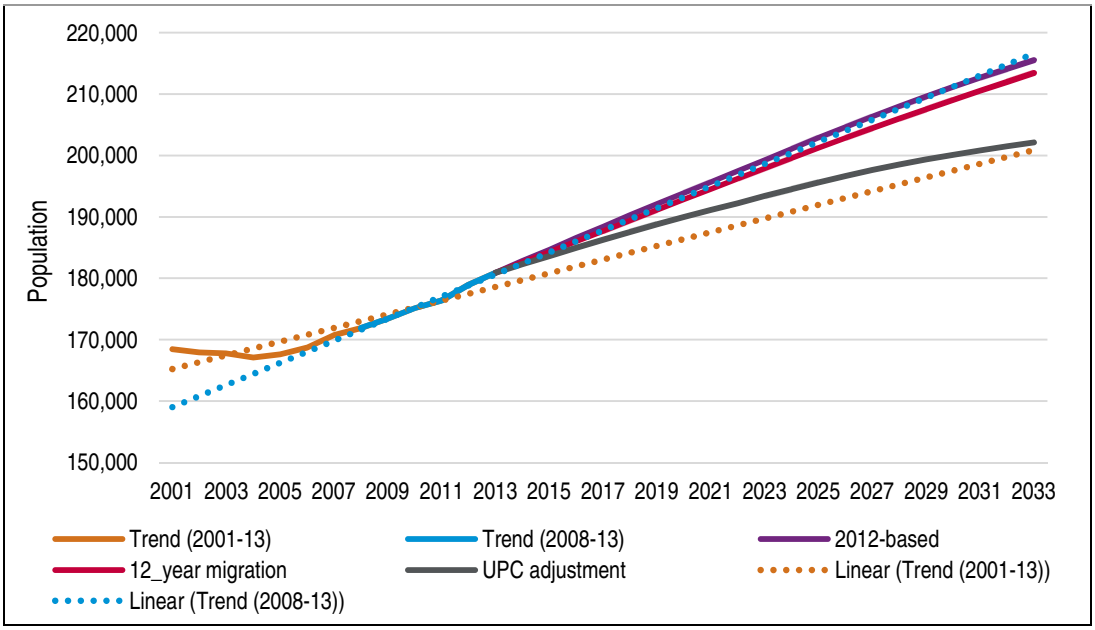
Figure 52: Projected household growth 2013-33 – 2012-based SNPP with UPC adjustment and 2012-based headship rates

	Runnymede	Spelthorne	HMA
Households 2013	33,566	40,325	73,891
Households 2033	36,593	50,947	87,540
Change in households	3,027	10,622	13,649
Per annum	151	531	682
Dwellings (per annum)	159	550	709

4.42 Figure 53 shows the population growth associated with both of these alternatives (and compared with the SNPP). As can be seen, using the 12-year migration trends shows a level of population growth slightly below the SNPP and at a level which is below short-term population change (but some way above longer-term figures). With a UPC adjustment the population growth is much lower, and by 2033 is at a level broadly in line with the average population growth seen in the 2001-13 period.

4.43 Whilst these alternatives are not considered as robust as the SNPP, it is clear that looking in more detail at components of population change and changes over time provides lower levels of population growth – suggesting that the SNPP is not under-estimating likely future growth, and hence under-estimating the need for housing.

Figure 53: Past and projected population growth – Runnymede and Spelthorne



Source: ONS and demographic projections

London Migration

4.44 There is an important interaction within London in the demographic projections, recognising a significant level of migration between each of the two authorities to/from London. We have sought to examine this in this section.

4.45 The Greater London Authority (GLA) identified as part of their 2013-based Projections feeding into the Further Alterations to the London Plan (FALP) that there had been a marked change in internal migration dynamics to and from London since the beginning of the recession (2007/8). Overall, the GLA identified that out-migration from London to other parts of the UK had dropped by about 10% along with a 6% increase in in-migration. This was considered to relate to the impact of the recession/ housing market downturn.

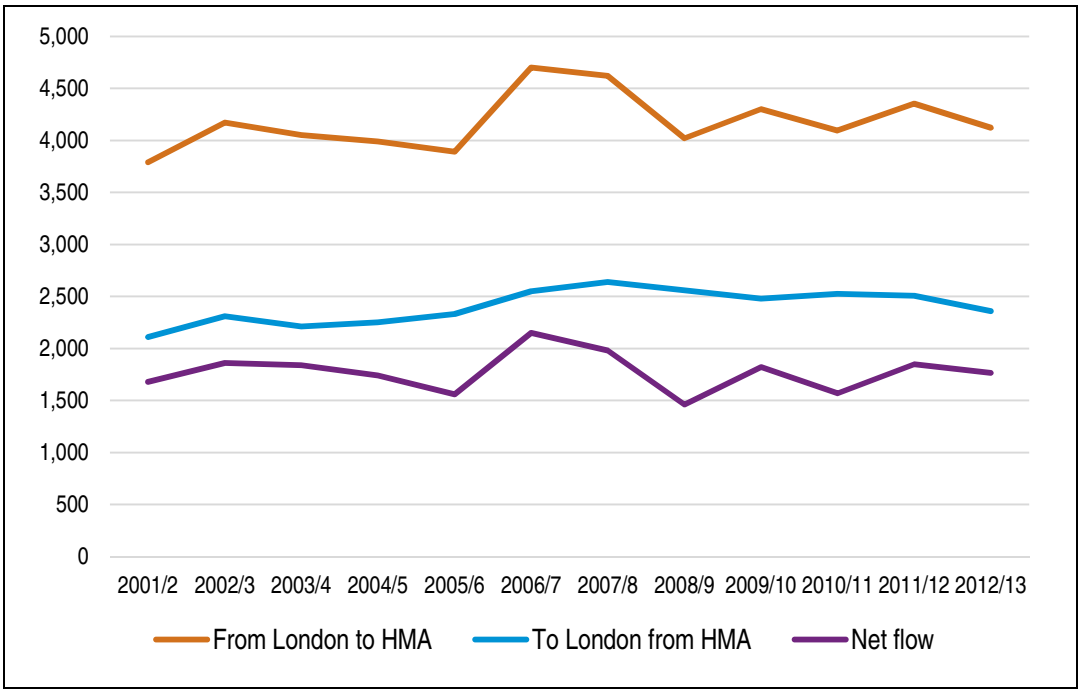
4.46 As a result of this, the GLA developed a series of population and household projections with different assumptions about migration. The Central scenario (which underpins the FALP) made the assumption that after 2017, migration levels would revert back to pre-recession levels. The GLA in effect took a midpoint between pre- and post-recession migration statistics and assumed a 5% uplift in out-migration and a 3% decrease in in-migration[9] to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

[9] See GLA Intelligence (Feb 2014) *GLA 2013 round of trend-based population projections – Methodology, http://data.london.gov.uk/dataset/2013-round-population-projections*

4.47 Whilst the figures above relate to dynamics to/ from London and other parts of the country, it will be the case that different areas will have seen different levels of change in migration to/ from London in the pre- and post- recession periods. Below we have studied how migration patterns have changed in respect of Runnymede and Spelthorne.

4.48 The figure below shows despite some year-on-year variations that migration to and from London to the two local authorities has not changed significantly over time. The evidence suggests a very modest change from pre-recession migration patterns and the period that fed into the latest SNPP. Migration from London in net terms was on average 95 persons per annum higher in the pre-2008 period studied relative to the five year period which has fed into the 2012-based SNPP (2007-12). Given the overall scale of migration, this is a very small difference in pre- and post-recession trends.

Figure 54: Interrogating Migration flows between London and Runnymede/Spelthorne



Source: GLA / GL Hearn

4.49 When looking at the individual local authorities (in the table below) it is clear that net migration from London has decreased slightly in both areas (by 39 people on average to Runnymede and 56 to Spelthorne).

Figure 55: Migration to- and from- London and Runnymede/Spelthorne – Individual Local Authority Analysis

	Runnymede			Spelthorne		
	From London to borough	To London from borough	Net flow	From London to borough	To London from borough	Net flow
2001/2	1,400	1,110	290	2,390	1,000	1,390
2002/3	1,630	1,210	420	2,540	1,100	1,440
2003/4	1,650	1,130	520	2,400	1,080	1,320
2004/5	1,600	1,190	410	2,390	1,060	1,330
2005/6	1,590	1,280	310	2,300	1,050	1,250
2006/7	1,810	1,270	540	2,890	1,280	1,610
2007/8	1,740	1,370	370	2,880	1,270	1,610
2008/9	1,600	1,340	260	2,420	1,220	1,200
2009/10	1,780	1,250	530	2,520	1,230	1,290
2010/11	1,592	1,328	264	2,503	1,198	1,306
2011/12	1,666	1,242	424	2,686	1,263	1,423
2012/13	1,629	1,189	441	2,494	1,171	1,323
Pre-2008 average	1,631	1,223	409	2,541	1,120	1,421
SNPP average	1,676	1,306	370	2,602	1,236	1,366
Difference	44	83	-39	60	116	-56

Source: GLA

4.50 On the basis of the information above, we have developed an alternative population projection to provide a sensitivity analysis to the SNPP. This projection uses a similar assumption to the GLA modelling; i.e. for an adjustment to be made to migration levels post-2017 at a level which is half of the difference seen between pre-recession trends and the trends feeding into the SNPP. This projection is therefore broadly consistent to the approach adopted by GLA in the Central Variant in its 2013 Demographic Projections (which form the basis for the current London Plan).

4.51 The table below shows overall population growth from this alternative projection. This shows population growth of 19.6% across the HMA in the 2013-33 period (compared to 19.1% in the SNPP-based projection). Both areas see a modest increase in population growth when compared with the SNPP (Runnymede 20.4% vs. 19.9% and Spelthorne 19.0% vs. 18.4%).

Figure 56: Projected Population Growth (2013-2033) –London Migration Sensitivity Analysis

	Population 2013	Population 2033	Change in population	% change
Runnymede	83,448	100,476	17,028	20.4%
Spelthorne	97,456	115,933	18,477	19.0%
HMA	180,904	216,409	35,505	19.6%

Source: ONS

4.52 We have next applied the household formation rates from the 2012-based Household Projections to these population projections, and applied consistent assumptions on vacant and

second homes, to derive figures for growth in households and dwellings. These are presented in the table below.

4.53 For the whole HMA, the identified housing need rises slightly in the sensitivity analysis –by less than 2% from 945 to 962 dwellings per annum (a 7 dwelling increase in Runnymede and 9 in Spelthorne). This scenario arguably moves away from projecting to forecasting household and dwelling growth.

Figure 57: Projected Household Growth 2013-33 – London Migration Sensitivity Analysis and 2012-based Headship Rates

	Runnymede	Spelthorne	HMA
Households 2013	33,566	40,325	73,891
Households 2033	41,979	50,369	92,348
Change in households	8,413	10,044	18,457
Per annum	421	502	923
Dwellings (per annum)	441	520	962
DPA from SNPP	434	511	945
Difference	7	9	16

4.54 This analysis regarding migration from London should be treated as a sensitivity analysis. There is a degree of uncertainty regarding future migration dynamics to/from London, and indeed it could be that changes in housing market circumstances have implications for out-migration from each of the authorities to other parts of the Country (with thus an increase in both in- and out-migration). The analysis however takes account of the approach adopted by the GLA in the Further Alterations to the London Plan and should be regarded as the demographic starting point.

4.55 In addition to the analysis set out above there has been the subsequent publication of the 2014 MYE. Whilst we have not fully interrogated this data they would seem to suggest migration in the 2013-14 period is actually lower than that expected in the SNPP for Spelthorne and higher in Runnymede. Hence, across the HMA it is difficult to see a significant change to the overall findings as a result of this dataset being published.

Summary and Implications

4.56 In this section initial conclusions are drawn on housing need based on demographic trends. The subsequent sections consider whether this needs to be adjusted on the basis of evidence from market signals, of affordable housing need or to support expected growth in employment in line with the PPG.

4.57 The 2012-based SNPP indicates population growth of 18.4% in Spelthorne and 19.9% in Runnymede over the 2013-33 period. This is above the projected growth across Surrey (16%) and the South East (14.9%) and England (13.3%).

4.58 The 2012-based subnational population projections (SNPP) look to be a sound demographic projection. Population growth sits slightly above short-term trends and significantly above trends over the longer-term (the 12-years to 2013).

4.59 Alternative projections using longer-term (12-year) migration levels and an adjustment for unattributable population change (UPC) show population growth (and hence housing need) which is either below (UPC adjustment) or above (12-year trends) the SNPP for individual local authorities – reinforcing the SNPP as being broadly reasonable.

4.60 The 2012-based CLG household projections also look to be reasonably sound when considering age specific household formation rates. The only age group where there is some concern is people aged 25-34 where there does appear to be some degree of suppression in the past and being projected forward. The implications of this are discussed in more detail later in the report.

4.61 We have also provided further sensitivity analysis around London out-migration and the impact of returning this to pre-recession levels. This results in a need for 962 homes per annum across the HMA. This splits into a need for 441 homes per year in Runnymede Borough and 520 per year in Spelthorne Borough. This should be taken forward as the demographic starting point.

4.62 To reiterate these household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:

- Is there evidence that an increase in housing numbers would be needed to support the local economy?
- Should housing supply be increased to meet affordable housing needs?
- Do market signals point to a need to increase housing supply?

4.63 The following sections examine these tests in turn.

5 ECONOMIC-LED HOUSING REQUIREMENTS

5.1 As well as looking at demographic trends when assessing housing need, the PPG outlines that trends/ forecasts for employment growth should be considered.

5.2 The PPG indicates that employment trends and forecasts should be considered as part of the assessment of housing need, setting out that:

> *"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.*
>
> *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 or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*

5.3 In this section we consider how migration in the HMA, and in the two local authorities within it, might be influenced by future employment growth (recognising that people move home to access employment, as well as for other reasons).

5.4 To consider potential economic performance in Runnymede and Spelthorne we have used economic forecasts from Experian (Summer 2013). Experian projections provide a baseline 'projection' of economic performance for each Borough's economy based on:

- Expectations of future performance of economic sectors at a national and regional level, taking account of macro-economic factors;
- Historical relationships between relative performance of economic sectors between the Borough and the region holding true moving forward.

5.5 These forecasts were also used to inform the Enterprise M3 Housing Evidence Study (September 2014). This provides an indication of the expected job growth at a local authority level in the period to 2031 in 5-year tranches. It should be noted that this is a single projection and other assessments of employment growth may provide a variation on the level of growth depending on the assumptions held within them. This SHMA Report has not included a detailed assessment of economic growth potential in either authority.

5.6 Against past performance the level of growth in total employment which we might expect varies from Borough to Borough. The expected per annum growth rate between 2011 and 2031 in Runnymede is 1.3% and in Spelthorne 1.5%. This is slightly higher to that forecast more widely across the northern part of the LEP (1.2%). In comparison to the past trends in Runnymede for the 2001 to 2011 period (3.6%) the expected growth is much lower. However Spelthorne

experienced a significant decline over the same period (-17,000 jobs), and the projections are therefore significantly higher than past trends (-3.4% per annum).

5.7 The analysis of the Experian projections shows a considerable and questionable variance from past trends. Because of the difference there is a level of uncertainty, and the economic projections should be tested further. The Councils have therefore committed to produce assessments of economic growth as part of work on economic/ employment needs.

5.8 Furthermore the forecasts do not take into account any decisions or recommendations relevant to the expansion of Heathrow or otherwise. Once a firm decision is in place the Councils, through further evidence, will seek to quantify the impact this would have on local employment levels.

5.9 The assessment of housing need may therefore require adjustment to take account of more detailed evidence regarding economic growth potential during the course of Plan preparation. This may trigger a targeted review of the SHMA.

5.10 For the purposes of this report, the economic-led projections should be considered indicative on this basis. Figure 58 shows the increase in the number of jobs expected from 2013 to 2033 with data post 2031 being based on the average expected in the 5-years leading up to the end of the forecast period (i.e. 2026-31). An estimate of jobs in 2013 has been taken from the midpoint of the figures in each of 2011 and 2016. Over the 20-year period being used in the projections, an increase of around 15,000 jobs is expected in both areas – this is an increase of about 23% from 2013 levels in Runnymede and 36% in the case of Spelthorne.

Figure 58: Forecast Employment Growth (2013-33)

	Runnymede	Spelthorne
Jobs (2013)	66,118	41,298
Jobs (2033)	81,166	56,334
Change (2013-33)	15,048	15,036
% change from 2013	22.8%	36.4%

Source: Experian

5.11 As well as studying job growth we can also consider commuting patterns to understand whether or not the growth in the working population might be expected to be higher (or lower) than the job growth figures. Both authorities form part of wider labour markets. To study this we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in Figure 59 and has been taken from the 2011 Census.

5.12 The data shows that there are roughly the same numbers of people who live in the area (and are working) as currently work in the area (just over 90,000 in each instance). However, there are notable differences between the areas with Runnymede being a significant importer of labour with the opposite being seen in Spelthorne.

Figure 59: Commuting Patterns in Runnymede and Spelthorne (2011)

	Runnymede	Spelthorne
Live and work in Borough	11,229	11,153
Home workers	4,914	4,902
No fixed workplace	3,382	4,190
Out-commute	21,460	30,239
In-commute	30,672	21,122
Total working in Borough	50,197	41,367
Total living in Borough (and working)	40,985	50,484
Commuting ratio	0.82	1.22

Source: 2011 Census

5.13 We have modelled that the commuting ratio remains consistent over time (maintaining 2011 levels) with sensitivity analysis around reasonable changes. For comparative purposes, we have run a sensitivity analysis which models a 1:1 relationship between growth in residents in employment and the growth in people working in the two Boroughs. This still assumes a notable level of in-commuting to Runnymede in 2033 and out-commuting in the case of Spelthorne, but to a lesser degree.

5.14 While a static commuting rate is arguably unlikely, any movement away from the current ratio would assume changes to the labour force outside of the study area and would need to be agreed through the duty to cooperate.

5.15 As well as commuting patterns we can also consider 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 area divided by the number of jobs – this has been calculated by combining the data for the two local authorities. As of 2011 the Experian forecast estimated there were 103,320 jobs in the area with Census data (above) suggesting that 91,564 people were working in the area. Hence a 'double jobbing' factor can be calculated as 0.89 (91,564/103,320). Such a figure is fairly typical in other areas where we have carried out similar analysis.

5.16 Hence to work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs – this is shown in Figure 60. Overall, the Experian forecast expects an increase of around 30,000 jobs; if commuting patterns and levels of double jobbing remain the

same then this would require growth in the resident workforce of about 27,000 people (around 1,350 per annum) across the HMA. The overall figures only vary slightly depending on the commuting assumptions made but there is a notable difference between methods when considering the two local authorities.

Figure 60: Jobs Growth and Change in Resident Workforce (2013-33)

	Change in jobs	Change in resident workforce	Per annum change in resident workforce
Core Assumption - Current (2011) commuting ratio			
Runnymede	15,048	10,888	544
Spelthorne	15,036	16,262	813
Sensitivity - Commuting ratio of future jobs at 1.00			
Runnymede	15,048	13,336	667
Spelthorne	15,036	13,325	666

Source: Experian and 2011 Census

5.17 As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) as well as a reduction in unemployment as the economy moves further away from recession.

5.18 Predicting or projecting how employment rates might change in the future is difficult and there is no standard methodology or accepted approach. However, it is possible to use data from Experian to see what is expected by this economic model. Specifically, we have looked at the expected number of local residents in the labour force (the economically active population) and compared this with the adult population (taken from the Experian work to be the population aged 15+ which is very slightly different to the conventional measure which looks at the population aged 16+). The methodology employed allows for a consistency of approach between demographic modelling and the economic forecasts although it should be noted that the overarching analysis has been carried out at a national level (and hence there could potentially be more localised variations).

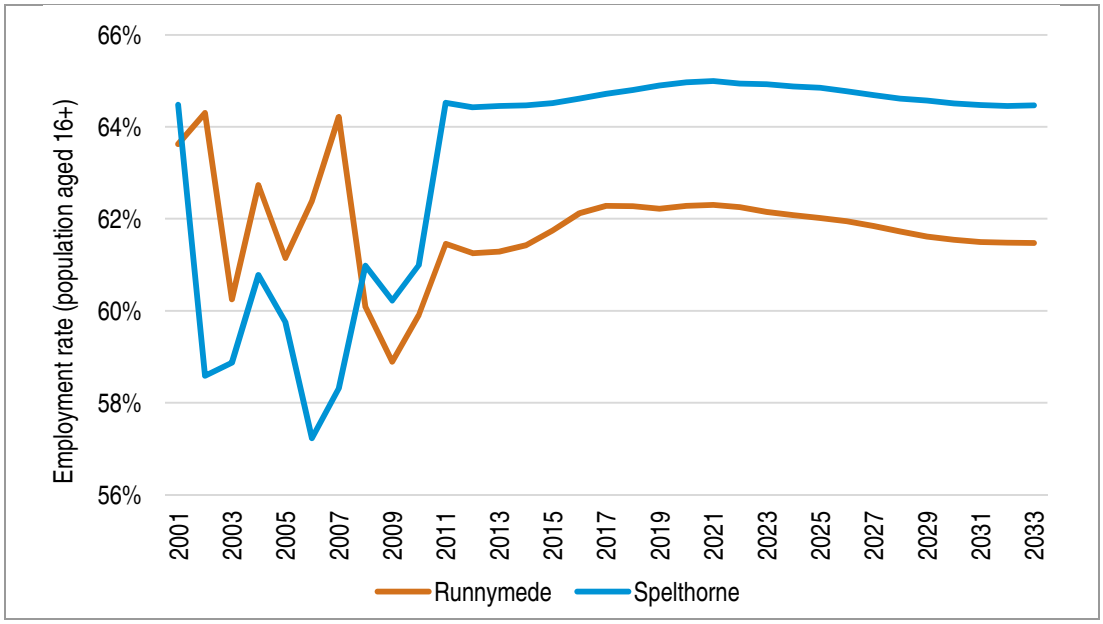
5.19 When applied to the demographic projections the data suggests that there will be relatively little change in the employment rate in the future. In both areas there is expected to be a small increase in this rate to about 2021 with a small decline thereafter. Whilst the modelling expects there to be little change overall, this does imply increases in rates for many age/sex groups

given that much of the population growth is amongst the older population – older people typically have much lower economic activity rates.

5.20 Figure 61 shows how the employment rate is expected to change in the period to 2033 along with a trend back to 2001 from data on the NOMIS website (Annual Population Survey and Labour Force Survey data). The past trend data has been rebased for 2011 to be consistent with the demographic projections – the demographic projections have used 2011 Census data to provide a baseline of residents in employment. The analysis shows that the rate in the past has been variable – this is likely to be due to the quality of data available at local authority level.

5.21 The rates shown in Figure 61 are derived from the 2012-based SNPP and it should be noted that these change very slightly with different assumptions about population growth.

Figure 61: Past trends and projected change in employment rate – Runnymede and Spelthorne



Source: Derived from Annual Population Survey, Labour Force Survey, Experian forecasts and demographic projections

5.22 The outputs from the economic based projection is as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require 1,230 homes per annum to be delivered.

5.23 The sensitivity analysis modelling a 1:1 relationship between growth in employment and labour supply locally sees a slightly lower housing need (1,210 homes per annum), but we would caveat these with a degree of caution in that there is no clear indication that it would be reasonable to assume that commuting patterns will change. It is important to recognise the inter-

connectedness of the labour market across local authority boundaries, and influence of major employment centres such as Central London, Heathrow and Guildford on the HMA. This means that assuming that all new residents will live and work in the Borough is not really a reasonable assumption.

5.24 The modelling is in effect undertaken on a "policy off" basis and thus assumes historical commuting relationships persist. Any adjustments assumed to this ratio would need to be based on a strategy seeking to address the alignment of homes and jobs, and be supported by clear evidence that this is realistic.

Figure 62: Housing Need to support Employment Growth Forecasts, 2013-33

	Current commuting patterns		1.00 commuting for additional jobs	
	Runnymede	Spelthorne	Runnymede	Spelthorne
Households 2013	33,566	40,325	33,566	40,325
Households 2033	43,258	54,258	44,771	52,330
Change in households	9,693	13,932	11,206	12,005
Per annum	485	697	560	600
Dwellings (per annum)	508	722	588	622

Source: Derived from Experian Forecasts and Demographic Projections

5.25 The figure of 1,230 per annum is around 23% higher than the figure derived from the 2012-based SNPP when adjusted to take account of London Migration (962 per annum).

5.26 By not delivering the housing needed to meet the economic needs there may be constraints to economic growth as employers struggle to fill vacancies. These issues may warrant further consideration, but it is not the place of the SHMA to consider this.

5.27 There are also a number of potential changes to commuting patterns linked to wider growth in London and Surrey. At present we see that workplace earnings in both Boroughs are higher than residents' earnings. However the commuting analysis equally shows a strong relationship in economic terms to London.

5.28 Through the recession commuting from London to the South East has reduced. However with ambitious growth planned in the capital and continuing housing affordability issues, it would seem likely that we could see an increase in in-commuting into the capital moving forwards.

5.29 Another key factor in longer term migration patterns in Runnymede and Spelthorne is the future of Heathrow. With considerable numbers commuting to the airport from both Boroughs particularly Spelthorne) any significant changes to the operation of the airport will have a significant impact on local employment (and housing demand).

6 AFFORDABLE HOUSING NEED

Introduction

6.1 In this section we discuss levels of affordable housing need in the North West Surrey HMA. Affordable housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

6.2 Government guidance on Strategic Housing Market Assessments (CLG, 2007) sets out a model for assessing affordable housing need (known as the Basic Needs Assessment Model). This model has been retained in the *Planning Practice Guidance* and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information. As the Planning Practice Guidance does not provide detailed guidance for this calculation we will continue to refer to the 2007 Guidance throughout this section.

6.3 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. On this basis, estimates of affordable housing need are provided in this section for the twenty year period between 2013 and 2033.

Assessing Affordability

6.4 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting and are summarised below:

i. *Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;*

ii. *Assessing whether a household can afford market renting: 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, 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% (although this can vary by area). Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics). This assessment therefore looks at a range of outputs based on the two ends of this range (i.e. 25% and 40%).*

6.5 It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor which affects the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The Government's Help-to-Buy scheme provides some assistance, although there is limited use of this product in the HMA (Runnymede 23 equity loans and Spelthorne 10 equity loans as of May 2014). However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited.

Local Prices & Rents

6.6 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and 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.'

6.7 In this section we establish the entry-level costs of housing to both buy and rent across the HMA. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

6.8 Figure 63 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £152,500 for a flat in Runnymede and rising to £400,000 for a detached home in the same area. Prices for all types of accommodation other than flats are higher in Runnymede than Spelthorne. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £240,000 in Runnymede and £225,000 in Spelthorne.

Figure 63: Lower quartile sales prices by type (Q1 and Q2 – 2014)

Dwelling type	Runnymede	Spelthorne
Flat	£152,500	£175,000
Terraced	£250,000	£243,800
Semi-detached	£300,000	£280,000
Detached	£400,000	£340,000
All dwellings	£240,000	£225,000

Source: Land Registry (2014)

6.9 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data. For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of around £825 per month – there is relatively little difference between the two areas.

Figure 64: Lower Quartile Private Rents (Year to March 2014) – Per Month

Dwelling size	Runnymede	Spelthorne
Room only	£400	£485
Studio	£580	£571
1 bedroom	£750	£750
2 bedrooms	£900	£950
3 bedrooms	£1,050	£1,083
4+ bedrooms	£1,650	£1,500
All dwellings	£825	£823

Source: Valuation Office Agency

6.10 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

6.11 The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office). Runnymede and Spelthorne fall into two different BRMAs – East Thames and Walton, with the vast majority of the HMA being in the Walton BRMA. This BRMA also extends to the south and east of the HMA and goes as far as including Leatherhead (in Mole Valley). Given that the bulk of the HMA is within the Walton BRMA this will be the most useful comparator with details presented in Figure 65.

6.12 The data suggests similar figures in the LHA rates and our analysis based on VOA data (when looking at the Walton BRMA). The main difference appears to be with regard to room only LHA levels, where the maximum amount payable is £364 per month, compared with VOA data suggesting a figure of £400 in Runnymede and £485 in Spelthorne.

Figure 65: Maximum LHA Payments by Bed-Size and BRMA

Size	East Thames Valley BRMA	Walton BRMA
Room only	£327	£364
1 bedroom	£650	£723
2 bedrooms	£832	£924
3 bedrooms	£1,020	£1,187
4 bedrooms	£1,393	£1,594

Source: VOA data (November 2014)

Cost of Affordable Housing

6.13 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CoRe) – a national information source on social rented lettings. Figure 66 illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Figure 66: Monthly Social Rent Levels

Size	Runnymede	Spelthorne
1 bedroom – average	£402	£434
2 bedrooms – average	£470	£515
3+ bedrooms – average	£476	£557
Lower quartile (all sizes)	£419	£439

Source: CoRe (2014)

6.14 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that* require *a rent of no more than 80% of the local market rent (including service charges, where applicable)'*.

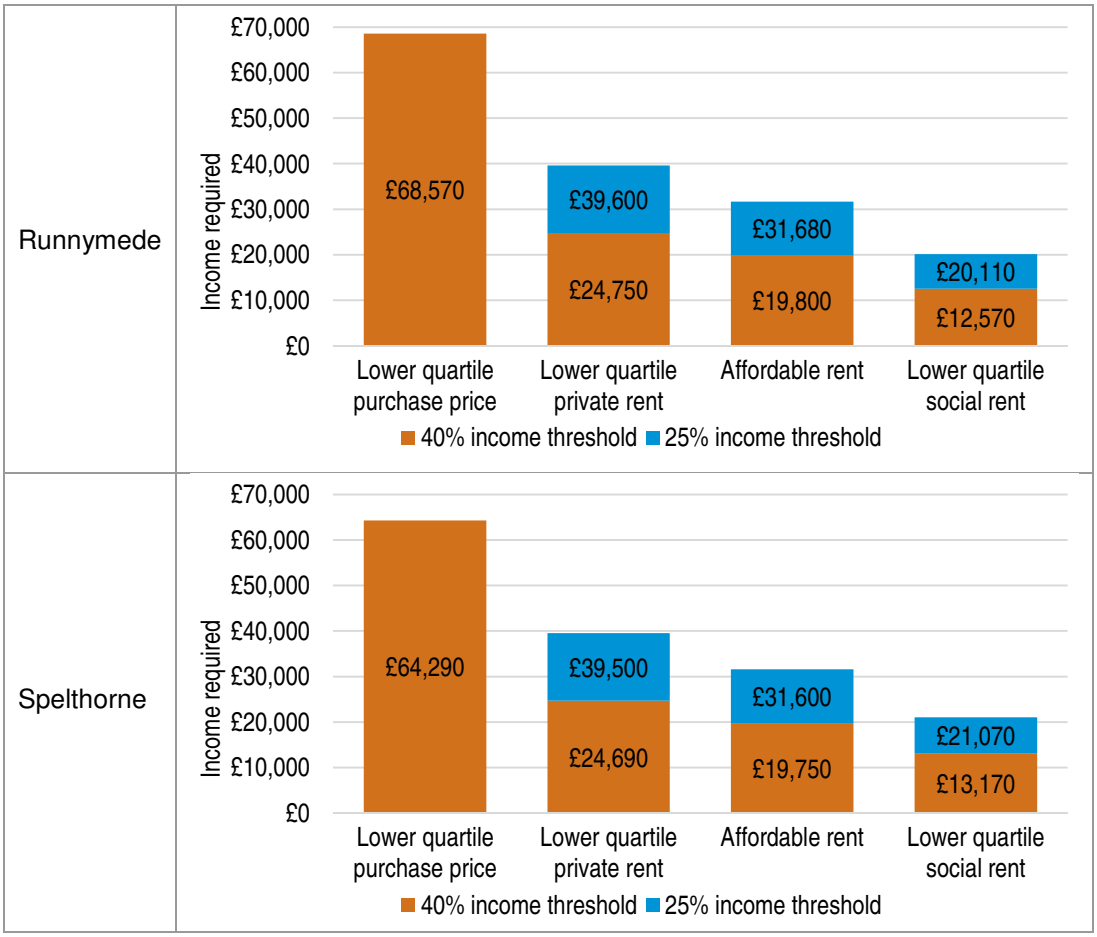
6.15 Affordable Rented housing can therefore be considered to be another option for social rented housing in an area but at a higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly

mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information. Local authorities who are stocked retained landlords can only change social rents and not affordable rents as is the case in Runnymede.

Gaps in the Housing Market

6.16 The figure below estimates how current prices and rents in the two local authorities might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 25%-40% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 67: Indicative income required to purchase/rent without additional subsidy



Source: Land Registry, VOA and CoRe

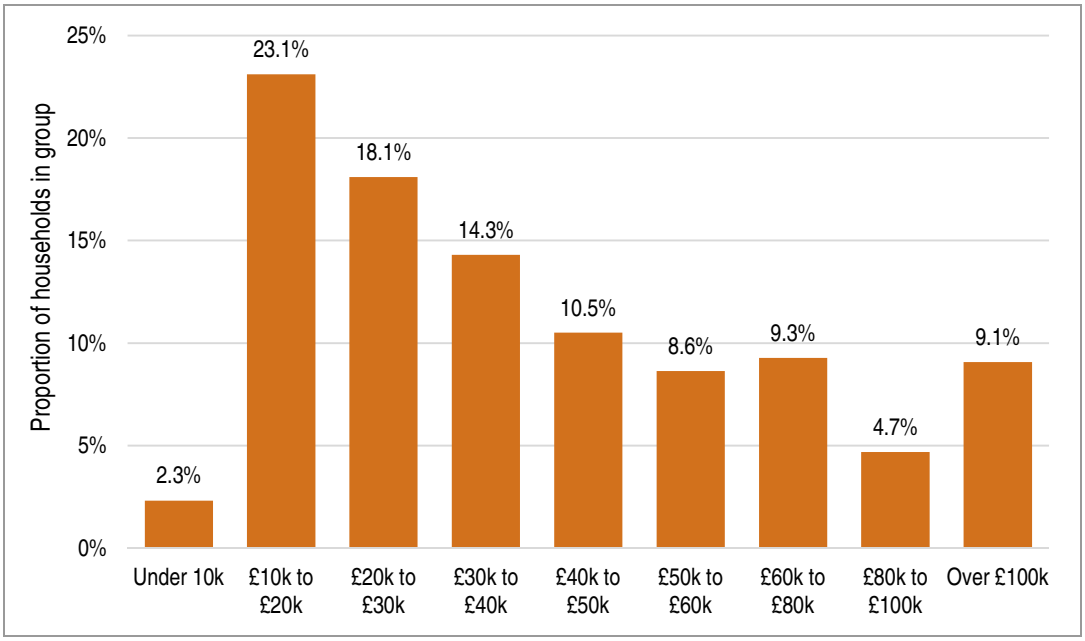
Distribution of Incomes

6.17 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. 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:

- CACI from Wealth of the Nation 2012 – to provide an overall national average income figure for benchmarking;
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular);
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (a 0.3% increase per annum was identified from this source for the South East region); and
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for each of the local authority areas).

6.18 We have used this data to model an income distribution for both authorities and the HMA in 2013. The data shows that around a quarter (25.4%) of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the HMA was estimated to be around £34,200 with a mean income of £45,000.

Figure 68: Distribution of Household Income in Runnymede and Spelthorne



Source: Derived from ASHE, EHS, CACI and ONS data

6.19 Figure 69 shows how income levels vary for each of the two local authorities. Incomes were found to be highest in Runnymede and slightly lower in Spelthorne.

Figure 69: Income levels by Local Authority

	Mean income	Median income
Runnymede	£45,968	£34,963
Spelthorne	£44,161	£33,588
HMA	£44,983	£34,206

Source: Derived from ASHE, EHS, CACI and ONS data

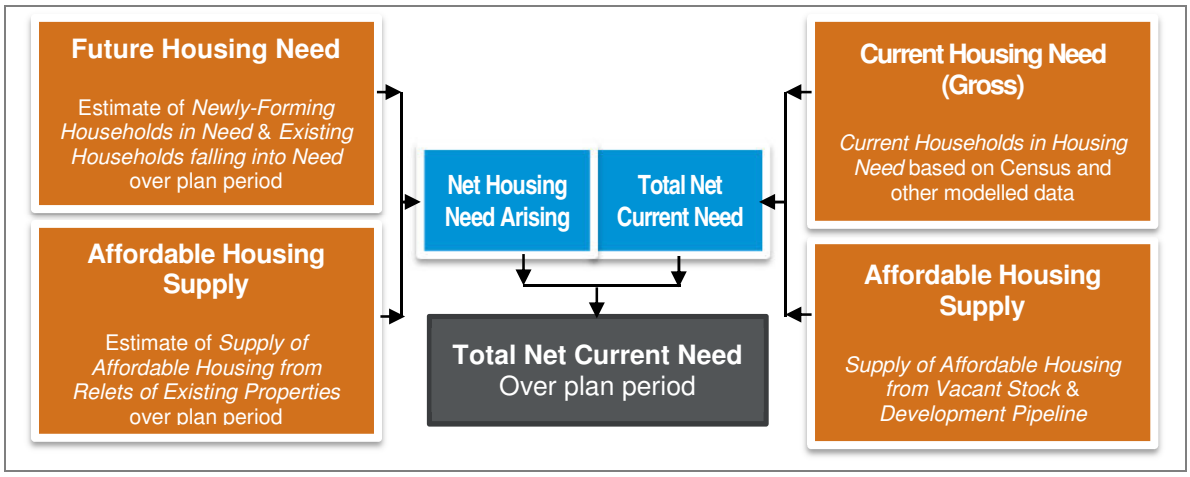
6.20 To assess affordability we have looked at households' ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford 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.

6.21 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). Assumptions about income levels are discussed where relevant in the analysis that follows.

Affordable Housing Needs Assessment

6.22 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 70: Overview of Basic Needs Assessment Model



6.23 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The modelling undertaken provides an assessment of affordable housing need for a 20-year period from 2013 to 2033 (which is then

annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Further Methodological Issues

6.24 Due to the analysis being based on secondary data sources only, there are a number of assumptions that need to be made to ensure that the analysis is as robust as possible. Key assumptions include considering the number of households who have a need due to issues such as insecure tenancies or housing costs – such households form part of the affordable need as set out in guidance (see paragraph 023 of the PPG for example) but are not readily captured from secondary data sources. Assumptions also need to be made about the likely income levels of different groups of the population (such as newly forming households), recognising that such households' incomes may differ from those in the general population.

6.25 To overcome the limitations of a secondary-data-only assessment, additional data has been taken from a range of survey-based affordable needs assessments carried out by GL Hearn over the past five years or so. These surveys (which cover a range of areas and time periods) allow the assessment to consider issues such as needs which are not picked up in published sources and different income levels for different household groups. This data is then applied to actual data for Runnymede/Spelthorne (e.g. from the Census) as appropriate. It is the case that outputs from surveys in other areas show remarkably similar outputs to each other for a range of core variables (for example the income levels of newly forming households when compared with existing households) and are therefore likely to be fairly reflective of the situation locally in the HMA. Where possible, data has also been drawn from national surveys (notably the English Housing Survey).

6.26 It should also be stressed that the secondary data approach is consistent with the PPG. Specifically, guidance states that:

> *'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. 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'.*

6.27 The analysis that follows is therefore consistent with the requirements of guidance.

6.28 CLG guidance also suggests that the housing register can be used to estimate levels of affordable housing need. Experience working across the country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need (this is

particularly an issue with multi-authority commissions such as this). Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to a range of secondary data sources is preferred.

Current Affordable Housing Need

6.29 In line with PPG, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. A list is initially set out in paragraph 023 of the PPG and provides the following.

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Source: PPG [ID 2a-023-20140306]

6.30 This list of potential households in need is then expanded on in paragraph 24 of the PPG which provides a list of the categories to consider when assessing current need. This assessment seeks to follow this list by drawing on a number of different data sources. The table below sets out the data used in each part of the assessment. All efforts have been made to avoid double counting; this includes excluding households living in non-hostel and B&B properties from the numbers of 'other' households in need (such households will be included in the homeless in temporary accommodation). However, there may be some issues with looking at both concealed households and overcrowding – it is likely that providing housing for some concealed households would remove an overcrowding issue – no account has been taken of this and therefore arguably the figures presented could be slightly too high.

Figure 71: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured
Those in priority need who are currently housed in temporary accommodation	CLG Live Table 784	Total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Exiting affordable housing tenants in need	Modelled data linking to past survey analysis	Will include households with many of the issues in the first box above (e.g. insecure tenure). Figures exclude those living in LA/HA or private sector/Other temporary accommodation)
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [ID 2a-024-20140306]

6.31 The table below therefore shows the initial estimate of the number of households who potentially have a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently some 4,972 households living in unsuitable housing (or without housing) – this is 6.7% of the estimated total number of households living in the HMA in 2013.

Figure 72: Estimated number of households living in unsuitable housing - HMA

Category of 'need'	Households
Homeless households	9
Those in priority need who are currently housed in temporary accommodation	175
Households in overcrowded housing	2,838
Concealed households	376
Exiting affordable housing tenants in need	112
Households from other tenures in need	1,461
Total	4,972

Source: CLG Live Tales, Census (2011) and data modelling

6.32 In taking this estimate (4,972) forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for

affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. Additionally, the 'temporary accommodation' group are split depending on whether or not they are currently housed (with those temporarily housed in LA/HA accommodation then being excluded as per the analysis for affordable housing (i.e. they would be a transfer)). A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

6.33 The table below shows that as of mid-2013 it is estimated that there were 2,343 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 3.2% of all households in the area in 2013.

Figure 73: Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	1,655	166
Social rented	950	0
Private rented	1,807	1,696
No housing (homeless/concealed)	422	422
Temporary accommodation	138	59
Total	4,972	2,343

Source: CLG Live Tales, Census (2011) and data modelling

6.34 Having established the figure of 2,343, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy, because they could afford a suitable market housing solution. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 69% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing other than in temporary accommodation). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing and those in temporary accommodation. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (and excluding social tenants and the majority of owners) along with typical income levels of households accessing social rented housing (for those without accommodation).

These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

6.35 Overall, using a 25% affordability threshold, over three-quarters of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 1,828 households. With a 40% threshold the estimated level of need is reduced to 1,344 households. The tables below show how current need is estimated to vary across the two local authorities.

Figure 74: Estimated Current Need – 25% income threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Runnymede	987	76.5%	755
Spelthorne	1,356	79.2%	1,074
HMA	**2,343**	**78.1%**	**1,828**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Figure 75: Estimated Current Need – 40% income threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Runnymede	987	55.2%	544
Spelthorne	1,356	58.9%	799
HMA	**2,343**	**57.4%**	**1,344**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

6.36 The Figure below shows the current need split by broad category of current housing. The analysis shows that between about 322 and 379 of the households do not have housing – these are the important numbers within this analysis as it is this group who will need additional accommodation to be provided. The remaining households (1,022-1,449) have a need but if they were to move to alternative accommodation this would free-up a home for use by another household (and hence no need for additional accommodation overall is required).

Figure 76: Estimated Current Need by broad type of current accommodation

	@ 25% affordability threshold			@ 40% affordability threshold		
Area	Households in housing	No housing (homeless/ concealed)	TOTAL	Households in housing	No housing (homeless/ concealed)	TOTAL
Runnymede	614	141	755	426	119	544
Spelthorne	836	238	1,074	596	203	799
HMA	**1,449**	**379**	**1,828**	**1,022**	**322**	**1,344**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Newly-Arising Need

6.37 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLG's SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

6.38 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. This differs from numbers presented in the demographic projections which are for net household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. 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.

6.39 The estimates of gross new household formation have been based on outputs from the 2012-based SNPP/household projections to allow for a consistent approach across areas (use of a different projection would not significantly change estimates of the number of new households). In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

6.40 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the

distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall between 43% and 65% of newly-forming households will be unable to afford market housing depending on the affordability threshold used and that a total of 659 to 1,009 new households will have a need on average in each year to 2033.

Figure 77: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 25% affordability threshold

Area	Number of new households	% unable to afford	Total in need
Runnymede	703	64.4%	452
Spelthorne	842	66.2%	557
HMA	1,545	65.3%	1,009

Source: Projection Modelling/Income analysis

Figure 78: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 40% affordability threshold

Area	Number of new households	% unable to afford	Total in need
Runnymede	703	41.8%	294
Spelthorne	842	43.5%	366
HMA	1,545	42.7%	659

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

6.41 The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past two years – this group will represent the flow of households onto the Housing Register over this period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied (again based on 25% and 40% of income to be spent on housing).

6.42 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.

6.43 Following the analysis through suggests a need arising from between 202 and 238 existing households each year.

Figure 79: Estimated level of Housing Need from Existing Households (per annum)

Area	25% affordability threshold		40% affordability threshold	
	Number of Existing Households falling into Need	% of Need	Number of Existing Households falling into Need	% of Need
Runnymede	105	44.1%	88	43.8%
Spelthorne	133	55.9%	113	56.2%
HMA	238	100.0%	202	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

6.44 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

6.45 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (of which there were relatively few in the study area)).

6.46 On the basis of past trend data it has been estimated that 346 units of social/affordable rented housing are likely to become available each year moving forward across the HMA, with a slightly higher proportion of these being in Spelthorne.

Figure 80: Analysis of past social/affordable rented housing supply (per annum – based on data for 2011-14)

	Runnymede	Spelthorne	HMA
Total lettings	246	382	628
% as non-new build	89.8%	89.0%	89.3%
Lettings in existing stock	221	340	561
% non-transfers	63.8%	61.2%	62.2%
Sub-total	141	208	349
% non-temporary housing	100.0%	98.5%	99.1%
Total lettings to new tenants	141	205	346

Source: CoRe

6.47 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in the HMA is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have again utilised CoRe data about the number of sales of homes that were not newbuild. From this it is estimated that around 21 additional properties might become available per annum.

6.48 We have also taken the pipeline supply from data provided to us by the Borough Councils. This comprises completions and sites with planning permission. This supply is then annualised over the plan period although it should be noted that we expect this supply to be delivered earlier rather than later in the plan period.

6.49 The total supply of affordable housing is therefore estimated to be 415 per annum.

Figure 81: Supply of affordable housing - HMA

Area	Social/affordable rented relets	Intermediate housing 'relets'	Pipeline Supply	Annualised Pipeline	Total supply (per annum)
Runnymede	141	10	230	12	163
Spelthorne	205	11	728	36	252
HMA	346	21	958	48	415

Source: CoRe

Net Affordable Housing Need

6.50 The table below shows our overall calculation of affordable housing need. The analysis shows with a 25% affordability threshold that there is a need for 924 dwellings per annum to be provided; with the 40% threshold this drops to 513. This is a wide range, although this is not untypical given the nature of the assumptions that can reasonably be applied. 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

Figure 82: Estimated annual level of Affordable Housing Need

	25% affordability threshold	40% affordability threshold
Current need	91	67
Newly forming households	1,009	659
Existing households falling into need	238	202
Total Gross Need	1,339	928
Supply	415	415
Net Need	924	513

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

6.51 The tables below show the annualised information for each local authority with both estimates of affordable housing need.

Figure 83: Estimated level of Affordable Housing Need per annum – by location (25% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Runnymede	38	452	105	595	163	433
Spelthorne	54	557	133	744	252	492
HMA	91	1,009	238	1,339	415	924

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

Figure 84: Estimated level of Affordable Housing Need per annum – by location (40% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Runnymede	27	294	88	409	163	247
Spelthorne	40	366	113	519	252	267
HMA	67	659	202	928	415	513

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

Relating Affordable Need and OAN

6.52 The analysis above indicates a clear need for affordable housing. The table below sets out the annual affordable housing need as a proportion of the need identified from the demographic-based projections. The affordable need represents between 54% and 98% of the demographic-need based on the 2012-based SNPP and Household Projections (updated to take account of mid-2013 population estimates). These figures are however calculated in different ways and are not strictly comparable.

Figure 85: Affordable Need as % Demographic-based Projections

Area	Demographically -based Need	@ 25% affordability threshold		@ 40% affordability threshold	
		Affordable Housing Need	Affordable as % Demographic-based Need	Affordable Housing Need	Affordable as % Demographic-based Need
Runnymede	434	433	100%	247	57%
Spelthorne	511	492	96%	267	52%
HMA	945	924	98%	513	54%

6.53 The Planning Practice Guidance sets out how it expects the affordable housing need to be considered as part of the plan-making process. It outlines in Paragraph 029 that:

> *"The total affordable housing need should 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 deliver the required number of affordable homes."*

6.54 The likely delivery of affordable housing on mixed market housing-led developments will be influenced both by affordable housing policies (themselves influenced by development viability evidence), the mix of homes which are delivered and the viability of individual development schemes. Some schemes will not be able to viably deliver policy-compliant levels of affordable housing.

6.55 Based on viability evidence and levels of affordable housing delivery in the past it can be concluded that provision overall might be expected to be up to 35% in each area. This is a working assumption but takes account of the fact that some sites will not be able to provide the full amount of affordable housing sought (e.g. due to size or viability issues), but at the same time, it is possible that some affordable housing is provided through non-106 sites (discussed in a bit more detail below).

6.56 It should be borne in mind that besides delivery of affordable housing on mixed-tenure development schemes, there are a number of other mechanisms which deliver affordable housing. These include:

- National Affordable Housing Programme – this (adminsted by the HCA) provides fuding to support Registered Providers in delivering new housing including on sites owned by RPs;
- Building Council Homes – following reform of the HRA funding system, Councils can bring forward affordable housing themselves.
- Empty Homes Programmes – where local authorities can bring properties back into use as affordable housing. These are existing properties, and thus represent a change in tenure within the current housing stock;
- Rural Exception Site Development – where the empasis is on delivering affordable housing to meet local needs.

6.57 Funding for specialist forms of affordable housing, such as extra care provision, may also be available from other sources; whilst other niche agents, such as Community Land Trusts, may deliver new affordable housing. Net changes in affordable housing stock may also be influenced by estate regeneration schemes, as well as potentially by factors such as the proposed extension of the Right to Buy to housing association properties. Affordable housing can be met by changes in the ownership of existing housing stock, not just by new-build development.

6.58 In interpreting the relationship between affordable need and total housing provision, it is important to understand the basis of the affordable housing needs model. As the Planning Practice Guidance sets out, the calculation of affordable need involves *"adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable stock."* The affordable housing need does therefore not represent an assessment of what proportion of additional households might require affordable housing. Instead the model considers:

- What need can be expected to arise from both existing and newly-forming household who require financial support to access suitable housing;
- This is then compared with the projected supply of affordable housing expected to arise from the turnover of existing stock, and affordable housing in the development pipeline.

6.59 The affordable housing model thus includes supply-side factors. The net need figures derived are influenced by the current stock of affordable housing and turnover of this. This has been influenced by past policies and investment decisions (at both the national and local levels).

Funding mechanisms for affordable housing have influenced past delivery, which in turn influences the need today.

6.60 Given that there has been little change in affordable housing stock over the last 15 years, the Private Rented Sector has in effect taken on an increasing role in providing housing for households who require financial support in meeting their housing needs, supported by Local Housing Allowance.

6.61 Whilst the Private Rented Sector (PRS) does not fall within the definition of "affordable housing," it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

6.62 Data from the Department of Work and Pensions (DWP) has been used to look at the number of LHA supported private rented homes. As of November 2014 it is estimated that there were around 2,760 benefit claimants in the private rented sector.

6.63 From the English Housing Survey we estimate that the proportion of households within the private rented sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the Private Rented Sector gives an estimate of around 360 private sector lettings per annum to new LHA claimants in the HMA. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector). This serves to illustrate that there is some flexibility within the wider housing market.

6.64 However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. Government's benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model herein. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.

6.65 Secondly, and perhaps more critically, it is important to recognise that the model includes needs arising from both new households and existing households. Part of the needs included are from households who might require an additional home, such as:

- Newly-forming households;
- Those in temporary accommodation;

- Concealed households; and
- Homeless households.

6.66 But the figures also include needs arising from households who will require a different form of home, but who – by moving to another property – would release an existing property for another household. These households do not generate a need for more dwellings overall. They include households who need to move as they are:

- Overcrowded;
- Coming to the end of a tenancy;
- Living in unsuitable housing; and
- Cannot afford to remain in their current home.

6.67 Such households do not generate a net need for additional homes, as by moving they would release a home for other households. On this basis, these elements of the affordable housing need are not directly relevant to considering overall housing need and housing targets (which are typically measured in terms of net dwellings).

6.68 In considering the overall need for housing, only those who are concealed or homeless would result in potentially an additional need for housing. Numbers of newly-forming households in the modelling are established specifically from the demographic projections.

6.69 The analysis undertaken arguably provides some evidence to justify considering an adjustment to the assessed housing need to address the needs of concealed households, and support improvements to household formation for younger households. We return to consider the scale of adjustment appropriate later in the report, taking account of the evidence herein and from analysis of market signals.

Affordable Housing Need – Summary of the Evidence

6.70 An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Runnymede and Spelthorne. This has estimated current housing need of between 1.340 and 1,820 households depending on the assumptions made about affordability thresholds; these figures exclude existing social housing tenants where they would release a home for another household in need.

6.71 The affordable housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 861 – 1,247 households are expected to fall into affordable housing need and 367 properties are expected to come up for relet.

6.72 Overall, in the period from 2013 to 2033, the analysis suggests a need for 924 affordable homes per annum using a 25% affordability threshold and lower figure (of 513 per annum) if the highest threshold (40%) is adopted. This analysis supports a requirement for new affordable housing in the HMA and the Councils are justified in seeking to secure additional affordable housing. On the basis of viability and past delivery it is estimated that both of the authorities might expect to provide up to 35% of future housing as affordable homes; given that this would provide a level of provision that is below the identified need there is evidence that the Councils should 'consider' increasing provision to assist in meeting the need.

6.73 However, the link between the affordable housing need and the overall need for housing (or the objectively assessed need) is complex. Once we take account of the fact that many of the households in need are already living in accommodation (existing households) and the role played by the private rented sector, the need for an uplift becomes less clear.

However some additional housing could potentially be considered as part of a market signals adjustment to help improve affordability for younger households. A modest uplift would not be expected to generate any significant population growth (over and above that shown by demographic projections) such that consideration of lower housing numbers in other areas would need to be agreed through the Duty to Cooperate.

7 MARKET SIGNALS

7.1 The NPPF is clear that plans should take account of market signals, such as house prices and housing affordability (Paragraphs 17 and 158). The PPG clarifies this setting 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."*

7.2 The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. It sets out that:

> *"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."*

7.3 In interrogating market signals we have sought to assess trends over the 2001-11 period, as this is the period from which household formation trends in the 2011-based Household Projections are derived. We have also considered more recent trends and current performance, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

7.4 There is not a requirement for historic under delivery to be met in full as these are potentially set against constrained targets. Rather the adjustment made to the OAN of the basis of responding to market signals seeks to respond to that historic under delivery. This is in line with the high court judgment from the Winchester versus Zurich case[10].

7.5 We have sought to analyse the indicators identified in the PPG where possible. In addition we consider other key indicators including sales, and how the tenure pattern has changed over the last few years. We have not reviewed land prices on the basis that there is no suitable, consistent and up to date data available on this indicator.

House Prices and Sales Volumes

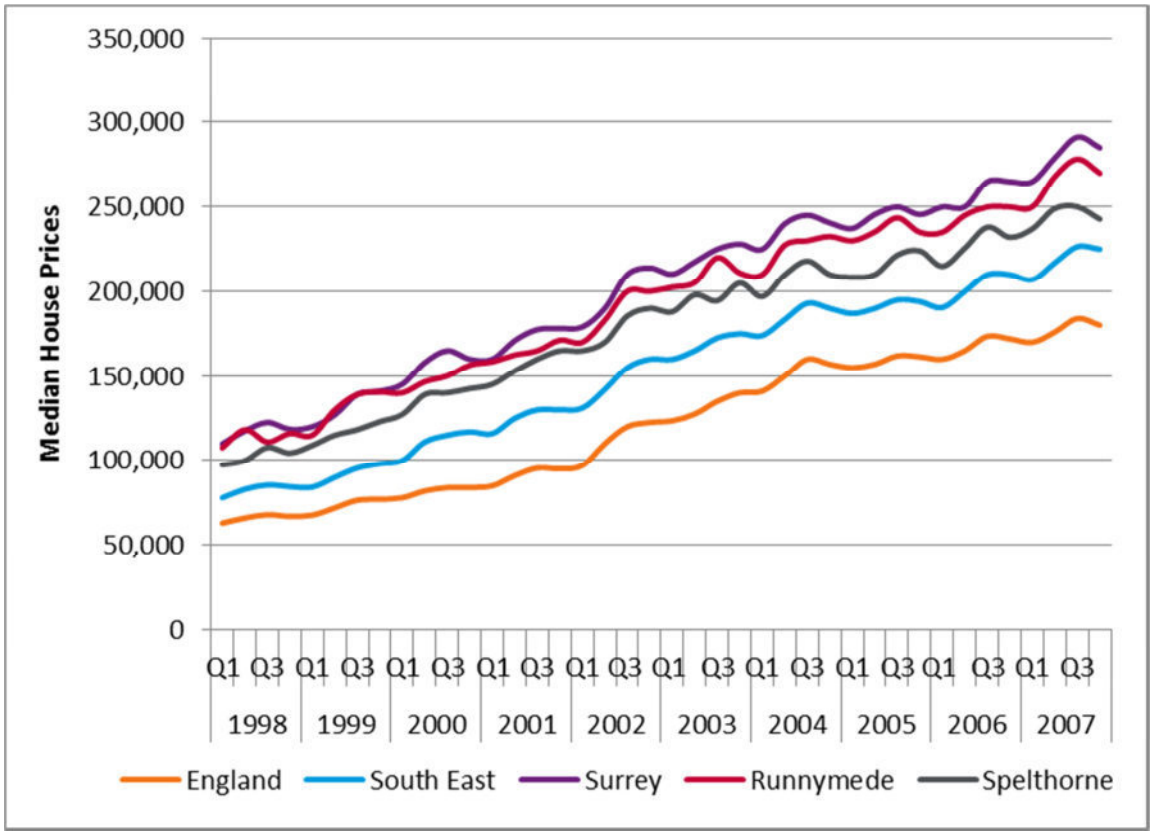
7.6 Across Runnymede and Spelthorne, the average (mean) house price in 2013/14 was £342,652 whilst the median was £250,000.[11] Within the HMA, the highest prices can be found in Runnymede at £382,188 (mean) and £259,000(median) with the equivalent figures in Spelthorne £310,000 (mean) and £247,000 (median).

[10] Zurich Assurance Limited Claimant and Winchester City Council and South Downs National Park Authority , March 2014 (case – CO/505/2013

[11] Includes data up to June 2014

7.7 Figure 86 profiles house prices across the HMA from 1998 to 2007 (i.e. the pre-recession decade). This demonstrates that price growth in the local authorities has been broadly consistent across the HMA. Over the decade, prices increased by around 150% - significant growth in real terms.

Figure 86: Median House Price (1998-2007)

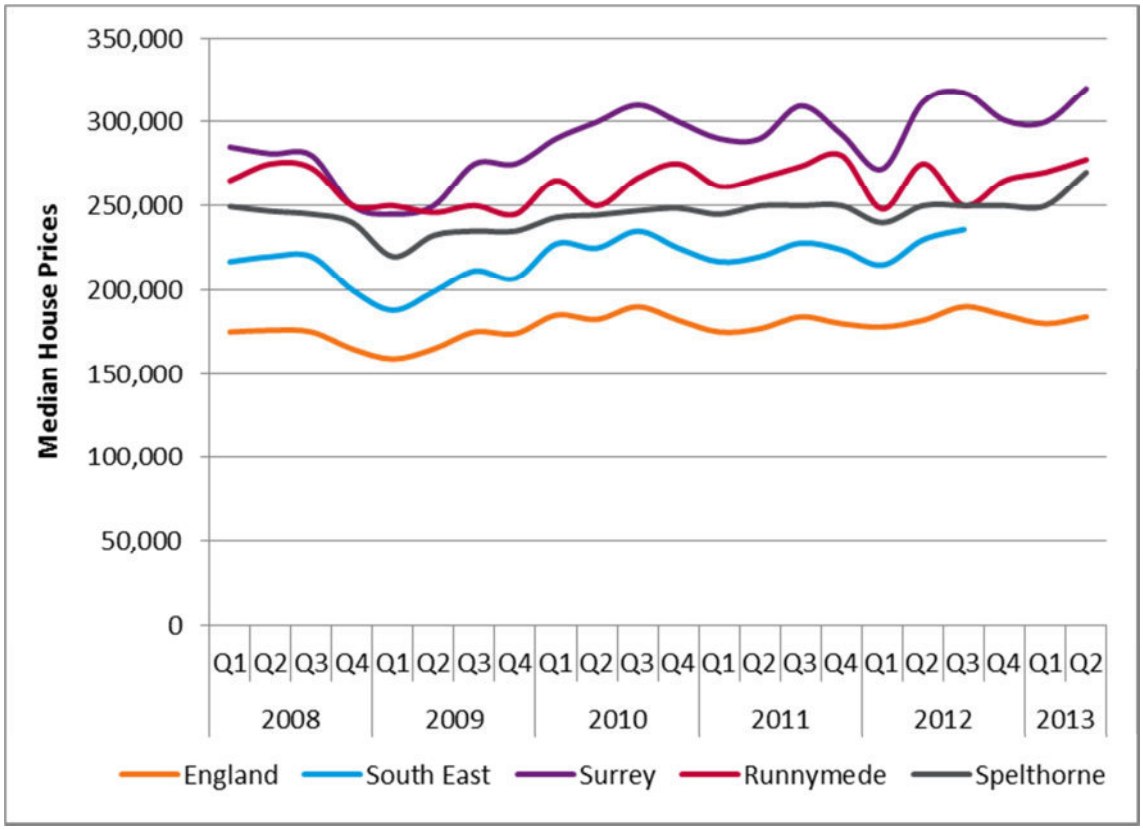


Source: DCLG Live Tables: Land Registry Data

7.8 Since 2007, trends in house prices have understandably been very different due to the economic backdrop. Both local authorities posted notable price falls in late 2008/early 2009 at the onset of the recession. We then see a rise in prices from early 2010. However over the five year period shown, house prices have been relatively stable in nominal terms.

7.9 Compared to the pre-recession levels (Q3 2007), the median house price in Runnymede and Spelthorne in mid-2013 was around 3% and 11% higher respectively. Since 2009 however, other parts of Surrey appear to have seen stronger price appreciation.

Figure 87: Median House Price (2008-2013)



Source: DCLG Live Tables: Land Registry Data

7.10 We have also analysed house prices achieved in the last 18 months (January 2013 to June 2014) in the HMA in more detail to gain an understanding of the latest dynamics for different property types within the local housing market.

7.11 It is clear from Figure 88 that mean prices across the HMA are substantially above the regional average across all property types with the exception of flats. House prices in Runnymede are above those in Spelthorne where the prices vary by typology but are broadly below the South East average.

Figure 88: Mean and Median House Prices (Jan 2013- June 2014)

Median	Detached	Semi	Terraced	Flats	All
Runnymede	£440,000	£271,000	£239,950	£177,500	£258,726
Spelthorne	£395,000	£270,000	£235,000	£178,500	£247,000
HMA	**£420,000**	**£270,000**	**£237,250**	**£178,000**	**£250,000**
South East	£387,000	£250,000	£210,000	£168,000	£245,000
Mean	**Detached**	**Semi**	**Terraced**	**Flats**	**All**
Runnymede	£685,120	£301,729	£286,983	£195,250	£369,156
Spelthorne	£447,177	£300,392	£260,034	£188,528	£285,790
HMA	**£583,353**	**£301,002**	**£271,832**	**£191,556**	**£325,388**
South East	£489,120	£296,350	£244,951	£193,566	£309,634

Source: GLH Analysis: Land Registry Price Paid Data

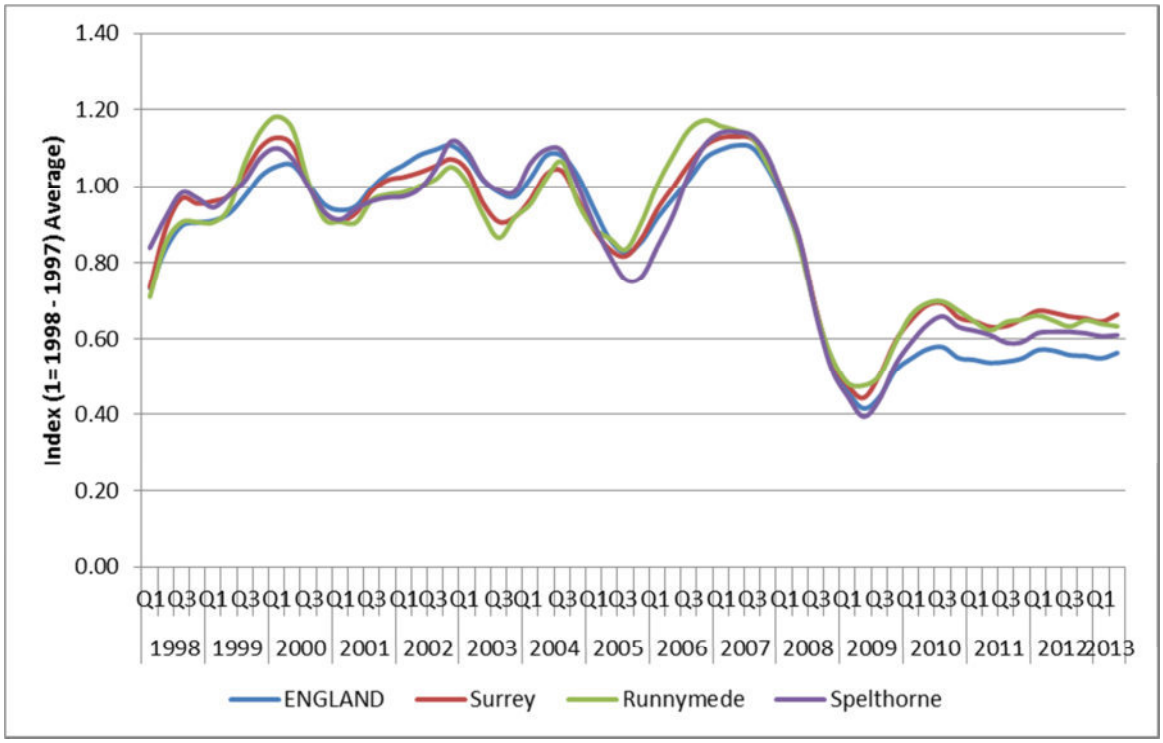
7.12 In comparison to the wider South East, the mean price for flatted properties in the HMA is lower. For other property types, house prices are above the regional average in both authorities.

Sales Volumes and Effective Demand

7.13 Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. Figure 89 benchmarks annual sales across the local authorities and wider geographies over the 1998 to 2013 period. It uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch).

7.14 As Figure 89 indicates, sales volumes dropped significantly in 2008. There was some recovery in late 2009 and 2010, but sales volumes between 2010-13 were relatively stable, at a level between 30-50% down on pre-recession levels.

Figure 89: Indexed Analysis of Sales Trends (1998 – 2012)



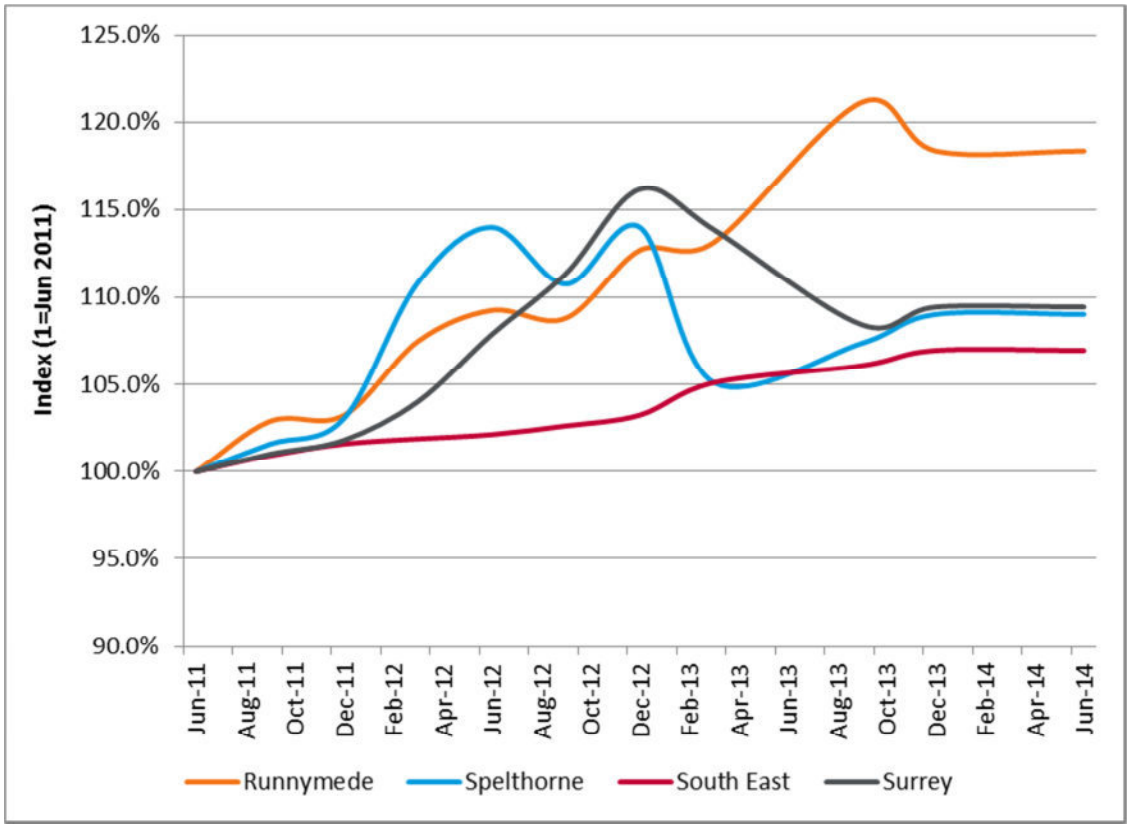
Source: DCLG Live Tables

Rental Trends

7.15 As of June 2014, median rents in Spelthorne (the median for all property types) were £1,067 per month. These are significantly below the equivalent costs in Runnymede (£1,252) and Surrey (£1,190).

7.16 Benchmarking median private rents against figures from 2011 shows that rental growth in Runnymede (18%) has been above Surrey (9.5%) and the South East (7.0%) over the past few years. Over the same period growth in Spelthorne was around 9.0%.

Figure 90: Benchmarked Trend in Median Private Rental Values (2011-2014)



Source: VOA Private Rental Data

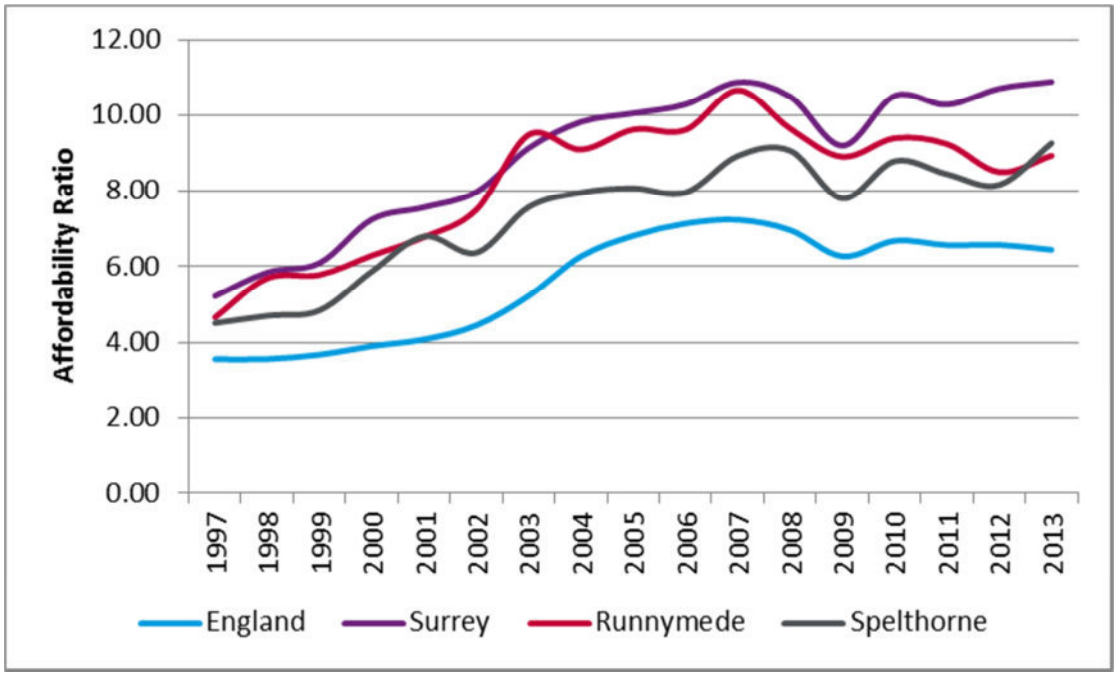
Affordability of Market Housing

7.17 In line with the PPG, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes. This ratio provides an indication of the affordability of entry-level market housing for younger households.

7.18 As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years; however affordability issues have been continually more acute across Surrey than other parts of the UK.

7.19 The lower quartile affordability ratio peaked in Runnymede (12.4) in 2007. Since the 2007 peak, the lower quartile affordability ratio in Runnymede temporarily decreased in the years following the recession (2008 and 2009) but has since been increasing, suggesting problems with affordability are on the rise again. In Spelthorne, the lower quartile price to income ratio stands at 9.3 in 2013.

Figure 91: Lower Quartile Affordability Trend (1997-2013)



Source: DCLG Housing Market Live Tables

7.20 We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In both Boroughs the median ratio is below the lower quartile ratio, indicating that affordability of larger properties is lower in comparative terms. There is a particularly noticeable difference between the Median and Lower Quartile affordability ratio in Runnymede.

Figure 92: Comparison of Lower Quartile and Median Affordability (2013)

	Lower Quartile Ratio	Median Ratio
England	6.45	6.72
Surrey	10.89	10.27
Runnymede	8.94	14.30
Spelthorne	9.27	11.37

Source: DCLG Housing Market Live Tables. *Data for South East is 2011 as no 2012 data is available estimate. For 2013 is 8.45 based on county and UA average.

7.21 Compared to the national average of 6.5, the lower quartile affordability ratio indicates acute affordability pressures in the HMA with a ratio of around 9 in both authorities. This suggests that a significant proportion of households have insufficient income to afford market housing – consistent with the analysis in Section 4.

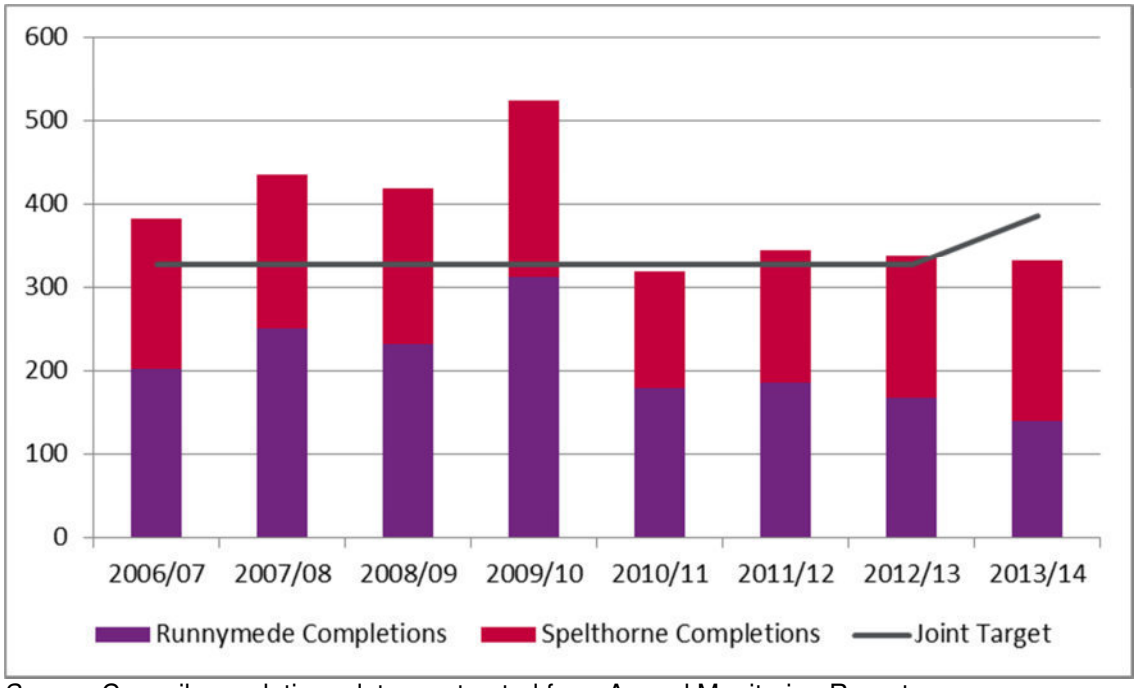
Housing Supply Trends

7.22 Figure 93 shows recent net housing completions in the HMA. We have considered the period since 2006/07 as this provides a meaningful timeframe to analyse shortfalls/ oversupply.

7.23 Since 2001, a total of 3,091 net new homes have been delivered across the two authorities within the HMA, equivalent to around 386 per annum. In spatial terms, this has been relatively evenly split across the two authorities with Runnymede delivering the most (54% of net completions) and Spelthorne delivering 46%.

7.24 Looking at delivery trends, we can see that the number of net completions across the HMA has been fairly consistent over the last eight years. Completions over the period since 2010/11 have however been lower than the previous four years, consistent with wider market conditions/ demand.

Figure 93: Net Completions (2001/02 to 2012/13)



Source: Council completions data – extracted from Annual Monitoring Reports.

7.25 In line with Guidance, it is particularly important to analyse the historic rate of development relative to planned supply. Figure 94 sets out and compares recent delivery to planned supply across each of the two authorities within the HMA.

Figure 94: Historic supply targets

	Targets	Planned supply (2006/7-13/14)	Actual delivery (2006/7-13/14)	Over/ undersupply
Runnymede	161	1,347	1,670	+323
Spelthorne	166	1,328	1,421	+93
Total	**327**	**2,675**	**3,091**	**+416**

NB: Post 2006 figures from South East Plan.

7.26 Whilst there has been some difference in the performance of individual authorities over the past eight years, overall delivery across the HMA has been successful with the number of known dwellings delivered slightly exceeding planned supply for the known period (by 416 dwellings (16%)). The demographic projections set out have a base date of 2013.

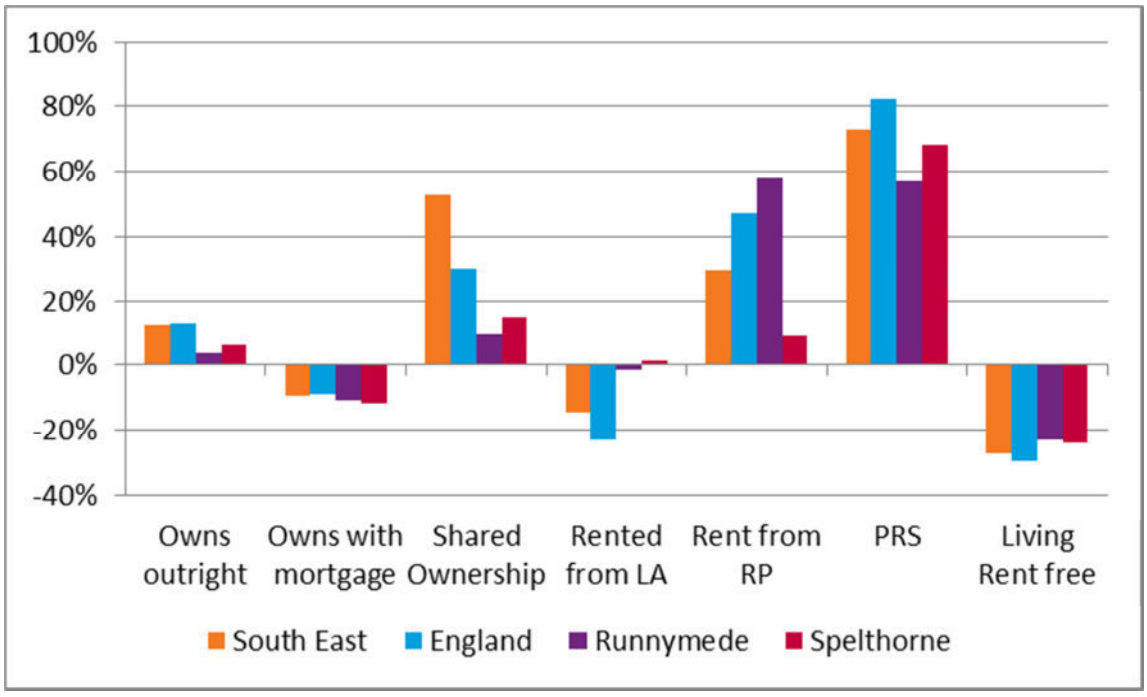
7.27 It should however be remembered that housing targets in both authorities against which supply is measured have been influenced by supply-side factors, such as land availability and Green Belt, and do not necessarily reflect housing need.

Tenure Changes

7.28 Comparing data from the 2001 and 2011 Census shows that there have been some changes in the tenure profile over the decade. Looking at individual tenures across the HMA the Private Rented Sector has grown by around 62% in size. The highest increase in PRS was in Spelthorne at 68% which was slightly below the South East and England as a whole. There was also significant growth in Runnymede at 57%.

7.29 The growth in this tenure is largely driven by households who would traditionally buy, being unable to do so because of increased mortgage restrictions as well as decreasing affordability. There may also have been increased supply as homeowners choose to rent their property rather than sell during a time of perceived low prices.

Figure 95: Change in Tenure Profile (%), 2001 – 2011



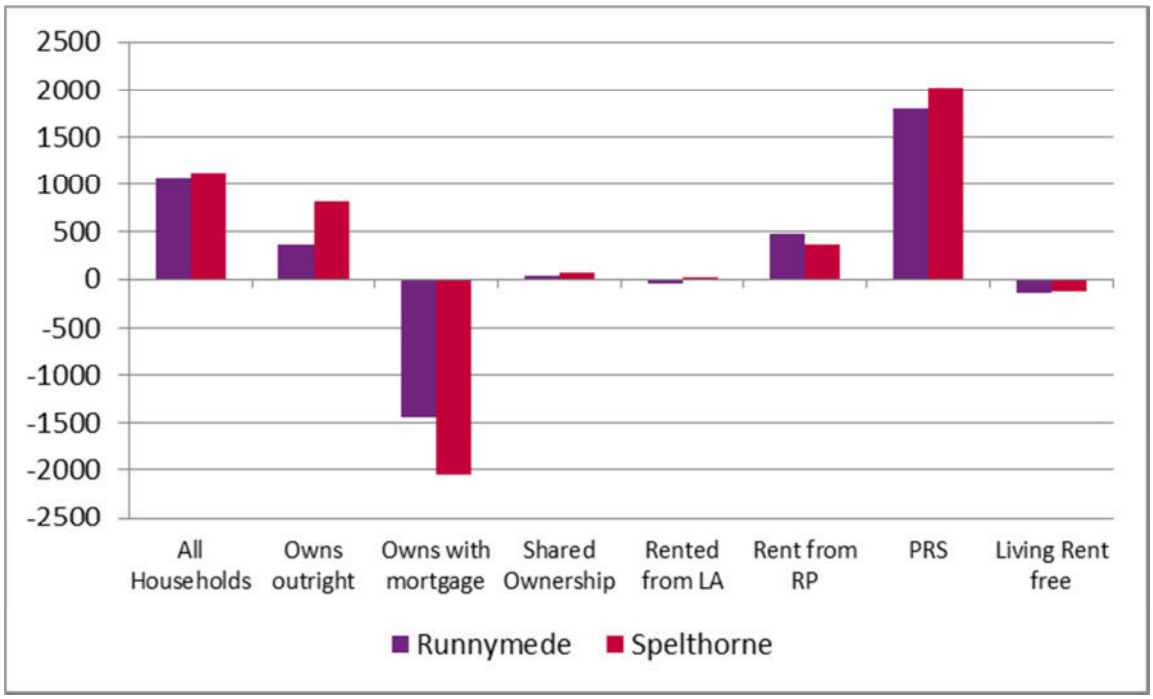
Source: Census 2001 & 2011

7.30 Across the HMA the shared ownership sector has grown by 13% over the past decade, albeit from a relatively low starting point. Growth in shared ownership in the HMA has been below the level of growth seen across the South East (52%).

7.31 There was a modest growth in households in social rental properties across the HMA although this is driven by growth in renting from Registered Providers, rather than local authorities. Indeed renting from the Council in Runnymede has decreased by 2%. There is no Local Authority stock available to rent in Spelthorne.

7.32 We have also considered absolute changes in tenure across the two authorities in the HMA. Again (as Figure 96 shows) this demonstrates the large growth in the number of private rental properties in both of the authorities. In all cases, growth in the private rental sector represents the majority of overall stock growth over the past decade (although clearly this is not all new build and results from existing properties transferring into the sector).

Figure 96: Change in Tenure Profile (absolute stock changes), 2001 – 2011



Source: Census 2001 & 2011

7.33 Furthermore, whilst there has been a notable growth in shared ownership properties in percentage terms, actual gains have been relatively small (70 in Spelthorne and 40 in Runnymede). Also interesting is the quite significant absolute fall in owner occupation with a mortgage. This provides a stark illustration of the inability of people to access mortgage products.

Overcrowding

7.34 We have examined how overcrowding has changed over the 2001 – 2011 time period. Growth in overcrowded homes may reflect market stress and the inability for existing households to form.

7.35 Changes in overcrowding between 2001-11 can be measured using the Census 'occupancy rating.' This considers the relationship between the number of people in a household and number of rooms in the home. It is a relatively simplistic measure which doesn't fully account for household structures.

Figure 97: Change in Overcrowded Households , 2001 – 2011

	2001	2011	% Change
Runnymede	1,918	2,710	41%
Spelthorne	2,493	3,553	43%
Surrey	23,620	30,783	30%
South East	195,392	265,974	36%
England	1,457,512	1,928,596	32%

Source: Census 2001 & 2011

7.36 Across the HMA the number of overcrowded households, using this measure, increased by around 42% between 2001-11. This is above the equivalent trends in the wider area

7.37 It should be noted that some overcrowding may not be seen as problematic to the householders for example some households, particularly BME groups, typically live in multi-generational households which are inherently overcrowded. Other groups such as students also see this type of accommodation as a lifestyle choice rather than being overcrowded.

Houses in Multiple Occupation

7.38 Our final market signal Indicator is the extent to which the use of Houses in Multiple Occupation (HMOs) have increased over the 2001 – 2011 time period. This again reflects market stress.

7.39 Houses in Multiple Occupation are dwellings which contain non-related (and non-cohabiting) people living together that are neither all students nor all pensioners. In effect these are shared flats or houses.

Figure 98: Change in HMOs (Other:Other Households), 2001 – 2011

	2001	2011	% Change
Runnymede	1337	1426	7%
Spelthorne	1527	1850	21%
Surrey	16,281	18,573	14%
South East	120,055	150,647	25%
England	749,666	995,677	33%

Source: Census 2001 & 2011

7.40 Across the HMA, HMOs have increased by 14% which is in line with Surrey but below the other wider comparators. However this figure masks a large disparity between the two local authorities. HMOs in Spelthorne have grown by as much as 21% between 2001-11; whereas in Runnymede they have only grown by 7%.

Summary and Implications

7.41 House prices across the HMA are above the South East level. In Runnymede prices are slightly above those in Spelthorne for almost all property types.

7.42 The evidence clearly indicates strong growth in prices and deterioration in affordability over the 2001-11 decade. Relating this back to the demographic analysis, this appears to have contributed to reducing the ability of younger households to get on the housing ladder.

7.43 Affordability pressures in the market are severe, with lower quartile house price over 9 times the annual income of young households. Whilst these levels are similar to 2007 they are significantly worse than levels a decade prior to this. The SHMA also demonstrates a strong need for affordable housing reflecting households' inability to afford market housing costs.

7.44 There has also been a significant shift towards the Private Rented Sector as households can either no longer afford to obtain or service a mortgage. We have also seen significant growth in the number of households which are overcrowded and Homes in Multiple Occupation. This gives a clear indication that market conditions are curtailing the ability for households to form properly.

KEY MESSAGES – MARKET SIGNALS

- The SHMA evidence indicates that affordability pressures in the HMA are significant. House prices are above the South East average. Entry level house prices are 9 or more times the typical earnings of younger households compared to a ratio of 6.4 nationally. Over the 2001-11 decade, housing costs increased relative to earnings; whilst household formation and home ownership both fell.
- In circumstances such as these where indicators point towards a supply-demand imbalance and worsening affordability, the PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability.
- GL Hearn recognise that price dynamics are influenced by the supply-demand balance at a regional level and that supply would most likely need to increase across the greater South East to have a positive impact on improving affordability. However this could not be achieved unless planned supply is increased through the planning process in a range of areas.

Improving Affordability

7.45 Overall the analysis of market signals clearly points to higher affordability pressures in the two local authorities than in other parts of the country. The demographic analysis indicates that levels of household formation, particularly for younger households have fallen. There has been a fall in household formation of households in their 20s and 30s in both authorities between 2001 and 2011.

7.46 It would therefore be appropriate to consider an adjustment to the overall assessment of housing need to improve affordability over time in line with the approach outlined in the Practice Guidance. The PPG sets out that:

"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."

7.47 The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

7.48 National research undertaken for the RTPI by Neil McDonald and Peter Williams at Cambridge University indicates a particular effect of the decline in affordability between 2001 and 2011 and the economic recession has been young adults living within a parental home for longer or living

in shared accommodation rather than separate accommodation. The impact of this, their research shows, has been most significant for the 25-34 age group.

7.49 A detailed interrogation of demographic dynamics in Runnymede and Spelthorne indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. This age group was identified earlier as showing some degree of suppression when balancing past trends and the future projection.

7.50 The sensitivity analysis is undertaken through a two stage approach. The first step is to interrogate Household Formation Rates (HFR) as set out in the CLG 2012-based household projections. This allows us to understand what level of additional suppression is inherent within the CLG projections. We quantify this by calculating what the housing need would be for the same population growth if we applied a constant HFR (i.e. we assume no changes occur going forward) and if we applied those assumed by the CLG.

7.51 If the housing need resulting from the constant rate are higher than those using the CLG method this would demonstrate that the CLG projections factor in further suppression to household formation rates. As shown in Figure 99 for each of the population growth scenarios set out the housing need using the Constant HFR is higher than those using the CLG HFR.

Figure 99: Per Annum Housing Need by Household Formation Rate Assumptions

	2012-based SNPP		Jobs Led (with Current commuting)		Jobs Led (with 1:1 commuting assumption)		SNPP with London Adjustment	
	CLG HFR	Constant HFR	CLG HFR	Constant HFR	CLG HFR	Constant HFR	CLG HFR	Constant HFR
Runnymede	434	441	508	516	588	595	441	448
Spelthorne	511	515	722	727	622	627	520	525
HMA	945	957	1,230	1,242	1,210	1,222	962	973

Source: GL Hearn and CLG, 2015

7.52 We have therefore made an initial adjustment for these scenarios of between 11 and 12 dwellings per annum across the HMA to counteract the in-built worsening of suppression of household formation within the CLG 2012-based projections. This in effect ensures that HFR rates do not worsen going forward although these still reflect a level of suppression which was not evident historically. We have next examined age-specific data which highlights a notable decline in those aged 25-34 who were head of a household between 2001 to 2011. We have therefore run a sensitivity analysis which in effect seeks to consider a scenario in which

affordability and access to housing for younger households improves and quantifies what level of housing provision might be associated with this. It models the implications of returning household formation rates over the period to 2033 back to levels seen in 2001 (i.e. before the rate started to significantly decrease).

7.53 If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'market signals uplift.'

7.54 The sensitivity analysis to improve HFR indicates that, all other things being equal an uplift of between 45-50 homes per annum across the HMA would support an improvement in affordability and household formation rates among younger households depending against which scenario it is applied.

7.55 The analyses are based on an uplift from the housing need using the constant headship rates. This adjustment, along with that to reverse suppression within the CLG model, can be combined to show an overall uplift to improve affordability as set out in Figure 100.

Figure 100: Uplifts to Improve Affordability (dwellings per annum)

	2012-based SNPP			Jobs Led (with Current commuting)		
	Removing Suppression	Improving HFR	Total Uplift	Removing Suppression	Improving HFR	Total Uplift
Runnymede	7	18	**25**	7	19	**26**
Spelthorne	4	27	**32**	5	30	**35**
TOTAL	11	45	**57**	12	50	**61**
	Jobs Led (with 1:1 commuting assumption)			SNPP with London Adjustment		
	Removing Suppression	Improving HFR	Total Uplift	Removing Suppression	Improving HFR	Total Uplift
Runnymede	7	20	**28**	7	18	**25**
Spelthorne	5	29	**33**	4	28	**32**
TOTAL	12	49	**61**	11	46	**57**

Source: GL Hearn and CLG, 2015

7.56 We have then applied the total uplift to the baseline growth for each scenario i.e. those using the HFR from the CLG's 2012-based household projections. This results in an uplifted need for between 1,002 dwellings per annum (as shown by the 2012-Based SNPP scenario) and 1,291 dwellings per annum (as shown by the jobs led calculations which assumes continuation of current commuting ratios). The overall housing need from each scenario is set out in Figure 101 below.

Figure 101: Uplifted Housing by Scenario (dwellings per annum)

	2012-based SNPP			Jobs Led (with Current commuting)		
	CLG Based	Total Uplift	Uplifted Need	CLG Based	Total Uplift	Uplifted Need
Runnymede	434	25	459	508	26	534
Spelthorne	511	32	543	722	35	757
Total	945	57	1,002	1,230	61	1,291
	Jobs Led (with 1:1 commuting assumption)			SNPP with London Adjustment		
	CLG Based	Total Uplift	Uplifted Need	CLG Based	Total Uplift	Uplifted Need
Runnymede	588	28	616	441	25	466
Spelthorne	622	33	655	520	32	552
Total	1,210	61	1,271	961	57	1,019

Source: GL Hearn and CLG, 2015 (numbers may not add due to rounding)

7.57 In percentage terms these uplifts are between 5% and 6% in addition to their baseline housing need. The uplift in Spelthorne (4.9% - 6.2%) tends to be slightly higher than Runnymede (4.7% to 5.7%). This is due to the level of suppression experienced and the Borough's age profile with a younger profile resulting in higher need.

7.58 It could also be argued that this uplift would in turn help to deliver more affordable homes across the HMA. Thus this would help meet some of the affordable housing need explored in the previous chapter.

7.59 In reality, other factors such as real growth in disposable income (allowing people to save), the availability of and access to mortgage finance, interest rates and economic confidence will all influence trends in household formation. There is a complex set of factors at play, and it is difficult to predict how these factors might interact in the future and the impact on household formation rates (in the absence of any supply-side constraints). Furthermore part of the changes in household formation rates for this age group may have been due to international migration.

8 REQUIREMENTS FOR DIFFERENT SIZES OF HOMES

Introduction

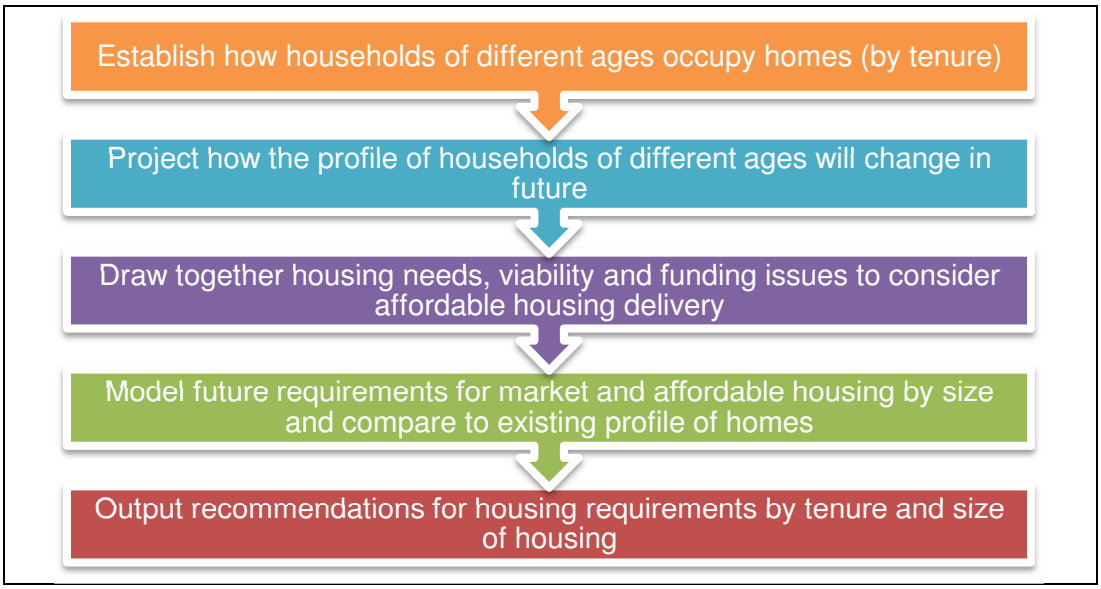
8.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is also important to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

8.2 Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2033.

Methodology

8.3 Figure 102 describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections.

Figure 102: Stages in the Housing Market Model



Understanding how Households Occupy Homes

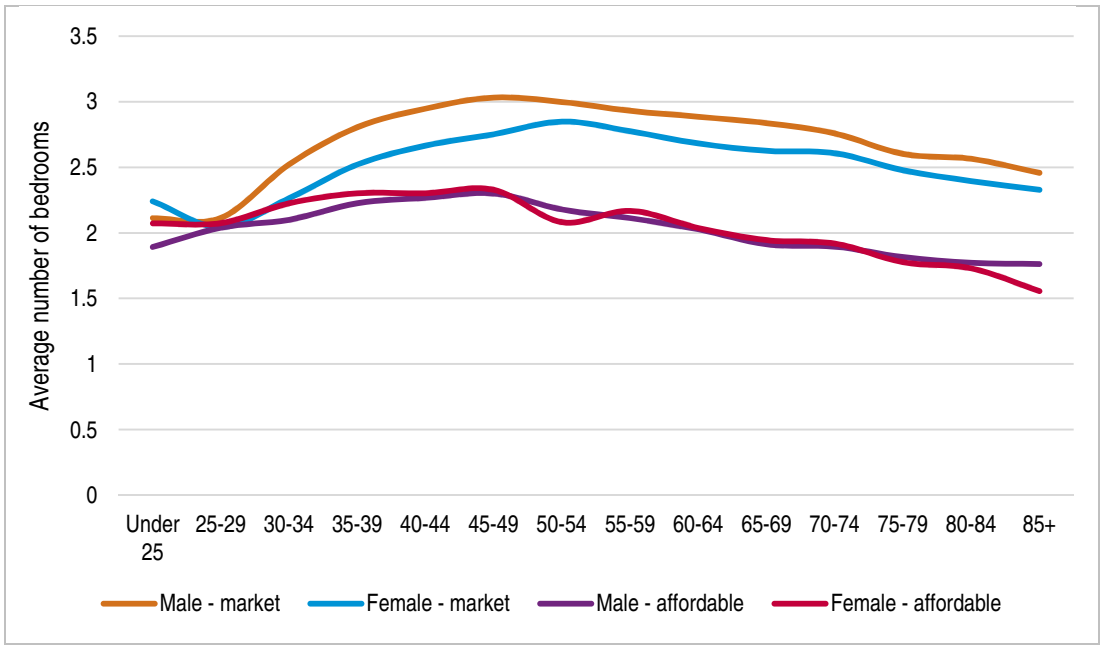
8.4 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that 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. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

8.5 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. In the affordable sector this issue is less relevant (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 continue to under-occupy their current homes.

8.6 The general methodology is to use the information derived from the projections about the number of household reference persons (HRPs) in each age and sex 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 C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

8.7 Figure 103 shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-54 age groups. In the affordable sector this peak also appears around the same age group. After sizes peak the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are smaller than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).

Figure 103: Average Bedrooms by Age, Sex and Tenure – Runnymede & Spelthorne



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.8 As of 2013 it is estimated that there were 73,900 households living in the HMA. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2013, as shown in Figure 104. The table shows that an estimated 14% of households live in affordable housing with 86% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census, updated to take account of CLG data (Live Table 100)). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 63% having three or more bedrooms compared to 35% for affordable housing.

8.9 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outputs. We have however translated the household projections into dwelling figures by including a vacancy allowance when studying the final outputs of the market modelling.

Figure 104: Estimated Profile of Dwellings in 2013 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	6,123	9.6%	3,760	37.0%	9,883	13.4%
2 bedrooms	17,175	26.9%	2,795	27.5%	19,970	27.0%
3 bedrooms	26,298	41.3%	3,165	31.2%	29,463	39.9%
4+ bedrooms	14,145	22.2%	430	4.2%	14,575	19.7%
Total	63,741	100.0%	10,150	100.0%	73,891	100.0%
% in tenure	86.3%		13.7%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

8.10 The housing market model has been used to estimate future requirements for different sizes of property over the next 20-years. 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 mix of future housing will be in the market and affordable sectors.

8.11 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis in this report provides evidence of notable affordable housing need although the viability of providing affordable housing will limit the amount that can be delivered. We believe that 35% is probably an achievable level of affordable housing delivery and this figure has been applied to the modelling. **It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.** Affordable housing contribution will be applied on a site-by-site basis linking subject to viability and size thresholds.

Key Findings: Market Housing

8.12 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2013 to 2033.

8.13 Figures 105 and 106 show estimates of the sizes of market housing needed from 2013 to 2033 based on demographic trends for the whole of the study-area (and linked to the 2012-based SNPP and CLG household projections). The data suggests a need for homes for around 11,800 additional households with the majority of these being two- and three-bedroom homes.

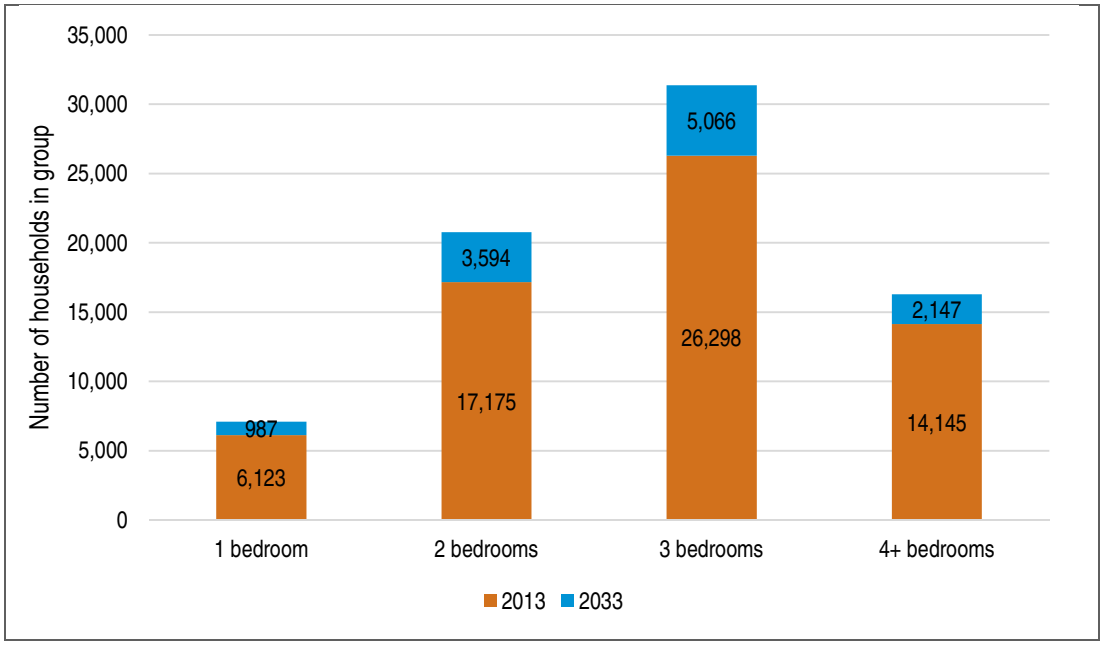
Figure 105: Estimated Need for Different Sizes of Dwelling 2013 to 2033 – Market Housing

Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	6,123	7,110	987	8.4%
2 bedrooms	17,175	20,769	3,594	30.5%
3 bedrooms	26,298	31,364	5,066	42.9%
4+ bedrooms	14,145	16,292	2,147	18.2%
Total	63,741	75,535	11,794	100.0%

Source: Housing Market Model

8.14 Figure 106 shows how our estimated market need compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that housing need will broadly replicate and reinforce the existing profile of stock, but with a slight shift towards a need for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 106: Impact of Demographic Trends on Need for Market Housing by Size, 2013 to 2033



Source: Housing Market Model

8.15 The graphs and statistics are based upon our modelling of demographic trends. As we have 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.

8.16 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within the NPPF which requires local planning authorities to 'identify the size, type, tenure and range of housing that is required'.

8.17 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: Affordable Housing

8.18 Figures 107 and 108 show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2033 that around two-thirds of the need is for homes with one- or two-bedrooms with around a third of the need being for larger homes with three or more bedrooms.

8.19 This analysis provides a long-term view of the need for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. We would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Figure 107: Estimated Size of Affordable Dwellings Needed 2013 to 2033

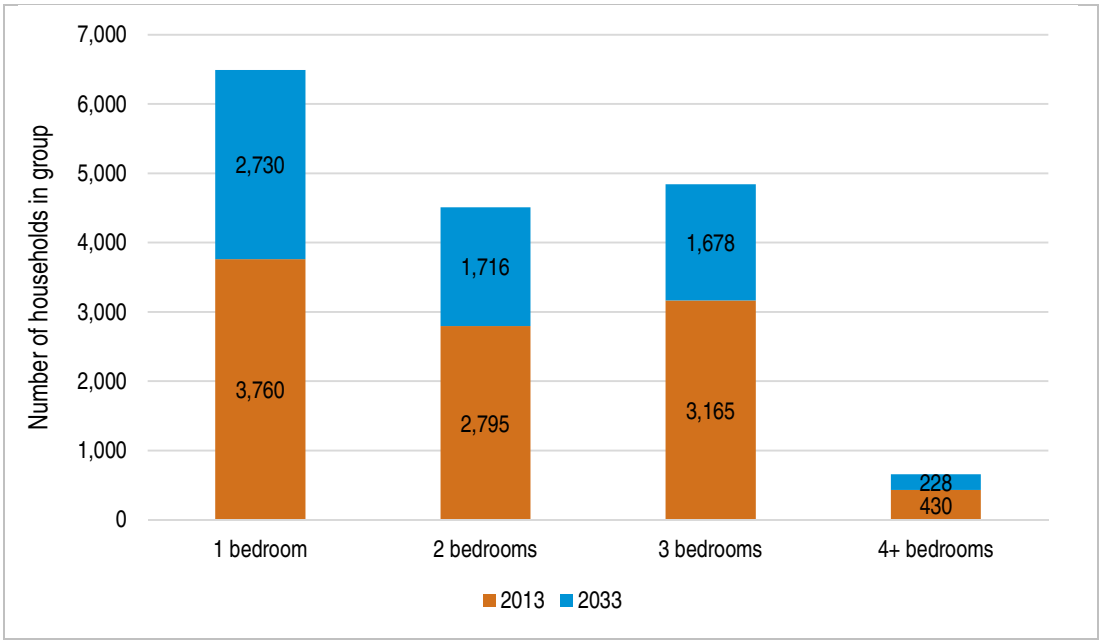
Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	3,760	6,489	2,730	43.0%
2 bedrooms	2,795	4,511	1,716	27.0%
3 bedrooms	3,165	4,843	1,678	26.4%
4+ bedrooms	430	658	228	3.6%
Total	10,150	16,501	6,351	100.0%

Source: Housing Market Model

8.20 Figure 108 shows how our estimated affordable housing need compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a

vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a requirement for more larger units (particularly three bedroom accommodation).

Figure 108: Impact of Demographic Trends on Affordable Housing Need by House Size, 2013 to 2033



Source: Housing Market Model

Indicative Targets by Dwelling Size

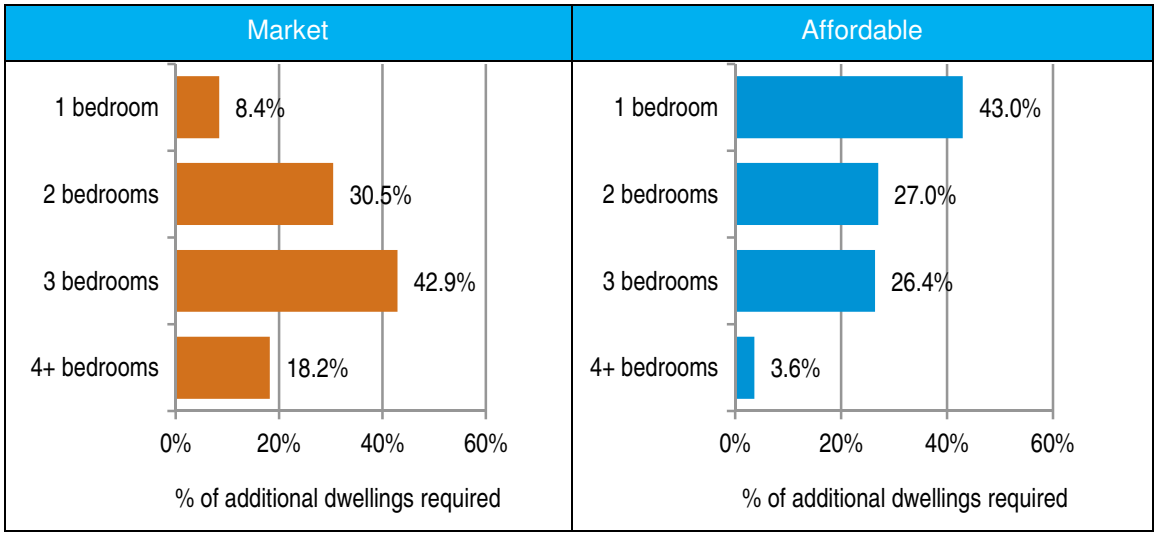
8.21 Figures 109 and 110 summarise the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a vacancy allowance in moving from household figures to estimates of housing requirements.

Figure 109: Estimated Housing Need by Number of Bedrooms (2013 to 2033)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	987	1,030	8.4%	2,730	2,844	43.0%
2 bedrooms	3,594	3,746	30.5%	1,716	1,788	27.0%
3 bedrooms	5,066	5,275	42.9%	1,678	1,748	26.4%
4+ bedrooms	2,147	2,239	18.2%	228	237	3.6%
Total	11,794	12,290	100.0%	6,351	6,618	100.0%

Source: Housing Market Model

Figure 110: Size of Housing Needed 2013 to 2033



Source: Housing Market Model

8.22 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided 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. We 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.

8.23 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.

8.24 For these reasons we would suggest 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 slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

8.25 There are thus a range of factors which are relevant when developing policies relating to the mix of affordable housing that should be sought through development schemes. At a HMA level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 35%-40%
- 2-bed properties: 25%-30%

- 3-bed properties: 25%-30%
- 4-bed properties: 5%-10%

8.26 Our 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.

8.27 The need for affordable housing of different sizes will vary by area across the HMA 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.

8.28 In the market sector we would suggest a profile of housing that more closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).

8.29 On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:

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

8.30 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely need as driven by demographic change in the area.

Local Authority Housing Market Modelling Outputs

8.31 Whilst the analysis above has focussed on outputs for the HMA the data itself has been built up from analysis at a smaller area level. Figures 111 and 112 provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the two different local authority areas.

8.32 Whilst there are some differences between areas it is not considered that these are significant. The HMA-wide conclusions about the mix of housing by tenure are therefore appropriate at a smaller area level.

Figure 111: Estimated Housing Need by Bedrooms (2013 to 2033) – Market Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Runnymede	9.8%	31.3%	38.3%	20.6%
Spelthorne	7.1%	29.8%	46.9%	16.2%
HMA	8.4%	30.5%	42.9%	18.2%

Source: Housing Market Model

Figure 112: Estimated Housing Need by Bedrooms (2013 to 2033) – Affordable Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Runnymede	42.8%	27.5%	25.8%	3.9%
Spelthorne	43.1%	26.6%	26.9%	3.3%
Study-area	43.0%	27.0%	26.4%	3.6%

Source: Housing Market Model

Key Findings: Requirements for Different Sizes of Homes

8.33 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. Our 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%	30%	45%	20%
Affordable	35-40%	25-30%	25-30%	5-10%
All dwellings	15%	30%	40%	15%

8.34 Our 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.

8.35 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.

8.36 Based on the evidence, we would expect the focus of new market housing provision to 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.

8.37 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

9 SPECIFIC GROUPS OF THE POPULATION

Introduction

9.1 We have established overall housing needs for different sizes of properties over the next 20 years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

9.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

9.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Family Households (including Service Families);
- Young people;
- Students;
- Custom-Self Build; and
- Gypsy and Travellers

Housing Needs of Older People

9.4 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-years is expected to be the growth in the population of older persons.

9.5 Throughout this section different age groups are used to define older people. This is largely driven by the availability of data e.g. Census uses 65+ in household definitions whereas the demographic data is available for a range of different age groups.

9.6 As population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

9.7 The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognising that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rising average age of people living in sheltered housing, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.8 Below we have provided some baseline population data about older persons and compared this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

9.9 The data shows that, when compared with other areas, the HMA has a similar proportion of older persons. In 2013 it is estimated that 28.5% of the population of the two local authorities was aged 55 or over compared with 29.5% in Surrey, 29.7% in the South East region and 28.5% for the whole of England. The data also shows that the proportion of older persons is slightly higher in Spelthorne than Runnymede although differences between the two areas are really quite slight.

Figure 113: Older person population (2013)

Age group	Runnymede		Spelthorne		HMA		Surrey	South East	Eng-land
	Popn	% of popn	Popn	% of popn	% of popn	% of popn	% of popn	% of popn	% of popn
Under 55	60,335	72.3%	68,977	70.8%	129,312	71.5%	70.5%	70.3%	71.5%
55-64	8,835	10.6%	10,874	11.2%	19,709	10.9%	11.4%	11.5%	11.2%
65-74	7,318	8.8%	9,056	9.3%	16,374	9.1%	9.4%	9.7%	9.3%
75-84	4,868	5.8%	6,079	6.2%	10,947	6.1%	6.0%	5.9%	5.7%
85+	2,092	2.5%	2,470	2.5%	4,562	2.5%	2.7%	2.6%	2.3%
Total	83,448	100.0%	97,456	100.0%	180,904	100.0%	100.0%	100.0%	100.0%
Total 55+	23,113	27.7%	28,479	29.2%	51,592	28.5%	29.5%	29.7%	28.5%

Source: ONS 2013 mid-year population estimates

Future Changes in the Population of Older Persons

9.10 As well as providing a baseline position for the proportion of older persons in the study-area we can use population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below is largely based on the 2012-based SNPP which is the latest source available consistently across areas.

9.11 The data shows that the HMA (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 42% over the 20-years from 2013; this compares with overall population growth of 19% and growth in the Under 55 population of just 10%. The projected growth in the population aged 55 and over is slightly higher than projected for both the region and England (and in-line with the figures for Surrey).

Figure 114: Projected Change in Population of Older Persons (2013 to 2033)

Age group	Runnymede	Spelthorne	HMA	Surrey	South East	England
Under 55	11.2%	8.9%	10.0%	5.7%	3.8%	4.3%
55-64	29.1%	27.6%	28.3%	21.8%	16.9%	12.6%
65-74	38.6%	40.5%	39.6%	35.5%	38.0%	34.5%
75-84	41.4%	38.2%	39.6%	45.6%	55.5%	50.2%
85+	116.7%	114.4%	115.4%	123.1%	114.5%	105.6%
Total	19.9%	18.4%	19.1%	16.0%	13.5%	12.2%
Total 55+	42.6%	41.5%	42.0%	40.4%	37.5%	32.6%

Source: derived from ONS data

Characteristics of Older Persons Households

9.12 We have used 2011 Census data to explore in more detail the characteristics of older person households in the Runnymede and Spelthorne areas (based on the population aged 65 and over). Figure 115 shows the number of households compared with the County, region and England. The data shows in 2011 that around 22% of households were comprised entirely of people aged 65 and over. This is the same as the figure for Surrey and the South East and very slightly higher than the equivalent figure for England. There are no notable differences between the two local authorities although Runnymede does have a slightly higher proportion of single pensioner households.

Figure 115: Pensioner Households (Census 2011)

Pensioner households	Runny-mede	Spelthorne	HMA	Surrey	South East	England
Single pensioner	4,345	5,031	9,376	57,543	449,969	2,725,596
2 or more pensioners	2,811	3,672	6,483	43,281	329,263	1,851,180
All households	32,714	39,512	72,226	455,791	3,555,463	22,063,368
Single pensioner	13.3%	12.7%	13.0%	12.6%	12.7%	12.4%
2 or more pensioners	8.6%	9.3%	9.0%	9.5%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	21.9%	22.0%	22.0%	22.1%	21.9%	20.7%

Source: Census (2011)

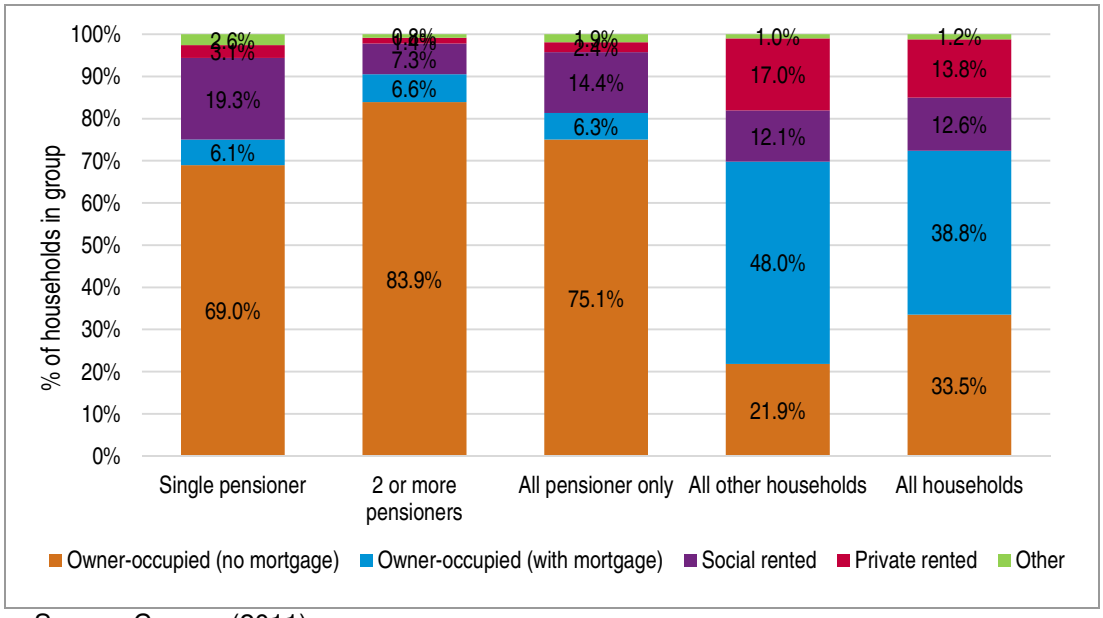
9.13 Figure 116 shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (75%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (2% compared with 14% of all households in the HMA).

9.14 There are however notable differences for different types of pensioner households with single pensioners having a lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

9.15 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

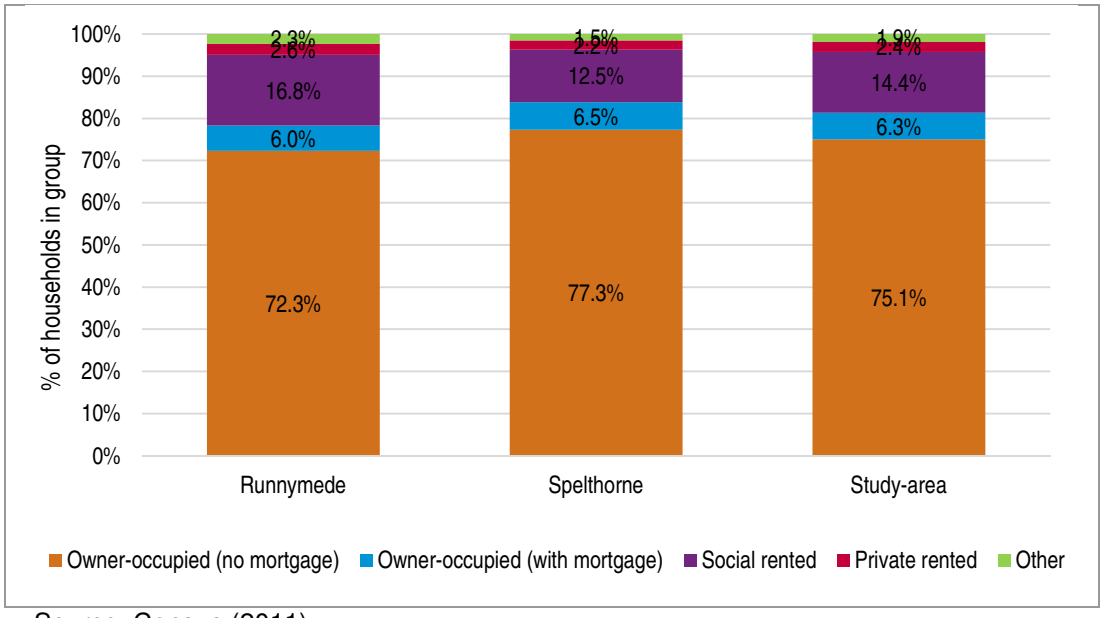
9.16 Data for individual local authorities (shown in Figure 117) shows that there are some differences between the local authorities; Runnymede shows a slightly lower proportion of older persons who are outright owners, along with a greater proportion living in the social rented sector.

Figure 116: Tenure of Older Person Households – Runnymede & Spelthorne



Source: Census (2011)

Figure 117: Tenure of Older Person Households – by District

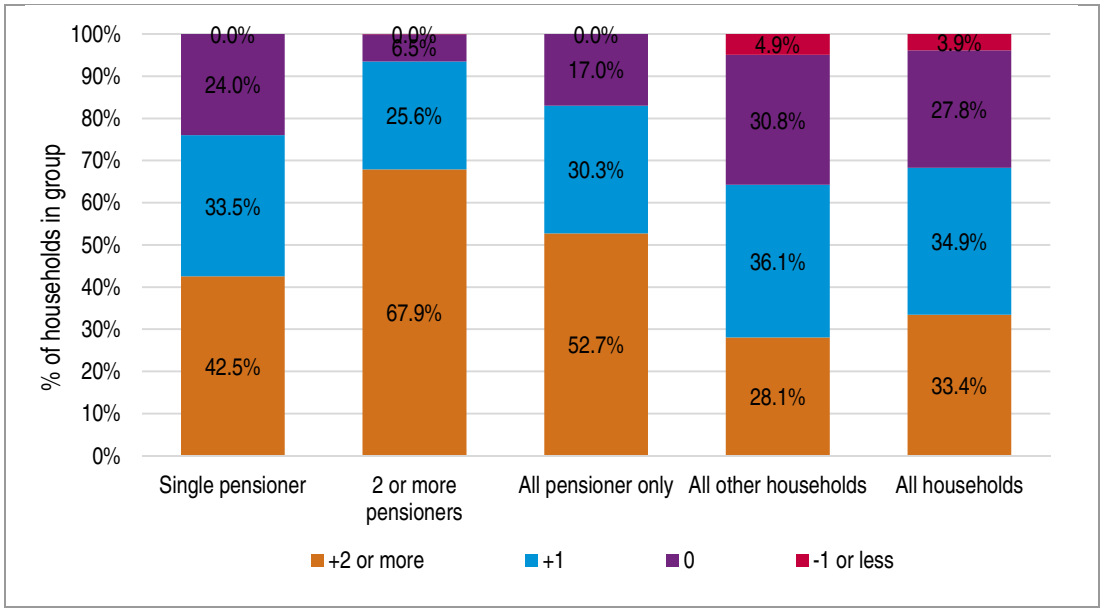


Source: Census (2011)

9.17 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the study-area. In total 53% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 28% for non-

pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 118: Occupancy rating of Older Person Households – Runnymede & Spelthorne



Source: Census (2011)

9.18 It is of interest to study the above information by tenure. Figure 119 shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were some 340 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Figure 119: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	3,613	4,091	7,704
Social rented	231	110	341
Private rented	144	57	201
All tenures	3,988	4,258	8,246

Source: Census (2011)

9.19 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to

afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

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

9.21 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.

9.22 Figure 120 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 77%) along with a 64% increase in the number with mobility problems. Both areas are expected to see similar levels of increase.

Figure 120: Estimated population change for range of health issues (2013 to 2033)

Type of illness/disability	2013	2033	Change	% increase
Runnymede				
Dementia	1,056	1,873	816	77.3%
Mobility problems	2,690	4,444	1,753	65.2%
Spelthorne				
Dementia	1,273	2,240	967	76.0%
Mobility problems	3,277	5,347	2,069	63.1%
HMA				
Dementia	2,329	4,113	1,783	76.6%
Mobility problems	5,968	9,790	3,823	64.1%

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing

9.23 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 our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current Stock of Specialist Housing

9.24 Figure 121 shows the current supply of specialist housing for older people. At present it is estimated that there are 1,540 units; this is equivalent to 99 units per 1,000 people aged 75 and over. The use of a +75 category reflects the data source, in this case the Housing LIN. This proportion varies from 59 per 1,000 in Spelthorne up to 149 per 1,000 in Runnymede. The majority (52%) of this housing is in the affordable sector even though the majority of retired households are owner-occupiers.

Figure 121: Current supply of specialist housing for older people

	Type of housing	Affordable	Market	Total	Supply per 1,000 aged 75+
Runnymede	Sheltered	432	551	983	141
	Extra-Care	56	0	56	8
	Total	488	551	1,039	149
Spelthorne	Sheltered	196	182	378	44
	Extra-Care	123	0	123	14
	Total	319	182	501	59
Study-area	Sheltered	628	733	1,361	88
	Extra-Care	179	0	179	12
	Total	807	733	1,540	99

Source: Housing LIN

Projected Future Need for Specialist Housing

9.25 The analysis above shows a total of 99 specialist units per 1,000 people aged 75 and over; this figure is significantly lower than the national average of about 170. In projecting forward how many additional units might be required we have modelled on the basis of maintaining the 99 position (analysis on an authority by authority basis so actual figures vary from 59 to 149) and also the implications of increasing this to 170. The analysis is based on achieving these levels by 2033.

9.26 Surrey County Council which provides adult services, encourage those with specialist needs to stay in their home for as long as they can and receive care in-situ rather than in specialised accommodation. This is likely to supress the trends of entering into specialist housing.

9.27 The analysis shows that to maintain the current level of provision there would need to be a further 969 units provided – this figure increases to 2,730 if the level of provision were to get to the national average. It should be stressed that the analysis below is based on modelling data on a series of assumptions and should therefore be treated as indicative (particularly given the very wide range of outputs depending on the assumptions used).

Figure 122: Projected Need for Specialist Housing for Older People (2013-33)

		@ 99 per 1,000	@ 170 per 1,000
Runnymede	Need	1,701	1,941
	Supply	1,039	1,039
	Net need	662	902
Spelthorne	Need	808	2,328
	Supply	501	501
	Net need	307	1,827
HMA	Need	2,509	4,270
	Supply	1,540	1,540
	Net need	969	2,730

Source: Derived from demographic projections and Housing LIN

9.28 A mid-point of the two estimates would suggest a need for around 1,850 additional specialist units for older people (about 93 per annum) which would represent about 10% of the overall household growth shown through demographic modelling (using the 2012-based SNPP and 2012-based CLG household projections).

Types and Tenures of Specialist Housing

9.29 Earlier in this section analysis has been carried out with regard to the tenure of older person households (aged 65 and over) – the data was split between single pensioner households and those with two or more pensioners (which will largely be couples). The data showed that pensioner households are relatively likely to live in outright owned accommodation (75%) and are also more likely than other households to be in the social rented sector. There were however notable differences for different types of pensioner households with single pensioners having a lower level of owner-occupation than larger pensioner households.

9.30 The information about current tenures can be used to estimate the amount of additional housing likely to be required in each of the market and affordable sectors. Looking at the data above it is considered that around 70% of older person households would be able to afford a market solution – this figure is arbitrary but based on current levels of outright ownership and recognising stronger growth in single person households in the future (such households having lower levels of home ownership).

9.31 Figure 123 shows that using this proportion of home ownership along with the current supply of different tenures of specialist housing it would be expected that there is a need for around 1,708 units of market specialist housing and 218 in the affordable sector – about 11 per annum. These figures include a vacancy allowance based on the figure used for the main demographic projections.

9.32 The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available. There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

9.33 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

9.34 Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of bungalows should be considered on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Figure 123: Projected need for specialist housing– by Broad Tenure (2013-33)

		Market	Affordable	Total
Runnymede	Need	1,275	546	1,821
	Supply	551	488	1,039
	Net need	724	58	782
	Inc. vacancy	759	61	821
Spelthorne	Need	1,098	470	1,568
	Supply	182	319	501
	Net need	916	151	1,067
	Inc. vacancy	949	157	1,106
HMA	Need	2,373	1,017	3,390
	Supply	733	807	1,540
	Net need	1,640	210	1,850
	Inc. vacancy	1,708	218	1,927

Source: Derived from demographic projections

9.35 These need figures as with the other specialist, elderly, affordable and specific group needs are part of the overall need and should not be seen as supplementary to the overall need figures calculated.

Adaptations

9.36 As well as delivering additional specialist accommodation the county and borough councils encourage in-situ assistance through adaptions to the current stock. Since 2011 Runnymede has made almost 280 adaptions and Spelthorne almost 290 adaptions to private and council owned properties. The adaptions range from grab-rails to stair lifts with the majority of adaptions relating to showers.

9.37 In addition A2D the registered provider has made around 100 adaptions to private sector and their own properties since 2012. These include extensions to existing properties. In this manner the Councils and the Registered Providers have reduced demand for specialist accommodation in the HMA. By continuing in this manner they will in effect reduce the needs for additional bricks and mortar properties.

Registered Care Housing

9.38 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 1,291 spaces in nursing and residential care homes (589 in Runnymede and 702 in Spelthorne). Given new models of provision (including Extra-care Housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be

some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

9.39 The demographic modelling indicates that in 2033 there will be 1,540 people aged 75 and over living in 'institutions' which on the basis of current supply would suggest a potential shortfall of 249 bedspaces over the 20-years to 2033 (12 per annum). This figure is important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation. For individual authorities the growth in the institutional population aged 75 and over compared with supply in the 2013-33 period is estimated to be 247 in Runnymede and just 2 in Spelthorne.

People with Disabilities

9.40 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

9.41 Figure 124 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 study-area some 22% of households contain someone with a LTHPD. This figure is slightly lower than the equivalent figure for both the region and nationally, although slightly above the County average. The figures for the population with a LTHPD again show a lower proportion when compared with regional and national figures (an estimated 14% of the population of the study-area have a LTHPD).

9.42 For the individual local authorities the data suggests a slightly higher proportion of households (and population) in Spelthorne having a LTHPD although the figures are still below regional and national comparators.

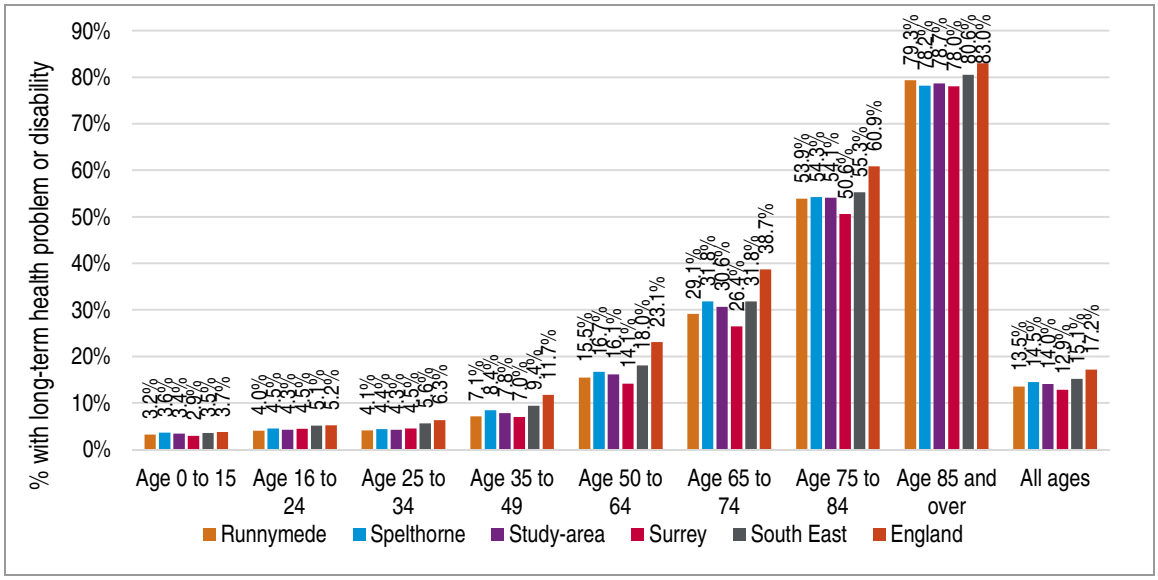
Figure 124: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Runnymede	6,986	21.4%	11,155	13.9%
Spelthorne	8,971	22.7%	14,264	14.9%
HMA	15,957	22.1%	25,419	14.4%
Surrey	95,766	21.0%	153,354	13.5%
South East	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: Census (2011)

9.43 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore Figure 125 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 – for example some 79% of people aged 85 and over have a LTHPD. It should be noted that the base for Figure 125 is slightly different to the above table in that it excludes people living in communal establishments. When compared with the national (and to a lesser extent regional) position, the data suggests lower levels of LTHPD for all age groups.

Figure 125: Population with Long-Term Health Problem or Disability in each Age Band



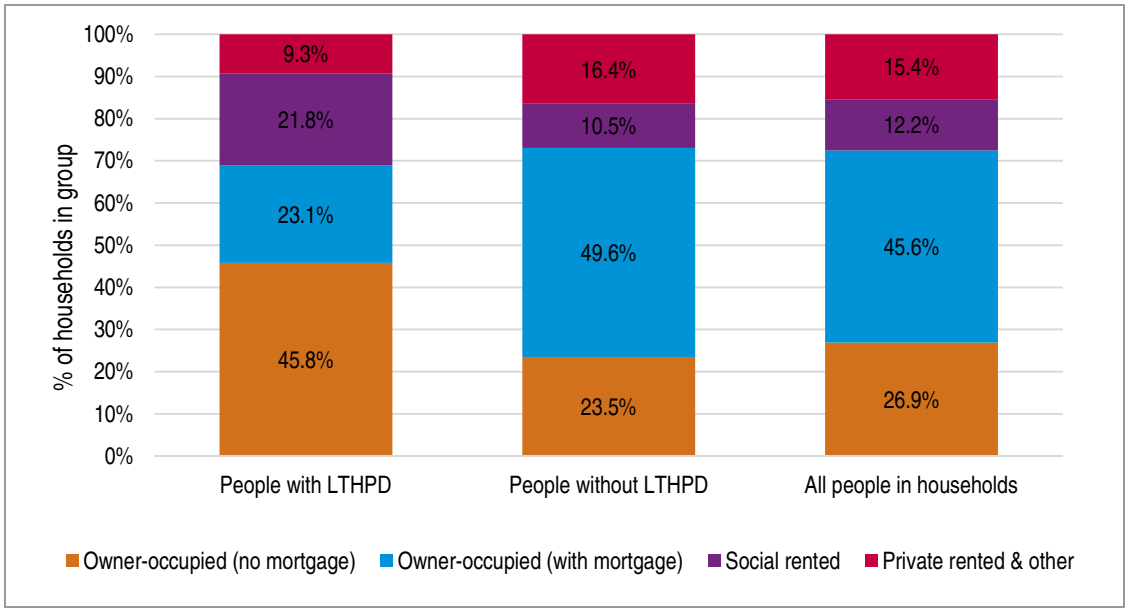
Source: Census (2011)

9.44 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 our core demographic projection (using the 2012-based SNPP) it is estimated that the number of people with a LTHPD will increase by around 10,100 (a 39% increase). The vast

majority of this increase (84%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 29% of the total increase in the population projected by the demographic modelling.

9.45 Figure 126 shows the tenures of people with a LTHPD – it should be noted that the data relates to the percentage of the population living in households rather than households and is therefore not comparable with other tenure analysis provided in this section. 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) than people without an LTHPD. 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 126: Tenure of People with LTHPD – Runnymede & Spelthorne



Source: Census (2011)

BME Households

9.46 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

9.47 From 2011 Census data we find that around 18% of the population of the study-area came from a non-White (British/Irish) background. This figure is above that found across the region and also Surrey but is slightly lower than the figure for England (of 19%). The key BME group in the study-area is Other-White (which is likely to contain a number of Eastern European migrants) –

the Other-White population makes up 5.9% of all people in the area. This figure is notably higher than for any other group.

9.48 Looking at the individual local authorities the data shows around 19% of the population in Runnymede being from a non-White (British/Irish) group with a figure of 18% in Spelthorne. In both areas the main ethnic group is again Other-White although there is also a notable Indian community (particularly in Spelthorne).

Figure 127: Black and Minority Ethnic Population (2011)

Ethnic Group	Runny-mede	Spel-thorne	HMA	Surrey	South East	England
White: British	80.0%	81.0%	80.5%	83.5%	85.2%	79.8%
White: Irish	1.3%	1.4%	1.4%	1.1%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%
White: Other White	7.4%	4.7%	5.9%	5.5%	4.4%	4.6%
Mixed: White and Black Caribbean	0.4%	0.6%	0.5%	0.4%	0.5%	0.8%
Mixed: White and Black African	0.3%	0.3%	0.3%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.8%	0.9%	0.9%	0.9%	0.7%	0.6%
Mixed: Other Mixed	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%
Asian: Indian	2.5%	4.2%	3.4%	1.8%	1.8%	2.6%
Asian: Pakistani	0.5%	0.7%	0.6%	1.0%	1.1%	2.1%
Asian: Bangladeshi	0.3%	0.3%	0.3%	0.3%	0.3%	0.8%
Asian: Chinese	1.5%	0.6%	1.0%	0.8%	0.6%	0.7%
Asian: Other Asian	2.2%	1.8%	2.0%	1.7%	1.4%	1.5%
Black: African	0.7%	1.0%	0.9%	0.7%	1.0%	1.8%
Black: Caribbean	0.2%	0.4%	0.3%	0.3%	0.4%	1.1%
Black: Other Black	0.1%	0.2%	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.5%	0.3%	0.4%	0.4%	0.2%	0.4%
Any other ethnic group	0.5%	0.6%	0.6%	0.5%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	80,510	95,598	176,108	1,132,390	8,634,750	53,012,456
% non-White (British/Irish)	18.7%	17.6%	18.1%	15.3%	13.9%	19.3%

Source: Census (2011)

9.49 Since 2001 the BME population in the study-area can be seen to have increased significantly as shown in Figure 128. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of the study-area has risen by 7,700 over the 10-year

period the increase in BME groups (all groups other than White (British/Irish)) has been 15,800. The White (British/Irish) population has therefore decreased by 5% compared to an increase of 98% in BME groups (all combined).

9.50 Looking at particular BME groups we see that the largest rise in terms of population has been for Asian people – increasing by 7,900 over the ten years. This group also sees one of the greatest increases in proportionate terms – a 158% rise in population. The only higher increase is for the Black population although in number terms the increase in this group has been around 1,500 people.

Figure 128: Change in BME groups 2001 to 2011 (study-area)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	152,356	144,247	-8,109	-5.3%
White - Other	7,015	10,841	3,826	54.5%
Mixed	2,136	4,053	1,917	89.7%
Asian or Asian British	4,990	12,856	7,866	157.6%
Black or Black British	888	2,407	1,519	171.1%
Chinese and other	1,038	1,704	666	64.2%
Total	168,423	176,108	7,685	4.6%
Non-White (British/Irish)	16,067	31,861	15,794	98.3%

Source: Census (2001 and 2011)

9.51 When looking at the individual local authorities (and comparing the findings with regional and national data) it can be seen that the increase in the BME community has been stronger in the study-area than across other areas (albeit broadly in line with the South East). The analysis shows the highest BME increase in proportionate terms to have been in Spelthorne where the population increased by over 9,000 people – a 117% increase.

Figure 129: Change in non-White (British/Irish) population – 2001-11

	Population (2001)	Population (2011)	Change from 2001	% change from 2001
Runnymede	8,326	15,040	6,714	80.6%
Spelthorne	7,741	16,821	9,080	117.3%
HMA	16,067	31,861	15,794	98.3%
Surrey	99,073	173,705	74,632	75.3%
South East	613,562	1,202,181	588,619	95.9%
England	5,767,580	10,216,219	4,448,639	77.1%

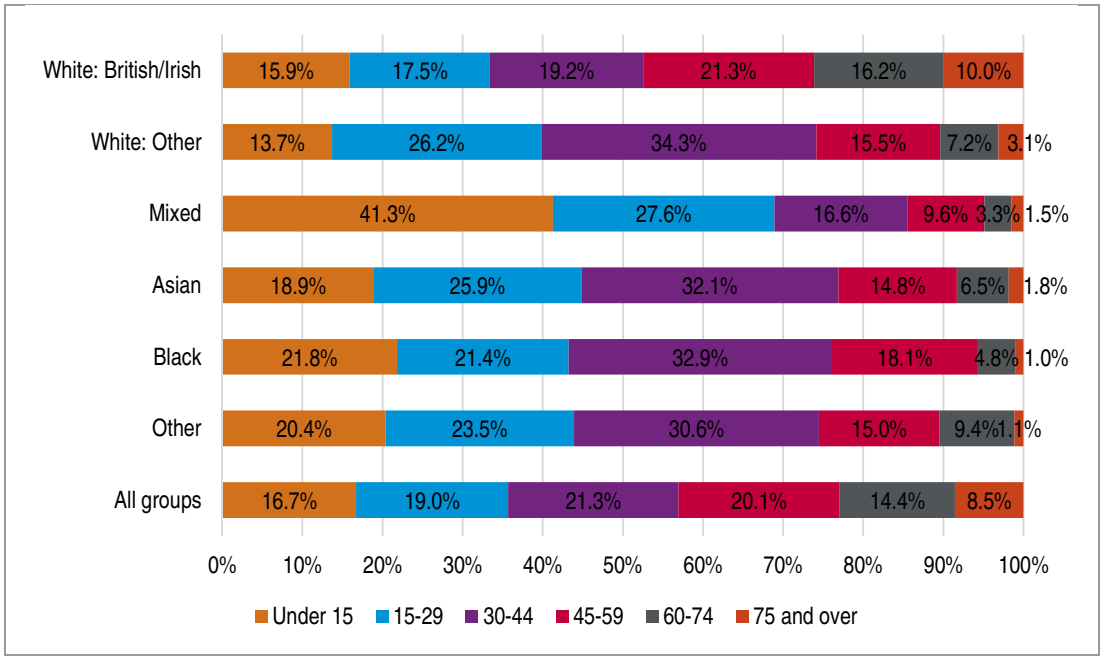
Source: Census (2001 and 2011)

BME Household Characteristics

9.52 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the study-area. Figure 130 looks at the population age structure of six broad age groups using data from the 2011 Census.

9.53 The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 26% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 10%.

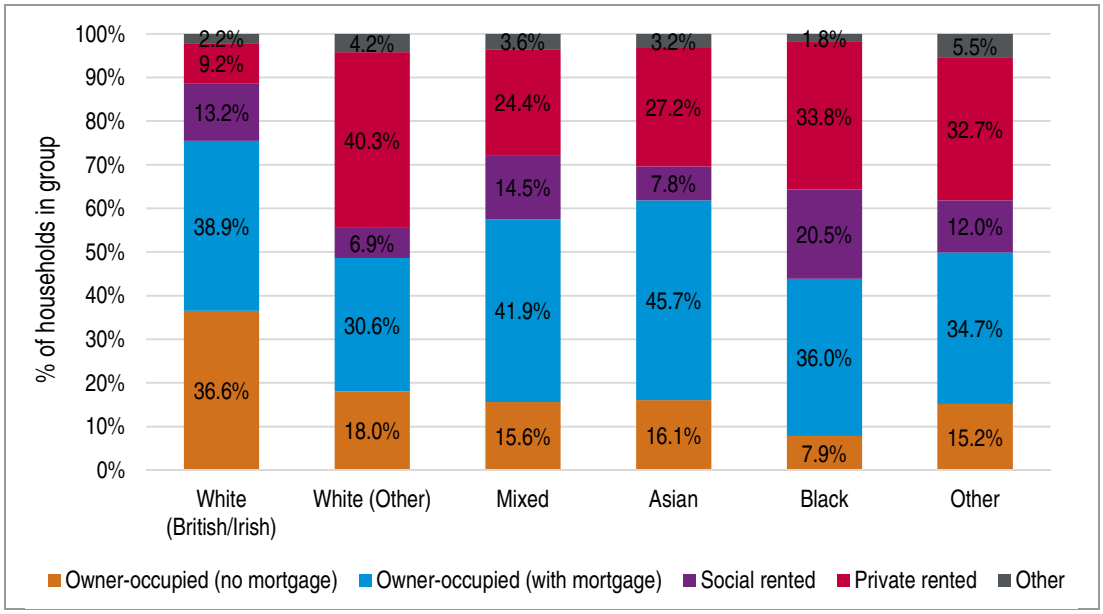
Figure 130: Population Age Profile by Ethnicity in HMA (2011)



Source: Census (2011)

9.54 There are notable differences between the household characteristics of BME households and the White: British population. Figure 131 indicates that all BME groups are significantly less likely to be owner-occupiers (particularly outright owners) and far more likely to live in private rented accommodation. Arguably the starkest trends are the 40% of White (Other) and 34% of Black households living in the private rented sector.

Figure 131: Tenure by Ethnic Group in HMA (2011)



Source: Census (2011)

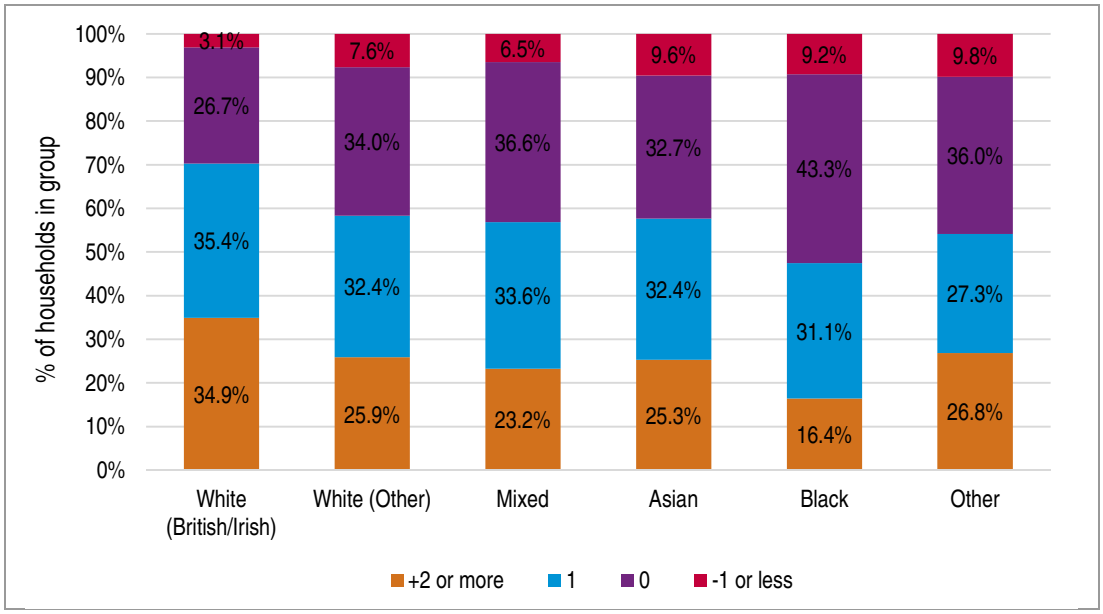
9.55 The strong representation of BME households in the Private Rented Sector means that some BME groups are maybe more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the study-area shows a strong representation of LHA Claimants).

9.56 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

9.57 Figure 132 shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 10% of Asian households are overcrowded – this compares with only 3% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

9.58 It should be noted that while some of these households may technically be classed as overcrowded in reality they do so as a lifestyle or cultural choice rather than being forced into it.

Figure 132: Occupancy Rating by Ethnic Group – Runnymede & Spelthorne



Source: Census (2011)

Family Households (including Service Families)

9.59 The number of families in the study-area (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 20,700 accounting for 29% of households. There is relatively little variation between areas although Spelthorne shows a slightly higher proportion of households with dependent children. The proportion of households with dependent children is not dissimilar to County, regional or national averages.

Figure 133: Households with Dependent Children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Runny-mede	#	5,706	1,091	1,603	651	23,663	32,714	9,051
	%	17.4%	3.3%	4.9%	2.0%	72.3%	100.0%	27.7%
Spel-thorne	#	6,873	1,583	2,205	976	27,875	39,512	11,637
	%	17.4%	4.0%	5.6%	2.5%	70.5%	100.0%	29.5%
HMA	#.	12,579	2,674	3,808	1,627	51,538	72,226	20,688
	%	17.4%	3.7%	5.3%	2.3%	71.4%	100.0%	28.6%
Surrey	%	20.3%	3.4%	4.7%	2.1%	69.6%	100.0%	30.4%
South East	%	17.1%	3.9%	6.1%	2.3%	70.6%	100.0%	29.4%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

9.60 The core demographic projection (linked to the 2012-based SNPP) suggests that the number of children (aged under 15) is expected to increase markedly from 2013 to 2033 (an increase of over 4,700 – 15% increase). The increase in the number of children is expected to be particularly strong in Runnymede.

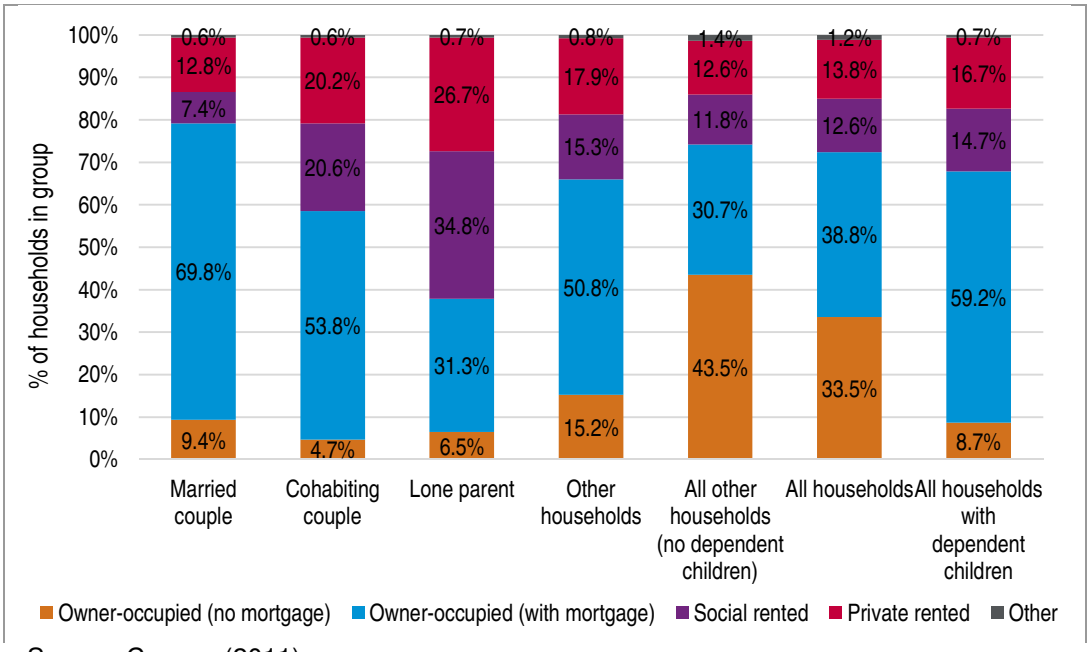
Figure 134: Estimated change in population aged 15 and under (2013-33)

Area	Population aged 15 and under		Change (2013-33)	% change from 2013
	2013	2033		
Runnymede	13,626	16,167	2,541	18.6%
Spelthorne	16,927	19,098	2,171	12.8%
HMA	30,553	35,265	4,712	15.4%

Source: Derived from demographic modelling

9.61 Figure 135 shows the current tenure of households with dependent children. There are some considerable differences by household type with there being a very high proportion of lone parents living in the social rented sector and also in private rented accommodation. Only around two-fifths of lone parent households are owner-occupiers compared with nearly 80% of married couples with children.

Figure 135: Tenure of households with dependent children – Runnymede & Spelthorne

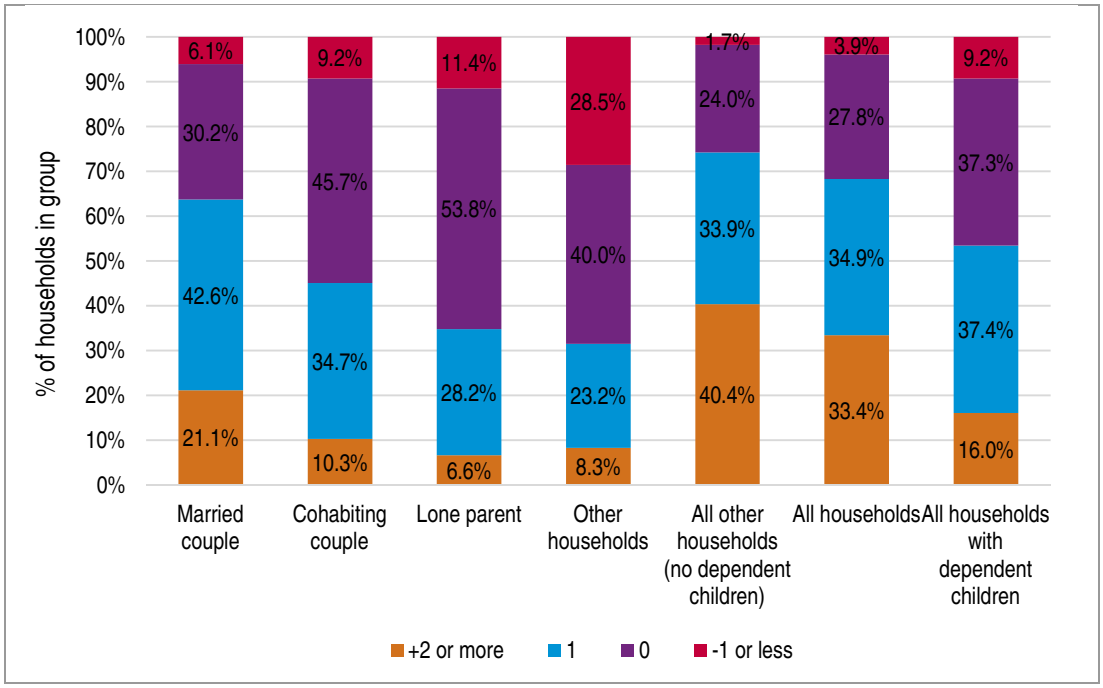


Source: Census (2011)

9.62 Overcrowding is often a key theme when looking at the housing needs of households with children and Figure 136 shows that households with children are about five times more likely than other households to be overcrowded. In total, some 9% of all households with dependent children are overcrowded and included within this the data shows 11% of lone parent

households are overcrowded along with 29% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 136: Occupancy rating and households with dependent children



Source: Census (2011)

9.63 The Ministry of Defence's Quarterly Location Statistics suggests that there are no military or civilian MOD personnel stationed in Runnymede or Spelthorne. Demand from this group is likely to be negligible but it should be monitored.

Young People

9.64 Providing for the needs of younger person households is an important consideration for the Councils. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.

9.65 The demographic projections suggest that in 2013 there were around 11,400 households headed by someone aged under 35 and that this is set to increase by around 500 over the period from 2013 to 2033 (around 300 in Runnymede and 200 in Spelthorne).

Figure 137: Estimated change in households headed by someone aged under 35 (2013-33)

Area	Households aged under 35		Change (2013-33)	% change from 2013
	2013	2033		
Runnymede	5,368	5,652	284	5.3%
Spelthorne	6,073	6,271	199	3.3%
Study-area	11,441	11,923	483	4.2%

Source: Derived from demographic modelling

9.66 As well as households headed by a younger person there will be others living as part of another household (typically with parents). Figure 138 shows the number of households in the study-area with non-dependent children. In total, some 10% of households (7,500) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the study-area is higher than any of the County, regional and national averages and can be seen to be particularly high (at 11%) in Spelthorne.

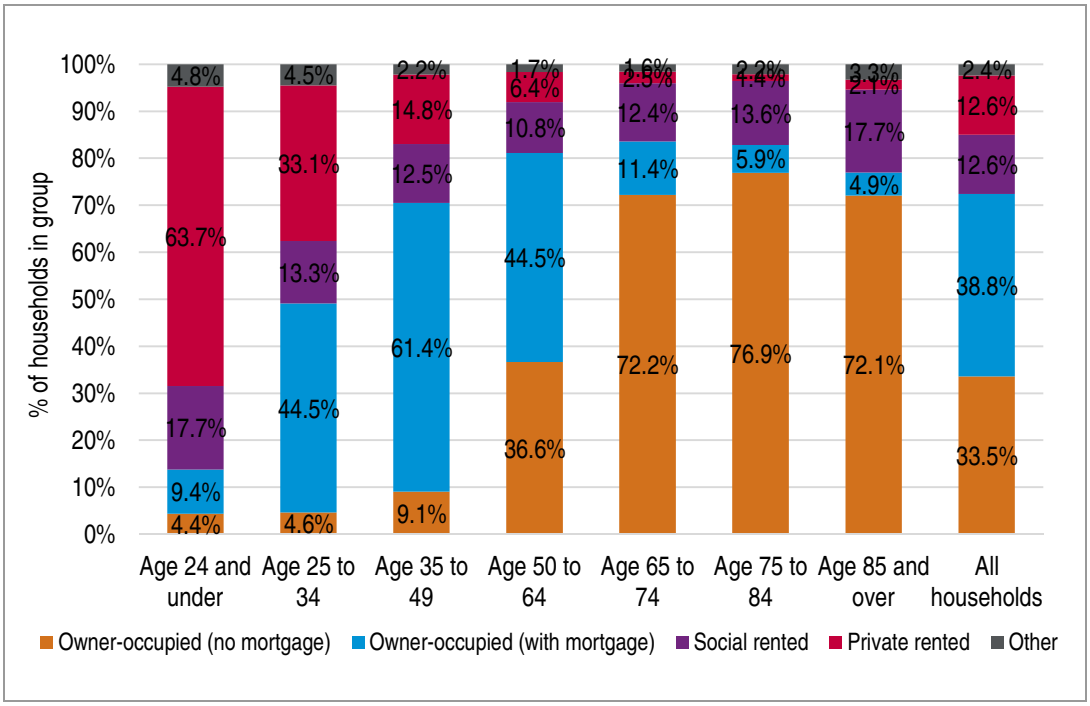
Figure 138: Households with non-dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Runnymede	#	1,871	171	991	29,681	32,714	3,033
	%	5.7%	0.5%	3.0%	90.7%	100.0%	9.3%
Spelthorne	#	2,748	226	1,459	35,079	39,512	4,433
	%	7.0%	0.6%	3.7%	88.8%	100.0%	11.2%
HMA	#	4,619	397	2,450	64,760	72,226	7,466
	%	6.4%	0.5%	3.4%	89.7%	100.0%	10.3%
Surrey		6.0%	0.4%	3.1%	90.4%	100.0%	9.6%
South East	%	5.5%	0.5%	3.1%	90.9%	100.0%	9.1%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

9.67 When considering households that are currently headed by a younger person we can use 2011 Census data to look at some key characteristics. Figure 139 shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

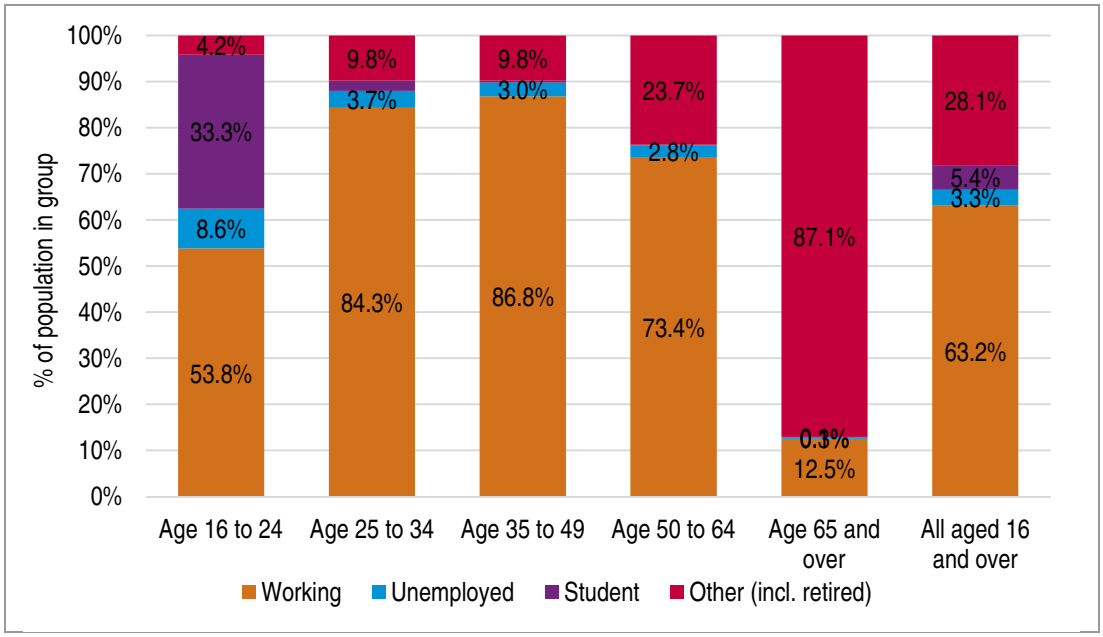
Figure 139: Tenure by Age of HRP – Runnymede & Spelthorne



Source: Census (2011)

9.68 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the Figure 140. The data shows that younger people are more likely to be unemployed than other age groups. The data shows that of the population aged 16-34 some 6.1% are unemployed with this being concentrated in younger people within this age group (e.g. those aged up to 24 where the unemployment rate is 8.6%).

Figure 140: Economic Activity by Age – Runnymede & Spelthorne



Source: Census (2011)

Students

9.69 Runnymede is home to the Royal Holloway College (part of the University of London) as such a large number of students and student households are located in the Borough. According to the University there are approximately 8,600 students at the college with 500 living on campus. However, approximately 2,430 students live in other accommodation owned by the College (2,929 in total – 34%) and 990 live at home (11%).

9.70 Within the Borough there are approximately 2,600 all student households. According to the university 4,690 students live in these households or mixed households with at least one student. This comprises around 3% of all households in Runnymede. By comparison Spelthorne only has 50 all student households. These figures would not include households living in Halls of Residence.

9.71 Student growth is not typically driven by demographics and indeed the population projections do not include those living in institutional accommodation such as Halls of Residence. However Royal Holloway through their masterplan has made their own projections for overall growth and how this will be housed.

9.72 According to their masterplan, in light of the recent fee increases, the higher education sector is under increasing pressure to provide high quality accommodation in order to attract the best students, both undergraduate and postgraduate.

9.73 By 2031 the university hopes to increase student numbers to 12,000. This will be met by increasing the capacity of university owned accommodation by 2,650 to 5,580. As such the percentage of those living in university owned accommodation would grow from 34% to 46%. At the same time those living at home is expected to remain at 11%.

9.74 The university is therefore likely to see a percentage decrease in the number of students living off Campus (42.5% from 54.5%). In absolute terms the number of students living off campus increases by around 410. This comprises less than 0.5% of Runnymede's total population as at 2013. If we assume that this population lives in typical, fully occupied, 4 bedroom all student households (based on 2011 occupation levels) then up to 103 dwellings could be taken out of use for the wider population by 2031. However, this also assumes that no purpose-built student accommodation will be constructed by other private developers such as that proposed at the former Brunel University site.

Custom-Self Build

9.75 SHMAs need to investigate the contribution that self-builds makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

9.76 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

9.77 Quantitative information regarding levels of self-build is hard to come by. Information from local authority planning officers is therefore anecdotal. We have approached the National Custom & Self Build Association in order to understand the level of demand for these types of property locally. According to their figures the following level of interest is apparent:

- Spelthorne – 196 households
- Runnymede -236 households

9.78 Runnymede Council have also subsequently started their own register of interest for this type of property. The register hopes to establish the level of local interest in buying plots of land to commission or build their own home, in order to support aspiring self and custom builders in their area.

9.79 From a development point of view, key issues with this market are associated with skills and risk: whist there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

9.80 We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build.

9.81 While the focus of Self-build is understandably for market housing there are opportunities for delivery of affordable homes through this method. One example of this is the 'Build!' programme run by Cherwell District Council in Oxfordshire.

9.82 This programme offers individuals or interested groups the opportunity to come together to either build a new home, or to renovate and decorate an existing property. These properties are eventually available on a shared ownership or affordable rent tenure. In return for their labour participants would receive reduced purchase price or lower rental rates. The level of discount applied would reflect the individual's involvement in the build or renovation process.

9.83 More locally there have been a number of successful community self-build schemes in South London. In Lewisham for example there was a successful community self-build scheme which delivered 12 units for unemployed men and woman. Similarly in Lambeth 11 eco-friendly family homes were built in 2005.

9.84 In order for this to work in Runnymede and Spelthorne the Councils would be required to make plots available that have secured detailed planning permission and set up a register for those interested in such a scheme. As well as delivering additional affordable homes the scheme would also achieve a number of other social achievements including training.

Gypsy and Travellers

9.85 This SHMA does not reference Gypsy & Traveller needs specifically. Runnymede Borough Council has done its own assessment on the accommodation needs for travellers in its Traveller Accommodation Assessment[12] (September 2014). This evidence concludes that over a 15 year

[12] https://www.runnymede.gov.uk/article/5249/Gypsies-and-Travellers-policy-documents-and-guidance

period (where year 1 is 2013/14) there is a need for 117 gypsy and traveller pitches in the borough and 17 plots for travelling showpeople.

9.86 Spelthorne has not currently carried out such an assessment but has made a commitment to assessing the needs of travellers in their borough as they progress with their local plan work. Once published this will be used in establishing the accommodation needs in their Borough and setting pitch provision requirements in their Local Plan.

Key Findings: Specific Groups of the Population

9.87 This section of the report has studied the housing circumstances of various different groups of the population. These are:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Family Households (including Service Families);
- Young people;
- Students;
- Custom-Self Build; and
- Gypsy and Travellers

9.88 Specific analysis has been provided for each of these groups with core conclusions summarised below:

9.89 Older persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 16,100 (50%) over the 20-years from 2013 to 2033. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors).

9.90 People with disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 115% increase in the population aged over 85 from 2013 to 2033 with Census data suggesting that 78% of this age group will have some level of disability.

9.91 BME groups – the BME population of the study-area is relatively large in comparison with the South East region and has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Councils should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

9.92 Family households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the study-area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

9.93 Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

9.94 Student households – While the overall number of students is expected to increase in Runnymede by 2031 so too is the number of student bed spaces owned by the University and other service providers. However this includes a presumption of development being allowed. There may be a limited impact on the wider housing stock as a result of student growth.

9.95 Custom Build – There is limited data available on demand for this kind of property. Runnymede Council have set up their own register for those interested in this type of property. The National Custom & Self Build Association's data suggest that there is interest for around 430 such households across the two districts,

10 CONCLUSIONS AND RECOMMENDATIONS

10.1 This final section brings together the findings of the SHMA Report. It is structured to set out our conclusions in turn regarding the geography of the housing market area; the overall objectively assessed need for housing; and then findings relating to the need for different types of homes and the housing needs of specific segments of the population.

Housing Market Area

10.2 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure that Local Plans meet the full, objectively assessed needs for market and affordable housing in their "housing market area" (HMA).

10.3 The SHMA has considered housing market geographies, taking account of existing research and through analysis of differences in housing costs; as well as migration and commuting flows.

10.4 The analysis highlights a complex set of relationships at play across Surrey. However, triangulation of the evidence converges upon the Boroughs of Spelthorne and Runnymede sharing the strongest relationships and correlation in both market and behavioural terms. This forms part of a 'London Fringe' in housing market terms. We therefore consider the definition of a single HMA covering these two authorities to be appropriate.

10.5 It is however important to recognise overlaps between surrounding authorities and markets in this area. Although weaker than the core relationships, there are identifiable and important functional interactions with adjoining authorities of Hounslow, Woking and Elmbridge as well as a relationship to London's Housing Market more widely (as defined in the FALP as all London Boroughs).

10.6 Given the inter-connected nature of local housing markets in Surrey, and functional links between Surrey and Greater London, through the Duty to Cooperate the findings of SHMA studies can be brought together on a sub-regional basis along with the wider evidence (including around land availability and development potential). While the HMA has been identified any imperfections or overlaps in its definition can be mitigated against through the Duty to Cooperate.

Overall Housing Need

10.7 The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. Planning Practice Guidance (PPG) sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.

Demographics provide the starting point for assessing housing need. The PPG then sets out that consideration should be given as to whether the housing need should be increased in order to:

- Support economic growth, based on interrogation of trends and forecast for future growth in employment;
- Improve affordability, taking account of evidence from market signals and of the need for affordable housing.

10.8 In effect, the PPG approach recognises that demographic projections are influenced by what has happened in the past; and these further factors consider whether wider evidence suggests that there has been an imbalance between housing supply and demand, or whether in the future the evidence would suggest that housing provision needs to be increased.

10.9 The PPG is very clear that housing need refers to the need for both market and affordable housing, including taking account of the movement of people into the area. It is also clear that a SHMA should "leave aside" issues related to land supply, infrastructure, green belt and other constraints in identifying housing need – but clearly sets out that these factors are relevant in bringing evidence together through the plan-making process to identify policies for future housing provision.

The Demographic "Starting Point"

10.10 The PPG emphasises the use of official population and household projections as a starting point for assessing housing need, as these are based on nationally-consistent assumptions and methodology.

10.11 The latest official household projections are the interim 2012-based Household Projections published by Government in February 2015. These project household growth between 2012-37. These projections estimate growth in households of 891 households per annum across the HMA between 2012-37 (399 in Runnymede and 492 in Spelthorne).

10.12 GL Hearn considers that these projections provide a robust basis for considering future housing provision. They are based on the latest 2012-based population projections which seem reasonable against short term trends. These are also the first official population projections which take full account of the results of the 2011 Census. .

10.13 We have also considered the latest household projections (2012-based) to be a sound basis for projecting the population forward. We have made one slight adjustment to the national datasets in using the latest 2013 population figure from the Mid-Year estimates. GL Hearn concludes that this approach provides an appropriate 'starting point' for considering housing need (using the terminology in the Planning Practice Guidance).

10.14 The data suggests an increase in households of about 8,300 in Runnymede and 9,900 in Spelthorne over the 20-year period – this is a 25% increase; higher than expected across Surrey, the South East and England. Taking into account vacant properties the resultant level of household growth is set out in Figure 141.

Figure 141: Projected Household Growth 2013-33 – 2012-based SNPP with 2012-based Household Formation Rates

	Runnymede	Spelthorne	Study-area
Households 2013	33,566	40,325	73,891
Households 2033	41,848	50,187	92,035
Change in households	8,282	9,862	18,144
Per annum	414	493	907
Dwellings (per annum)	434	511	945

10.15 We have also undertaken further sensitivity analysis around London as there is an important migratory interaction between each of the two authorities to/from London. This was on the basis that the London Plan adopted a target which predicated on a return to migration patterns similar to those pre-recession levels. For the HMA this would mean more people moving out from London than set out in the SNPP

10.16 The sensitivity results in a housing need for 962 homes per annum across the HMA (+16dpa). This splits into a need for 441 homes per year in Runnymede Borough (+7dpa) and 520 per year in Spelthorne Borough (+9dpa) (note numbers may not add due to rounding). This should be taken forward as the demographic starting point.

10.17 However, this figure does not take into account affordable housing need, or include adjustments to take account of market signals or the needs for the local economy. In such circumstances there may well be a higher need still in the HMA.

Examining the Needs of the Local Economy

10.18 Following the approach in the Planning Practice Guidance, the demographic-based assessment set out above provides a baseline for housing need. The Guidance recommends that consideration is given to whether economic growth could result in a need for additional housing.

10.19 The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another[13]. The SHMA has considered the LEP's recent evidence regarding economic prospects as set out in the Enterprise M3 Housing Evidence Study. This study directly uses the Experian job forecasts from September 2013.

[13] CLG (2012) *National Planning Policy Framework, Paragraph 158*

10.20 The SHMA seeks to model the relationship between jobs and homes. It models increasing employment rates, linked to an expectation that people will retire later and more women will work. It assumes that commuting patterns will remain stable in proportional terms. It also takes account of evidence that people may hold down more than one job. The modelling indicates that to support the forecast growth in employment (using Experian 2013 forecasts), the following levels of housing provision would be needed:

Figure 142: Initial Assessment of Annual Need for Housing based on Economic Forecasts

Housing Need PA 2013-31	Runnymede	Spelthorne	HMA
Per Annum Change in Resident Workforce	544	813	1,357
Annual Housing Need	508	722	1,230

Source: Derived from Experian and Census Data

10.21 At 1,230 dwellings per annum across the HMA, the level of housing provision necessary to support economic growth could be potentially up to 28% higher than indicated in the demographic starting point. The SHMA therefore adopts a 'policy off' approach which does not seek to change commuting patterns.

10.22 We have undertaken some basic analysis of the LEP projections which shows a considerable and questionable variance from past trends. Against past performance the level of growth in Total Employment which we might expect varies from Borough to Borough. The expected per annum growth rate between 2011 and 2031 in Runnymede is 1.3% and in Spelthorne 1.5%. This is slightly higher to that forecast more widely across the northern part of the LEP (1.2%). In comparison to the past trends in Runnymede for the 2001 to 2011 period (3.6%) the expected growth is much lower. However Spelthorne experienced a significant decline over the same period (-17,000 jobs) and the projections are therefore significantly higher than past trends (-3.4% per annum).

10.23 Because of the difference between past trends and the Experian forecasts there is a level of uncertainty and reliance of the economic projections and these are to be tested further. Both local authorities are planning to undertake assessments of employment growth potential. Once this work has been completed, it may trigger an update/supplementary report to the SHMA to account for the new projections. For the time being we will however continue to use the Experian projections produced for the LEP as an indicator of potential employment growth. Economic-led projections should however be regarded as indicative.

10.24 Further to this the Airports Commission has recommended to the Government that Heathrow should be the location of an additional runway in the South East. However this recommendation

has not yet gone through Parliament. Clearly the final decision when it materialises will have a significant impact on employment locally but until that decision is made it would be unwise to plan on that basis.

Improving Affordability

10.25 The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

10.26 The SHMA analysis indicates that between 513 and 924 additional households per year will require support in meeting their housing needs (using income thresholds varying from 25% to 40%). The table below shows the annualised need in each Borough for a range of different affordability threshold scenarios. The analysis shows how the choice of threshold has a notable impact on the figures, making it impossible for the analysis to do more than provide an indication of the need and its relative scale.

Figure 143: Estimated net need for Affordable Housing per annum – by location (based on a range of affordability thresholds)

Area	25%	40%
Runnymede	433	247
Spelthorne	492	267
HMA	924	513

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

10.27 The identified need from households requiring financial support represents up to 98% of the need arising through the demographic projections when adjusted for long term migration from London.

10.28 The evidence does not suggest that this overall level of housing provision is necessary, not least as part of the identified need for affordable housing is from existing households who need alternative size or tenure of accommodation but would release their current home for another household by moving. There are also other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. Net additional needs arising would be solely from concealed and homeless households.

10.29 The report has then gone on to consider market signals. The NPPF14 sets out that plans should take account of market signals, such as land prices and housing affordability. The Planning Practice Guidance clarifies this and outlines 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 of 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."*

10.30 The SHMA evidence indicates that affordability pressures are significant in comparison to the wider region and country. House prices are above the South East average and entry level house prices are around nine times the typical earnings of younger households compared to a ratio of 6.4 nationally.

10.31 Housing costs have increased in absolute terms and relative to earnings; whilst household formation and home ownership both fell. An increasing number of households have been living in rented accommodation, shared homes and with parents.

10.32 There is therefore merit in considering an adjustment to overall housing needs to ease affordability pressures In circumstances such as these where indicators point towards a supply-demand imbalance and worsening affordability, the PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability. The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

10.33 To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been historically constrained for younger age groups and the level to which this constraint is expected to continue or worsen. We then respond with a scale of adjustment to housing provision which would be necessary to return the household formation rates of the 25-34 age group back to 2001 levels.

10.34 The analysis indicates that, all other things being equal, an uplift of 61 homes per annum across the study area would support an improvement in affordability (and provide additional affordable housing) and household formation rates amongst younger households. The uplift in each case is set out in the table below:

[14] CLG (2012) *National Planning Policy Framework, Paragraph 17*

Figure 144: Uplift to improve affordability

	Economic Need	Total Uplift	Uplifted Housing Need
Runnymede	508	**26**	534
Spelthorne	722	**35**	757
Total	1,230	**61**	1,291

Source: GL Hearn and CLG (numbers may not add due to rounding)

10.35 Using the same population data, and the 2011-based rates an estimated need for housing of 1,230 dwellings per annum would be derived; The uplifted figure of 1,291 dwellings per annum is therefore some 5% higher (61 units per annum) than would be derived using older (and arguably more constrained) household formation rates.

10.36 While the analysis above is based on a projection linked to economic need; similar analysis using other projections (e.g. the London adjusted demographic need at 57 additional units) would be expected to show a similar proportionate increase. The level of uplift in each Borough reflects the age profile and level of suppression as well as what the CLG had anticipated the change in household formation rates to be. For example the uplift is highest in Spelthorne; this is driven by the observation earlier that it is in this area where formation rates of younger people are shown to have fallen the most.

10.37 The uplift should go towards addressing the needs of those groups who require an additional dwelling, such as:

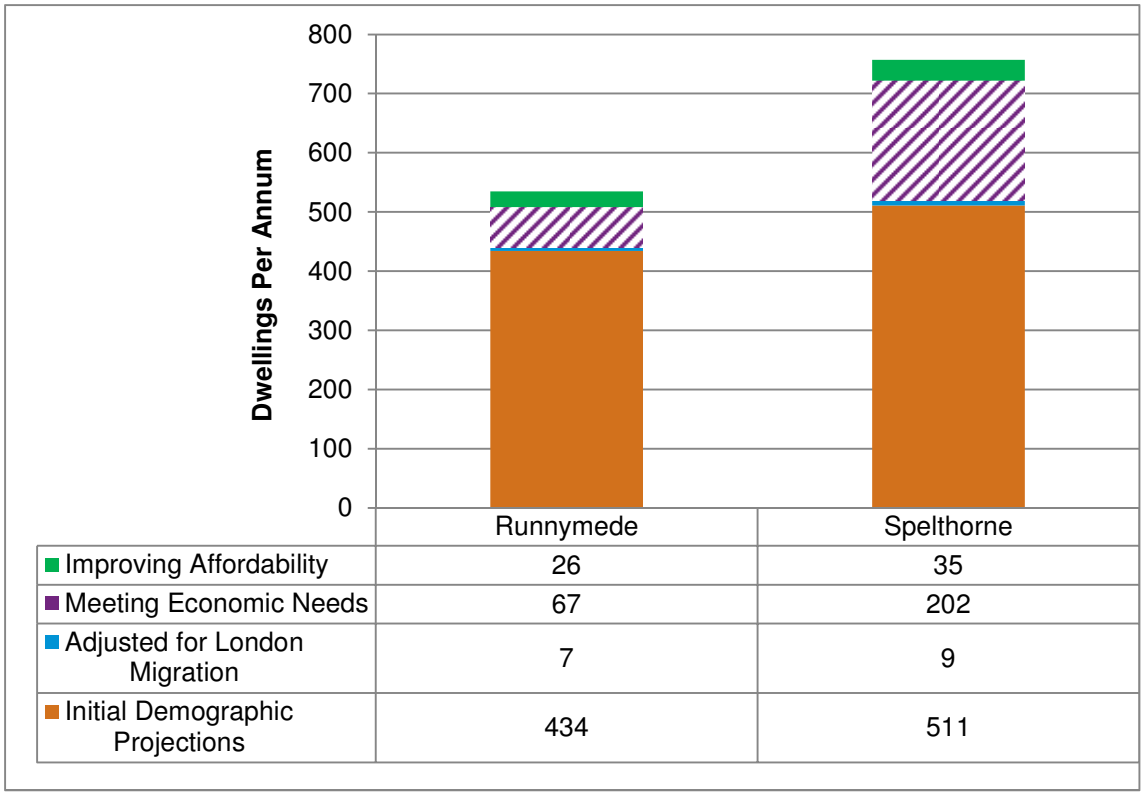
- Newly-forming households;
- Concealed households; and
- Homeless households.

10.38 It should also contribute to a fall in households living with parents or in shared accommodation.

Conclusions on Overall Housing Need

10.39 Taking account of these adjusted household formation rates for younger households and adjustment for economic need, the SHMA concludes on the overall need for housing over the 2013-33 period of 1,292 homes per annum (Runnymede 535 and 757 in Spelthorne). The derivation of the conclusions on housing need is shown below, in Figure 145.

Figure 145: Conclusions on Full Objectively-Assessed Housing Need, 2013-33



	Runnymede	Spelthorne
Improving Affordability	26	35
Meeting Economic Needs	67	202
Adjusted for London Migration	7	9
Initial Demographic Projections	434	511

10.40 In accordance with the Planning Practice Guidance, this takes account of the level of housing provision which is expected to be needed to meet demographic changes, support economic growth and improve affordability.

10.41 In the absence of development constraints this could potentially be considered to represent the full 'objectively assessed need' (OAN) for housing. This represents in total an annual need for 1,292 homes per year across the HMA.

10.42 However, because of the uncertainty surrounding the economic growth potential of the Boroughs and the significant protection the NPPF affords to Green Belt, it may well be appropriate to plan for a range of dwellings. Taking account of improvements to affordability, the SHMA draws the following rounded conclusions on the overall need for housing over the 2013-33 period:

- Runnymede: 466 - 535 homes pa
- Spelthorne: 552 – 757 homes pa

10.43 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). The upper end reflects the level of housing which could be required to meet the needs of

the local economy and also has an adjustment to improve affordability. These figures would include the provision of affordable homes as part of the overall housing delivery.

10.44 Where development constraints influence the ability to meet housing need in full, we would recommend that any shortfall in housing provision is measured against the demographically-assessed need (962 per annum) as in these circumstances it would be unlikely that affordability would improve.

10.45 This SHMA report considers housing need from 2013-33. Any shortfall in housing delivery prior to the 2013 starting point has been considered and taken into account in the adjustments made to derive the SHMA conclusions regarding the Objectively Assessed Need (OAN) for housing. Therefore the Councils are not required to add any historic backlog (pre-2013) onto the overall housing need calculations. In doing so they would in effect be double-counting.

Need for Different Types of Homes

Conclusions on Housing Mix

10.46 In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.

10.47 The SHMA identifies that there is a need for a mix of house sizes across the HMA, as Figure 146 indicates. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2033 and how people occupy homes.

10.48 In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a HMA-wide level.

Figure 146: Need for Different Sizes of Homes across Runnymede and Spelthorne

	1-bed	2-bed	3-bed	4+ bed
Market	5%	30%	45%	20%
Affordable	35-40%	25-30%	25-30%	5-10%
All dwellings	15%	30%	40%	15%

Source: Derived from demographic projections

10.49 It should however be noted that this analysis is aimed at informing strategic policies over the plan period and there will be a range of factors which will influence demand for different sizes of homes over time, particularly demographic changes, growth in real earning/savings, housing affordability and wider economic performance. There is also a geographical dimension and the

specific mix of housing needed at a local level will be influenced in part by gaps in the existing housing offer locally (such as differences between the urban and rural areas).

10.50 Policies for what proportion of homes in new development schemes should be affordable need to take account of evidence both of housing need and of the viability of residential development. The NPPF sets out that percentage targets for affordable housing need to take account of viability evidence.

10.51 Our assessment of affordable housing needs indicates that, in delivering affordable units, a HMA-wide mix target of 23% intermediate and 77% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which we have identified, as well as any site specific issues.

10.52 In the affordable sector, we recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the potential role which delivery of larger family homes (3 and 4 bedrooms) 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. These have been balanced against the recent Government reforms to social housing and welfare, including issues associated with the changes introduced by Government to housing benefit eligibility for working-age households in the social housing sector.

10.53 For market housing, we recommend that the focus of new provision is on two and three-bed properties. This would serve to meet the needs of newly forming households and younger families in the HMA as well as demand from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. There is however likely to be a notable level of continued need for larger family properties arising from existing growing households and those migrating into the HMA.

10.54 The mix identified above should inform strategic borough-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

Older Persons Housing Needs

10.55 Over the period to 2033 the population of older persons in the HMA is expected to grow, with the population aged over 55 expected to increase by 42%. Many older households will remain in

homes which they have lived in for many years. However some may wish to downsize, and this has been taken into account in the conclusions drawn on the mix of homes needed.

10.56 Some older households will require specialist housing or support. Others may need to adapt their homes to meet their changing needs. It is expected that a growing older population may result in an increase in the number of people with dementia by over 1,700 between 2013-33 with growth in the number of persons with mobility problems of over 3,800. Some older households will require specialist housing solutions. The SHMA identifies a mid-point need for 1,850 additional specialist units of housing for older people between 2013-33, including sheltered and extra care homes.

Figure 147: Need for Specialist Housing for Older Persons, 2013-33

		Market	Affordable	Total
Runnymede	Need	1,275	546	1,821
	Supply	551	488	1,039
	Net need	724	58	782
	Inc. vacancy	759	61	821
Spelthorne	Need	1,098	470	1,568
	Supply	182	319	501
	Net need	916	151	1,067
	Inc. vacancy	949	157	1,106
HMA	Need	2,373	1,017	3,390
	Supply	733	807	1,540
	Net need	1,640	210	1,850
	Inc. vacancy	1,708	218	1,927

Source: Derived from demographic projections

10.57 In addition, the SHMA indicates a need for 191 bedspaces in care homes - 69 in Runnymede and 122 in Spelthorne for the 2013 to 2033 period. This does not form part of the household population and so is separate to the need identified for housing. The same is true for student halls of residence.

Needs from Other Groups within the Population

10.58 The BME population of the study-area is relatively large in comparison with the South East region and has grown significantly over the past decade. Where possible the Councils should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

10.59 Lone parents are also particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the study-area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

10.60 Young people are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

10.61 Student households – While the overall number of students is expected to increase in Runnymede by 2031 so too is the number of student bed spaces owned by the University and other service providers. However this includes a presumption of development being allowed.

10.62 Self-build / custom-build is likely to produce a demand for around 430 plots in Runnymede and Spelthorne. However these should be monitored in case there are any significant changes. Runnymede have set up a register to monitor demand.

10.63 For all of the above groups, with the exception of residential care homes and student halls of residence the need for these properties will be met as part of the general supply, they are not in addition to it.

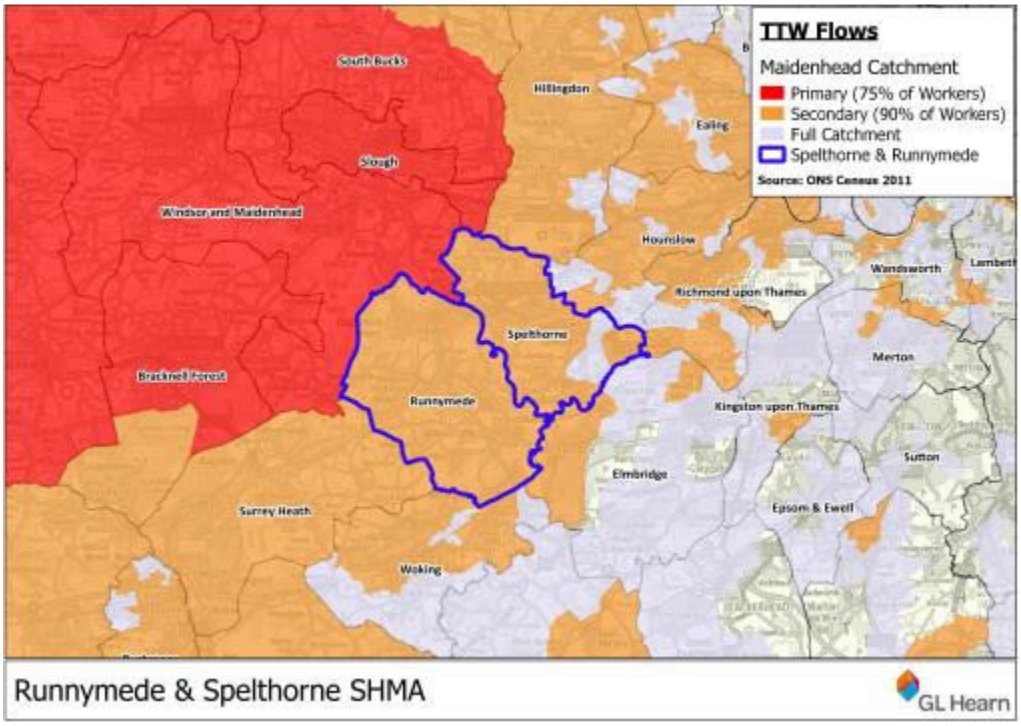
Monitoring and Review

10.64 Through a proactive monitoring process it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy development.

10.65 Long-term monitoring which addresses indicators of housing need, market signals relating to supply-demand balance, and the housing supply trajectory can inform future development and implementation of planning policies for housing provision.

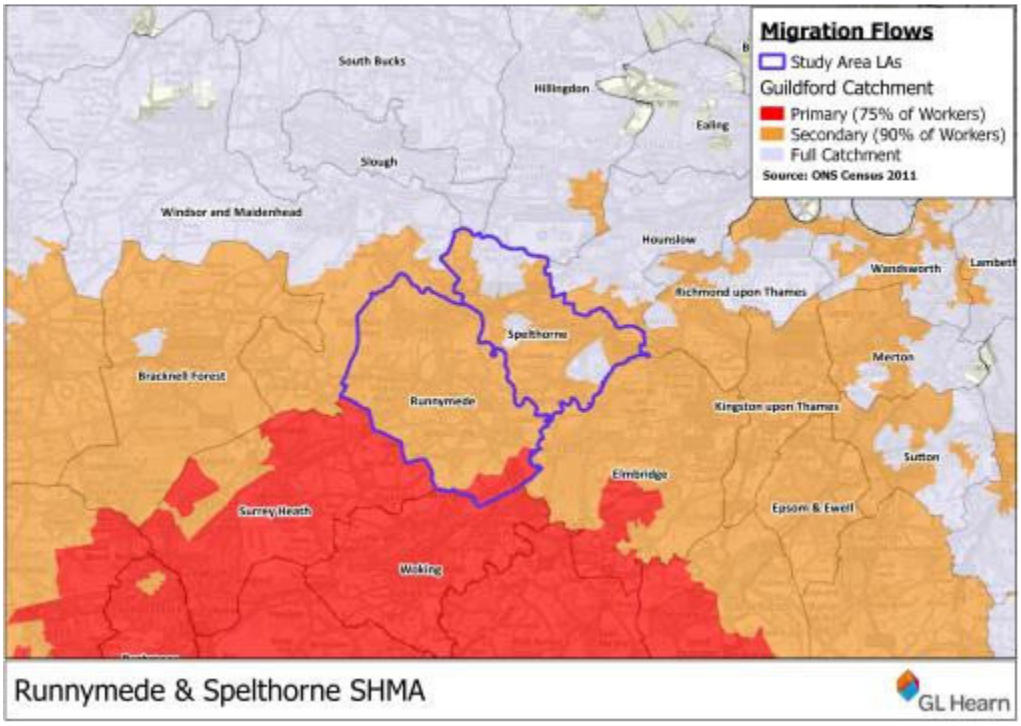
Appendices

APPENDIX A: Commuting to Maidenhead (2011)



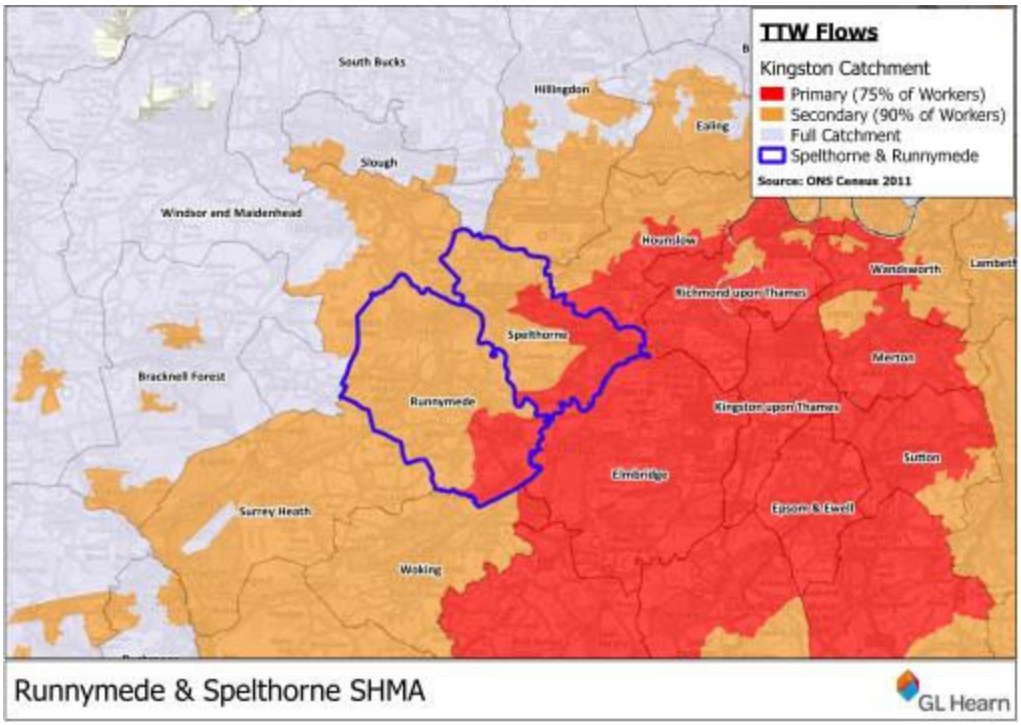
Source: ONS Census, 2011

APPENDIX B: Commuting to Guildford (2011)



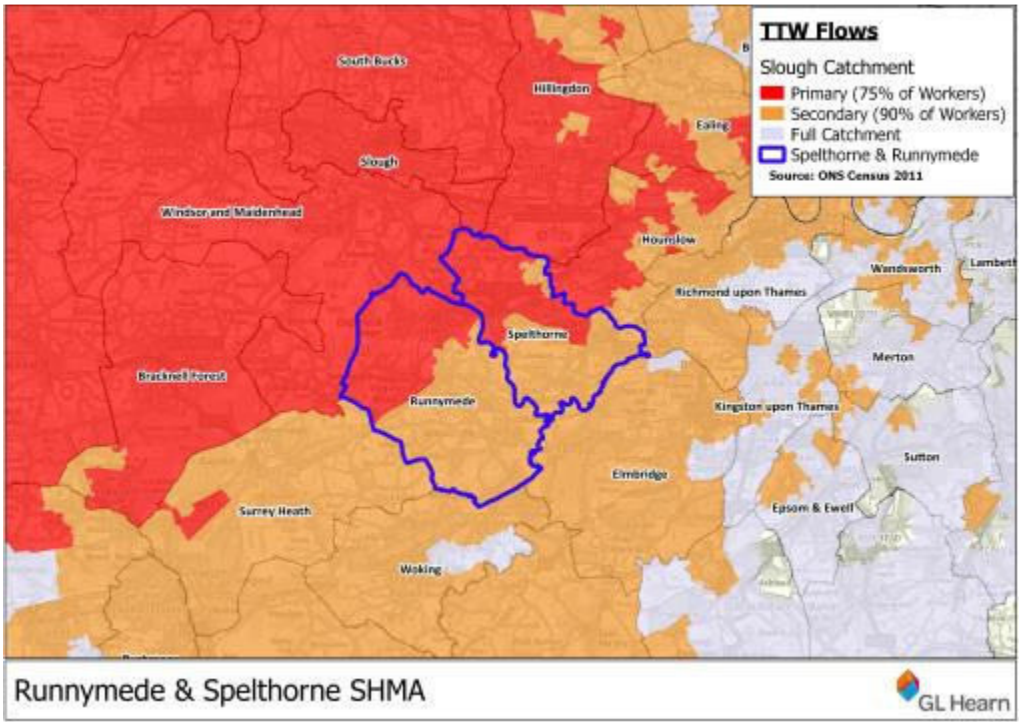
Source: ONS Census, 2011

APPENDIX C: Commuting to Kingston (2011)



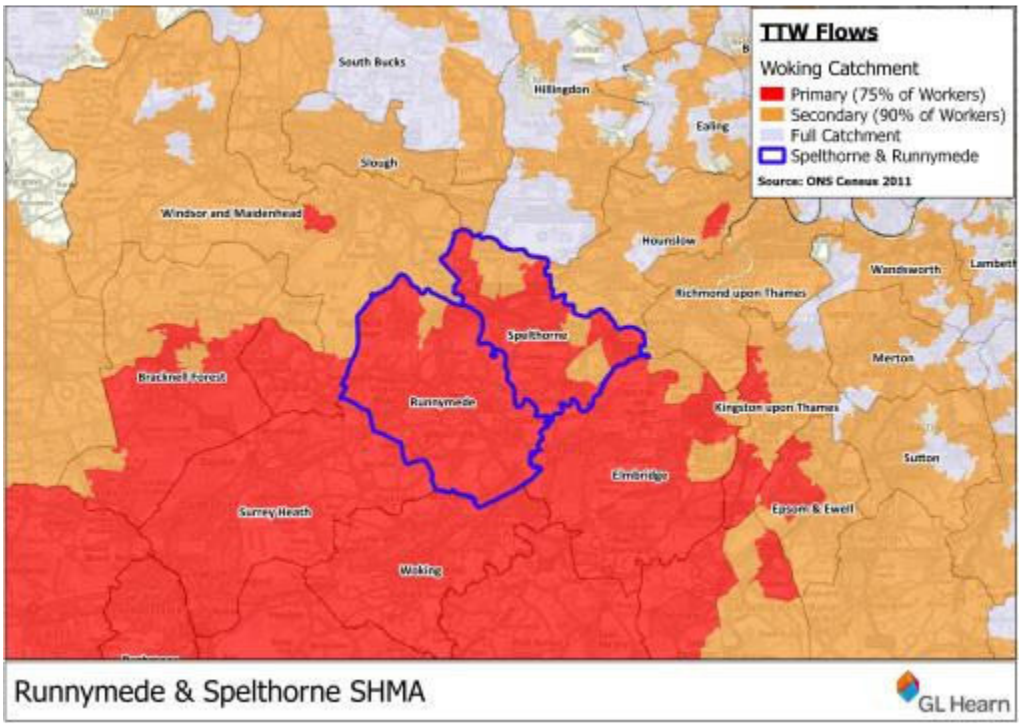
Source: ONS Census, 2011

APPENDIX D: Commuting to Slough (2011)



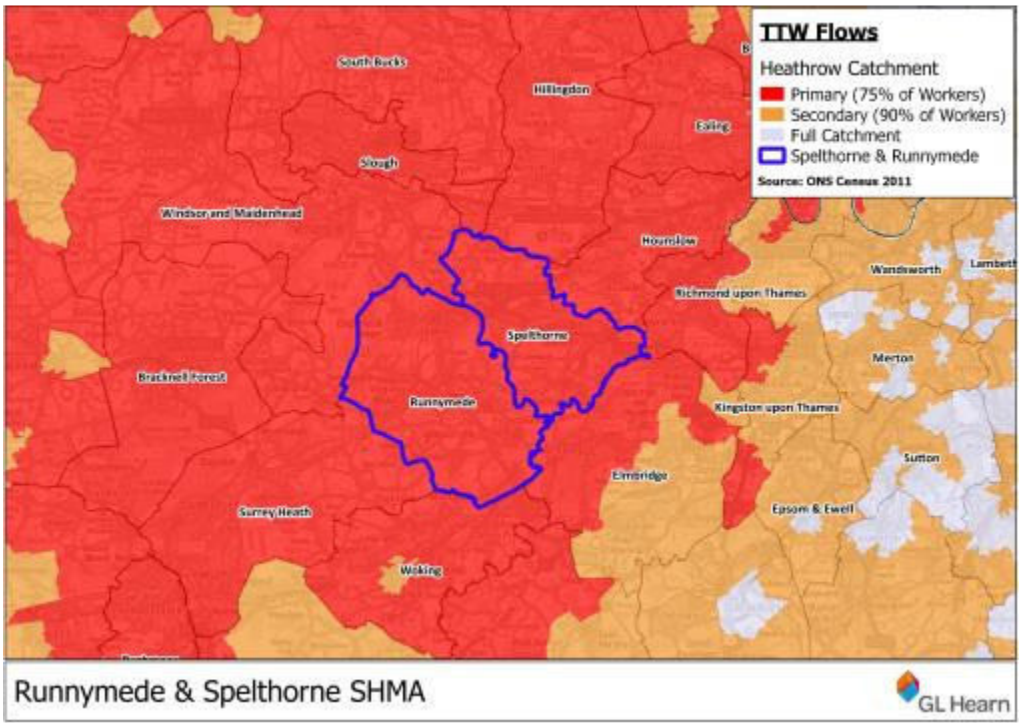
Source: ONS Census, 2011

APPENDIX E: Commuting to Woking (2011)



Source: ONS Census, 2011

APPENDIX F: Commuting to Heathrow (2011)



Source: ONS Census, 2011

APPENDIX G: Major Local Travel to Work Patterns

Place of Residence	Elmbridge	Epsom and Ewell	Guildford	Mole Valley	Reigate and Banstead	Runnymede	Spelthorne	Surrey Heath	Tandridge	Waverley	Woking	Croydon	Hillingdon	Hounslow	Kingston upon Thames	Richmond upon Thames	Sutton
Elmbridge	14,404	531	1,204	1,131	361	2,077	1,404	243	41	204	1,031	141	994	1,487	3,947	2,083	386
Epsom and Ewell	1,017	7,504	454	1,927	1,378	299	195	67	114	79	208	505	217	297	3,011	527	2,270
Guildford	1,579	345	24,820	1,503	529	916	348	1,560	86	3,722	3,093	104	533	448	634	318	180
Mole Valley	1,274	1,600	1,792	12,184	2,466	349	141	76	273	374	385	308	249	240	1,062	258	772
Reigate and Banstead	487	2,312	700	3,452	21,049	256	97	55	2,111	182	206	2,226	421	280	1,020	254	2,743
Runnymede	2,908	156	689	301	139	11,229	2,344	473	30	129	2,037	58	1,687	1,633	473	577	117
Spelthorne	1,774	78	292	163	87	4,215	11,153	326	4	80	526	52	4,219	5,579	871	2,111	88
Surrey Heath	621	77	2,224	220	92	1,649	595	10,888	13	657	2,144	22	1,238	883	198	354	46
Tandridge	151	215	189	574	3,537	93	48	25	8,969	106	79	3,321	149	130	233	83	813
Waverley	557	127	7,730	609	293	389	169	791	84	16,272	1,037	74	330	293	290	172	88
Woking	2,831	212	4,626	540	223	2,957	580	1,362	45	707	14,093	85	690	576	585	338	102
Croydon	371	844	266	677	3,489	223	136	56	3,009	89	195	48,412	461	749	1,229	635	6,806
Hillingdon	197	36	113	64	64	625	841	140	13	37	135	107	45,948	6,251	221	706	60
Hounslow	728	83	189	159	130	1,645	3,447	173	19	47	307	199	11,954	31,030	1,658	7,752	165
Kingston upon Thames	3,145	1,411	650	1,055	556	629	516	130	58	179	430	517	752	1,595	20,982	3,755	1,340
Richmond upon Thames	1,054	183	327	326	134	1,068	1,477	256	30	80	259	194	2,149	7,102	3,479	18,671	271
Sutton	775	3,454	386	1,367	3,344	210	202	69	401	86	211	5,850	329	622	3,488	812	23,989

APPENDIX H: Commuting to London From Runnymede and Spelthorne

London Borough	From Runnymede		From Spelthorne	
	Commuters	% of Residents	Commuters	% of Residents
Hounslow	1,633	20.5%	5,579	13.5%
Hillingdon	1,687	21.2%	4,219	10.2%
Westminster, City of London	1,328	16.7%	1,641	4.0%
Richmond upon Thames	577	7.2%	2,111	5.1%
Kingston upon Thames	473	5.9%	871	2.1%
Ealing	293	3.7%	635	1.5%
Hammersmith and Fulham	186	2.3%	411	1.0%
Camden	263	3.3%	321	0.8%
Southwark	171	2.1%	290	0.7%
Wandsworth	184	2.3%	265	0.6%
Tower Hamlets	183	2.3%	247	0.6%
Islington	179	2.2%	192	0.5%
Lambeth	126	1.6%	215	0.5%
Merton	165	2.1%	167	0.4%
Kensington and Chelsea	115	1.4%	183	0.4%
Sutton	117	1.5%	88	0.2%
Brent	48	0.6%	135	0.3%
Croydon	58	0.7%	52	0.1%
Harrow	30	0.4%	77	0.2%
Hackney	36	0.5%	59	0.1%
Barnet	22	0.3%	56	0.1%
Newham	16	0.2%	41	0.1%
Enfield	16	0.2%	23	0.1%
Bromley	12	0.2%	26	0.1%
Greenwich	19	0.2%	15	0.0%
Lewisham	11	0.1%	13	0.0%
Haringey	3	0.0%	20	0.0%
Havering	5	0.1%	18	0.0%
Redbridge	8	0.1%	12	0.0%
Bexley	5	0.1%	5	0.0%
Barking	-	0.0%	2	0.0%

Source: ONS, Census 2011

APPENDIX I: Further Commuting Analysis

We can augment the commuter catchment mapping by considering where people working in Runnymede and Spelthorne live. The largest flows are from Hounslow and Runnymede.

Top Ten Location of Residence of Spelthorne Workforce

Resident in	Work in Spelthorne	% of Workforce
Spelthorne	11,153	34.6%
Hounslow	3,447	10.7%
Runnymede	2,344	7.3%
Richmond upon Thames	1,477	4.6%
Elmbridge	1,404	4.4%
Hillingdon	841	2.6%
Windsor and Maidenhead	793	2.5%
Surrey Heath	595	1.8%
Woking	580	1.8%
Slough	542	1.7%

Source: ONS Census, 2011

The largest in-commuting flows to Runnymede are from Spelthorne and Woking, followed by Elmbridge.

Top Ten Location of Residence of Runnymede Workforce

Resident in	Work in Runnymede	% of Workforce
Runnymede	11,229	26.8%
Spelthorne	4,215	10.1%
Woking	2,957	7.1%
Elmbridge	2,077	5.0%
Surrey Heath	1,649	3.9%
Hounslow	1,645	3.9%
Windsor and Maidenhead	1,554	3.7%
Bracknell Forest	1,112	2.7%
Richmond upon Thames	1,068	2.5%
Guildford	916	2.2%

Source: ONS Census, 2011

When aggregated to local authority level, the largest numbers commuting out of Spelthorne are to Hounslow (5,579 people) and Hillingdon (4,219 people), particularly to the area around Heathrow. This is perhaps expected given the scale of employment in this area. The next highest is to Runnymede (4,215 people) which has a very similar level to those travelling to Hillingdon. Although 35% of the working residents still work within Spelthorne (11,113 people).

Top Ten Location of Employment for Spelthorne Residents (2011)

Location of Workplace	Commuters	% of Spelthorne Residents
Spelthorne	11,153	27.0%
Hounslow	5,579	13.5%
Hillingdon	4,219	10.2%
Runnymede	4,215	10.2%
Richmond upon Thames	2,111	5.1%
Elmbridge	1,774	4.3%
Westminster, City of London	1,641	4.0%
Slough	1,416	3.4%
Kingston upon Thames	871	2.1%
Windsor and Maidenhead	722	1.7%

Source: ONS, Census 2011

Similarly, Runnymede has 34% of its residents also working in the Borough (11,229 people). It then sees commuting to a range of destinations, with the largest numbers travelling to Elmbridge (2,908 people), Spelthorne (2,037 people) and Woking (2,037 people).

Top Ten Location of Employment for Runnymede Residents (2011)

Runnymede	Commuters	% of Runnymede Residents
Runnymede	11,229	34.5%
Elmbridge	2,908	8.9%
Spelthorne	2,344	7.2%
Woking	2,037	6.3%
Hillingdon	1,687	5.2%
Hounslow	1,633	5.0%
Westminster, City of London	1,328	4.1%
Windsor and Maidenhead	986	3.0%
Slough	736	2.3%
Guildford	689	2.1%

Source: ONS, Census 2011

As the Figures above show in-commuting into the Boroughs shows a slightly different picture, with links much more localised. The 4,215 people who commute out of Spelthorne to Runnymede comprise almost 10% of the workforce in Runnymede. Woking (7.1%) and Elmbridge (5.0%) also provide a high percentage of the workforce. Hounslow provides 10.7% of the workforce in Spelthorne and Runnymede provides 7.3%.

APPENDIX J: Key Definitions

Key definitions used in this report include the following:

- ***Affordable housing:*** Affordable housing is defined in the NPPF as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- ***Social rented housing:*** social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authorities or with the Homes and Communities Agency.
- ***Affordable rented housing:*** affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- ***Intermediate housing:*** Intermediate housing is homes for sale or rent provided at a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

  Housing Need: Housing need refers to refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.
- ***Affordable Housing Need***: This describes the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- ***Newly-Arising Need:*** Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs. Figures for this are gross, and differ from those set out reflecting total household growth.
- ***BME Population:*** Black Minority Ethnic Population is the terminology normally used in the UK to describe people of non-white descent. It is defined as all ethnic groups excluding White British, White Irish and White Other.
- ***Extra Care Housing:*** Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very sheltered housing or assisted living. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages.
- ***Registered Care Housing:*** *A residential setting where a number of older people live, usually in single rooms, and have access to on-site care services. A home registered simply as a care home providing personal care will provide personal care only - help with washing, dressing and giving medication. A home registered as a care home providing nursing care will provide the same personal care but also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks.*

- ***Specialist Housing:*** This describes home care service which provides appropriate services for people with specific needs e.g. (those with dementia) and their families, through the deployment of a specially trained staff team and additional, flexible support to meet individual needs.