West Surrey Strategic Housing Market Assessment

Guildford, Waverley and Woking Borough Councils

Final Report

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Quality Standards Control

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This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

DATE	ORIGINATORS	APPROVED
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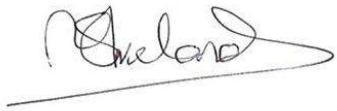


Limitations

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.

1. INTRODUCTION

1.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by Guildford Borough Council, Waverley Borough Council and Woking Borough Council to develop a Strategic Housing Market Assessment (SHMA). The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing needs of different groups within the population.

1.2 **The SHMA does not set housing targets. It provides an assessment of the need for housing, making no judgements regarding future policy decisions which the Councils may take.** Housing targets will be set in local plans. The SHMA provides an important input into setting targets for housing provision, but the housing targets as set out in local plans will also take into account factors such as the supply of land for new development, Green Belt, local infrastructure capacity and environmental constraints. These factors may limit the amount of development which can be sustainably accommodated.

1.3 The SHMA responds to and is compliant with the requirements of the National Planning Policy Framework (the NPPF).[1] It is informed by Planning Practice Guidance (PPG)[2]. It provides assessment of the future need for housing, with the intention that this will inform future development of planning policies. According to the PPG, housing need:

> *"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."*

1.4 This report, in discussing housing need, is thus referring to both the need for market and affordable housing, taking account of both local need and that associated with net migration. This is required by national policy.

1.5 The SHMA provides specific evidence and analysis of the need for different sizes of homes, to inform policies on the mix of homes (both market and affordable). The SHMA also analyses the needs of specific groups within the population, such as older people and students.

1.6 The SHMA covers the West Surrey Housing Market Area (HMA) which comprises the authorities of Guildford, Waverley and Woking. It builds on and supersedes previous draft SHMA Reports which GL Hearn prepared for Waverley Borough Council (published October 2013) and Guildford Borough Council (published May 2014) as well as the draft report for West Surrey (December 2014). It updates these as appropriate to take account of more recent information, most notably the 2012

[1] CLG (March 2012) *National Planning Policy Framework*
[2] CLG *Planning Practice Guidance – Assessment of Housing and Economic Development Needs - http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/*

Sub-National Population Projections published by the Office for National Statistics (ONS) in May 2014 and the 2012-based Household Projections published by CLG in February 2015.

1.7 GL Hearn recognises that there are influences between the West Surrey Housing Market and other adjoining areas, including from the North West Surrey and North Hampshire Housing Market Area, East Hampshire District, Runnymede Borough and from London. A separate Strategic Housing Market Assessment has been prepared for Hart, Rushmoor and Surrey Heath by Wessex Economics.

National Planning Policy Framework and Guidance

1.8 The Coalition Government has reformed the policy framework for planning for housing. Regional strategies have been revoked (the South East Plan[3] was revoked in April 2013) and responsibility for planning on cross-boundary issues has been returned to local authorities.

1.9 The primary legislation to support this is the 2011 Localism Act which now imposes a 'duty to cooperate' on local authorities, requiring them to "engage constructively, actively and on an on-going basis" with the other authorities and relevant bodies. The Duty to Cooperate is applied as both a legal and soundness test to which development plans must comply. Housing provision is an issue of cross-boundary relevance which local authorities both within and beyond the HMA will need to engage with each other on.

1.10 National policies for plan-making are set out within the National Planning Policy Framework. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

1.11 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 (including policies relating to Green Belt) indicate that development should be restricted.

1.12 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:

[3] CLG (May 2009) The *South East Plan – Regional Spatial Strategy for the South East of England*

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

1.13 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. A number of local plan examinations have demonstrated the importance of properly identifying and addressing the housing market area as a whole[4].

1.14 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 examining. 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, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

1.15 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. This SHMA takes account of the most recent economic evidence prepared by AECOM for Guildford and Woking Boroughs and by Atkins for Waverley.

1.16 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site.

1.17 In setting affordable housing targets within a Local Plan, the NPPF states that to ensure a Local Plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a 'whole plan' approach to viability.

4 For example Hart, Bath and NE Somerset or Coventry

Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy (CIL) charges alongside their local plan.

Planning Practice Guidance

1.18 Planning Practice Guidance (PPG) was issued by Government in March 2014 on 'Assessment of Housing and Economic Development Needs' and is maintained online and updated periodically. The PPG is relevant to this SHMA 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 takes account of this Guidance.

1.19 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 (for example the nature of the market 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."

1.20 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 preparation of this report the latest projections are the 2012-based Household Projections[5]. It also outlines that the latest population projections and mid-year population estimates should be considered. The latest projections are the 2012 Sub-National Population Projections[6] published by ONS in May 2014.

1.21 It 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. This is considered in the subsequent chapters. Guidance indicates that proportional adjustments should be made (increasing the assessed housing need relative to demographic led projections) where the

[5] CLG (February 2015) 2012-based Household Projections
[6] ONS, 2012-based Subnational Population Projections for Local Authorities in England, 2014

market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.22 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. It indicates that this may provide a case for increasing the level of overall housing provision – in order to increase the delivery of affordable housing.

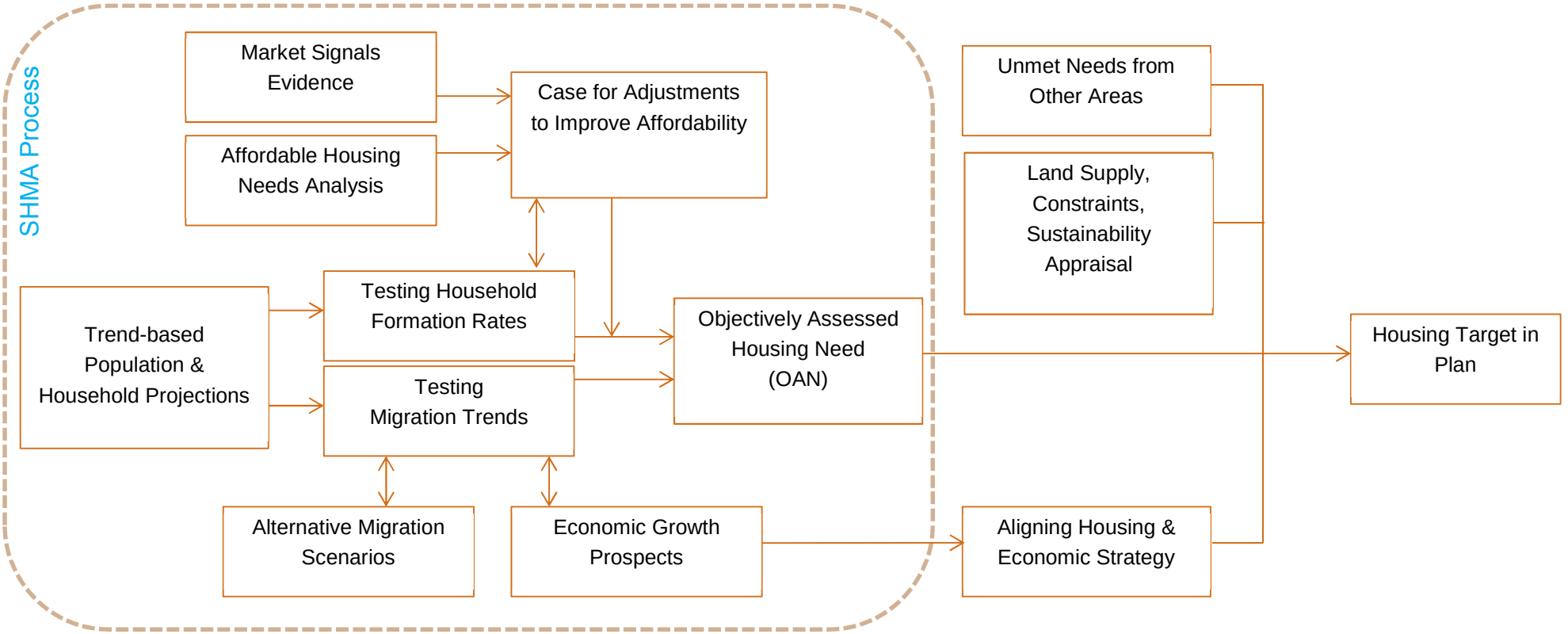
1.23 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour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

1.24 The Guidance indicates that the assessment should consider the need for different types of housing and the needs of different groups, including family housing, housing for older people, and households with specific needs and those looking to build their own home. It sets out that the need for older persons housing should be broken down by tenure and type, and should include an assessment of need for residential institutions.

Overview of the Approach to Deriving OAN

1.25 Based on the above, the diagram below summarises the approach we have used to deriving conclusions regarding the Objectively-Assessed Need (OAN) for Housing. This is driven by the approach in the Planning Practice Guidance (PPG).

Figure 1: Overview of Approach to Generating a Housing Target



KEY MESSAGES

- National planning policies require the SHMA to define the 'full objectively assessed need for market and affordable housing.' This provides a starting point for considering policies for housing provision. The assessment must 'leave aside' constraint factors (including land availability and Green Belt) however these are relevant in drawing together evidence and testing options in the development of local plans. The SHMA does not set targets for housing provision.

- Government's Planning Practice Guidance sets out how the objectively assessed need for housing should be defined. It sets out that the starting point should be demographic projections, with appropriate assumptions regarding household formation rates. The need may then need to be adjusted to support economic growth or improve affordability. The SHMA follows this approach to identifying housing need.

Report Structure

1.26 The report models the implications of the 2012-based Population and Household Projections. It also takes into account the 2013 mid-year population estimates. The new household projections have not been considered to automatically be the starting point for the OAN – it is necessary to interrogate the assumptions within the projections. The remainder of the report is structured in the following way:

- Chapter 2: Defining the Housing Market Area;
- Chapter 3: Characteristics of the housing market;
- Chapter 4: Demographic projections;
- Chapter 5: Economic-driven projections
- Chapter 6: Affordable housing need;
- Chapter 7: Market signals
- Chapter 8: Requirements for different types and sizes of homes;
- Chapter 9: Specific groups of the population; and
- Chapter 10: Conclusions and recommendations.

2 DEFINING THE HOUSING MARKET AREA

2.1 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 Work in this report to define the geography of the housing market area builds on that undertaken in preparing a draft SHMA Report for Waverley Borough Council in Summer 2013. This included both data analysis and engagement with key stakeholders, including other local authorities, to agree the HMA geography.

2.3 The NPPF makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a housing market area, and to seek to meet needs within it where possible. The Planning Practice Guidance (PPG) reaffirms this. The first question is therefore, what the relevant housing market(s) is.

Approach to Defining Housing Market Areas

2.4 The PPG defines a housing market area as a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. The Guidance indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. It suggests three primary information sources:

- Patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries;
- Population and household migration flows, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the spatial structure of the labour market and the functional relationships between places where people work and live.

2.5 The PPG makes it clear that these sources of information can reflect different aspects of household behaviour and that there is therefore no single source of information set to use in identifying housing markets; the focus is on considering what is appropriate in a local context. It also makes clear that there can be some overlap between market areas.

Existing Research to Define Housing Market Areas

2.6 Existing national and regional research provides a useful starting point to guide the identification of housing markets. There has been a considerable body of technical work and analysis undertaken to define HMAs across the country, adopting a range of different technical approaches, which to some extent have reflected the different spatial characteristics of housing markets in different areas; but

more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

2.7 The Planning Advisory Service's June 2014 Technical Advice Note on 'Objectively Assessed Need and Housing Targets' recommends the use of national research as a starting point for defining Housing Market Areas. It also clarifies that on a practical basis it is appropriate to define housing market areas on the basis of local authority boundaries. GL Hearn considers this approach to be sensible – not least as key demographic data and projections are not published below local authority level.

National Research

2.8 Government published national level research on *the Geography of Housing Market Areas* in 2010 which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and standardised house prices. This was brought together to define 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.

2.9 The two-tier structure (strategic/local) in the CLG research (which is mapped and analysed) is useful at disaggregating strategic housing market areas which are generally for modelling of issues such as affordability; whilst the more local housing market areas are of greater relevance in considering issues relating to local market dynamics and supply-demand balance. However, the practicalities of using each must be considered depending on location, particularly in areas influenced by cities and larger urban areas.

2.10 The strategic housing market areas are defined at both a finer grain gold standard which are comprised of census wards and a silver standard which are comprised of local authorities. For the purposes of the SHMA the silver standard definitions are more useful.

Strategic Housing Market Areas

2.11 The CLG research defines the three Local Authorities of Guildford, Waverley and Woking as falling within the London Strategic Housing Market Area. This HMA covers Greater London as well as significant parts of the surrounding counties of Essex, Kent, Surrey and Hertfordshire. A single ward in Waverley is identified as within the Brighton Strategic Housing Market area.

2.12 This is a large area. As it currently stands there are not the appropriate policy mechanisms in place to coordinate planning and research across this area. However, it does provide an important and

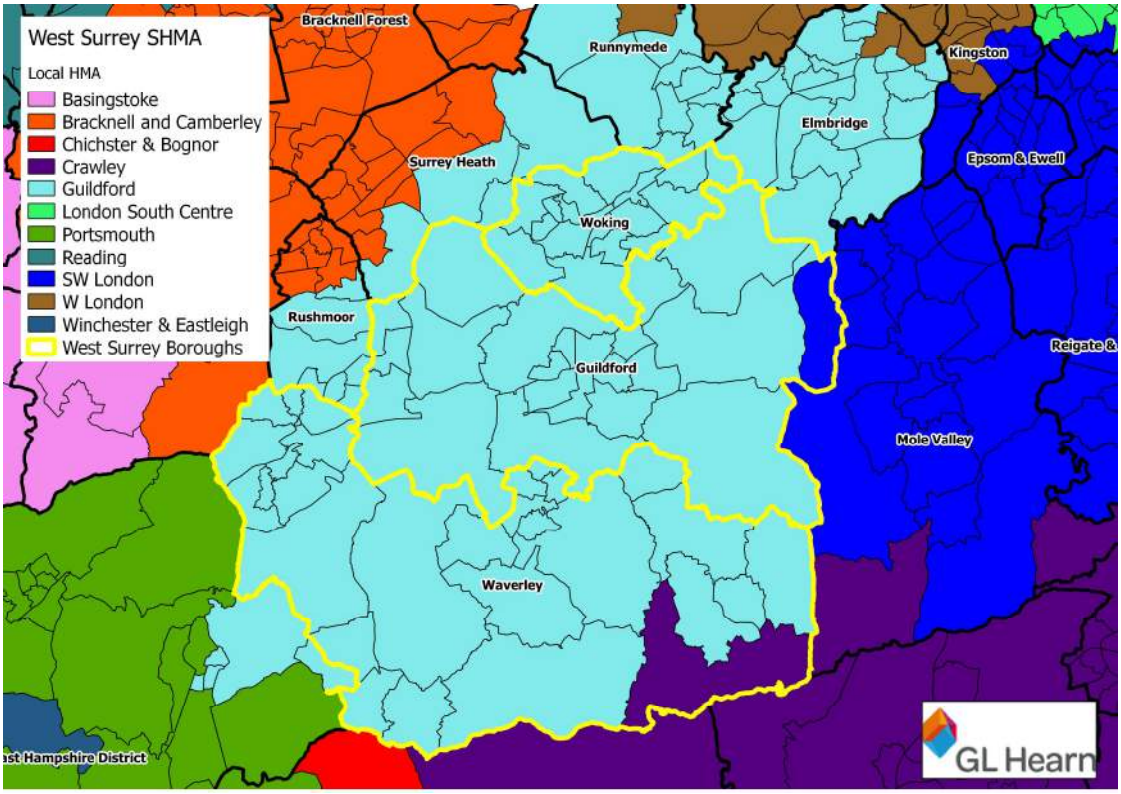
clear demonstration of the influence of London on market behaviour and movement patterns throughout much of the South East, including the authorities in West Surrey.

2.13 Three other strategic housing markets are also defined in close proximity to West Surrey. The Reading market covers large parts of Berkshire to the West; whilst to the South are market areas centred on Brighton and Portsmouth.

Local Housing Market Areas

2.14 Within these defined strategic market areas, the CLG research also defined a number of local housing market areas (LHMAs). Those around West Surrey have been mapped in Figure 2 below. It should be noted that these are based on 2001 Census analysis, which is now somewhat dated.

Figure 2: CLG-defined Local Housing Market Areas



Source: CURDS, 2010

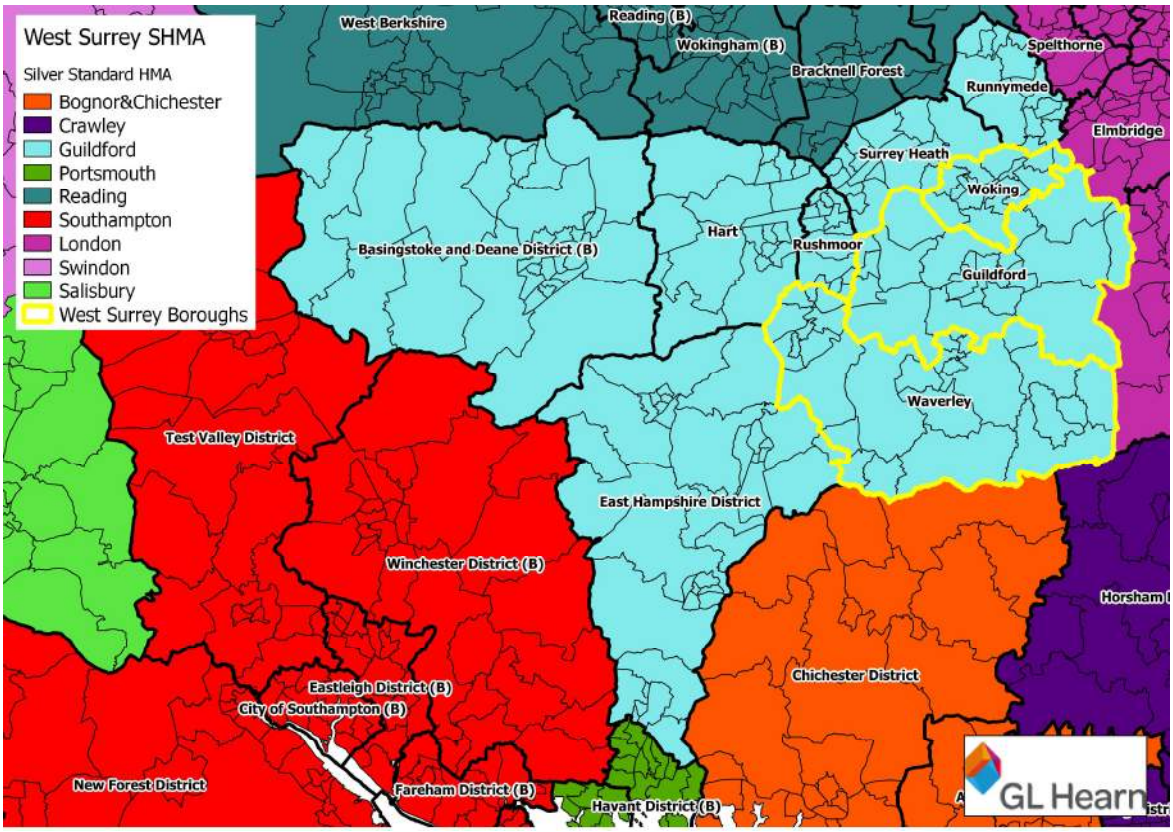
2.15 The most relevant CLG defined LHMAs to this report, is the Guildford LHMA. This HMA covers all of Woking and all but one ward in Guildford Borough and one ward in Waverley Borough. The Guildford LHMA also covers parts of Rushmoor, Surrey Heath, East Hampshire, Elmbridge and Runnymede.

Single Tier Housing Market Areas

2.16 The CLG research also takes forward a 'silver standard' best fit groupings of whole authorities to single tier HMAs. In this regard, Guildford, Waverley and Woking Boroughs are defined within the Guildford & Basingstoke HMA alongside the following authorities:

- Surrey Heath
- Runnymede
- Rushmoor
- East Hampshire
- Hart
- Basingstoke & Deane

Figure 3: Silver Standard Housing Market Area



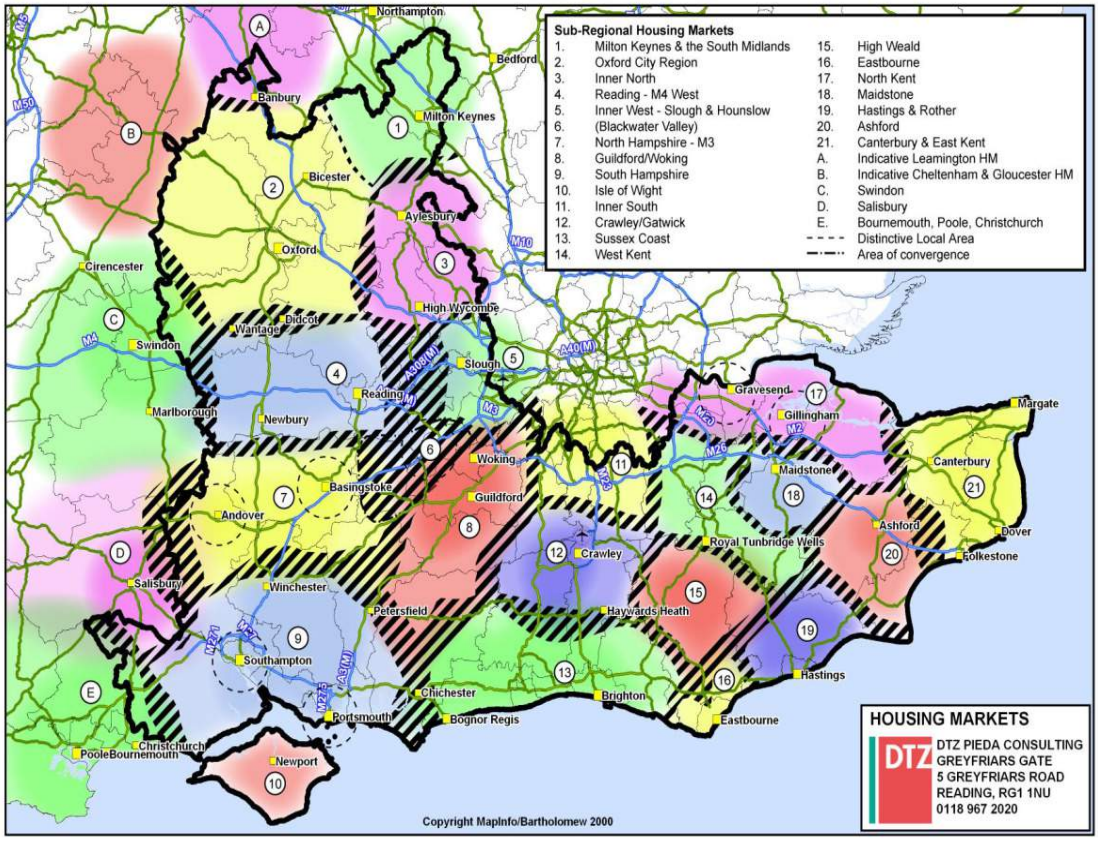
Source: CURDS, 2010

2.17 This is considered in the CLG research to be inferior to the two-tier definition. The different HMA geographies shown by the CLG research highlight the complexity of defining housing market areas and issues regarding what weight should be attached to different factors.

Regional Research

2.18 A regional study was undertaken by DTZ for the South East England Regional Assembly and Homes and Communities Agency in 2004 to define housing market areas across the South East. These were subsequently incorporated into the South East Plan.

Figure 4: Housing Market Areas in the South East (DTZ/SEERA)



2.19 The DTZ study identified a total of 21 housing markets across the South East which were agreed on by local authorities and other stakeholders (Figure 4). Local authorities in Surrey principally fell within one of three housing market areas, which were defined as follows:

- **Inner South** – covering parts of North West Surrey including Epsom and Ewell and the majority of the districts of Tandridge, Reigate and Banstead and Mole Valley. The strong overlap with London was particularly apparent for this market area.
- **Guildford/Woking** – covering the majority of authorities in West Surrey including Waverley, Guildford, Woking, Surrey Heath, Runnymede and Elmbridge but with an influence extending further south into East Hampshire.
- **Crawley –** predominantly covering northern West Sussex (i.e. Crawley, Mid Sussex and Horsham) but also influencing the southern parts of Regiate and Banstead, Mole Valley and Tandridge and to a lesser extent the eastern parts of Waverley.

2.20 The DTZ work also usefully identifies areas of convergence and overlap, recognising that whilst certain groupings of authorities share the strongest relationships, functional interactions also exist with areas beyond these. Areas of convergence are shown between the Guildford HMA and a number of other markets - South Hampshire, the Blackwater Valley, North Hampshire and the London Inner West market, demonstrating the complex relationships in the West Surrey/Hampshire area.

KEY MESSAGES

- Previous research studies provide a somewhat unclear picture in respect of housing market geographies, showing a number of potential market areas. A number however identify a Guildford-focused market which operates across West Surrey with some overlap into parts of Hampshire.
- Previous research has however been based particularly on data from the 2001 Census which is now somewhat dated. It is an appropriate time to review the definition of the HMA.
- It is generally accepted that for practical reasons a 'best fit' to local authority boundaries is appropriate in defining housing market areas, not least as key demographic data necessary to undertake an SHMA is not available below the local authority level.
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House Prices and Price Trends

2.21 House price patterns and trends can be a useful indicator of demand dynamics and pricing levels in different areas. The PPG sets out that house prices provide a 'market based' reflection of housing market area boundaries.

2.22 To begin with, median house prices at a local authority level are considered. Table 1 considers prices for all those authorities defined in the CLG Research as falling within the same 'single tier' HMA.

Table 1: Changes in Median House Prices, Local Authorities 2007-12

	Median House Price (2012)	Change (2007-2012)
Waverley	£360,000	16%
Guildford	£320,000	8%
Hart	£310,000	9%
Surrey Heath	£307,000	10%
Woking	£282,000	13%
East Hampshire	£263,500	-3%
Runnymede	£250,000	-10%
Basingstoke & Deane	£228,000	2%
Rushmoor	£207,500	4%

Source: HM Land Registry/ CLG

2.23 This high level analysis highlights some important dynamics. Waverley has the highest house prices with a median price of £360,000 (in 2012). Average house prices in Guildford, Hart and Surrey Heath fall between £300,000 - £320,000. In Woking the average price was £282,000. Prices in East Hampshire, Runnymede, Basingstoke and Rushmoor are lower, falling between £207,500 - £263,500. Median prices are a reflection in part of the differences in the housing mix in different areas, but are also influenced by other factors including quality of place and accessibility.

2.24 We have also considered a more fine grained analysis of prices looking at individual settlements:

Table 2: Changes in House Prices at Settlement Level, 2009-2013

		Average House Price	Change (past 4 years)
Waverley	Farnham	£425,390	12.9%
	Haslemere	£459,170	8.7%
	Cranleigh	£393,740	14.2%
	Godalming	£423,880	10.4%
Woking	Knaphill	£278,070	12.3%
	Old Woking	£279,200	12.3%
	Horsell	£362,960	12.5%
	Byfleet	£272,200	6.7%
Guildford	East Horsley	£850,890	14.4%
	Guildford	£409,600	12.2%
	Send	£492,760	12.3%
	Shalford	£422,350	7.9%
	Ash	£229,330	5.2%
Elmbridge	Cobham	£900,400	11.5%
	Walton on Thames	£457,400	13.5%
	Claygate	£642,600	19.9%
	Thames Ditton	£549,750	16.3%
Surrey Heath	Camberley	£316,280	11.9%
	Frimley	£301,690	10.9%
	Bagshot	£293,700	10.6%
Rushmoor	Aldershot	£212,300	8.8%
	Farnborough	£223,170	9.0%
Runnymede	Chertsey	£298,370	7.2%
	Egham	£332,690	8.0%
	Addlestone	£293,900	14.2%
East Hampshire	Alton	£347,650	9.1%
	Bordon	£263,500	2.4%
	Liphook	£363,940	5.0%
	Horndean	£225,630	10.5%
Hart	Fleet	£348,200	10.7%
	Hook	£364,600	8.0%
	Blackwater	£275,280	11.9%
	Yateley	£278,740	8.5%

Source: Zoopla Zed-Index

2.25 These settlement level dynamics – both in terms of average prices and price trends – support reasonably strong market comparability between Guildford and Waverley as well as with some parts of Woking. We also see similarly strong price and trend correlation between Hart and Surrey Heath, suggesting similar market dynamics between these two areas. Price growth in Rushmoor is also correlated with these two authorities; however, its average prices are notably lower than any of the other authorities considered. There is little evidence of market integration between Woking and Elmbridge (with notably higher prices in key settlements in Elmbridge) but we can see some correlation between Woking and the more southern parts of Runnymede.

2.26 At a local authority level, the market integration between East Hampshire and Waverley is relatively weak; however, the settlement analysis shows some price comparability between Waverley and some of the more northern parts of East Hampshire such as Alton and Liphook (albeit growth has been weaker in these areas).

Migration Patterns

2.27 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed Census data on internal migration flows between relevant local authority areas.

2.28 The data typically shows larger flows between authorities which are close to or border one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

2.29 Taking this into account, we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows in numeric terms and expressed per combined 1,000 population.

Table 3: Gross Migration Flows (2010-1)

Authority 1	Authority 2	Gross Migration Flows	Gross per head of Pop
Waverley	Guildford	1997	7.72
Rushmoor	Hart	1175	6.36
Surrey Heath	Rushmoor	1009	5.61
Runnymede	Spelthorne	983	5.58
Elmbridge	Kingston upon Thames	1599	5.50
Guildford	Woking	1194	5.05
Runnymede	Woking	895	4.98
Guildford	Rushmoor	1068	4.62
East Hampshire	Havant	1086	4.60
Waverley	East Hampshire	956	4.03
Surrey Heath	Woking	718	3.87
Elmbridge	Runnymede	717	3.39
Runnymede	Elmbridge	717	3.39
Waverley	Rushmoor	718	3.33
Hart	Basingstoke and Deane	780	3.01

Source: Census, 2011

2.30 The analysis undoubtedly confirms a complex set of interactions and flows between authorities in West Surrey and Hampshire. However, there are a number of pertinent migration patterns and relationships.

2.31 The strength of the relationship between Waverley and Guildford is clear with almost 2,000 people moving between the two authorities over the year period (equivalent to 7.72 per 1,000 population). Woking's strongest relationship is also with Guildford, with a flow of almost 1,200 persons (equivalent to 5.05 flows per 1,000 population). The strongest relationship from Elmbridge is with Kingston-upon Thames; from East Hampshire is to Havant; and from Rushmoor is with Hart. Rushmoor has a similar scale of flow with both Guildford and Surrey Heath in numerical terms, but the relationship with Surrey Heath is stronger relative to the population base.

2.32 Waverley's next strongest migration relationship is with East Hampshire with just over 1,000 gross flows per annum (4.32 per 1,000 population). Whereas Guildford's is with Rushmoor (4.62 per 1,000 population) and Woking's is with Runnymede (4.98 per 1,000 population).

2.33 Whilst these secondary relationships are clearly significant; East Hampshire also shares notable relationships with a number of other authorities in Hampshire and along the south coast (e.g. Havant, Winchester, Chichester). Similarly Rushmoor has stronger links with Hart, Surrey Heath Runnymede with Spelthorne. Runnymede's strongest links are with Spelthorne.

Summary of Migration Flow Analysis

2.34 Migration patterns clearly confirm the strength of a strong set of relationships between Guildford, Waverley and Woking. There are links between these authorities and others around them – between Guildford and Rushmoor, Waverley and East Hampshire, and Woking and Runnymede; however an analysis of the flows from these authorities suggests that their strongest relationships are with other authorities.

2.35 The strongest migration flows from East Hampshire are with authorities in South Hampshire and along the South Coast. In our view, East Hampshire's market is on the whole, more strongly integrated with South Hampshire, albeit there is likely to be some localised influence from Waverley and to a lesser extent Guildford on the more northern parts of the Borough.

2.36 In Woking's case the strongest relationship is with Guildford although the links with Runnymede are no less notable. However, Runnymede is closely linked with Spelthorne and to a lesser extent the other Northern Surrey authorities.

2.37 Relationships to the west are also complex. Whilst there are links between Waverley and Guildford with Rushmoor, it would appear that Rushmoor actually faces more in a westerly direction, particularly towards Hart and Surrey Heath with which it shares amongst the strongest migration flows identified amongst the various authorities studies (6.1 and 4.9 flows per 1,000 respectively). There is a stronger flow in absolute terms between Rushmoor and Surrey Heath than with Guildford.

Commuting Patterns

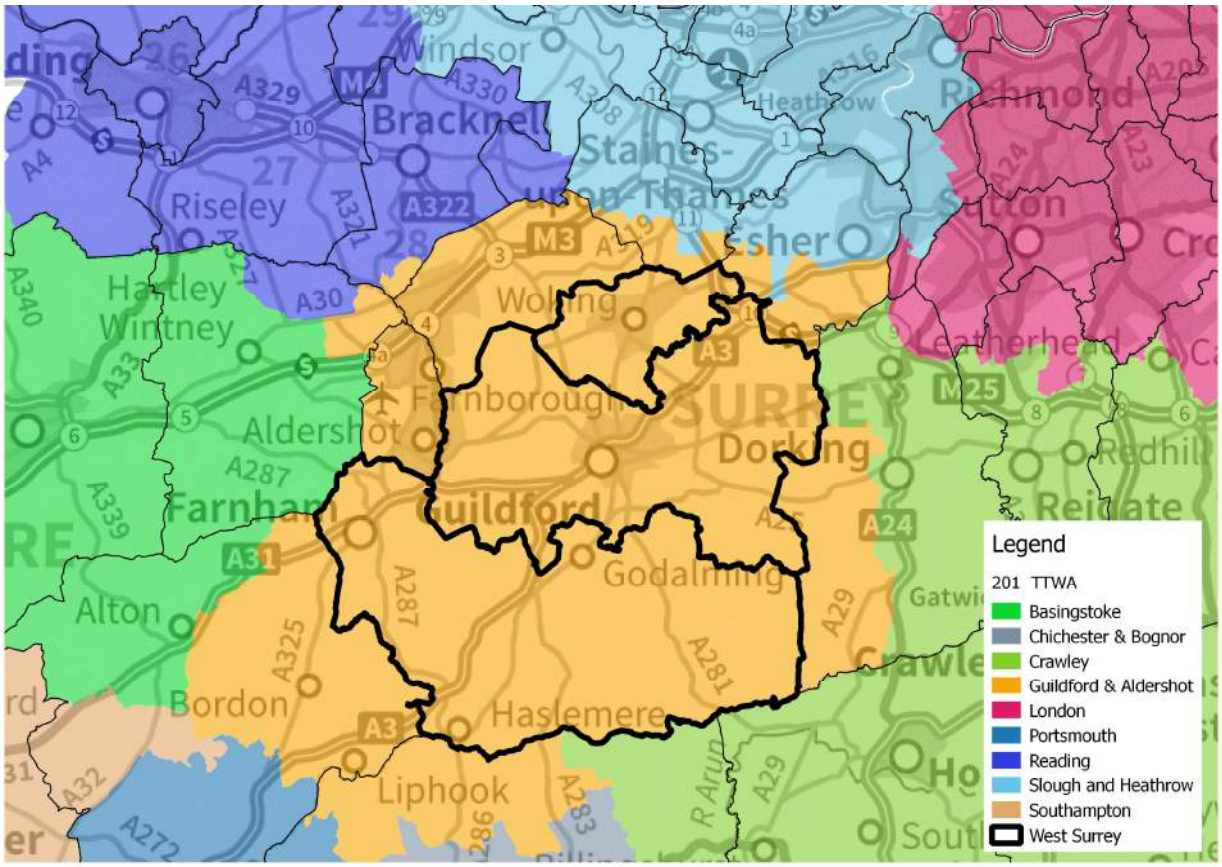
2.38 Commuting flows provide important evidence of the functional relationships between different areas. The Planning Practice Guidance directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market as these will somewhat influence search patterns and location choices within the housing market.

2011 Travel to Work Areas

2.39 The first source to consider is the recently released 2011 Travel to Work Areas (2011 census data analysed by ONS). Travel to Work Areas of commuting evidence (TTWA) are the smallest areas that can be defined in which two thirds of the population live and work and are, therefore, useful in defining HMA areas. These provide a useful starting point as they offer national coverage and comparability; however, the data is now somewhat dated.

2.40 Figure 5 shows the Travel to Work Area geographies. The Guildford and Aldershot TTWA includes Aldershot, Farnham, Godalming, Woking and Guildford. It extends north to approximately the M25/M3 and south to Liphook.

Figure 5: ONS Travel to Work Areas



Source: ONS, 2001

2011 Commuting Flows

2.41 More recent commuting data has since been published from the 2011 Census. The table below analyses key commuting flows between local authorities.

2.42 There is clearly a notable commuting flow to Greater London from authorities within Surrey. The analysis is however structured to consider flows particularly between individual local authorities to understand local relationships.

Table 4: Commuting Flows between Local Authorities, 2011

Residence	Workplace	Commuters	% of Residents
Waverley	Guildford	7,730	17.6%
Elmbridge	Westminster, City of London	7,005	14.1%
Rushmoor	Surrey Heath	4,693	11.1%
Hart	Rushmoor	4,675	12.5%
Woking	Guildford	4,626	11.2%
Elmbridge	Kingston upon Thames	3,947	8.0%
East Hampshire	Waverley	3,866	8.7%
Guildford	Waverley	3,722	6.7%
Rushmoor	Guildford	3,579	8.4%
Woking	Westminster, City of London	3,273	7.9%
Rushmoor	Hart	3,238	7.6%
Guildford	Westminster, City of London	3,207	5.8%
Guildford	Woking	3,093	5.6%
Hart	Surrey Heath	2,972	8.0%
Woking	Runnymede	2,957	7.2%
Waverley	Westminster, City of London	2,947	6.7%
Runnymede	Elmbridge	2,908	8.9%
Woking	Elmbridge	2,831	6.8%

Source: Census, 2011

2.43 Particularly notable through this analysis again is the strong relationship between Waverley and Guildford with over 7,700 people per day travelling from Waverley to Guildford for work (and 3,722 in the other direction). The strongest commuting flow from Woking is to Guildford (4,626 persons) albeit that if London Boroughs are considered together, this would result in a stronger flow.

2.44 There is evidence of commuting from Rushmoor to Guildford, but the commuting analysis suggests a strong set of links between Rushmoor, Surrey Heath and Hart. Its strongest relationship is with Surrey Heath. Flows from Woking to Guildford are 50% stronger than those to Runnymede. The strongest flows from Elmbridge are with Central London and Kingston-upon-Thames.

2.45 We see flows from East Hampshire to Waverley (3,900 persons per day) but it also shares stronger labour market interactions with Portsmouth and Havant as well as noteworthy flows with authorities across South Hampshire and the south coast (e.g. Winchester, Chichester). This again tends to suggest that interactions between East Hampshire and authorities in Surrey are likely to be more localised in nature, affecting mostly the northern parts of the borough whilst the remainder faces southwards. It is however reasonable to expect that the Hindhead Tunnel could influence commuting dynamics moving forwards.

2.46 Table 5 assesses the strength of commuting flows within London. There is a particularly high level of commuting from Elmbridge and Spelthorne with London, with flows of 18,000 and 23,800 (rounded to the nearest 100) respectively. There is also a notable level of commuting from Woking

and Guildford to London – with commuting of 9,200 and 9,000 respectively. In proportional terms the flow is stronger from Woking. 6,900 persons daily commute from Waverley to London. The strong commuting reflects in part the strength of rail links.

Table 5: Relationship with London Boroughs – Commuting Flows (2011)

Residence	Flows into London	Percentage of work flows
Elmbridge	23,765	48.0%
Spelthorne	18,001	43.6%
Runnymede	7,979	24.5%
Woking	9,207	22.3%
Guildford	8,967	16.2%
Waverley	6,921	15.7%
Surrey Heath	5,403	15.4%
Hart	4,263	11.4%
Rushmoor	3,315	7.8%
East Hants	2,990	6.7%

Source: Census 2011

Commuting Self-Containment

2.47 We have analysed the 2011 commuting data to identify levels of self-containment. The table below sets out the levels of self-containment both workplace based (i.e. proportion of an area's workers who live in that area) and residence based (i.e. proportion of an area's residents who work in that area).

2.48 We can clearly see that many of the individual authorities display relatively low levels of self-containment, influenced in part by out-commuting of residents to London (particularly amongst the higher skilled residents).

Table 6: Travel to Work Self Containment, 2011

	% of Residents	% of Workforce
Woking	34.1	41.0
Guildford	44.9	39.2
Waverley	37.0	43.8
East Hampshire	42.7	55.1
Rushmoor	38.6	39.5
Surrey Heath	31.1	31.9
Hart	29.6	37.3
Runnymede	34.5	26.8
Elmbridge	29.1	34.7

Source: Census 2011

2.49 What is particularly notable is the very low levels of residence based self-containment in a number of authorities, which, when combined with the local flow information set out above, further demonstrates the inter-relationships between authorities in this area and the influence which London exerts on labour market dynamics.

2.50 Guildford has the highest level of residence-based self-containment reflecting the size of the town, followed by East Hampshire. Workplace-based self-containment is strongest in East Hampshire, followed by Waverley and Woking. Guildford has a lower workforce self-containment figure reflecting in part in-commuting to the Borough.

Summary of Commuting Flow Analysis

2.51 Commuting flows indicate a relatively complex pattern of relationships across West Surrey and into Hampshire with labour markets within authorities seemingly integrating to different degrees at different spatial levels.

2.52 There is once again clear confirmation of the strong functional interactions between Guildford and both Woking and Waverley with the three sharing the highest flows of the authorities studied. The analysis also suggests a strong set of interactions between Rushmoor, Surrey Heath and Hart. As with migration, the analysis suggests secondary interactions between Rushmoor and Guildford; Woking and Runnymede; and Waverley and East Hampshire. Strong relationships with London are also evident.

Housing Market Area Conclusions

2.53 As the Planning Practice Guidance points out, there is no single right or wrong source of information for defining a housing market area and housing market areas may overlap. In line with the Guidance, we have analysed three key data sources: price trends and dynamics, commuting flows and migration patterns in order to define the extent of the relevant Housing Market Area.

2.54 There are clearly a complex set of relationships at play; however, data across all three primary sources clearly demonstrates significant integration between Guildford, Waverley and Woking. This is borne out in all of the strands of analysis. The triangulation of the sources strongly supports defining these three authorities within the same Housing Market Area. We therefore consider the definition of a Guildford centric HMA covering these three authorities as a core area to be appropriate.

2.55 Having concluded thus, the evidence demonstrates interactions with other surrounding authorities. However the analysis suggests a strong relationship between East Hampshire and South Hampshire; between Rushmoor with Surrey Heath and Hart; from Runnymede to Spelthorne; and Elmbridge to Kingston-upon-Thames. There are however clear localised interaction with these adjoining areas as we would expect with the boundaries of any housing market area. The degree of inter-connectedness of local authorities in Surrey and North Hampshire, and with London, is however a notable feature in this area.

2.56 The strongest relationships beyond the Core HMA area comprising Guildford, Waverley and Woking Boroughs, are with Rushmoor, Runnymede and East Hampshire. In the context of the Duty to Cooperate, the wider authorities with close links to the HMA in particular should be engaged with in strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies. The boundaries of housing market areas will always be permeable to a certain degree.

2.57 Hart, Surrey Heath and Rushmoor Draft Strategic Housing Market Assessment 2014 (Wessex Economics, May 2014) defines these three authorities as forming a housing market area focused on the Farnborough/Aldershot Built-Up Area. Both this Study and the West Surrey SHMA recognise a continued need to work with other neighbouring authorities in adjacent housing market areas given the complex links between areas across the wider sub-region.

KEY MESSAGES

- A core West Surrey Housing Market Area (HMA) is defined which comprises the local authorities of Guildford, Waverley and Woking. This reflects the strong migration and commuting links between the three authorities and similar housing market characteristics.
- The SHMA however identifies a complex set of interactions between areas across Surrey and North Hampshire. It identifies a particular set of links between the core HMA and Rushmoor, East Hampshire and Runnymede. Engagement with authorities in these areas on housing market issues will be important, and can be taken forward through the Duty to Cooperate.

3 CHARACTERISTICS OF THE HOUSING MARKET

Housing Stock and Supply

3.1 Although new housing will be delivered 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 three local authorities within the HMA.

3.2 There were 148,300 homes in the West Surrey HMA in 2011, of which 38% were in Guildford Borough; 35% in Waverley and 27% in Woking[7].

Tenure Profile

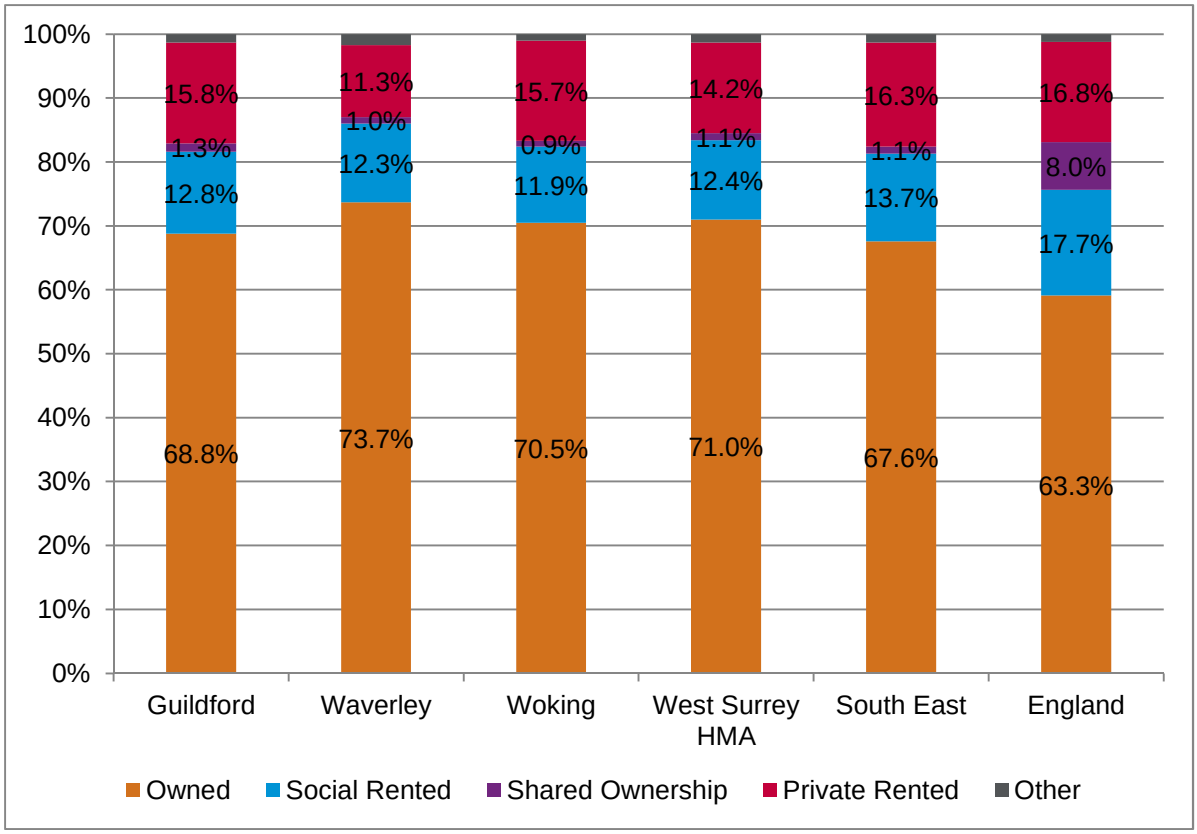
3.3 A detailed profile of tenure mix can be gleaned from the 2011 Census. Like much of the South East, the tenure profile in the HMA is dominated by owner occupation. At 68.8%, the proportion of owner occupation in Guildford is lower than other authorities in the HMA but still slightly higher than the South East.

3.4 Guildford has a higher than average proportion of private renting (15.8%) compared to elsewhere in the HMA, linked to its younger age structure and in part to the students renting locally. Private renting is however below the regional average (16.3%). Waverley has a particularly low level of privately rented stock (11.3%) – reflecting particularly the high level of owner occupation in the Borough.

3.5 Social renting across the HMA, at around 12% of all households is slightly below the regional average. Woking has slightly lower percentage of socially rented properties.

[7] CLG Housing Statistics, Table 125

Figure 6: Detailed Tenure Composition (2011)



Source: Census 2011

3.6 Between 2001 – 2011, the total housing stock in the HMA increased by 6.2%. This falls below that across the South East region (8.9%) and across England (8.3%)[8]. This is despite indicators of above average demand, and is likely to reflect development constraints.

3.7 Overall, the change in total stock in Guildford Borough has been the lowest (5.0%) in the HMA; with Woking seeing 7.3% growth in stock and Waverley 6.3%.

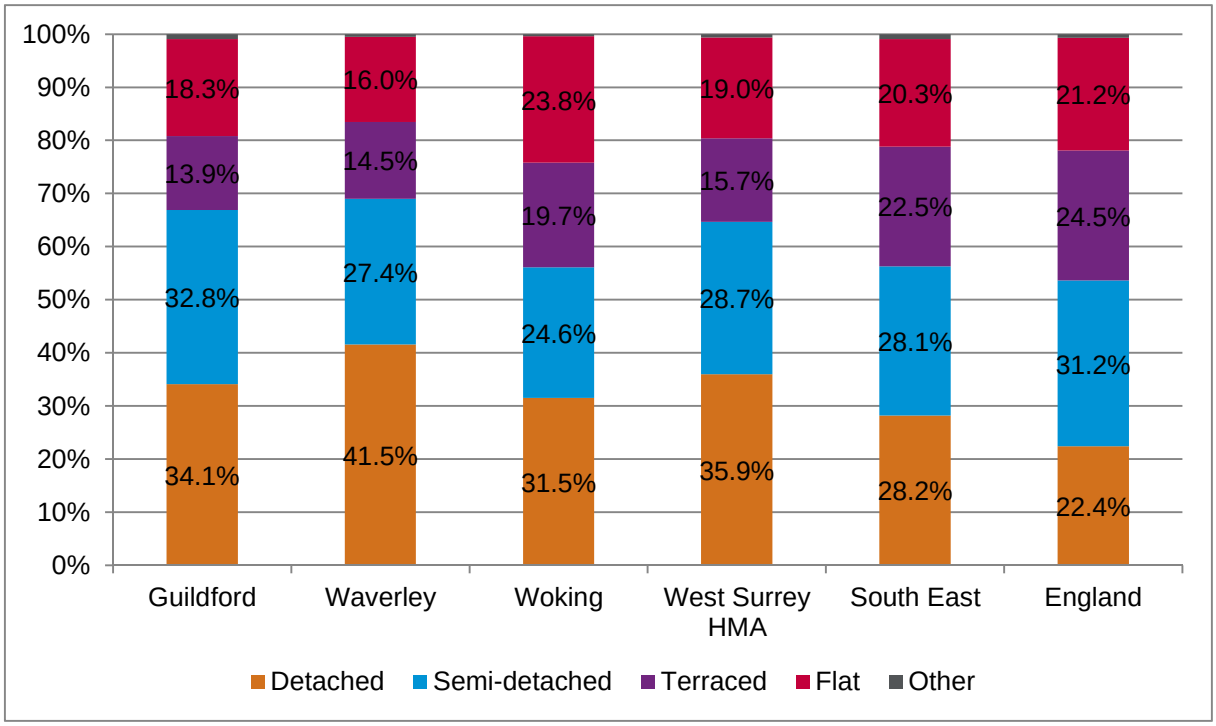
[8] CLG Housing Statistics, Table 125

House Types

3.8 The West Surrey HMA has an above average proportion of detached and semi-detached homes relative to the South East; and a high proportion of detached homes relative to the national average.

3.9 Of the three authorities, Waverley has the highest proportion of detached homes (41.5%) followed by Guildford (34.1%). Woking has a higher proportion of flats (23.8%) and terraced homes (19.7%). Guildford has the highest proportion of semi-detached stock, although by volume this is lower than the level of detached housing in the Borough.

Figure 7: Profile of Stock by Type (2011)



Source: Census 2011

Housing Size

3.10 The size mix of housing in the HMA is dominated by medium to large sized homes with around two-thirds of the stock comprising three or more bedrooms. Three-bed homes are most prevalent across all three authorities and accommodate 36% of households. However relative to the South East and England, there is an above average representation of homes with four or more bedrooms (28.5%)

3.11 Woking has a stronger representation than the other two authorities of one- and two-bed properties (accommodating 36.5% of households). Waverley has the highest proportion of larger homes with four or more bedrooms (31.3% of households).

Table 7: House Size – Number of Bedrooms (2011)

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
Guildford	11.6%	24.2%	36.9%	18.9%	8.1%
Waverley	10.2%	23.2%	35.2%	21.5%	9.8%
Woking	13.0%	23.5%	36.1%	18.8%	8.2%
West Surrey HMA	11.5%	23.7%	36.1%	19.8%	8.7%
South East	11.6%	26.2%	38.9%	17.0%	6.0%
England	11.8%	27.9%	41.2%	14.4%	4.6%

Source: Census 2011

Overcrowding and Under-Occupation

3.12 Studying levels of overcrowding/under occupation in the housing stock is an important part of the SHMA. The Guidance also identified overcrowding as an important indicator of supply/demand balance. Analysis of housing occupancy is also useful as an indicator of potential mismatch between households and house sizes. 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.

Table 8: Overcrowding and Under-Occupation (2011)

	Overcrowded (No.)	Overcrowded (%)	Under occupied (%)
Guildford	1,980	3.7%	71.5%
Waverley	1,211	2.5%	76.6%
Woking	1,889	4.8%	68.8%
West Surrey HMA	5,080	3.6%	72.5%
South East	133,570	3.8%	70.7%
England	1,060,967	4.8%	68.7%

Source: Census 2011

3.13 We can see that 72.5% of households in the HMA have an excess of space for the number of residents. There is a particularly high level of under-occupation in Waverley. Only Woking has a lower level of under-occupation than the South East average.

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. This is taken into account in the modelling of the future mix of homes needed in this report (see Section 8).

3.16 The 2011 Census suggested that 3.6% of households in the HMA are over-crowded using the 'bedroom standard.' This is below the South East and national averages. Overcrowding is highest in Woking, affecting 4.8% of households, consistent with the national but above the South East average. This may partly reflect the nature of the housing stock, which is more focused towards smaller properties. Section 7 considers how overcrowding has changed since 2001[9].

Vacant and Second Homes

3.17 The 2011 Census provides data on the number of household spaces with no usual residents which can be used as a proxy for vacant and second homes. The data indicates that there are just under 2,250 vacant properties or second homes in Guildford equivalent to 4.0% of the dwelling stock. This is marginally above average for the West Surrey HMA (3.9%) and is in line with the regional average (4.0%). The issue in Waverley is greater still with 4.5% of homes having no usual residents. Woking is the lowest of the three with just 3.0% of properties with no usual residents.

Table 9: Vacant and Second Homes (2011)

	Total households	Household Spaces with no usual residents	% Vacant/Second Homes
Guildford	56,220	2,247	4.0%
Waverley	51,597	2,317	4.5%
Woking	40,691	1,224	3.0%
West Surrey HMA	148,508	5,788	3.9%
South East	3,704,173	148,710	4.0%
England	23,044,097	980,729	4.3%

Source: Census 2011

Population Characteristics

Population Size

3.18 The 2011 Census recorded that the HMA had a population of just under 358,000. Of this 38% was in Guildford, 34% in Waverley and 28% in Woking. The starting point for the demographic projections is the 2013 mid-year population estimates which roll forward the Census population in March to the mid-year point in June.

[9] 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.

Table 10: Headline Total Population, March 2011

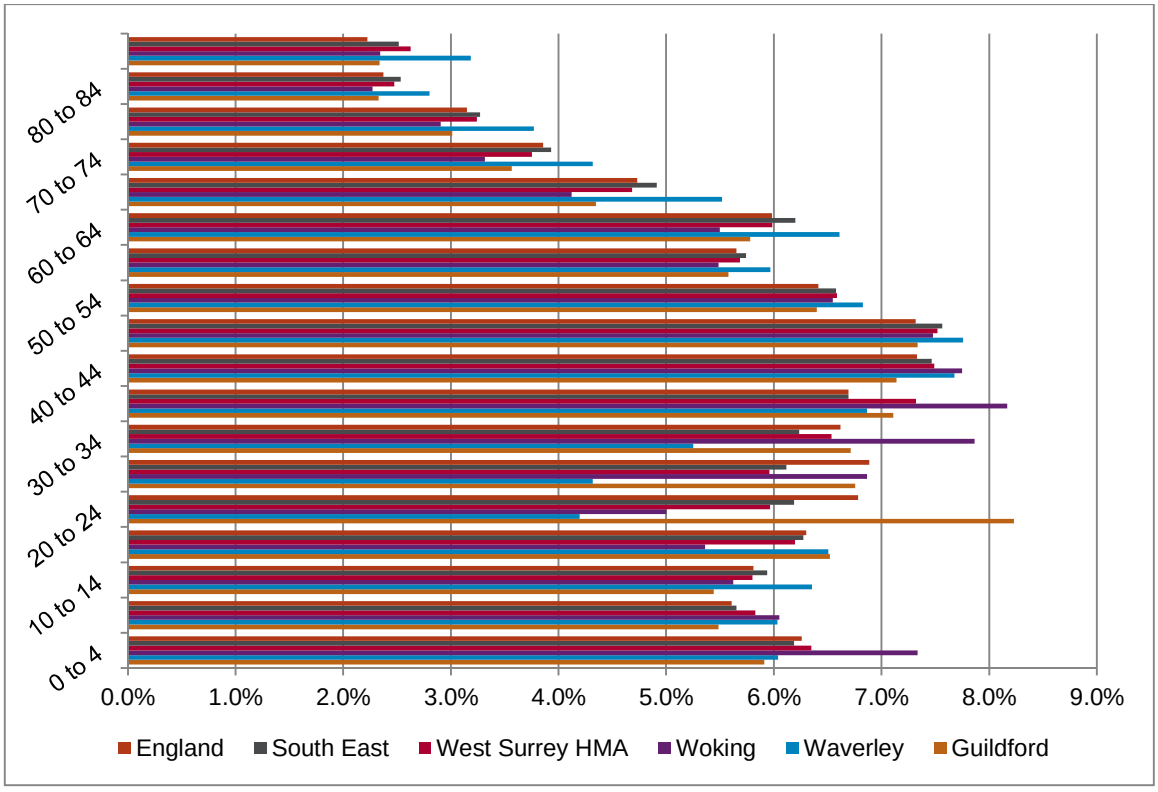
	Census Population (March 2011)
Guildford	137,183
Waverley	121,572
Woking	99,198
West Surrey HMA	357,953
South East	8,634,750
England	53,012,456

Source: Census 2011

Population Structure

3.19 The population structure differs across the three authorities. Guildford, reflecting its student population, sees a higher proportion of residents in their late teens and early 20s. Waverley has a particularly low proportion of people aged between 20-35, and higher proportions of people in all age groups over 45. Woking, in contrast, sees a high proportion of people aged between 30-45, a number of whom have young children. Like Waverley, Woking has a low proportion of people aged 15-29.

Figure 8: Population Structure by Five Year Age Bands (2011)



Source: Census 2011

Ethnic Profile

3.20 Table 11 profiles the population by ethnic group from the 2011 Census. In Guildford, 84.3% of the population are White British/Irish; this is similar to the HMA average (84.5%). By comparison, Woking is significantly more ethnically diverse, even than the national average, with 24.0% of its population from a non-White British/Irish origin. Waverley has the highest proportion of residents who are White British/ Irish (91.5%) and is the least ethnically diverse of the three authorities.

3.21 Woking has a larger Asian/ Asian British population, but also has a larger proportion of White Other, Black/ Black British and Multi-Ethnic residents relative to the other parts of the HMA. In Guildford and Waverley, White-Other is the largest Black and Minority Ethnic (BME) group within the population.

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

Table 11: Population by Ethnic Group – Local Authorities

	White British / Irish	White Other	Multi Ethnic	Asian / Asian British	Black/ Black British	Arab / Other
Guildford	84.3%	6.6%	1.8%	4.8%	1.2%	1.2%
Waverley	91.5%	4.5%	1.3%	1.9%	0.4%	0.3%
Woking	76.0%	7.6%	2.4%	11.6%	1.4%	1.1%
West Surrey HMA	84.5%	6.1%	1.8%	5.7%	1.0%	0.9%
South East	86.1%	4.6%	1.9%	5.2%	1.6%	0.6%
England	80.7%	4.7%	2.3%	7.8%	3.5%	1.0%

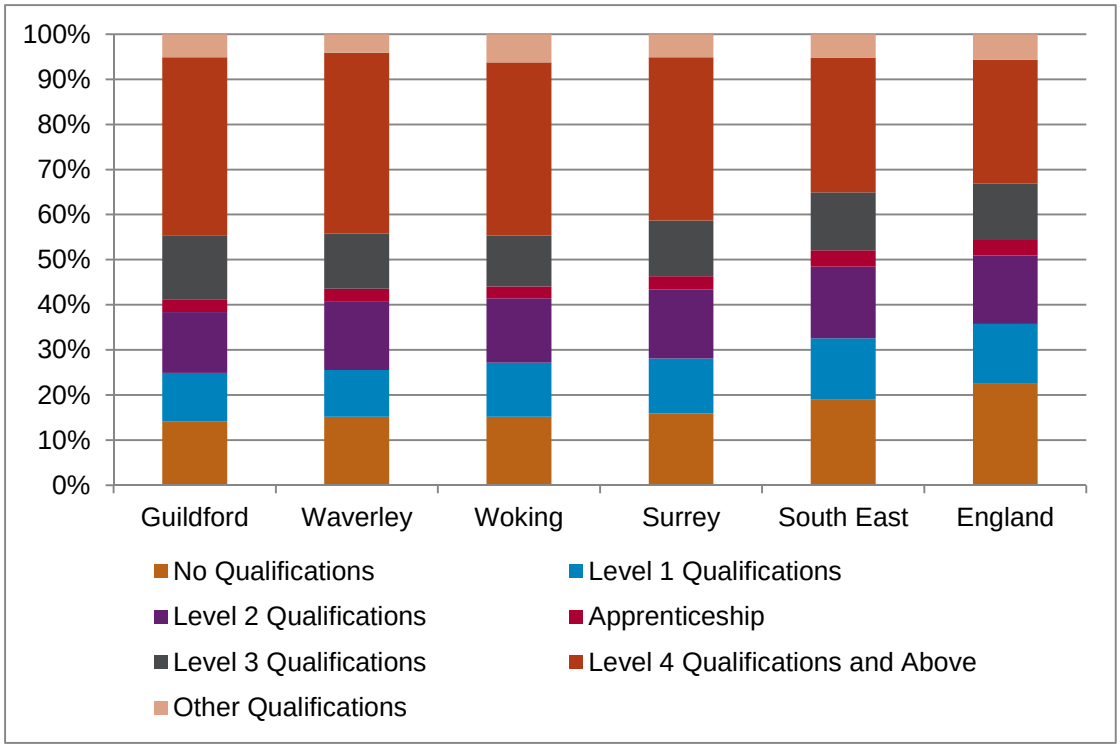
Source: Census 2011

Labour Market

Qualifications and Skills

3.23 The population across Surrey is generally very 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).

Figure 9: Qualifications (2011)

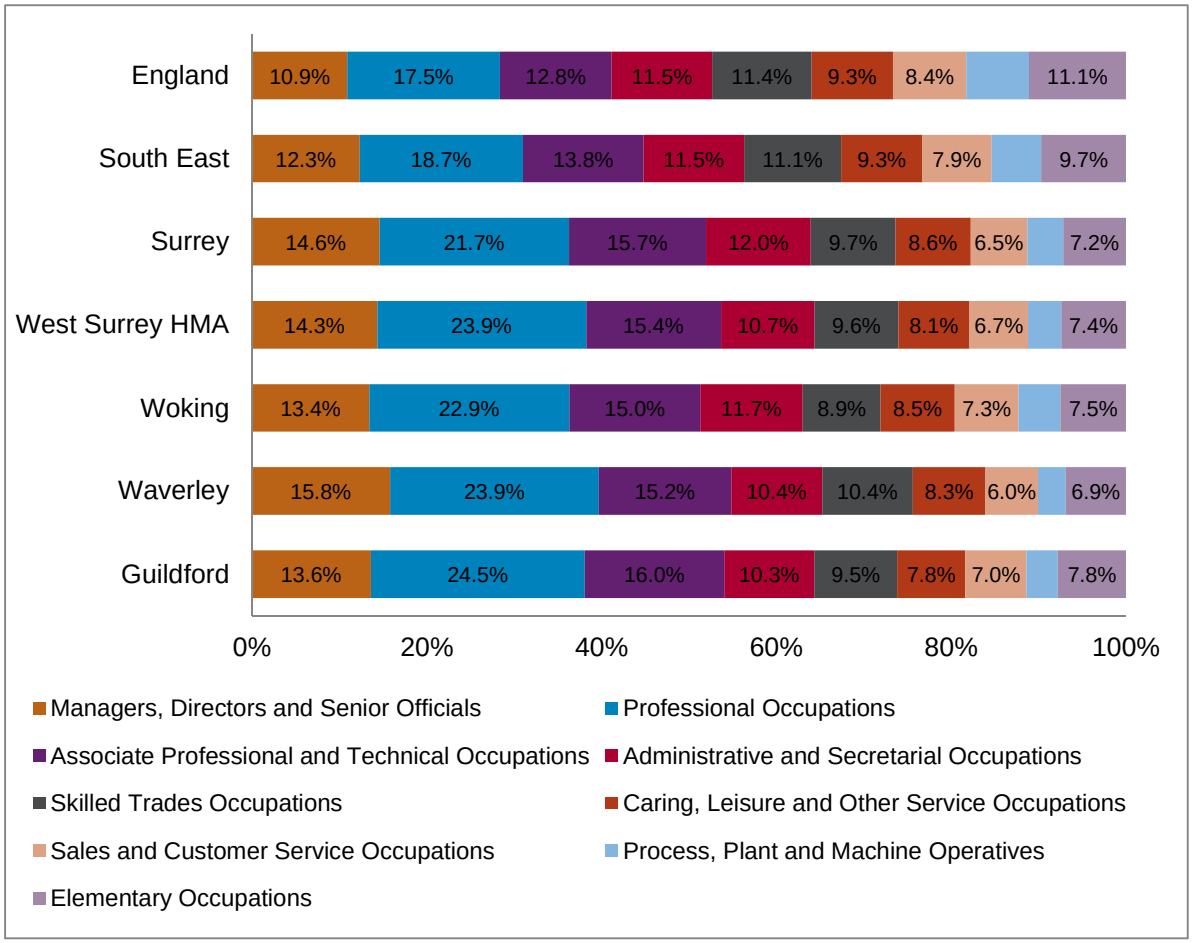


Source: Census 2011

Occupations

3.24 The skills profile of the residents is also borne out in the residents' occupations. Resident occupations are skewed towards the higher level (and generally higher income) occupations with 54% of the working age population in the HMA employed in a managerial, professional or associate professional occupation. This is slightly above the corresponding figure for Surrey and substantially above the regional average.

Figure 10: Occupational Profile (2011)



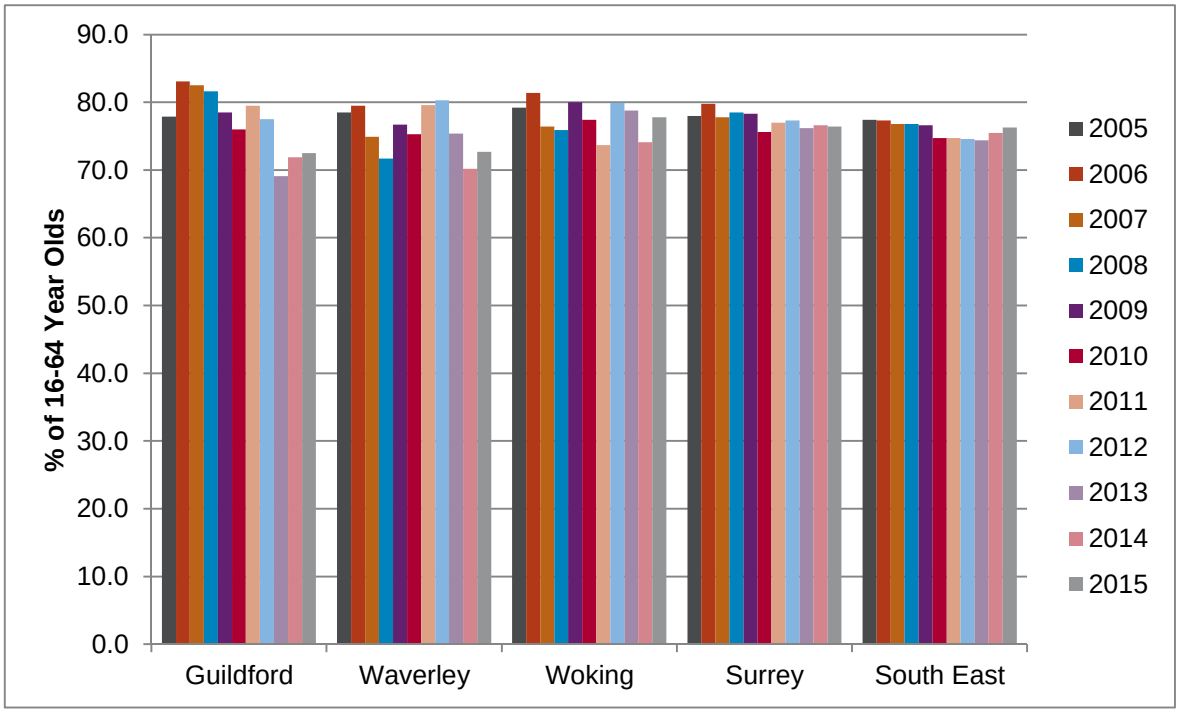
Source: Census 2011

Employment Rate

3.25 Figure 11 tracks the employment rate (of the economically active population) in each of the HMA authorities and comparator areas. The employment rate has fluctuated markedly over the analysis period (particularly at a local authority level). This partly reflects the economic backdrop and partly the survey nature of the data.

3.26 There is an evident downward trend in the employment rate in Guildford and Waverley, with data suggesting that over the last few years the employment rate in each has dropped below the South East average. Employment rates in Woking have remained more stable with rates in 2014 similar to those in 2005. The greater fluctuations in the individual authorities reflect the survey nature of the data source.

Figure 11: Employment Rate Trends



Source: Annual Population Survey

Income and Earnings

3.27 Annual gross resident earnings in Guildford (£35,365) are higher than the Surrey average (£34,595) and substantially above levels seen across the South East (£29,491); somewhat reflecting the skills and occupation profile identified earlier. This corresponds with lower quartile resident and workplace earnings which are above average.

3.28 It is useful to compare the incomes of full-time employed Guildford residents with those of people working in jobs located in the Borough. At around £31,800 the median income of Guildford "workers" is £3,482 lower than the median income of Guildford "residents". The correlation between resident and workforce earnings is closer than that is seen in Waverley and Woking, suggesting a greater concentration of higher paid jobs in Guildford. Higher residence based earnings reflect commuting to higher paid jobs in London.

3.29 Woking has median residents earnings which are lower than in other parts of the HMA, but remain above those of people working locally (reflecting out-commuting to higher paid jobs). Residents' earnings are below average for Surrey but above the regional level. Workplace earnings are the lowest of the three authorities.

3.30 Waverley sees the greatest differences between work place and residence-based earnings of the HMA Authorities. Residence-based earnings are the highest of the three authorities with a median of over £36,000. However this particularly reflects a skew of the earnings distribution towards higher earnings, with lower quartile earnings relatively similar to the other HMA authorities.

Table 12: Annual Workplace and Resident Earnings (2012)

	Median		Lower quartile	
	Workplace	Resident	Workplace	Resident
Guildford	£31,883	£35,365	£23,367	£23,939
Waverley	£26,252	£36,770	£20,000	£22,544
Woking	£25,159	£32,827	£17,616	£22,225
Surrey	£31,473	£34,595	£21,785	£23,515
South East	£28,181	£29,491	£20,010	£20,654

Source: NOMIS/Annual Survey of Hours and Earnings 2012

KEY MESSAGES

- The HMA accommodates 148,000 homes (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 7, this suggests that housing supply was constrained over this period.
- The housing offer is characterised by a high proportion of larger homes, with above average representation of detached homes and those with 4 or more bedrooms. Over two thirds of households (69%) are owner occupiers. The nature of the housing offer probably contributes to affordability issues for households – particularly those working locally. There is however market demand for larger homes, including from people moving into the area.
- The population structure differs across the three authorities. Guildford has a younger population than the other two authorities. Woking's population contains a higher proportion of people aged 30-45, and is the most ethnically diverse. Waverley's population is more biased towards older persons aged over 45.

4 DEMOGRAPHIC PROJECTIONS

4.1 This section assesses demographic projections, considering how the population and households in each of the three authorities in the HMA is expected to by 2033 change based on past trends. This reflects the timescales required by the commissioning authorities.

4.2 The Planning Practice Guidance sets out that trend-based demographic projections should provide the "starting point" estimate of overall housing need. It recommends interrogation of projections and use of the latest available information. In deriving overall conclusions on housing need, the demographic projections need to be brought together with evidence of economic growth potential (as set out by local economic evidence bases), market signals and affordable housing need. Subsequent sections of this report consider these.

4.3 Section 5 considers the link between population and employment growth. The following chapters (Section 6 and 7) considers affordable housing need and market signals, and whether an additional uplift in housing numbers might be appropriate to improve affordability and household formation amongst younger households.

4.4 The demographic analysis and projections presented in this report have been undertaken by Justin Gardner Consulting (JGC), working with GL Hearn. The projections work has been independently reviewed by Edge Analytics.

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

4.5 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'.*

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

4.7 The core datasets can be found in the following locations:

- 2012–Based SNPP: http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-335242
- 2012-Based Household Projections: https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections

- 2013 Mid-Year Population Estimates: http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-322718

2012-based Sub-National Population Projections

4.8 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. 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 which are constrained to the assumptions made in the 2012-based national population projections.

4.9 The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the SNPP is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

4.10 The report does not take the population projections as a given. It tests their validity – particularly in terms of the consistency of the projections with past trends, considering the main components of population change. It is appropriate to interrogate both the projections in terms of how well they fit in with past population and to consider trends in household formation, including whether there is evidence of supressed household formation. The first part of this section assesses the SNPP before moving on to consider potential scenarios for household growth.

4.11 Table 13 below shows published demographic population growth from 2013 to 2033 in each local authority, the South East Region and England. The data shows that the population of West Surrey is expected to grow by around 49,400 people in the 2013-33 period. This is a 13.6% increase – below the expected increase in the region and County but slightly above the national average figure. The highest growth is expected in Guildford (15.0%) with the lowest being seen in Woking (12.0%). The projections are influenced in part by historical factors which have influenced population growth.

4.12 It should be noted that due to inclusion within the modelling of mid-2013 population estimates for the three HMA authorities, the figures do not exactly match those in the SNPP. Figures for comparator areas are however taken directly from the SNPP.

Table 13: Projected Population Growth (2013-2033)

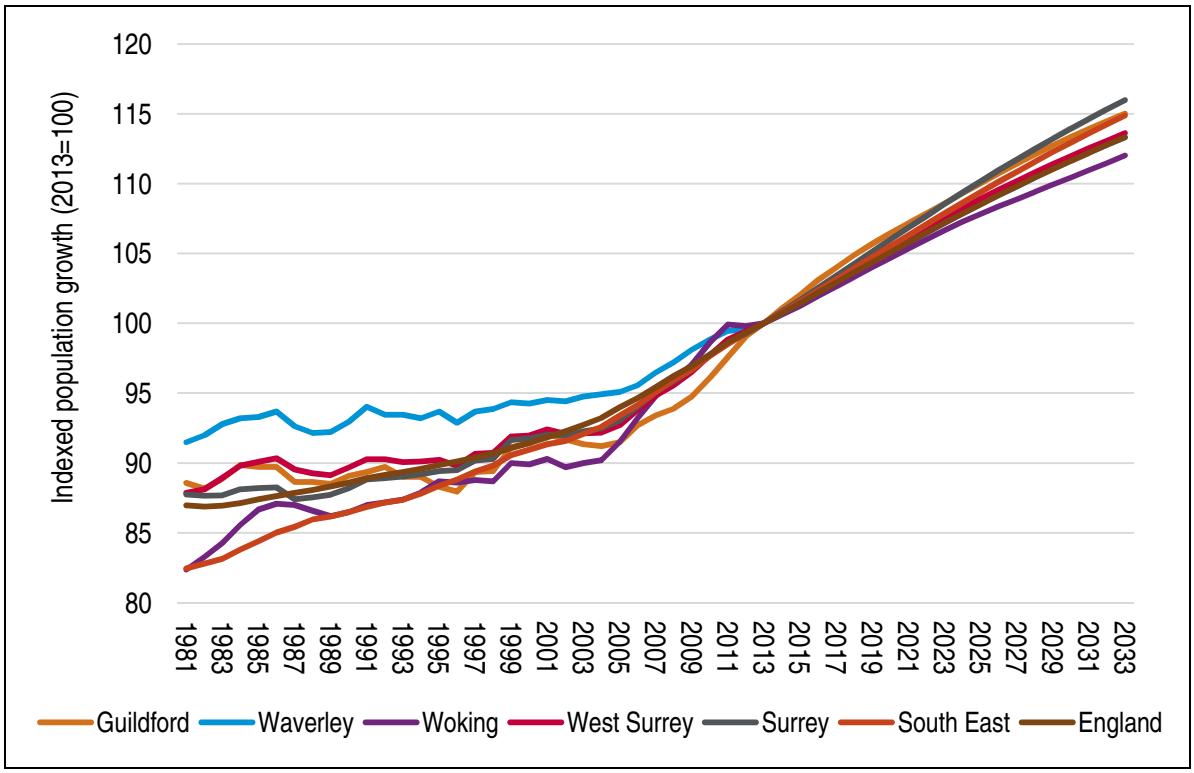
	Population 2013	Population 2033	Change in population	% change
Guildford	141,009	162,188	21,179	15.0%
Waverley	122,426	138,729	16,303	13.3%
Woking	99,567	111,531	11,964	12.0%
West Surrey	363,002	412,448	49,446	13.6%
Surrey	1,152,000	1,336,300	184,300	16.0%
South East	8,784,800	10,092,800	1,308,000	14.9%
England	53,843,600	61,022,500	7,178,900	13.3%

Source: ONS

Interrogating the SNPP

4.13 Figure 12 shows past and projected population growth in the period 1981 to 2033. Figures have been indexed to 100 in 2013. The data shows over the period from 1981 to 2013 that population growth in West Surrey has been in line with the national and county average but less strong than seen across the South East. Within the West Surrey HMA, population growth has been strongest in Woking with the lowest rate of increase being observed in Waverley.

Figure 12: Indexed Population Growth (1981-2033)

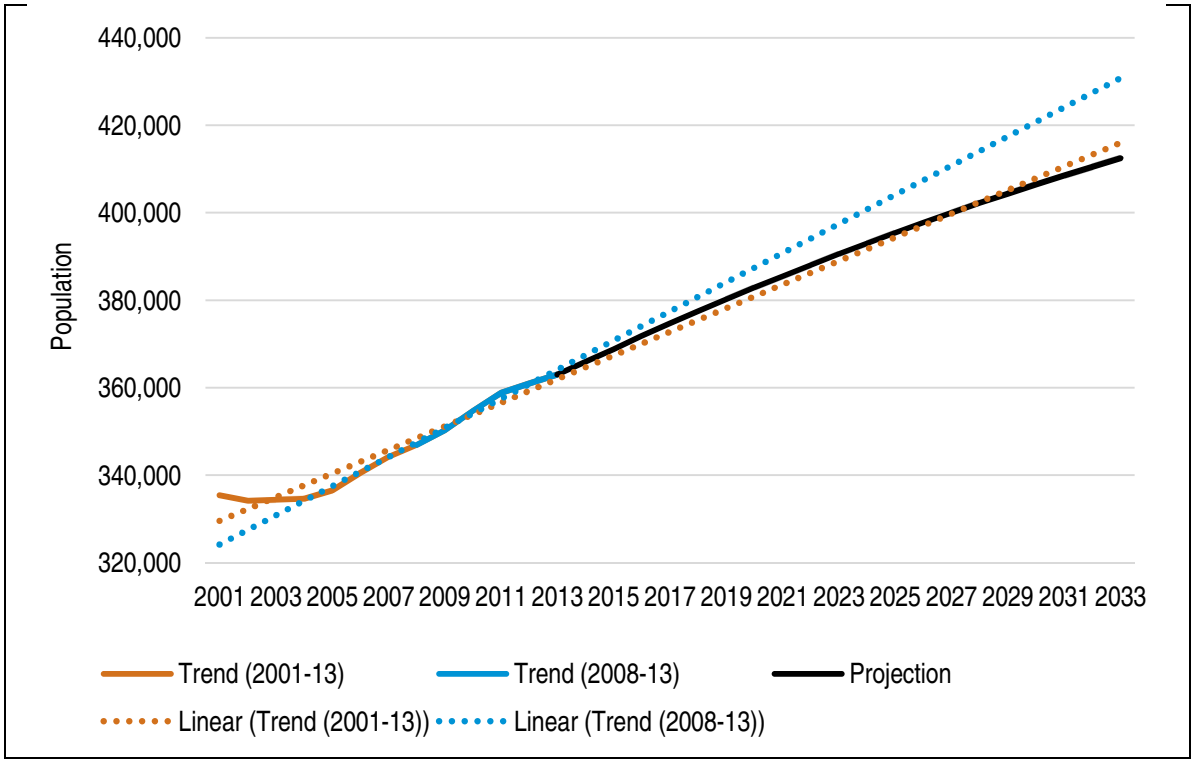


Source: ONS

4.14 It is also worthwhile to interrogate the local data for the more recent period from 2001. This is shown in Figure 13. The data also plots a linear trend line (for growth in the total population) for the

past five years (the core trend period used by ONS when constructing population projections at a local level) and also the 12-year period from 2001 to 2013. The data shows that the population is expected to grow broadly in line with the past trend over the last 12-years for much of the period to 2033, although the rate of population growth is expected to reduce slightly over time. When compared with a 5-year trend the future level of population growth is expected to be somewhat more moderate.

Figure 13: Past and Projected Population Growth – West Surrey



Source: ONS

4.15 We can also consider the rate of population growth (in this case on a per annum basis) for various periods in the past against the SNPP forward projections. Because the analysis in this report mainly looks at the period from 2013, the analysis looks at various periods either starting or finishing in 2013. Table 14 shows across the West Surrey HMA that future population growth is expected to be very slightly weaker in the future than seen in the 2003-13 period as a whole; and notably below the average growth experienced in the 2008-13 period. This broadly holds true for Guildford although population growth is expected to be stronger in Waverley (relative to past trends) whilst in Woking, future population growth is consistently expected to be lower than seen in the past.

Table 14: Annual Population Growth for different Past and Projected Periods

	2003-13	2008-13	2013-18	2013-23	2013-28	2013-33
Guildford	0.9%	1.2%	1.0%	0.9%	0.8%	0.8%
Waverley	0.5%	0.5%	0.7%	0.7%	0.7%	0.7%
Woking	1.0%	0.8%	0.7%	0.7%	0.6%	0.6%
West Surrey	0.8%	0.9%	0.8%	0.8%	0.7%	0.7%
Surrey	0.8%	0.8%	0.9%	0.9%	0.8%	0.8%
South East	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
England	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

Source: ONS

4.16 Of the 49,400 projected increase in the population over the 20-years between 2013 and 2033 for the West Surrey HMA in the 2012 SNPP, some 51% is a result of projected natural increase (more births than deaths) while the remaining 49% is the projected net number of migrants. The levels of both natural change and net migration are expected to decrease over time.

4.17 It should be noted that the totals of natural change and net migration do not exactly tally to the levels of population growth expected in the SNPP. This is due to ONS consolidating all subnational figures to match national totals (in the 2012-based national projections). The consolidation process is undertaken by ONS after estimates of natural change and migration have been inputted into the model.

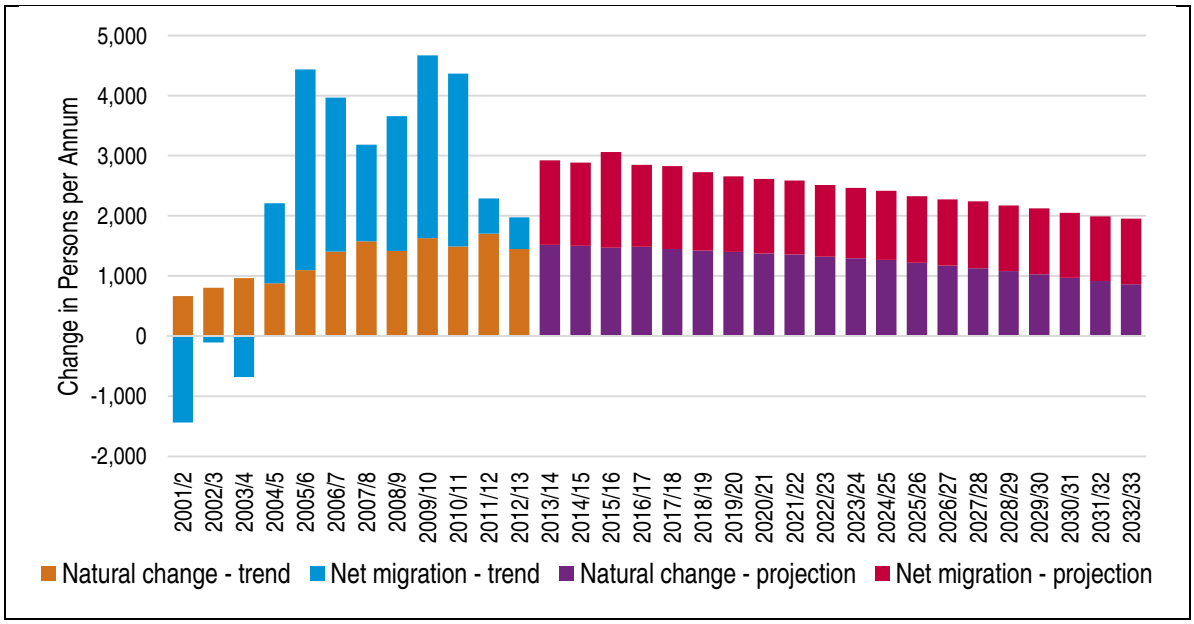
Table 15: Projected Components of Change, mid-2013 to mid-2033 – West Surrey HMA

	2013-18	2018-23	2023-28	2028-33
Population at start	363,002	377,507	390,546	402,208
Births	21,615	21,463	21,368	21,233
Deaths	14,196	14,585	15,289	16,373
Natural Change	7,419	6,879	6,079	4,860
Net migration	7,126	6,218	5,646	5,441
Total change	14,545	13,096	11,725	10,301
Population at end	377,507	390,546	402,208	412,448

Source: ONS

4.18 Figure 14 shows the core components of change going back to 2001 and projected forward to 2033. The data shows lower levels of both migration and natural change in the early part of the period studied with higher levels (particularly of migration) since about 2005/6. Levels of natural change have risen since 2001 but are expected to gradually fall. There was strong net in-migration between 2005-11, but levels dropped in 2011-13 and are expected to be lower moving forwards.

Figure 14: Past and Projected Components of Change, mid-2001 to mid-2033 – West Surrey



Source: ONS

4.19 Table 16 assesses the projected annual levels of net migration against past trends. The data shows that the SNPP is expecting lower levels of net migration when compared with past trends. This is particularly apparent when comparing data for the 2008-13 period. Taking the full projection period used in this report (2013-33), it is apparent that differences are most notable in Guildford where the future net migration is put at 416 per annum compared with past trends ranging from 1,193 to 1,493.

Table 16: Annual Net Migration for Different Past and Projected Periods

	2003-13	2008-13	2013-18	2013-23	2013-28	2013-33
Guildford	1,193	1,493	706	530	468	416
Waverley	507	527	710	759	763	768
Woking	42	-168	9	45	35	37
West Surrey	1,741	1,852	1,425	1,334	1,266	1,222

Source: ONS

4.20 The lower projected future levels of net migration projected relative to past trends might suggest that the future projection of population growth could be on the low side. However, to investigate this it is necessary to consider the various components of change in more detail. This is most easily done by looking at each local authority individually.

4.21 Below we provide an appraisal of the SNPP for each of the three local authorities. The analysis focuses on overall population growth and migration. Whilst the number of births and deaths will also have an impact on population change it is considered that:

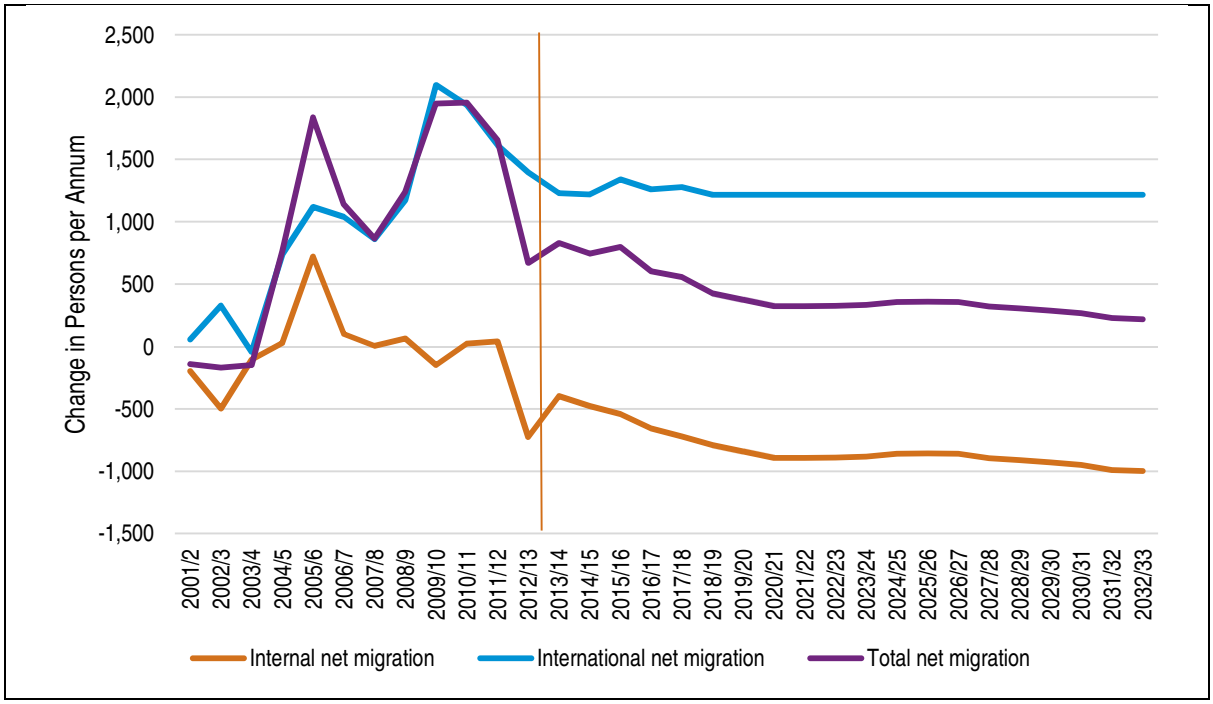
- Birth rates will have little impact on overall housing numbers (due to very few of those being born in the projection period becoming an independent household during the projection period to 2033); and
- Projected death rates follow past trends which have been fairly consistent over the past few decades.

4.22 The main issue is thus migration and the analysis thus focuses on this component.

Guildford

4.23 The analysis below shows levels of net migration in the past and projections moving forward. As we have seen from analysis above, the level of net migration in Guildford is expected to decrease in the future and be somewhat below past trends. The reason for this can be seen from the graph and is largely related to a decrease in net internal migration which in the future is expected to fall well below levels seen in the past. Levels of net international migration do however look to be broadly consistent with that seen over the past 5 years or so, but above a longer term trend. Taken together however it is clear that migration is projected in the future to be low when compared with what has happened in the past.

Figure 15: Past and Projected Net Migration, mid-2001 to mid-2033 - Guildford



Source: ONS

4.24 This can be emphasised in Table 17. The annual level of net international migration sits somewhere between the 5- and 10-year trend position; whilst a notable level of internal net out-migration is in contrast with a past trend where internal migration has been broadly in balance.

Table 17: Annual Net Migration for different Past and Projected Periods – Guildford

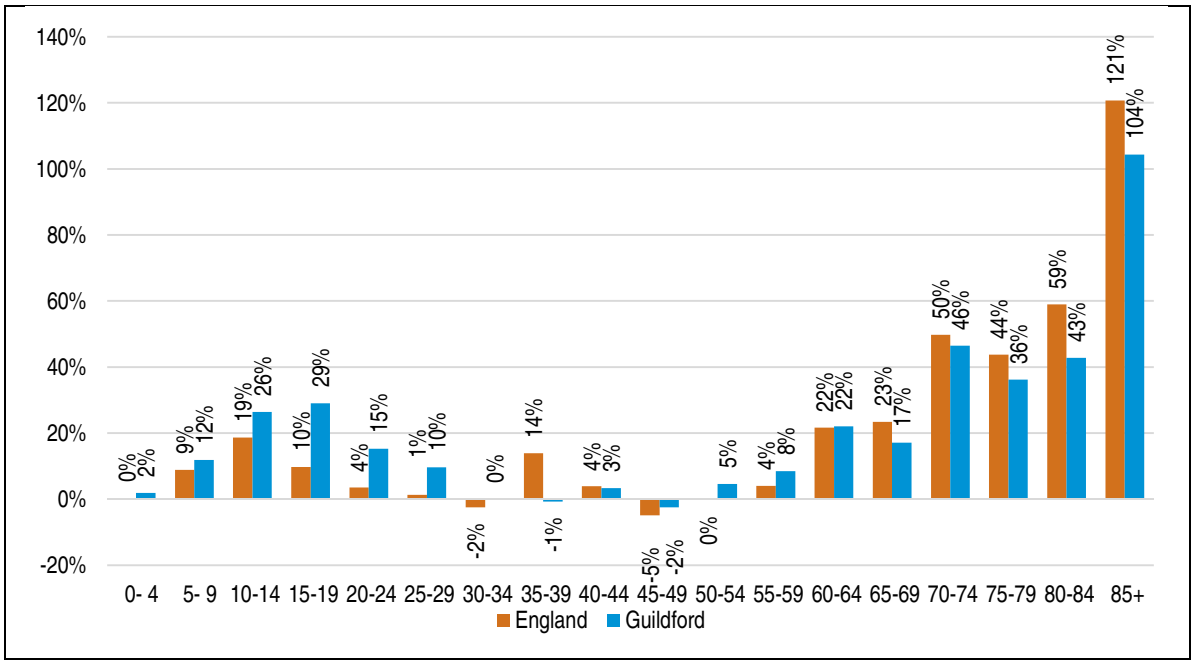
	2003-13	2008-13	2013-18	2013-23	2013-28	2013-33
Internal	0	-150	-559	-711	-764	-812
International	1,193	1,643	1,265	1,241	1,233	1,229
Total	1,193	1,493	706	530	468	416

Source: ONS

4.25 To understand the potential reasons behind the trends suggested in internal migration, it is important to understand how these components are derived by ONS. The ONS projection is not a simple trend, but takes account of trends for specific age groups (by single year) and males/females separately. It considers the propensity of a particular group to move from one place to another each year and applies these propensities. It is a dynamic model. As a result levels of both in- and out-migration can vary over time as the population of an area changes. For example, if we have say 1,000 people in a particular age group and ONS data shows that typically around 10% of these move out of an area each year then we expect about 100 to move in that year. If say 10-years later we have 1,500 people in this age group then the number moving would be higher (at 150). Therefore to understand levels of internal migration it is also important to consider how the age structure is expected to change.

4.26 Figure 16 shows the projected level of population change in Guildford (by broad 5-year age bands) compared with equivalent figures for England. The data shows a somewhat different pattern between the two areas. Guildford sees much stronger growth of people aged up to 29 and weaker growth for most groups thereafter. Given that the younger age groups tend to be more mobile this would imply that Guildford sees growth in the population who are more likely to move away from the Borough and hence out-migration would be expected to increase (relative to any change in in-migration) if past population trends continue.

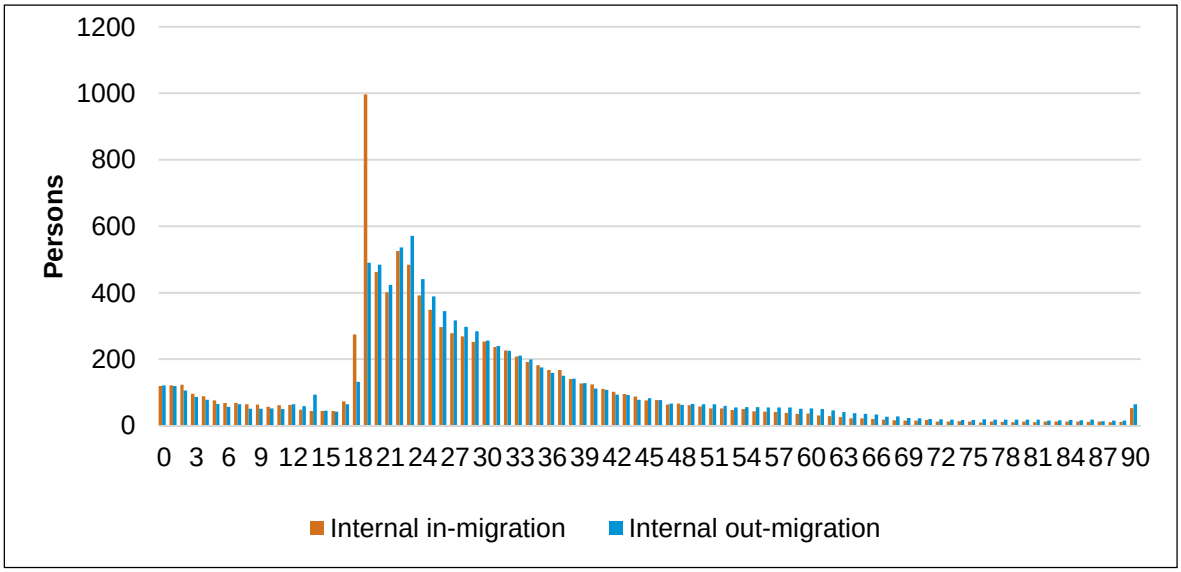
Figure 16: Population Change (2013-33) in England and Guildford



Source: ONS

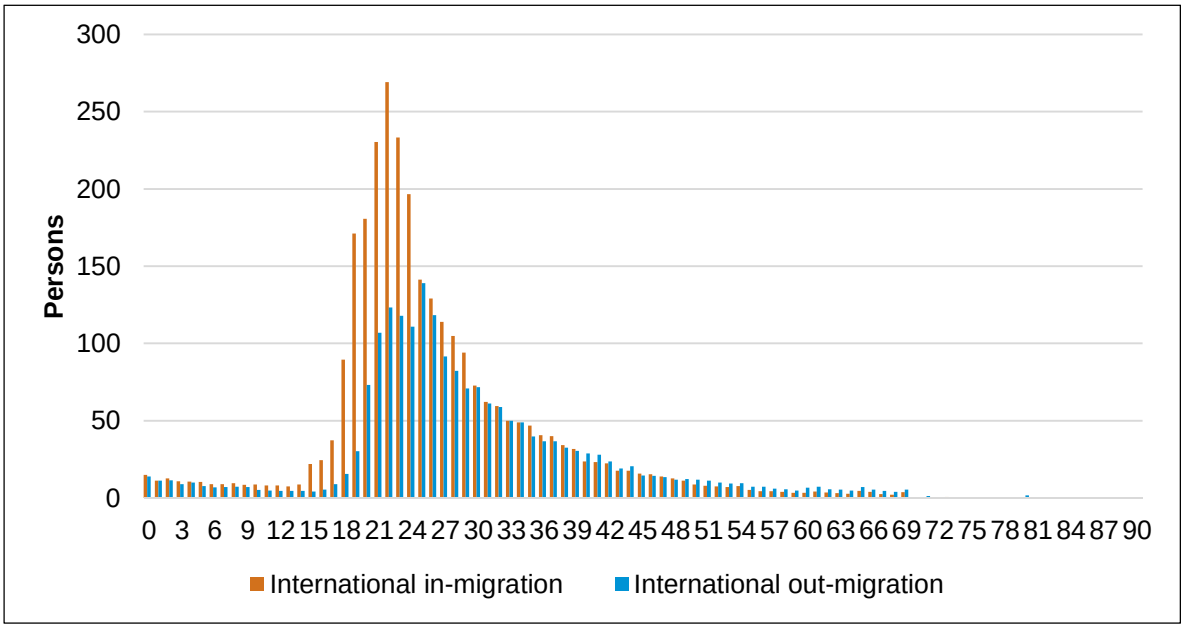
4.27 To study the age specific implications of population change it is worthwhile considering detailed past trends in migration. Figures 17 and 18 below show in- and out-migration by single year of age for internal and international migration separately. The data shows for both groups that migration (both in- and out-) is concentrated amongst age groups between about 18 and 30. For international migration a significant level of net migration is also apparent although it should be borne in mind that many international in-migrants may in due course become internal out-migrants. The data in the figures below look at the period 2001-11 – this is due to data for single-year-of-age being readily available for this period; using a different period (e.g. 2003-13) would be expected to show the same general pattern.

Figure 17: Internal In- and Out-Migration (2001-11) - Guildford



Source: ONS

Figure 18: International In- and Out-Migration (2001-11) - Guildford



Source: ONS

4.28 These trends are important for our understanding of the projected population dynamics in Guildford as they tend to support the sort of patterns shown by ONS in the latest SNPP (i.e. a reduction in net internal migration).

4.29 In Guildford, the profile of in- and out-migration by age is highly relevant to understanding the SNPP. As shown, Guildford is expected to see a greater increase in the population of people in their 20s than across England as a whole. This is a function of in-migration of people in their 20s (and teens)

being higher than levels of out-migration (of these age groups). The levels of in-migration will roughly change in line with changes to the national population (e.g. if the population of an age group increases by 5% then the potential pool of people to in-migrate will increase by 5% and in-migration would be expected to go up (by 5%)). If however the population of an age group (in a specific location such as Guildford) increases by a greater amount then the level of out-migration would also be expected to increase (by a higher proportional amount). It is therefore the differences in population growth and migration dynamics (by age) that drives internal in-migration to Guildford rising from 10,432 in 2013/14 to 11,246 in 2032/33 but internal out-migration increasing more strongly (from 10,831 to 12,244 over this period).

4.30 Concerns have also been raised in the past about whether the recorded levels of migration by ONS for Guildford are realistic. Both Edge Analytics and Justin Gardner Consulting/ GL Hearn have previously commented that past components of change, once added up, show an over-estimation of population growth when compared with the levels shown in the 2011 Census. This can be evidenced by estimates by ONS of Unattributable Population Change (UPC).

4.31 UPC is the difference between the recorded population growth in the Census (adjusted to a mid-year figure) and the sum of the various components of population change recorded by ONS (mainly natural change and net migration). Where UPC is negative it implies that the recorded components are higher than the actual recorded population growth; with the opposite being the case where a positive figure is shown. It is not possible from the data available to be certain whether UPC is due to the poor recording of a particular component (e.g. migration) or because of problems with Census estimates (either in 2001 or 2011). It is 'unattributable' for these reasons. It is noteworthy that ONS through a consultation process has identified that UPC should not feature as an adjustment in population projections.

4.32 In Guildford, the UPC in the period from 2001 to 2011 averaged -717 persons per annum which suggest an over-estimation of population growth in the components of change data. As noted it is unknown why this difference has occurred, when over the decade it occurred or if it relates to accuracy of census data. However, if it is due to misreporting of components of change it is considered most likely to be due to the poor recording of international out-migration. Whilst an adjustment to the projections could be made to consider a lower level of migration to reflect UPC this would need to be done in conjunction with an understanding of the impact on other aspects of the projection. Most notably we consider that increasing levels of international out-migration would have a knock on effect on the estimates of internal out-migration and the two would be likely to broadly balance out.

4.33 For example, if levels of international out-migration were increased then the population in the key groups that see internal out-migration would be reduced. Hence internal out-migration would go

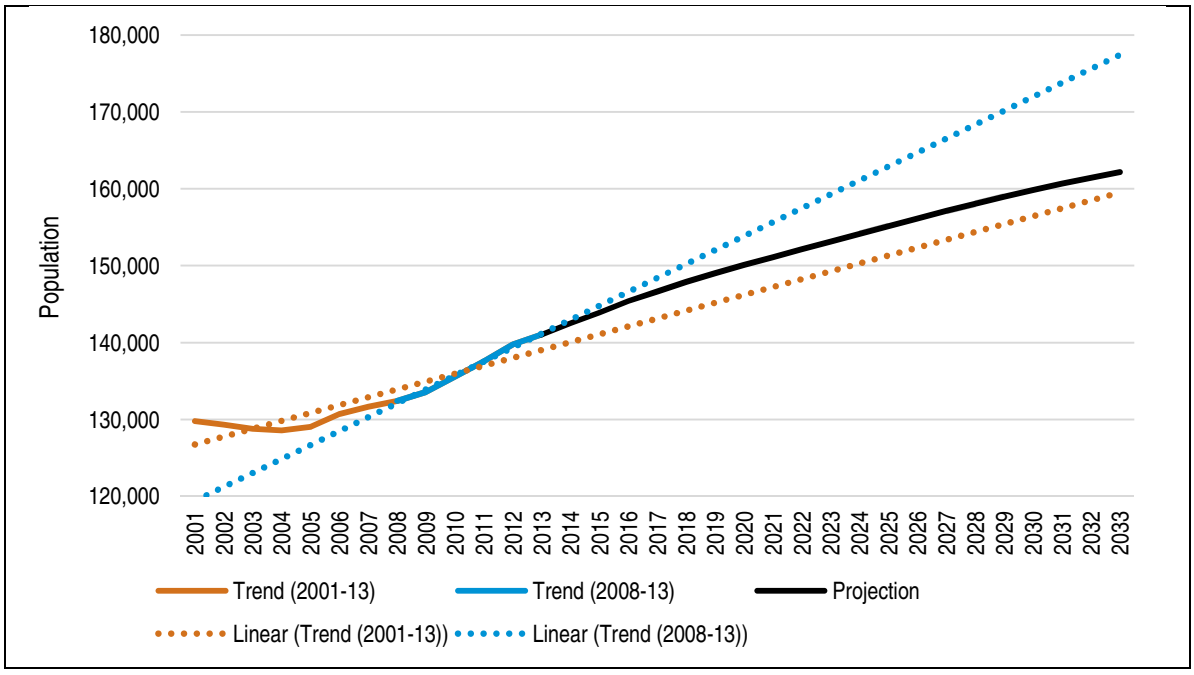
down and levels of net internal migration would increase. We would also note that the levels of international net migration in the SNPP do fall at a level which is somewhat below the trend seen over the past 5/6 years (the trend period used by ONS). Overall, whilst net international migration may have been overestimated in the past it does not seem likely to have had an impact on the projections moving forward.

4.34 ONS' Improving Migration Statistics Programme also means that any under-recording of international migration would be more likely to relate to data in the earlier part of the 2001-11 decade. It is data from 2006/7 onwards which informs the 2012-based SNPP.

4.35 Finally we can investigate this by looking at past population growth compared with the future projection. The advantage of this analysis is that all components of change (including UPC) are considered. Figure 19 shows that the 2012-based SNPP is projecting a level of population growth which falls roughly in line with a 12-year trend to 2013 whilst the growth is significantly below that which might be expected if a simple trend from 2008 to 2013 is used. Hence, the extent to which international migration may have been over-estimated in the past does not appear to have influenced the projections moving forward.

4.36 Whilst it could be argued that in the headline terms the projections for overall population growth are relatively modest compared with past trends, such a conclusion cannot be substantiated based on the detailed understanding of the methodology and interrogation of the projections and how year on year differences in migration can impact on population growth moving forward.

Figure 19: Past and Projected Population Growth - Guildford



Source: ONS

4.37 Further analysis of the Guildford SNPP can be found in Appendix B. This includes detailed analysis of changes in the population age structure over time. The box below sets out the key conclusions of our detailed interrogation of the 2012-based SNPP for Guildford.

KEY MESSAGES – 2012-BASED SNPP FOR GUILDFORD

- International out-migration from Guildford in the past may have been under-estimated. However looking at migration and age structure trends in the 2012-based SNPP there is strong evidence of reality in the ONS data. In particular the projection would suggest that many international in-migrants become domestic out-migrants; whilst there is no 'bulge' in the key age group of international migrants suggesting that they are projected to move out of the area (whether internationally or domestic moves). This is in contrast to previous projections (such as the 2011-based SNPP).

- Comparing past trends in population growth with the 2012-based SNPP suggests that growth is expected to be slightly weaker to 2033 than the trend seen over the past 5-years. On this basis there is no evidence to suggest that a future projection for population growth can robustly be moderated in a downward direction.

- The 2012-based SNPP is a sound projection when taking account of all components of population change and the past trend data feeding into it. The 2012-based SNPP for Guildford can be considered to be a robust starting point for analysis of housing need as recommended in the PPG.

Waverley

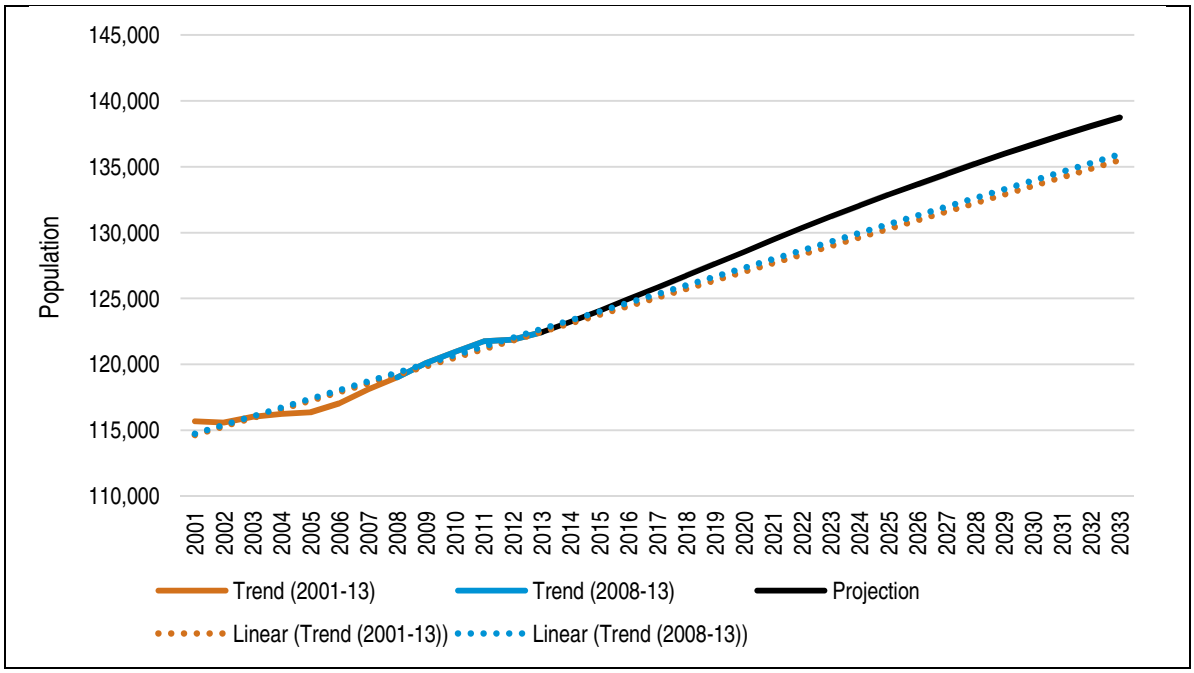
4.38 A similar process of detailed interrogation of the 20112-based SNPP could be undertaken for Waverley; however, in this case we consider that past data is broadly supportive of the future projection. In particular we would observe that:

- Future population growth is consistent with past trends;
- Migration has been less variable over time;
- There is not a significant international migration component; and
- Levels of UPC are fairly moderate.

4.39 The only additional comment is to note is that in contrast with Guildford, levels of net internal migration are expected to increase over time. This is again due to the age structure in Waverley which is expected to see relatively stronger growth in older age groups and hence ONS expect a decline in out-migration relative to in-migration. This is consistent with trends which ONS project for many similar areas.

4.40 Population growth in Waverley can be summarised as in the chart below, Figure 20. The data shows population growth which is at a level very slightly above the long- and short-term trend. **Overall, it is considered that the 2012-based Sub-National Population Projections for Waverley are sound.**

Figure 20: Past and projected population growth - Waverley

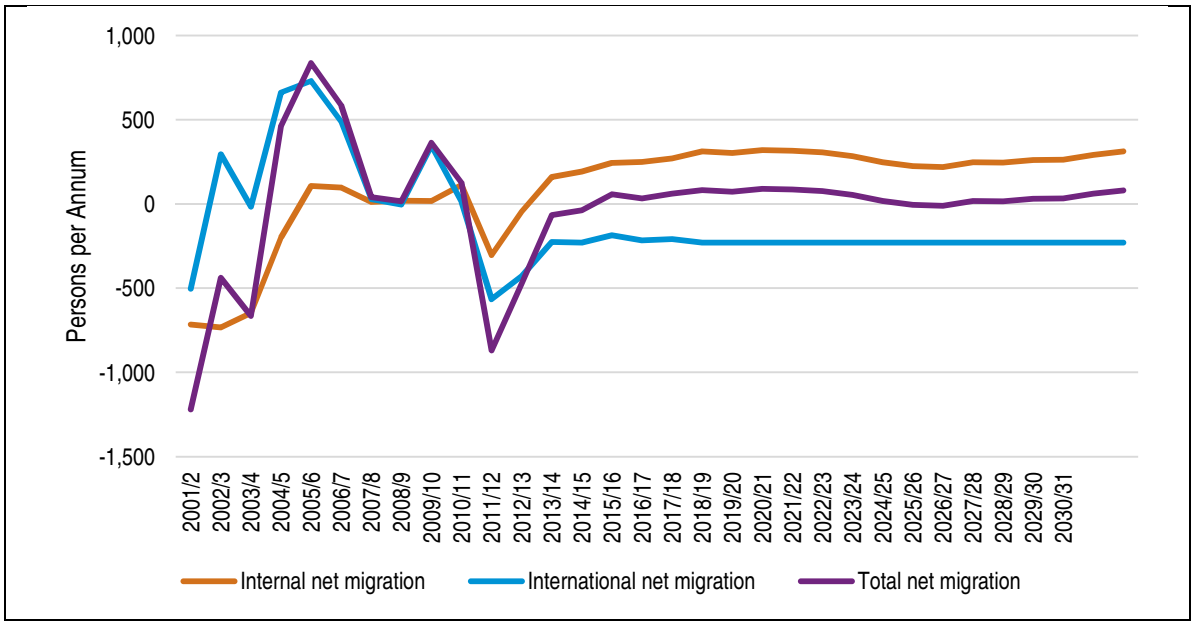


Source: ONS

Woking

4.41 For Woking we begin by studying levels of net migration in the past and the projections moving forward. Taking both international and internal migration together the data shows a fairly flat trend in the future with a broad balance between in- and out-migration expected over the projection period to 2033. It is quite difficult from the graph to see how well this fits in with past trends given that data has been highly variable in the past.

Figure 21: Past and Projected Net Migration, mid-2001 to mid-2033 – Woking



Source: ONS

4.42 To compare past trends and the ONS Projection, Table 18 shows these trends for selected time periods (using 2013 as a base to be consistent with the demographic analysis in this report). The data shows over the five years to 2013 that net migration averaged around 168 per annum (net out-migration) with the 10-year trend being of a net in-migration (averaging 42 per annum). In the future a small level of net out-migration is shown.

Table 18: Annual net Migration for Different Past and Projected Periods – Woking

	2003-13	2008-13	2013-18	2013-23	2013-28	2013-33
Internal	-83	-40	223	267	259	263
International	125	-128	-213	-222	-225	-226
Total	42	-168	9	45	35	37

Source: ONS

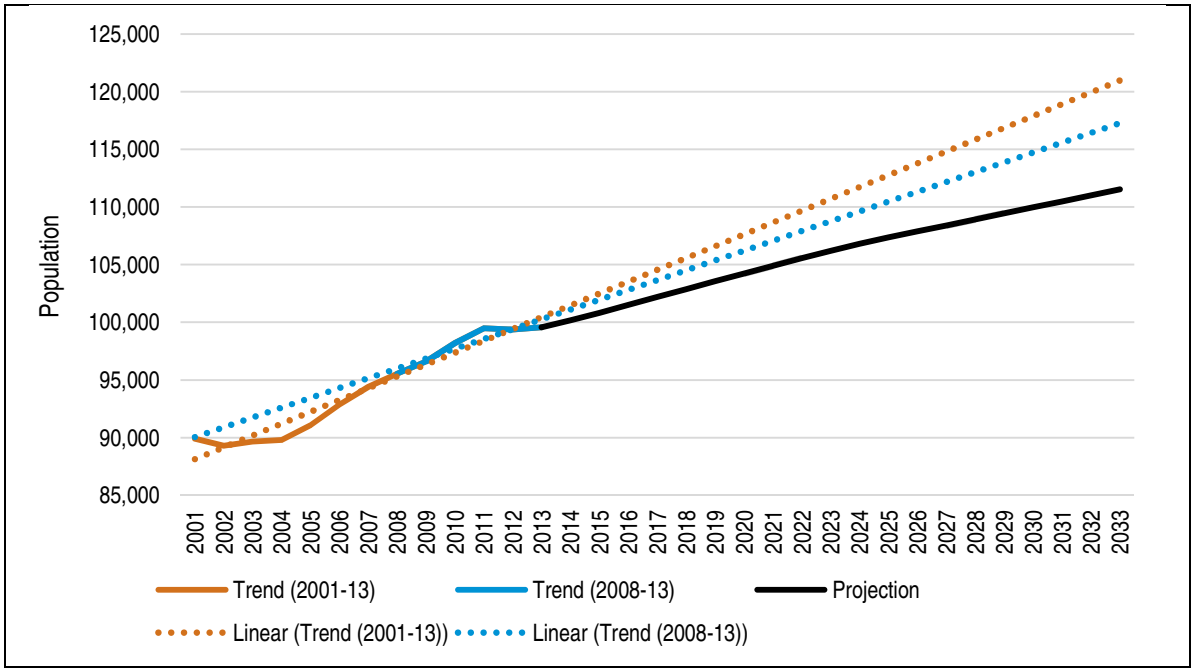
4.43 There are some differences between internal and international migration, with the former showing higher levels than past trends suggest and international migration tending to be lower. As with other analysis, differences from past trends will to some degree be due to the age structure and how this is expected to change in the future. Overall, however the projected levels of migration look sound in the context of past trends.

4.44 It is worthwhile briefly considering figures for Unattributable Population Change (UPC) in Woking. Unlike Guildford, Woking shows a positive level of UPC (averaging 414 per annum in the 2001-11 period). This suggests that population growth in the ONS components of change may have underestimated population growth. However, as noted, it is not considered by ONS that the UPC

should form any part of the projections moving forward the figures for UPC are more likely to reflect the earlier part of the decade than the later period from which forward projections are developed (because of improvements to ONS migration statistics).

4.45 The final piece of analysis for Woking looks at overall population growth in the context of past trends. This does show that future growth is somewhat lower than seen in the past. Whilst the overall rate of population growth is lower, we would note that the migration trends underpinning these projections are very much in line with the levels recorded by ONS in the past. It is also notable in this context that population growth in Woking in the past has been stronger than in other parts of the HMA.

Figure 22: Past and projected population growth - Woking



Source: ONS

Conclusions regarding the SNPP

4.46 Having worked through the outputs of the latest SNPP it is considered that the overall levels of population growth are sound. In Guildford, projected levels of population growth are somewhat lower than might be expected taking a trend over the past five years, however the level of growth is consistent with that seen in the past decade. Considering the components of population change and how these might change in the future does however suggest that the expected rate of change is reasonable. In Waverley the SNPP is a relatively close match to past trends (regardless of the period studied) and again appears reasonable. For Woking, the overall rate of population growth is below past trends for the Borough (but similar to that in other parts of the HMA). Analysis of the components of change for Woking suggests that the future modelling (by ONS) is consistent with

past data. As with other areas it is therefore concluded that the SNPP is a sound demographic basis for Woking.

4.47 The 2012-based SNPP have therefore been taken forward to be used in the analysis of housing need. The analysis looks at the period from 2013 to 2033.

KEY MESSAGES – 2012-BASED SNPP

- 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.
- The SHMA has analysed the population projections. For the HMA as a whole the projection show lower levels of population growth moving forwards, relative to trends in the recent past. Both net migration and natural change are expected to fall over time.
- A detailed interrogation of the components of population change from a technical perspective however suggests that the projections are robust as a starting point for considering housing need.
- It should however be borne in mind that there are potential upside factors. For instance out-migration from London has fallen through the recession. Taking account of market dynamics, it is feasible that out-migration from London to parts of the Home Counties could increase over time. A sensitivity analysis regarding scenarios for migration is set out later in this section.

Household Growth

4.48 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)).

4.49 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.

4.50 Table 19 shows expected household growth in the 2012-based projections from 2013 to 2033 for West Surrey and a range of other areas. The figures for the West Surrey authorities 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 26,000 over the 20-year period – this is an 18% increase moderately lower than expected across the comparator areas studied.

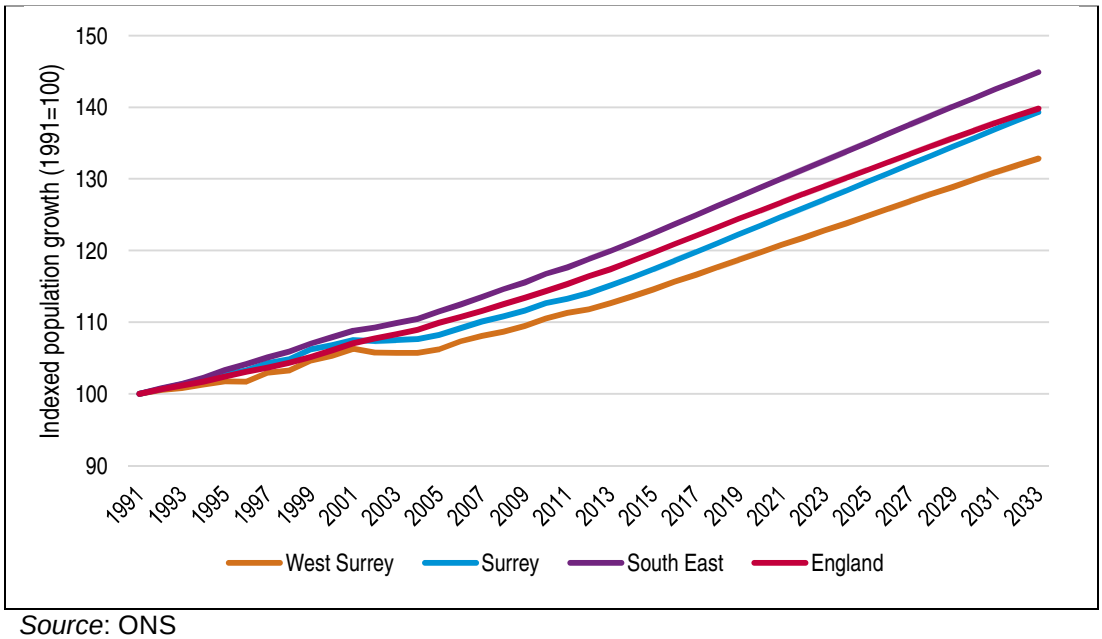
Table 19: Projected household growth (2013-2033)

	Households 2013	Households 2033	Change in households	% change from 2013
Guildford	55,351	65,279	9,928	17.9%
Waverley	49,691	59,108	9,417	19.0%
Woking	39,757	46,380	6,623	16.7%
HMA	144,798	170,767	25,969	17.9%
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

4.51 Figure 23 shows household growth back to 1991 and projected forward to 2033. The analysis shows that growth in West Surrey has been quite moderate in comparison with other areas. Moving forward, household growth in West Surrey closely tracks that expected in other areas – albeit at a slightly lower level. In all areas there is 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.

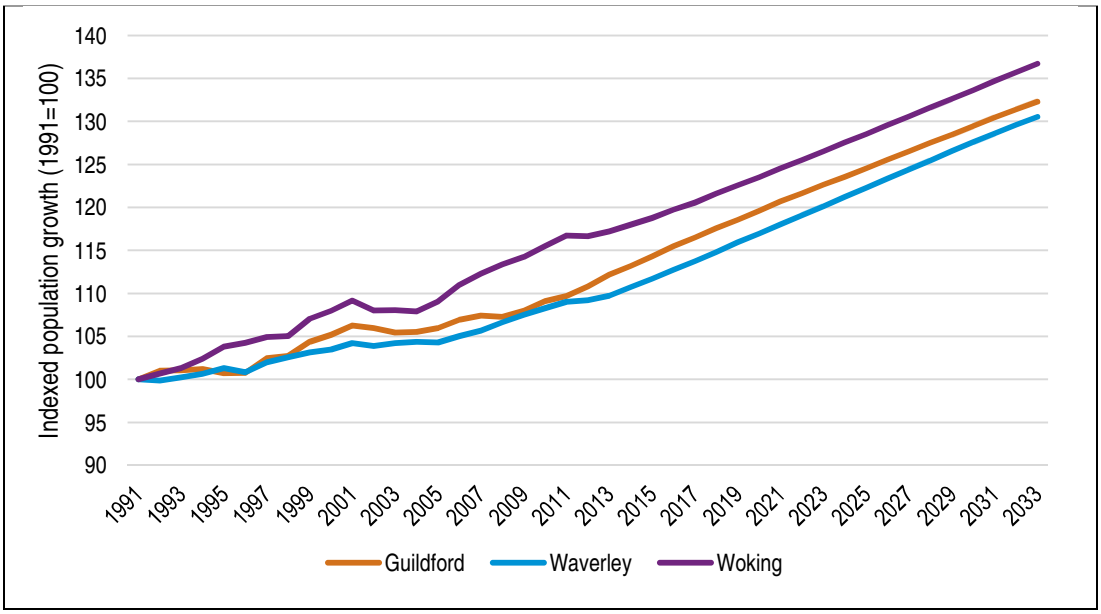
Figure 23: Indexed Household Growth (1991-2033)



Source: ONS

4.52 Figure 24 shows the same information for individual local authority areas. The data shows fairly moderate growth in Guildford and Waverley up until about 2011. From this date, Guildford and Waverley show a notable increase in households, with Woking broadly continuing on its long-term trend.

Figure 24: Indexed Household Growth (1991-2033) – by Borough



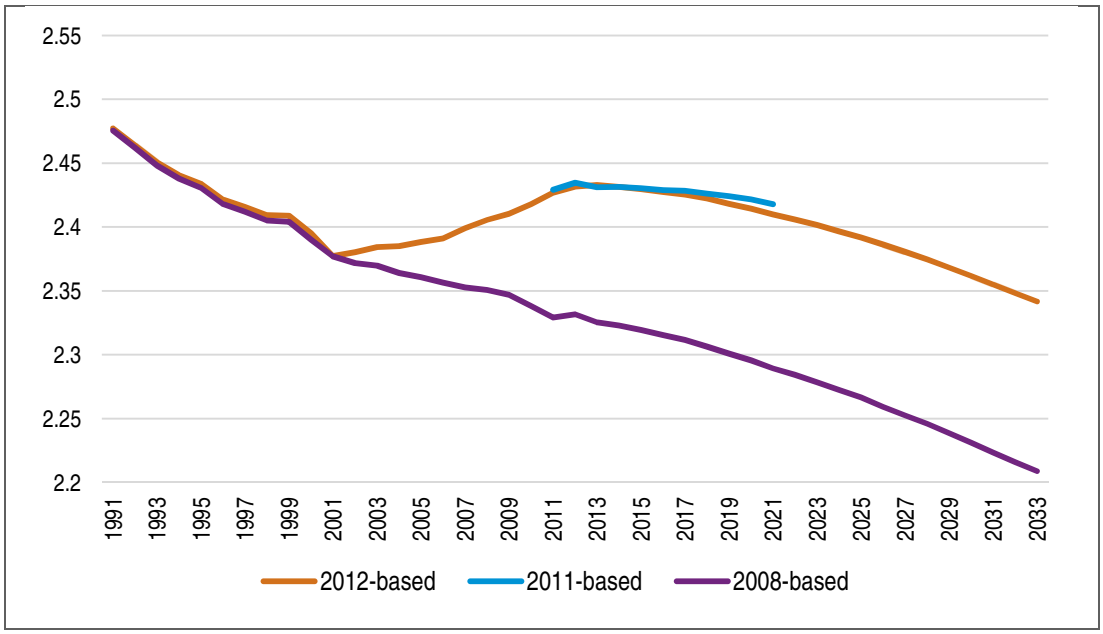
Source: ONS

4.53 To provide a headline assessment of the impact of the 2012-based household projections we can make a comparison of average household sizes. The figure below 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.

4.54 The data also shows a notable increase in household sizes from 2001 to 2011 – 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 evidence 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.

4.55 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 much different. Hence at face value it does look as if the new projections are returning rates of change similar to those experienced in the longer-term.

Figure 25: Past and projected trends in Average Household Size – West Surrey



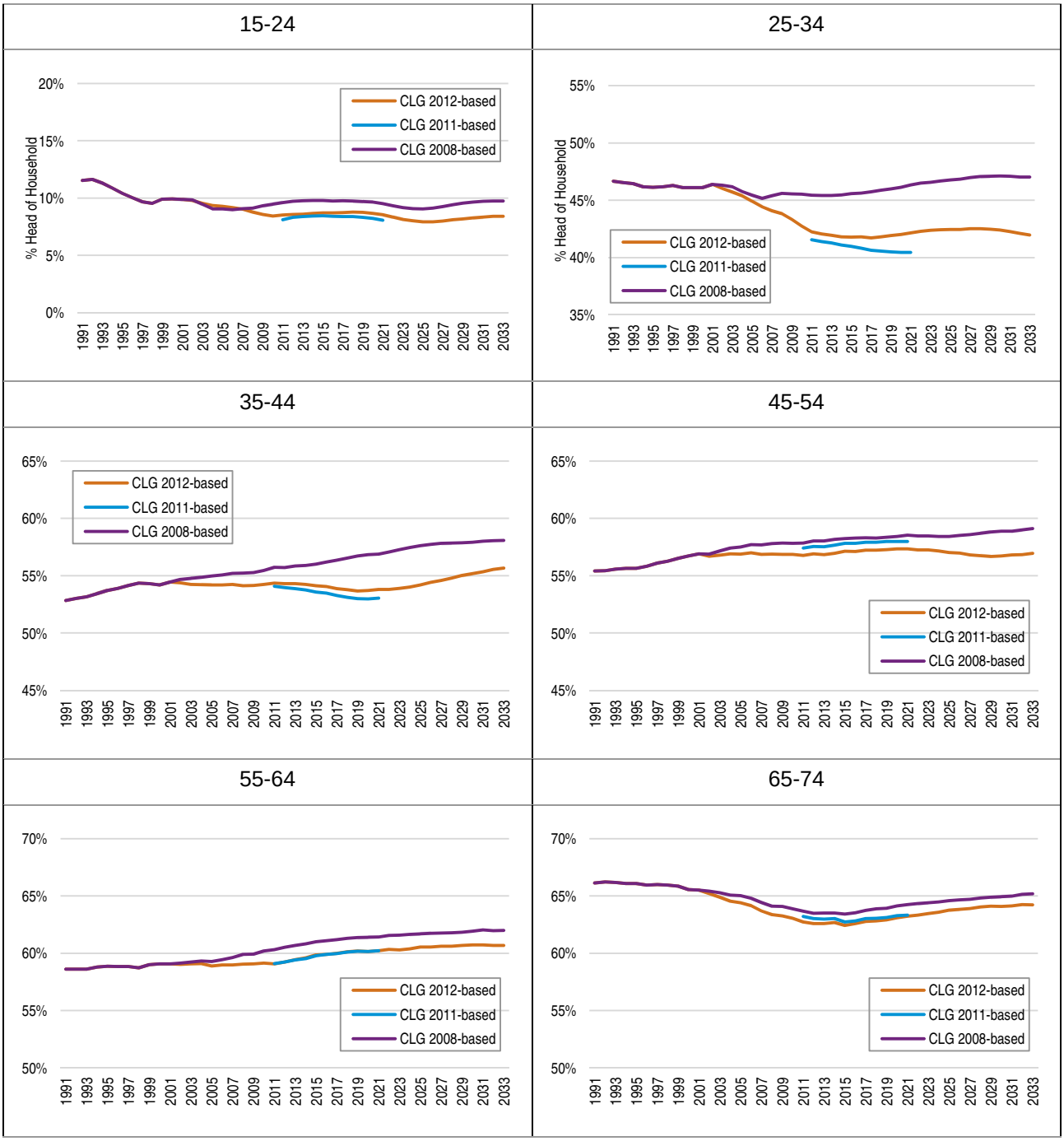
Source: Derived from ONS and CLG data

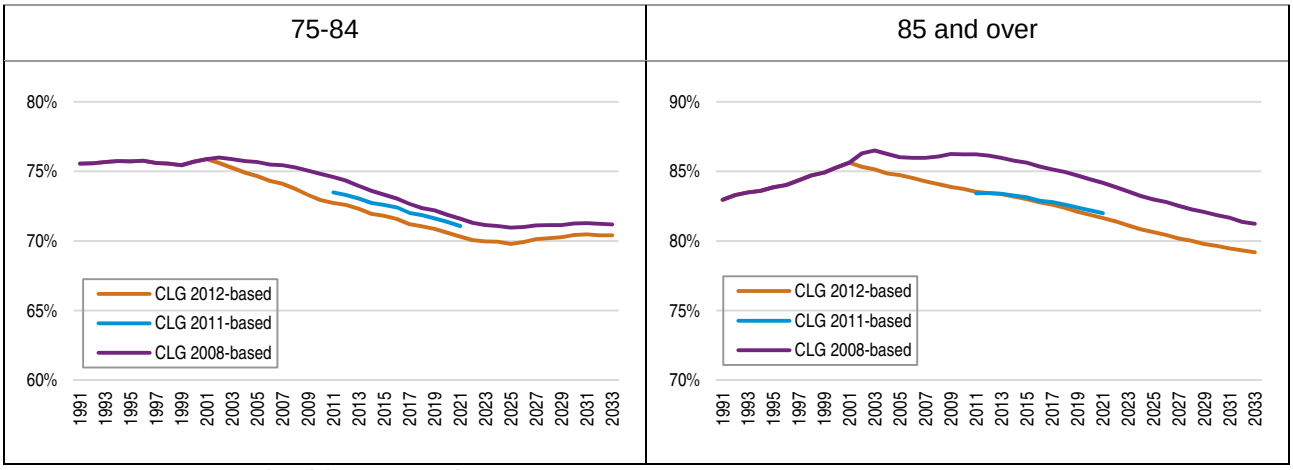
4.56 It is also useful to understand how the different CLG projections impact on assumptions for different age groups. Projections for household growth in this report are not based on applying average household sizes – they take account of age-specific household formation rates and how these are expected to change over time.

4.57 Figure 26 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.

4.58 However within individual age groups it is apparent that the latest projections show quite a movement away from past trend data in those aged 25-34. Particularly in the 2001-11 period the 2012-based projections appear to be indicating a degree of suppression within household formation rates– whilst there is some moderate improvement to household formation rates expected post-2012 it still leaves the rate some way below historical figures (e.g. in 2001). The issue of supressed household formation rate is considered in more detail later in this document and in particular our response to the suppression within the 25-34 year olds.

Figure 26: Projected Household Formation Rates by Age of Head of Household – West Surrey





Source: Derived from CLG data

4.59 Table 20 below 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 and second homes. Analysis of 2011 Census data about unoccupied household spaces provides the following vacancy rate figures which have been used in analysis:

- Guildford – 4.2%
- Waverley – 4.7%
- Woking – 3.1%

4.60 These describe the percentage to which total household spaces exceed occupied household spaces. 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.

4.61 The analysis shows an overall housing need for some 1,352 dwellings per annum across the HMA. This figure would be considered as the "starting point" for assessing housing need following the approach in the PPG. It takes account of the most recent population and household projections.

Table 20: Projected Household Growth 2013-33 – 2012-based SNPP (adjusted for 2013 Mid-Year Estimates) and 2012-based Headship Rates

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	65,279	59,108	46,380	**170,767**
Change in households	9,928	9,417	6,623	**25,969**
Per annum	496	471	331	**1,298**
Dwellings (per annum)	**517**	**493**	**341**	**1,352**

KEY MESSAGES – HOUSEHOLD FORMATION RATES

- GL Hearn consider that overall the 2012-based household projections and the household formation rates within provide a reasonable basis from which to project future housing need.
- The 2012-based household projections look fairly sound with levels and rates of change being not dissimilar to those in the earlier (pre-recession) 2008-based projections. However it is noted that the latest projections show some suppression in household formation rates for people aged 25-34.
- Subsequent demographic modelling in this report is undertaken on this basis.

Sensitivity Analysis

4.62 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 test the implications of differing assumptions relating to migration rates and unattributable population change. 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 period since 2001. A consideration of longer-term trends is suggested as an alternative scenario in the PAS Technical Advice Note on *Housing Targets and Objectively Assessed Housing Need* 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 in the ONS data for 2001-11 in the West Surrey area. In this instance UPC is negative, this suggests that the components of change feeding into the SNPP may slightly overestimate migration and population growth. Whilst this is a useful scenario to consider (again it is one

suggested in the PAS Technical Advice Note[10]) we do not consider it to be a robust alternative to the SNPP. The main reasons for this are that it is unclear if UPC is related to migration and more importantly, due to changes in the methods used by ONS to measure migration it is most probable that any errors are focussed on earlier periods (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate.

4.63 The two tables below show the outputs of the two alternative demographic projections developed. In the case of 12-year migration trends the analysis suggests a higher level of need than when using the 2012-based SNPP (for 1,410 dwellings rather than 1,352). With an adjustment for UPC the need goes in the opposite direction – seeing a decrease to 1,210 dwellings per annum. For individual authorities the data shows a higher level of need in Guildford using the 12-year migration trends (but lower in both other areas). With the UPC adjustment the projections are lower in Guildford and Waverley but higher in Woking. The longer term migration trends in Waverley show a lower level of net in-migration than more recent trends thus there is a significant reduction in housing need when these are applied.

4.64 Given that we consider these alternative projections as being less robust than the SNPP (data for the period before 2006 is less reliable due to the methodology employed) it is not proposed to take either forward. It does however provide us with some comfort that the alternatives do show both an up and downside to the figures derived from the SNPP.

Table 21: Projected Household Growth 2013-33 – 12-year Migration Trends and 2012-based Headship Rates

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	69,633	56,629	45,627	**171,889**
Change in households	14,282	6,938	5,870	**27,090**
Per annum	714	347	293	**1,355**
Dwellings (per annum)	**744**	**363**	**303**	**1,410**

Source: GLH and JGC analysis of CLG data, 2015

[10] Planning Advisory Service – July 2015 - http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

Table 22: Projected Household Growth 2013-33 – 2012-based SNPP with UPC Adjustment and 2012-based Headship Rates

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	59,939	58,714	49,422	**168,075**
Change in households	4,589	9,023	9,665	**23,277**
Per annum	229	451	483	**1,164**
Dwellings (per annum)	**239**	**472**	**498**	**1,210**

Source: GLH and JGC analysis of CLG data, 2015

4.65 Although the UPC adjusted projection shows a lower level of housing need, it is not considered that this is a robust projection to take forward to inform the OAN. The main reasons for this are:

i) The reasons for the difference between population estimates are not clear (i.e. we cannot be sure if UPC is as a result of mis-recording of migration or with errors in the recording of Census population data);

ii) There is no evidence of when and error in the estimates occurred (ONS has simply distributed this roughly evenly across the 2001-11 decade). Given improvements in the recording of migration since about 2006 it is possible that any errors are now quite historic;

iii) There is a significant risk in taking forward a lower UPC adjusted figure as it could be argued that the downward 'correction' supresses housing need.

4.66 It is however useful to note the findings from the UPC adjusted projection, in particular to note that there are potential downsides to the housing need when compared with official projections.

London Migration

4.67 There is an important interaction within London in the demographic projections, recognising a significant level of migration between each of the three authorities to/ from London. We have sought to provide some sensitivity analysis around this issue.

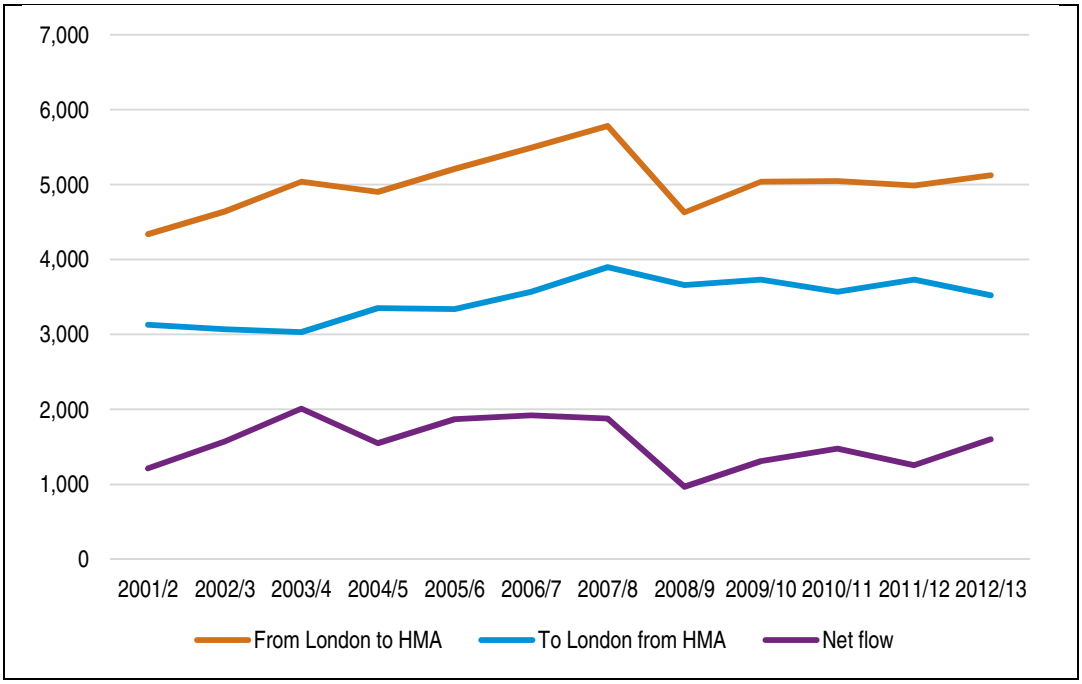
4.68 The Greater London Authority (GLA) identified as part of their 2013-based Projections feeding into the Further Alterations to the London Plan (FALP) that there had been a marked change in internal migration dynamics to and from London since the beginning of the recession (2007/8). Overall, the GLA 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.

4.69 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-migration11 to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

4.70 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 West Surrey.

4.71 Figure 27 shows that migration from London to West Surrey increased in the period to 2007/8 but then saw a notable fall in 2008/9 followed by a gradual increase over the last five years for which data is available. Migration to London from the HMA also increased in the period to 2007/8 and has been fairly stable since. Migration from London in net terms was on average 337 persons per annum higher in the pre-2008 period studied relative to over the five year period which has fed into the 2012-based SNPP (2007-12).

Figure 27: Interrogating Migration flows between London and West Surrey



Source: GLA / GL Hearn

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

4.72 When looking at individual local authorities (in the table below) it is clear for Guildford that net migration from London has declined (mainly due to more people moving to London). In Waverley there has also been a small decrease in the net flow from London – this is due to a combination of both a reduction in people moving from London and an increase in the numbers moving to the capital. In Woking the data actually shows a small increase in net migration from London.

Table 23: Migration to- and from- London and West Surrey– Individual Local Authority Analysis

	Guildford			Waverley			Woking		
	From London to district	To London from district	Net flow	From London to district	To London from district	Net flow	From London to district	To London from district	Net flow
2001/2	1,750	1,450	300	1,480	980	500	1,110	700	410
2002/3	1,890	1,460	430	1,590	960	630	1,160	650	510
2003/4	2,050	1,410	640	1,750	950	800	1,240	670	570
2004/5	1,970	1,620	350	1,680	1,070	610	1,250	660	590
2005/6	2,160	1,670	490	1,760	980	780	1,290	690	600
2006/7	2,290	1,730	560	1,760	970	790	1,440	870	570
2007/8	2,410	1,910	500	1,820	1,140	680	1,550	850	700
2008/9	1,930	1,880	50	1,520	1,030	490	1,180	750	430
2009/10	2,010	1,890	120	1,660	1,040	620	1,370	800	570
2010/11	1,967	1,818	149	1,734	1,035	699	1,345	717	628
2011/12	2,029	1,943	86	1,563	995	568	1,394	792	601
2012/13	1,984	1,862	122	1,714	911	803	1,426	751	675
Pre-2008 average	2,074	1,607	467	1,691	1,007	684	1,291	727	564
SNPP average	2,069	1,888	181	1,659	1,048	611	1,368	782	586
Difference	5	-281	286	32	-41	73	-76	-55	-22

Source: GLA

4.73 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.

4.74 Table 24 shows overall population growth from this alternative projection. This shows population growth of 14.5% across the HMA in the 2013-33 period (compared to 13.6% in the SNPP-based projection). Population growth under this scenario (when compared with the SNPP) is notably

higher in Guildford (16.9% vs. 15.0%) and to a lesser extent Waverley (13.9% vs. 13.3%); in Woking the population growth is very slightly lower (11.8% vs. 12.0%).

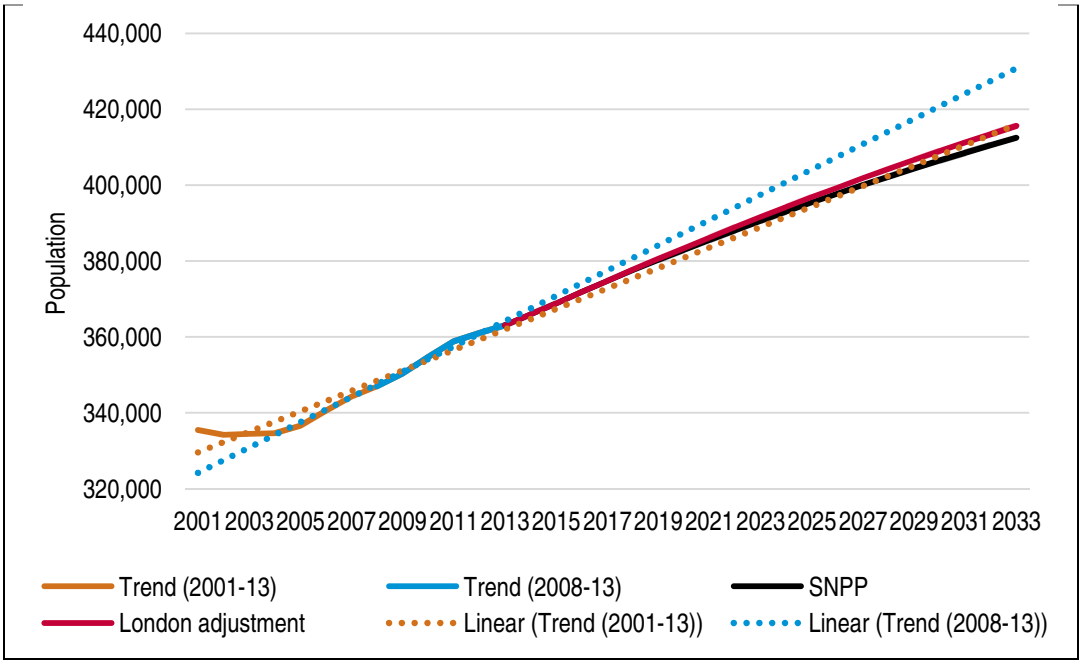
Table 24: Projected Population Growth (2013-2033) –London Migration Sensitivity Analysis

	Population 2013	Population 2033	Change in population	% change
Guildford	141,009	164,881	23,872	16.9%
Waverley	122,426	139,394	16,968	13.9%
Woking	99,567	111,314	11,747	11.8%
West Surrey	363,002	415,590	52,588	14.5%

Source: ONS

4.75 The figure below shows how this projection sits with past trends – whist the uplift to population growth is not significant, it does bring the projection more in-line with long-term past trends than is the case with the SNPP.

Figure 28: Past and Projected Population Growth – West Surrey



Source: ONS

4.76 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 Table 25.

4.77 For the whole HMA, the identified housing need rises slightly in the sensitivity analysis –by 4% from 1,352 to 1,411 dwellings per annum. Most of this increase can be seen in Guildford (an increase of 51 dwellings per annum – 10%) with Waverley seeing a small increase (12 dwellings per annum –

2%) and Woking a slight reduction (of 4 dwellings per annum – 1%). This scenario arguably moves away from projecting to forecasting household and dwelling growth.

Table 25: Projected Household Growth 2013-33 – London Migration Sensitivity Analysis and 2012-based Headship Rates

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	144,798
Households 2033	66,262	59,340	46,298	171,900
Change in households	10,912	9,649	6,540	27,101
Per annum	546	482	327	1,355
Dwellings (per annum)	**568**	**505**	**337**	**1,411**

4.78 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 on out-migration from each of the authorities to other parts of the Country (with thus an increase in both in- and out-migration).

Impact of Student Housing

4.79 The 2012-based SNPP are based on population trends between 2006/7 and 2012[12]. The University of Surrey expect stronger growth in student numbers moving forward than occurred during this time period. This could have an upwards impact on housing need, particularly in Guildford.

4.80 Of the growth of up to 6,300 additional students at the University of Surrey over the period to 2033, it is anticipated that potentially 1,985 persons may fall within the household population (as opposed to those living in halls who are expected to fall within an institutional population which is considered separately in the projection model).

4.81 The student population growth is expected to be stronger than that shown over the period from which the 2012-based SNPP is based. On the assumption that 50-60% of eligible students live within halls or purpose-build student accommodation, the SHMA estimates that growth in the student population could result in an additional need for up to 500 dwellings over the period to 2033. This should be regarded as a maximum figure.

4.82 This need arising from student population growth could have an additional upward impact on the projected housing need based on the 2012-based SNPP. As some students may also have jobs, it is likely that there would be some – but potentially a lower – upwards impact set against the economic-led projection.

4.83 Further information of the impact of student housing can be found in Appendix C

[12] The projections are of trends in internal migration (within the UK) between 2007-12 and international migration from 2006-12

KEY MESSAGES – INITIAL ASSESSMENT OF HOUSING NEED BASED ON DEMOGRAPHIC TRENDS

- GL Hearn concludes that applying household formation rates from the 2012-based household projections to the 2012-based ONS Sub-National Population Projections provide an appropriate 'starting point' for considering housing need (using the terminology in the Planning Practice Guidance).
- This results in a need for 1,352 homes per annum across the HMA between 2013-33. This splits into a need for 517 homes per year in Guildford Borough, 493 per year in Waverley and 341 per year in Woking Borough.
- We have also provided some analysis in relation to UPC and longer term migration trends. These result in a level of housing need which are lower and higher respectively than the demographic based need. We have also provided further sensitivity analysis around London out-migration and the impact of returning this to pre-recession levels.
- In addition student growth moving forwards may be stronger than that seen over the period from which the 2012-based Projections are derived. This could result in an increase in housing need of up to 500 homes (focused on Guildford) over the 2013-33 period or 25 homes per annum.

5 ECONOMIC-DRIVEN PROJECTIONS

5.1 The previous section assessed demographic projections. The projections are particularly sensitive to migration. In this section we consider how migration in the HMA, and in different 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). The Planning Practice Guidance 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."*

5.2 This is reinforced in the NPPF which sets out in Paragraph 158 that local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and take full account of relevant market and economic signals.

Economic Growth Potential

5.3 AECOM has prepared an Employment Land Needs Assessment (ELNA) for Guildford. This considers employment projections for the whole Property Market Area (PMA) which covers Guildford, Waverley and Woking. GL Hearn has drawn on further analysis also undertaken by AECOM specifically in relation to Guildford and Woking. The two strands of work have been prepared simultaneously, with the AECOM work informing the SHMA. We have also drawn on a separate Atkins report examining potential employment growth within Waverley. This work has not been published but extracts have been passed to GL Hearn for the purposes of this work.

5.4 The further analysis undertaken by AECOM examined three workforce employment projections datasets for Woking and Guildford and used these to calculate a net additional change in employment for each borough over the period 2013-2033. The three workplace employment projection datasets were:

i. *Cambridge Econometrics Employment Projections, 2015 (Cambridge Econometrics);*

ii. *Experian UK Local Market Forecasts, 2015; and*

iii. *Local Authority District Forecasting Model, 2015 (Oxford Economics).*

5.5 These forecasts are derived from the three main forecasting houses which prepare econometric forecasts at local authority level. Each dataset is supplemented by a technical report which presents information on the approach used to project workplace employment. The methodology for calculating the change in jobs is included within Appendices E & F.

5.6 The three projections indicate that Woking's workplace employment is anticipated to grow by between of 0.6% to 1.0% per annum between 2013 and 2033, with an average rate of 0.8% per annum.

5.7 For Guildford the same datasets indicate that workplace employment is anticipated to grow by between of 0.6% to 1.1% per annum between 2013 and 2033, with an average rate of 0.9% per annum.

5.8 Assuming each projection is valid for each Borough, the average rate of change in employment is deemed to be the most suitable rate of growth to apply to determine the net additional workplace employment arising.

5.9 The change in workplace employment 2013-2033 was calculated by two steps:

- First, an estimate of workplace employment in each borough for the year 2013 is required. Aggregating ONS' Business Register Employment Survey (BRES) data at a four-digit standard industrial classification (SIC) level provides an estimate of employment across all sectors. BRES is a survey and typically underestimates employment. This underestimate can be resolved by applying an adjustment factor calculated using the regional Workforce Jobs series. Applying an adjustment to each SIC division to align with the regional unadjusted Workforce Jobs series for 201313 provides an estimate of 89,600 jobs in Guildford and 53,500 jobs in Woking.
- Second, the average compound annual growth rate (CAGR) of the three workplace projections is used to project the additional workplace employment across each of the three scenarios.

5.10 From this approach AECOM calculate that workplace employment in Woking is anticipated to grow by 9,600 between 2013 and 2033 and 17,700 in Guildford over the same period.

5.11 The Emerging Waverley Employment Land Review Update (Atkins 2015) considered three scenarios for employment growth. These are:

- Scenario 1 is based on the outputs of econometric forecasts from Experian (released in March 2015);
- Scenario 2 tests the employment land implications if recent trends (1997 -2013) continued; and

- Scenario 3 uses the trend based scenario as its starting point but makes a number of assumptions to better align with the Waverley Economic Strategy 2015-2020.

5.12 There were only relatively small changes in the Borough's job numbers over the 1997-2013 period and therefore both scenario 2 and 3 predict modest employment growth in Waverley Borough.

5.13 As set out in the PPG local authorities should develop an idea of future needs based on a range of data which is current and robust and 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.*

5.14 As Atkins' conclude by recommending that Scenarios 3 is used as the basis for planning Waverley's future employment land we have provided the resultant housing need calculation for the trend based Scenario 2 for comparison.

5.15 The Atkins work was provided to us in the form of Full-Time Equivalent (FTE) Job Growth. These have been converted to overall jobs by assuming 0.85 FTEs per job (i.e. an uplift on FTE of about 18%). This figure has been based on considering the relationship between full- and part-time workers in the Borough. Table 26 sets out the economic growth assumptions provided by Atkins. These show a level of growth of between 0.2% and 1.0%

Table 26: Economic Growth Assumptions for Waverley

	2013 FTE	Additional FTE Jobs	2033 FTE	Total Jobs Growth	CAGR
Scenario 2	41,390	2,050	43,440	2,412	0.2%
Scenario 3	41,390	1,690	43,080	1,988	0.2%

Source: Atkins/GL Hearn, 2015

Relating Jobs and Homes – Modelling Assumptions

5.16 In relating growth in employment to that of the overall population, the following factors are relevant:

- Relationship between jobs and people in work: recognising that some people may hold down more than one job ('double jobbing');
- Commuting patterns: recognising that commuting patterns may influence the balance between jobs and residents in employment in different areas; and
- Employment rates: which describe the proportion of people who are in work. These are considered for different age groups, taking account of trends and, moving forwards, changes to pension age.

5.17 It is difficult to precisely predict how these may change, however the Planning Practice Guidance requires an assessment to be made.

5.18 Table 27 below shows summary data about commuting to and from West Surrey and individual local authorities from the 2011 Census. The data shows that the HMA generally sees a level of out-commuting for work. Out-commuting is particularly high in Woking and Waverley.

Table 27: Commuting Patterns in West Surrey (2011)

	Guildford	Waverley	Woking	West Surrey
Live and work in LA	24,820	16,272	14,093	55,185
Home workers	9,325	10,204	5,947	25,476
No fixed workplace	5,677	5,367	4,224	15,268
Out-commute	30,678	27,917	27,409	86,004
In-commute	38,489	20,914	20,304	79,707
Total working in LA	78,311	52,757	44,568	175,636
Total living in LA (and working)	70,500	59,760	51,673	181,933
Commuting ratio	0.90	1.13	1.16	1.04

Source: 2011 Census

5.19 The only area to see net in-commuting is Guildford where there are about 7,800 more people working in the local authority area than living there (and are working). As Guildford is one of the larger employment centres in the region and a level of in-commuting can be expected.

5.20 In translating the commuting pattern data into growth in the labour-force it is assumed that the commuting ratio remains at the same level as shown by the 2011 Census (i.e. assumes that 4% (net) of additional resident workers will out-commute). This essentially means that there would be expected to be a greater increase in working residents for a given number of jobs. The figures have been applied on a local authority by local authority basis using data as shown in the table above.

5.21 The SHMA adopts a 'policy off' approach which does not seek to change commuting patterns[13]. However labour markets operate across local authority and HMA boundaries. Labour markets are also flexible and commuting patterns can change over time. However, any changes to commuting patterns would need to be agreed by the other Local Authorities affected as they may be relying on the a continuation of such patterns.

5.22 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 each Borough divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that around 4.1% of workers have a second job (data averaged from data for the 2004-14 period to recognise relatively high error margins associated with data for individual years). This gives a double jobbing ratio of 0.959 (i.e. the number of jobs can be discounted by 4.1% to estimate the required change in the workforce). Again data has been used on an individual local authority basis with the double jobbing percentages for each area being:

- Guildford – 4.1%
- Waverley – 4.5%
- Woking – 3.8%

5.23 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 to get the adjustment factor and in turn multiply this by the number of jobs – this is shown in the table below.

5.24 Overall, the forecasts expect an increase of 29,500 jobs. If commuting patterns and levels of double jobbing remain the same, then this would require a slightly lower level of growth in the resident workforce (of about 38,500 people).

Table 28: Jobs Growth and Change in Resident Workforce (2013-33) – economic forecasts

	Change in Workforce jobs	Adjustment factor	Change in resident workforce
Guildford	17,738	0.86	15,307
Waverley (scenario 2)	2,412	1.08	2,610
Waverley (scenario 3)	1,988	1.08	2,152
Woking	9,585	1.11	10,686
West Surrey	29,311-29740	-	28,145-28,633

Source: Job forecasts, NOMIS and 2011 Census

5.25 In addition the analysis considers future changes to economic participation and employment rates. 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

[13] It is in essence required to do so, see Gallagher Homes & Lioncourt Homes vs. Solihull MBC Legal Judgement and Inspectors report for Oadby and Wigston

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), and we have modelled for there to be some increase in employment rates as we move through to 2033.

5.26 Table 31 shows the age/sex specific rates assumed in the analysis. These have been based on consideration of assumptions from a range of different forecasting houses and trends shown between the 2001 and 2011 census. It should be stressed that these figures reflect what we consider to be a reasonable set of assumptions although there would be a case for alternatives (both in an upwards and downwards direction).

Table 29: Employment Rates by Age and Sex –West Surrey

	Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 and over
Guildford	Male	2013	48.1%	86.7%	92.3%	81.3%	20.3%
		2033	48.1%	87.0%	93.5%	86.8%	23.3%
	Female	2013	50.9%	78.8%	78.4%	68.5%	11.6%
		2033	50.9%	85.8%	85.0%	80.1%	14.8%
Waverley	Male	2013	51.8%	90.8%	93.4%	82.2%	20.8%
		2033	51.8%	91.0%	94.6%	87.7%	22.3%
	Female	2013	54.1%	80.3%	77.7%	68.5%	11.9%
		2033	54.1%	87.3%	84.4%	80.1%	13.7%
Woking	Male	2013	58.8%	90.3%	92.5%	80.6%	18.0%
		2033	58.8%	90.6%	93.7%	86.0%	21.6%
	Female	2013	61.5%	77.5%	77.5%	65.9%	10.9%
		2033	61.5%	84.4%	84.2%	77.5%	13.7%

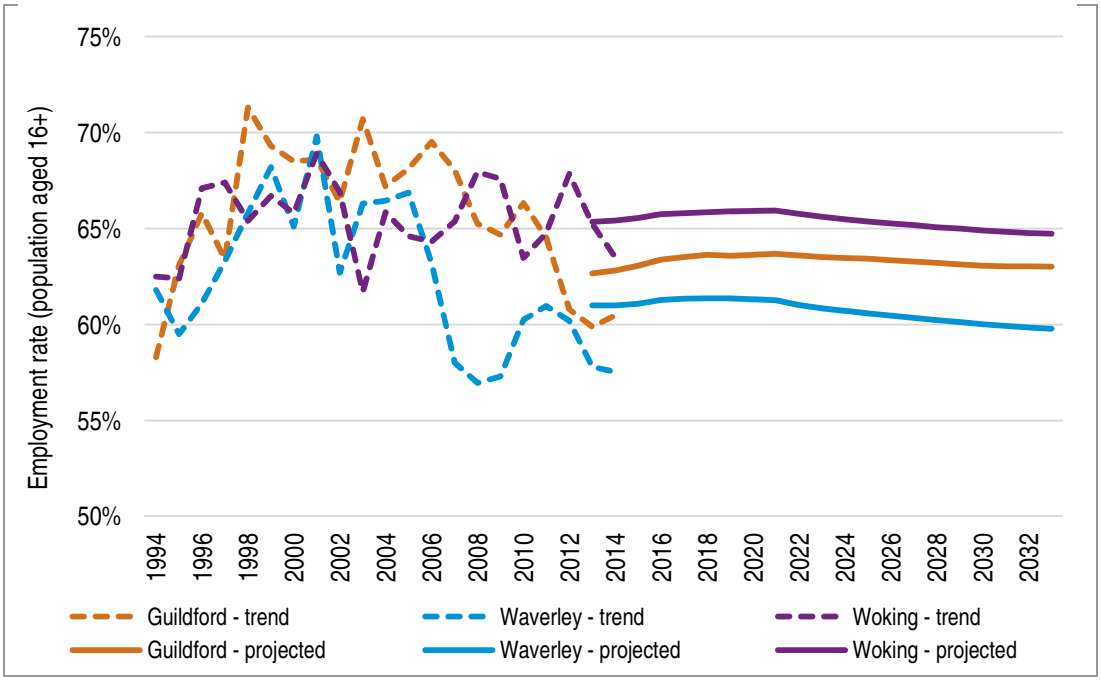
Source: Job forecasts and NOMIS

5.27 The figure below shows how the overall employment rate in West Surrey is expected to change over time. A past trend analysis from the Annual Population Survey (APS) back to 1994 has also been shown although some caution should be used in comparing figures given that the sources are different. The employment rate is based on the number of people in employment divided by the population aged 16 and over. If the local employment rate were to improve then part of the job growth could be met by the existing population without the need for an additional dwelling.

5.28 Given the age structure the data shows in all areas that the overall employment rate is expected to decrease slightly over time although this rate of change is greater in the future as we move into the future. The period to about 2021 typically shows some small increases in the rate; this reflects expectations of some improvements (particularly around reducing unemployment) with the decline in the rate thereafter being strongly linked to the demographic profile of the population (i.e. ageing).

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

Figure 29: Projected Change in Employment Rates – West Surrey (2013-2033)



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

Projection Results

5.30 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 around 637 homes per annum to be delivered in Guildford and 471 in Woking.

5.31 Both these figures are notably higher than derived through the main demographic modelling (517 and 341 dwellings per annum respectively) with all areas seeing some degree of uplift. The outputs are again based on household formation rates linked to the 2012-based CLG household projections.

5.32 The tables below show the same outputs but with the alternative scenarios in Waverley (as drawn from the Employment Land Review). Table 30 sets out the level of growth in Waverley if historic trends were to be repeated. This results in a level of housing need which is some way below the demographic need. Table 31 shows that the housing need in Waverley Borough resulting from the planned employment growth scenario would be 319 dwellings per annum. Therefore both Scenario 2 and 3 result in continuation of the demographic led need i.e. 493 homes per annum.

Table 30: Housing to Support Job Growth (with 2012-based CLG Headship Rates) – economic forecasts and trend-based figures for Waverley

	Guildford	Waverley (scenario 2)	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	67,579	56,063	48,900	**172,542**
Change in households	12,229	6,372	9,143	**27,744**
Per annum	611	319	457	**1,387**
Dwellings (per annum)	**637**	**334**	**471**	**1,442**

Table 31: Housing to Support Job Growth (with 2012-based CLG Headship Rates) – economic forecasts and economic strategy aligned figures in Waverley

	Guildford	Waverley (scenario 3)	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	67,579	55,775	48,900	**172,254**
Change in households	12,229	6,084	9,143	**27,456**
Per annum	611	304	457	**1,373**
Dwellings (per annum)	**637**	**319**	**471**	**1,427**

5.33 The relationship between new jobs and homes is influenced by the age structure of the population and how this is expected to change over time. This differs across the three authorities, and influences the ratio between expected growth in homes and jobs. As a result of the changes in age structure, the relationship between homes and jobs also does not increase in a linear way.

KEY MESSAGES – ECONOMIC-DRIVEN PROJECTIONS

- The economic-based projection indicate that jobs growth across the HMA could result in stronger in-migration than projected in the 2012-based SNPP and that it may be necessary to adjust upwards the assessed housing need.
- By making an upwards adjustment in Woking and Guildford to meet the economic needs and by maintaining the demographic need in Waverley (on the basis of using the trend based economic forecasts) the overall housing need in West Surrey would be 1,601 homes per annum.
- Housing provision below 1,601 could potentially constrain economic growth locally, or result in changes to commuting dynamics. Should the Councils seek to change commuting dynamics, we would recommend that the feasibility of this is tested in detail and considered through the duty to cooperate.
- However given economic and housing market dynamics in the area and its relationship to London we do not consider that any substantive clawback of out-commuting would be realistic.
- GL Hearn would recommend that evidence regarding economic prospects, associated housing need and land supply is brought together in finalising policies within local plans.

6 AFFORDABLE HOUSING NEED

Introduction

6.1 In this section we discuss levels of affordable housing need in West Surrey and each of the three local authority areas. The Planning Practice Guidance sets out that *"plan makers will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. These households will be eligible for affordable housing".* This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

6.2 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.

6.3 The assessment approach set out in the Planning Practice Guidance is based on a model for assessing housing need known as the Basic Needs Assessment Model. The analysis herein is based on secondary data sources as the PPG recommends. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

6.4 The affordable housing needs model calculates the number of households each year who will require support in meeting their housing needs. It 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 the needs arising.

6.5 Key definitions used in this section are set out in Appendix D.

Entry-Level Housing Costs

6.6 The housing needs assessment compares entry level house prices and rents with the incomes of households within each local authority area 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 Valuation Office Agency (VOA) data to establish lower quartile prices and rents. To be consistent with the PPG we have taken lower quartile prices and rents to reflect the entry-level point into the market.

6.8 Table 32 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level house prices are estimated to start from about £162,500 for a flat in Waverley and rising to £483,600 for a detached home in Woking. Looking at the lower quartile price across all dwelling types the analysis shows a figure varying from £225,000 in Woking, £250,000 in Guildford up to £260,000 in Waverley. These average figures will to some degree be influenced by the stock profile and the number of homes sold in each of the dwelling type categories.

Table 32: Lower Quartile Sales Prices by Type and Location (2014)

Dwelling type	Guildford	Waverley	Woking
Flat	£175,000	£162,500	£182,500
Terraced	£245,000	£244,000	£247,900
Semi-detached	£280,000	£310,000	£300,000
Detached	£443,000	£450,000	£483,600
All dwellings	£250,000	£260,000	£225,000

Source: Land Registry (2014)

6.9 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data covering a 12-month period to March 2015. For the rental data, information about dwelling sizes (rather than types) is published and indicates lower quartile rents vary from £377 for a room in Waverley up to £1,850 per month for homes with four or more bedrooms in Woking. The overall lower quartile cost (for all dwellings) varies from £650 per month in Waverley up to £875 in Woking with Guildford only just slightly below this at £860 per month.

Table 33: Lower Quartile Private Rents (Per Month) by Size and Location (year to March 2015)

Dwelling type	Guildford	Waverley	Woking
Room only	£400	£377	£425
Studio	£625	£550	£625
1 bedroom	£775	£675	£775
2 bedrooms	£995	£850	£995
3 bedrooms	£1,195	£1,100	£1,200
4+ bedrooms	£1,500	£1,500	£1,850
All dwellings	£860	£650	£875

Source: VOA (December 2013)

Cost of Affordable Housing

6.10 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. Table 34 illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are

significantly below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties.

Table 34: Monthly lower quartile Social Rent Levels

Size	Guildford	Waverley	Woking
1 bedroom	£356	£377	£399
2 bedrooms	£432	£422	£433
3 bedrooms	£489	£479	£480
Lower quartile	£388	£397	£426

Source: CORE (2014)

6.11 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)'.

6.12 Affordable Rented housing can therefore be considered to be similar to social rented housing 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 newbuild homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.

6.13 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 data. This is taken through the analysis of the types of affordable housing able to meet local needs.

Income Levels and Affordability

6.14 To model what households require support in meeting their housing needs it is necessary to compare housing costs to household incomes.

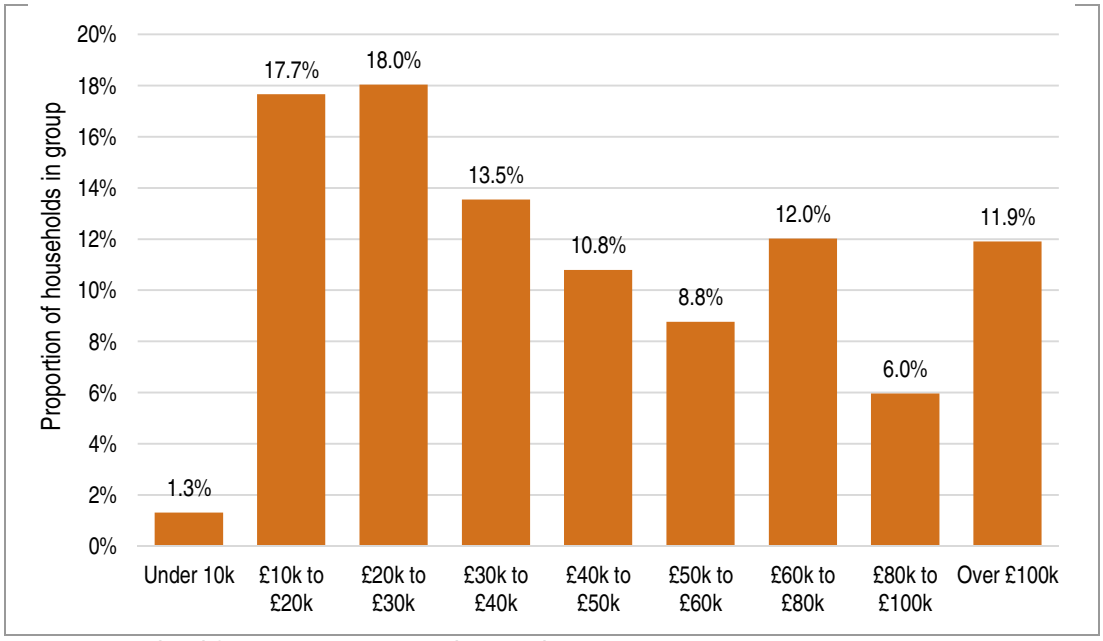
6.15 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will influence what housing households can afford and also provide an indication of the potential for intermediate housing to meet needs. Data about 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 – to provide information about the distribution of incomes (taking account of variation by tenure in particular)

- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. individual local authorities)

6.16 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of the HMA and individual local authorities for 2014. Figure 30 shows the distribution of household incomes for the whole of the HMA. The data shows that just under a fifth of households have incomes below £20,000 with a further fifth in the range of £20,000 to £30,000. The overall average (median) income of all households was estimated to be around £39,600 with a mean income of £52,000.

Figure 30: Distribution of Household Income – West Surrey



Source: Derived from SEH, CACI and ONS data

6.17 Table 35 shows how income levels vary for each of the three local authorities. Incomes were found to be highest in Woking and lowest in Waverley although differences between areas were slight.

Table 35: Income levels by Local Authority

	Mean Income	Median Income
Guildford	£52,681	£40,069
Waverley	£50,729	£38,584
Woking	£52,811	£40,167
West Surrey	£52,047	£39,569

Source: Derived from SEH, CACI and ONS data

6.18 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, within each area, is then used to estimate the likely proportion of households

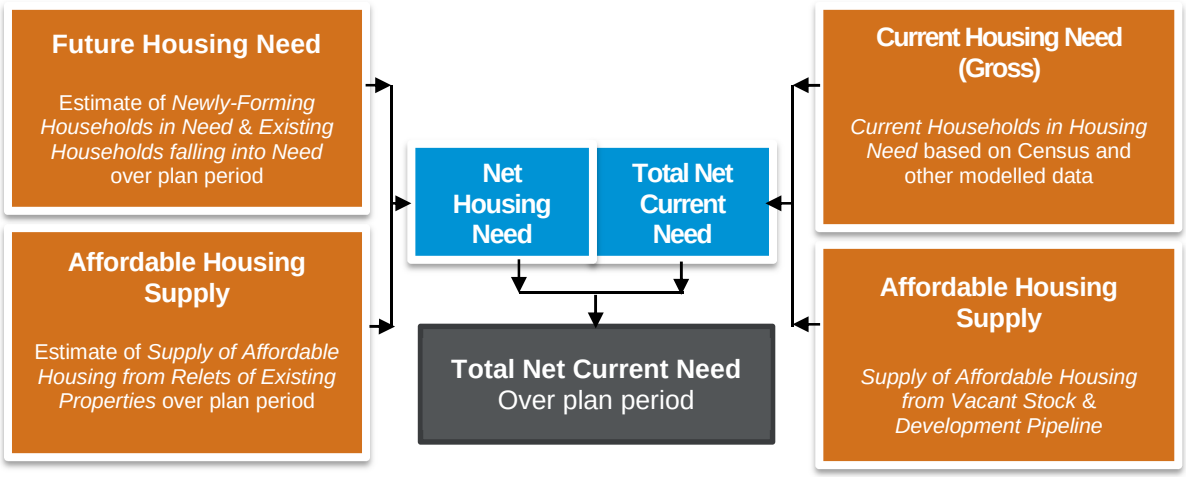
who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

6.19 Different affordability tests are applied to different parts of the analysis in this section 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.

Housing Needs Assessment

6.20 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 31: Overview of Basic Needs Assessment Model



6.21 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 (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Methodological Issues

6.22 As 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.

6.23 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 West Surrey (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 West Surrey. Where possible, data has also been triangulated with data from national surveys (notably the English Housing Survey).

6.24 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'.*

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

6.26 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. 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

6.27 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 problem. 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]

6.28 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.

Figure 32: 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 (all ages and family types)
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)
Households from other tenures in need	Modelled data linking to past survey analysis	

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

6.29 Given that some of the sources used are from the 2011 Census (with modelled data also being linked back to Census information) it has also been necessary to bring estimates up to a 2013 base. To update the analysis, reference has been made to the English Housing Survey and specifically considers changes to overcrowding and the tenure split of housing in the 2011-13 period.

6.30 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 9,796 households living in unsuitable housing (or without housing) – this is 6.8% of the estimated total number of households living in the HMA in 2013.

Table 36: Estimated number of households living in unsuitable housing

Category of 'need'	Households
Homeless households	0
Those in priority need who are currently housed in temporary accommodation	62
Households in overcrowded housing	4,895
Concealed households	1,402
Exiting affordable housing tenants in need	370
Households from other tenures in need	3,066
Total	9,796

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

6.31 In taking this estimate (9,796) 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. 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.

6.32 The table below shows that as of mid-2013 it is estimated that there were 5,179 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 3.6% of all households in the HMA in 2013.

Figure 33: Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	2,847	285
Social rented	1,885	0
Private rented	3,600	3,430
No housing (homeless/concealed)	1,464	1,464
Total	9,796	5,179

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

6.33 Having established the figure of 5,179, 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). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. 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.

6.34 Overall, around two-thirds 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 3,325 households. The table below shows how current need is estimated to vary across local authorities.

Figure 34: Estimated Current Need

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Guildford	1,990	66.0%	1,313
Waverley	1,307	55.7%	727
Woking	1,882	68.2%	1,285
West Surrey	**5,179**	**64.2%**	**3,325**

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

Newly-Arising Need

6.35 To estimate newly-arising (projected future) need we have looked at two key groups of households, consistent with the PPG. These are:

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

Newly-Forming Households

6.36 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over each five year period from 2013 to 2033 and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands in 2018, 2023, 2028 etc. 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.

6.37 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with the 2007 CLG SHMA Guidance 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; and few will have an affordable housing need.

6.38 The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have again drawn on data from the English Housing Survey and the Survey of English Housing. This establishes that the average income of newly-forming households is around 84% of the figure for all households.

6.39 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 overall 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 Local Housing Allowance (LHA)/Housing Benefit (HB)). Our assessment suggests that overall around 48% of newly-forming households will be unable to afford market housing – the estimated level of need from newly forming households is 1,402 per annum.

Table 37: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Guildford	1,151	51.1%	**589**
Waverley	946	39.5%	**374**
Woking	845	51.9%	**439**
West Surrey	**2,942**	**47.7%**	**1,402**

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

6.41 The second element of newly arising need is existing households falling into need. This is an estimate of the number of households currently living independently in the HMA whose circumstances will change such that there is a requirement for affordable housing.

6.42 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, although relatively few households are estimated to have sufficient income to afford market housing.

6.43 Table 38 therefore shows our estimate of likely new need from existing households per annum by location. The data shows an additional need arising from 436 households, with a notably high proportion of these being in Guildford.

Table 38: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Guildford	209	**47.9%**
Waverley	89	**20.3%**
Woking	139	**31.8%**
West Surrey	**436**	**100.0%**

Source: CORE/affordability analysis

6.44 This method for assessing existing households falling into need is consistent with the 2007 SHMA Guidance 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)'*. The PPG does not provide guidance specifically for this point.

Supply of Affordable Housing

6.45 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.

6.46 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[14] – none were identified in the CoRe data for the period studied).

6.47 On the basis of past trend data is has been estimated that 751 units of social/affordable rented housing are likely to become available each year moving forward.

Table 39: Analysis of past social/affordable rented housing supply (per annum – past two years)

	Guildford	Waverley	Woking	West Surrey
Total lettings	596	362	388	1,345
% as non-newbuild	97.8%	87.0%	99.5%	95.4%
Lettings in existing stock	583	315	386	1,283
% non-transfers	63.4%	47.0%	60.6%	58.5%
Lettings excluding transfers	370	148	234	751
% non-license agreement	100.0%	100.0%	100.0%	100.0%
Total lettings to new tenants	370	148	234	751

Source: CORE

6.48 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

[14] A foyer scheme provides accommodation for young people aged 16-24 at risk of being homeless. They also help young people get back into education or employment and help them address the underlying problems they have. Residents typically stay for between six months and two years and the aim is to help them move on to independent living or back with their family.

that were not newbuild. The intermediate housing 'relets' also includes re-sales. From this it is estimated that around 31 additional properties might become available per annum. The total supply of affordable housing from relets is therefore estimated to be 795 per annum. The table below shows the locations where supply is expected to arise.

Table 40: Supply of Affordable Housing by Local Authority

Area	Social/ affordable rented relets	Inter-mediate housing 'relets'	Total re-let supply (per annum)	Pipeline Supply of Affordable Units	Annualised Pipeline Supply	Total Supply
Guildford	370	15	385	451	23	**408**
Waverley	148	15	163	437	22	**185**
Woking	234	13	247	405	20	**267**
West Surrey	**752**	**43**	**795**	**1,293**	**65**	**860**

Source: Derived from CORE and Census (2011) analysis

6.49 In addition to re-lets there will also be a supply of new affordable dwellings in each of the Borough. The current position is that 1,293 additional affordable dwellings have been granted permission across West Surrey. When annualised this numbers some 65 dwellings per annum supply. Which when added to the re-let supply then the annual supply is 860 per annum.

Net Housing Need

6.50 Table 37 shows our overall calculation of affordable housing need. The analysis has been based on meeting housing need over the 20-year period from 2013 to 2033. Whilst most of the data in the model are annual figures the backlog has been divided by 20 to make an equivalent annual figure.

6.51 The data shows an overall need for affordable housing of 23,281 units over the 20-year period from 2013 to 2033 (1,144 per annum). The net need is calculated as follows:

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

Table 41: Estimated level of Housing Need (2013-33)

o

	Per annum	20-years
Backlog need	166	3,320
Newly forming households	1,402	28,040
Existing households falling into need	436	8,720
Total Gross Need	2,004	40,080
Re-let Affordable Housing Supply	795	15,900
Pipeline Affordable Housing Supply	65	1,300
Net Need	1,144	22,880

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

6.52 Table 42 shows the annualised information for individual local authorities. The analysis shows a need for additional affordable housing in all areas with Guildford seeing the highest need (about 40% of the total).

Table 42: Estimated Level of Housing Need (per annum)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Re-let Supply	Pipeline Supply	Net Need
Guildford	66	589	209	863	385	23	455
Waverley	36	374	89	499	163	22	314
Woking	64	439	139	642	247	20	375
West Surrey	166	1,402	436	2,004	795	65	1,144

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

Sensitivity to Income Thresholds

6.53 Whilst 25% of income is the threshold suggested by 2007 SHMA Guidance and no threshold is set out in the Planning Practice Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the West Surrey population, particularly with respect to earnings and affluence, in practice, many households locally will choose to spend a greater proportion of their income on housing.

6.54 A 30% threshold has been used in the main modelling for consistency with general practice nationally although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. Table 43 summarises the findings. In particular, we can see that an assumption of households spending 40% gross income on housing costs then need falls to 650 households per annum (down from 1,144 using a 30% threshold).

Table 43: Estimated level of Housing Need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%
Backlog Need	187	166	148	132
Newly forming households	1,657	1,402	1,183	1,008
Existing households falling into need	466	436	404	370
Total Need (per annum)	2,310	2,004	1,735	1,510
Re-let Supply	795	795	795	795
New Supply	65	65	65	65
Net Need	**1,450**	**1,144**	**875**	**650**
Guildford	577	455	346	255
Waverley	409	314	235	167
Woking	464	375	294	227

Understanding the Link between Assessed Affordable Need and OAN

6.55 The analysis above indicates a notable 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 ranges from 64% of the need identified in the demographic projections in Waverley to 110% in Woking. These figures are however calculated in different ways and are not strictly comparable.

Table 44: Affordable Need as % Demographic-based Projections

Dwellings per Annum	Guildford	Waverley	Woking	West Surrey
Demographically-based Need	517	493	341	1,352
Affordable Housing Need	455	314	375	1,144
Affordable as % Demographic-based Need	88%	64%	110%	85%

6.56 Indeed in Table 40 we calculated the proportion of newly-forming households who would require affordable housing. This ranged from 40% in Waverley, 51% in Guildford and 52% in Woking. This would be the appropriate figure for the proportion of the demographically-based need that might require affordable housing, leaving aside issues relating to viability and how affordable housing is funded.

6.57 The Planning Practice Guidance sets out how it expects the affordable housing need to be considered as part of the plan-making process. It outline 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."*

6.58 To undertake this exercise it is necessary to bring together evidence of the affordable housing need with evidence regarding development viability, which influences the probable proportion of affordable housing which can be expected to be delivered by market-led housing schemes.

6.59 Table 45 sets out the current affordable housing policy in Woking, the proposed policy in Guildford and the recommendations for Waverley of its 2012 Affordable Housing Viability Assessment.

Table 45: Evidence or Policies for Affordable Housing Provision

	Policy / Evidence	Source
Guildford	40% affordable housing on previously-developed sites; 45% on greenfield sites or in accordance with site-specific policies.	Reg.18 Local Plan: Strategy and Sites (July 2014)
Woking	35% overall affordable housing target. 40% delivery expected on sites of over 15 dwellings/ 0.5 ha; 30% on sites of 10-14dwellings; and a financial contribution equivalent to 20% on schemes of 5-9 dwellings, and 10% on schemes of 1-4 dwellings.	Adopted Local Plan (Oct 2012)
Waverley	40% delivery on sites of over 15 dwellings; 30% on schemes of 10-14 dwellings; 20% on schemes of 5-9 dwellings; and a 10% financial contribution on schemes of 1-4 dwellings.	Dixon Searle July 2012 Affordable Housing Viability Assessment

6.60 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.

6.61 It would seem a reasonable assumption that Guildford might deliver 40% affordable housing, and Waverley and Woking 35%, through market housing led development schemes. Table 46 considers what level of overall housing provision would be needed (in theory) if the affordable housing need was to be met in full, based on these levels of provision. Delivery of around 1,140 homes per year would be needed in Guildford; almost 900 in Waverley and over 1,050 per year in Woking.

Table 46: Theoretical Total Provision necessary to meet identified Affordable Need

Dwellings per Annum	Guildford	Waverley	Woking	West Surrey
Affordable Housing Need	455	314	375	1,144
% Affordable Delivery	40%	35%	35%	-
Total Annual Delivery to meet Full Affordable Need	1,138	897	1,071	3,106
Increase over Demographic-based Need	120%	82%	214%	130%

6.62 Firstly, these levels of overall housing provision are not realistic. To deliver over 3,100 homes per annum across the HMA would equate to annual growth in the housing stock of over 2% per annum.

This exceeds delivery rates achieved anywhere across England (over a sustained period) over the last 15 years, or over the pre-recession decade.

6.63 Secondly, there are other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. 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. Guildford for instance is planning to deliver new affordable housing itself.
- 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.

6.64 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.

6.65 The above points highlight that there can affordable housing need can be influenced by changes in the ownership of existing housing stock, not just by new-build development.

6.66 Critically we do not consider that the evidence justifies the levels of overall housing delivery set out in theoretical terms in Table 47. To understand this, it is necessary to understand how the affordable housing needs analysis is derived.

6.67 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.

6.68 Firstly, we should recognise that **the affordable housing model includes supply-side factors. The net need figures derived are influenced by the current stock of affordable housing and turnover of this**, together with pipeline supply. 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 influence the need today. This is essentially a key reason why the figures derived from the model are relatively substantive. The projected supply of affordable housing would for instance be greater (and the identified affordable housing need lower) if greater public resources had been devoted to delivering affordable housing and more had been built over the last decade, or no properties lost through right-to-buy sales.

6.69 With relatively modest growth 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.

6.70 Whilst the Private Rented Sector (PRS) does 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.

6.71 We have used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of February 2015 it is estimated that there were 4,717 benefit claimants in the private rented sector. This is about 14% higher than was observed five-years earlier (in February 2010). From the English Housing Survey we estimate that the proportion of households within the private 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 us an estimate of 613 private sector lettings per annum to new LHA claimants across 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). The table below summarises key data.

Table 47: LHA Claimants in the Private Rented Sector

	Claimants (February 2010)	Claimants (February 2015)	Change 2010-2015	% change from 2010	Estimated lettings (per annum)
Guildford	1,612	1,692	80	5.0%	220
Waverley	1,220	1,414	194	15.9%	184
Woking	1,309	1,611	302	23.1%	209
West Surrey	4,141	4,717	576	13.9%	613

Source: DWP

6.72 The overall estimated number of lettings in the LHA part of the PRS can therefore be seen to be 50% of the total net need derived through the affordable housing needs analysis. Furthermore, if this 'supply' were netted off from the overall affordable need (of 1,144 per annum) then there would be a net need for 531 dwellings (39% of the overall need shown through demographic modelling).

6.73 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.

6.74 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.

6.75 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 households. 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.

6.76 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). On this basis the annual delivery to meet full need in Table 48 over-estimates the scale of overall need for market and affordable housing.

6.77 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. We do however need to consider if an adjustment might be necessary to ensure the needs of concealed and homeless households are met. The need arising from these households are set out below:

Table 48: Current Households without Housing

	Guildford	Waverley	Woking	HMA
Homeless households	0	0	0	0
Those in priority need who are currently housed in temporary accommodation	27	0	35	62
Concealed households	462	374	566	1,402
Total	489	374	601	1,464
Estimated affordability rate (can't afford)	82.5%	73.0%	83.0%	80.2%
Number in need	403	273	499	1,175

6.78 As shown in Table 48 the overall need from concealed and homeless households is estimated at 1,175 dwellings. Assuming this need is met over the plan period then a uplift of 59 dwellings per annum would be required. There is therefore justification for considering an adjustment to the assessed housing need to address the needs of these 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.

KEY MESSAGES – AFFORDABLE HOUSING NEED

- The analysis in this section reveals that taking account of the existing affordable housing stock, 1,144 households per year across the HMA need require support in meeting their housing need. This splits into a need for 455 homes in Guildford, 31 in Waverley and 375 in Woking per year.
- Given current mechanisms for funding affordable housing provision, it is unlikely that it would be feasible to deliver sufficient overall housing provision to meet the affordable need in full. The reality is that many households with a need live in the Private Rented Sector and supplement their income with Local Housing Allowance.
- It is not appropriate to directly compare the need identified in the analysis in this section with the demographic projections – they are calculated in different ways. The overall affordable housing need for example includes households in need that would not require an additional household.
- Our calculation of concealed or homeless households is the equivalent of those households which would result in potentially an additional need for housing. This is estimated at 1,175 dwellings. Assuming this need is met over the plan period then a uplift of 59 dwellings per annum would be required.
- The next section considers whether an adjustment should be made to demographic projections in order to improve affordability.

7 MARKET SIGNALS

7.1 The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The Planning Practice Guidance 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."*

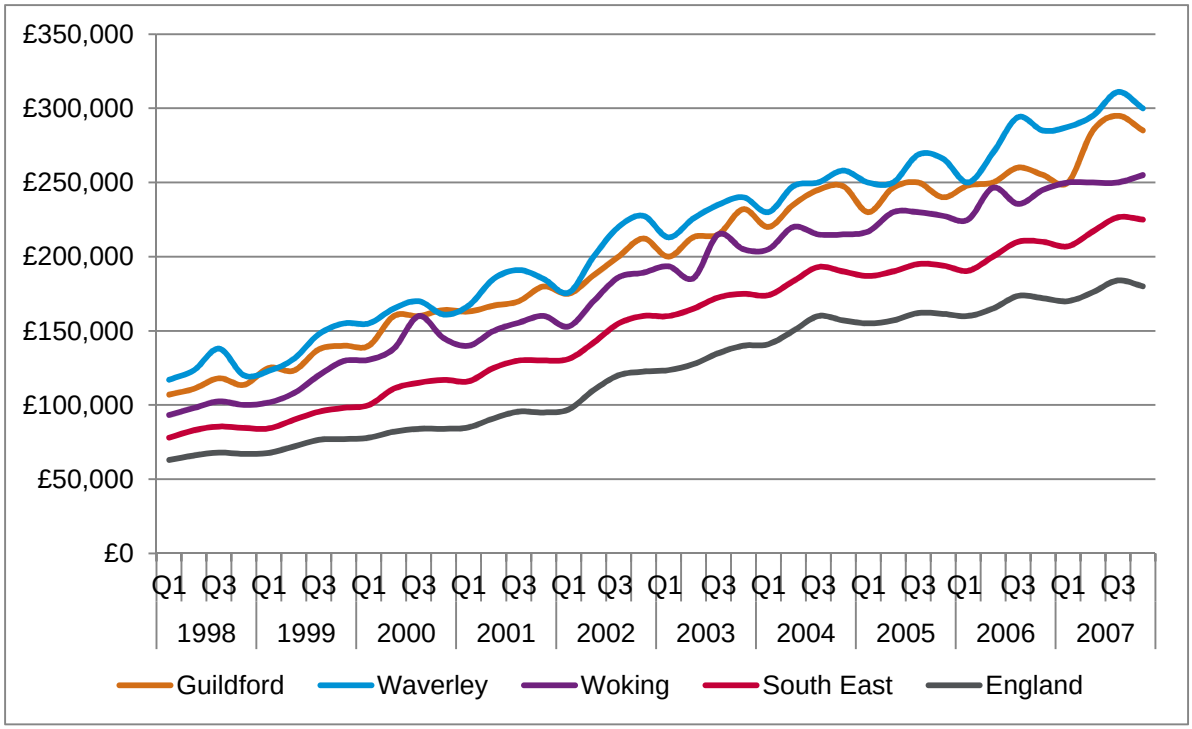
7.3 We have sought to analyse the indicators identified in the PPG. In addition we consider other key indicators including sales, and how the tenure pattern has changed over the last few years.

House Prices and Sales Volumes

7.4 Across West Surrey, the average (mean) house price in 2014 was £441,837 whilst the median was £339,950. Within the HMA the highest mean prices can be found in Waverley (£481,135) and the lowest (£386,850) in Woking. The highest and lowest median prices are also in the same boroughs at £371,000 and £300,000 respectively.

7.5 Figure 35 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 35: Median House Price (1998-2007)



Source: DCLG Live Tables: Land Registry Data

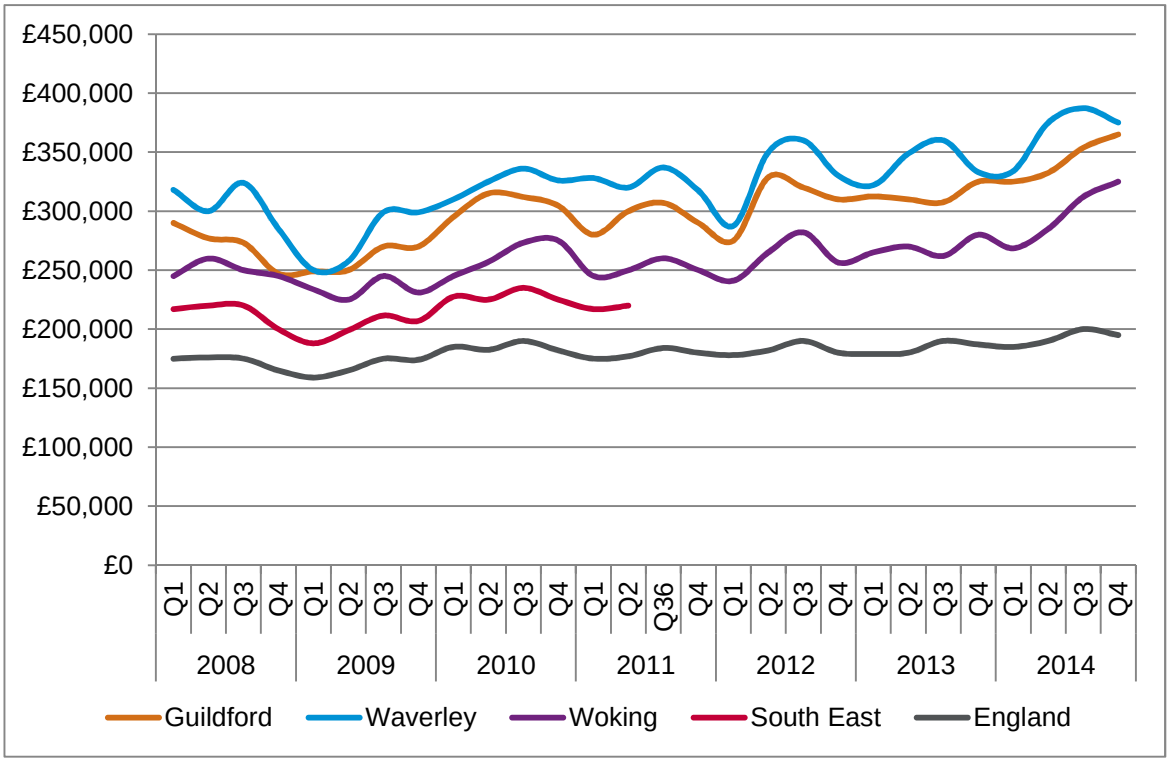
7.6 Since 2007, trends in house prices have understandably been very different due to the economic backdrop. All of the areas within the West Surrey HMA posted notable price falls in late 2008/early 2009 at the onset of the recession. We then see a rise in prices across the three authorities from early 2010.

7.7 Prices plateaued somewhat during 2011; however, we again see quite notable price rises across the HMA authorities since early 2012. Price rises in this area during this period were somewhat steeper than the national picture, indicating some "heat" returning to the market.

7.8 Compared to the pre-recession levels (Q3 2007), the median house price in Waverley and Woking in mid-2013 was around 12% and 10% higher respectively and 5% higher in Guildford. Over the last four quarters there has been a notable uplift in house prices in all three Boroughs.

7.9 If the houseprices were to have grown at the same rate as the Consumer Price Index since 2008 then house prices in each of the Boroughs would be lower than they were for Q4 2014. This was particularly the case in Woking where the Q4 2014 figure was some 23% higher than the equivalent figure if house prices had grown by the rate of inflation. Guildford was 16% higher and Waverly 9% higher.

Figure 36: Median House Price (2008-2014)



Source: DCLG Live Tables: Land Registry Data and Price Paid Data

7.10 We have also analysed house prices achieved in 2014 in the HMA in more detail to gain an understanding of the latest prices for different property types within the local housing market.

7.11 It is clear from Table 49 that mean prices across the HMA are substantially above the regional average across all property types. House prices in Waverley are above the HMA average and they are below it in Woking. Guildford prices are broadly in line with the HMA average.

Table 49: Mean and Median House Prices (2014)

Median	Detached	Semi	Terraced	Flats	All
Guildford	£640,000	£340,000	£ 292,950	£220,000	£345,000
Waverley	£632,500	£370,000	£ 288,725	£205,000	£371,000
Woking	£632,750	£350,000	£ 280,000	£212,000	£300,000
HMA	£640,000	£340,000	£ 292,950	£220,000	£345,000
South East	£405,000	£260,000	£ 220,000	£167,000	£249,950
Mean	**Detached**	**Semi**	**Terraced**	**Flats**	**All**
Guildford	£755,531	£379,792	£ 341,491	£241,424	£450,119
Waverley	£760,988	£412,196	£ 323,187	£224,498	£481,135
Woking	£707,004	£374,487	£ 301,200	£222,925	£386,850
HMA	£745,873	£390,057	£ 322,826	£229,343	£441,837
South East	£503,968	£295,795	£ 242,636	£186,040	£309,916

Source: GLH Analysis: Land Registry Price Paid Data

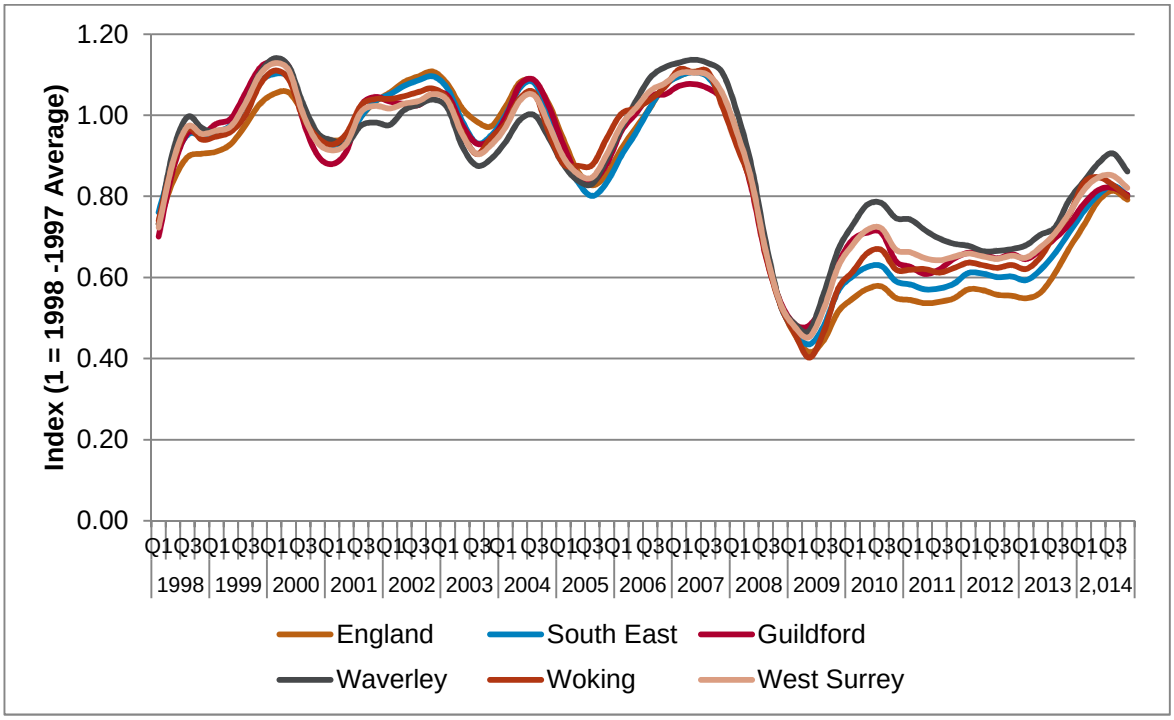
7.12 Although median prices in Woking are below the HMA average, they are still some way above the regional average for both mean and median values.

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. The chart below benchmarks annual sales across the local authorities, the West Surrey HMA 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 37 indicates, sales volumes dropped significantly in 2008. There was some recovery in late 2009 and 2010, but sales volumes were somewhat stable until 2013, at a level between 14%-20% down on pre-recession levels. Transactions have recovered somewhat faster in the HMA in comparison to England and the South East.

Figure 37: Indexed Analysis of Sales Trends (1998 – 2014)



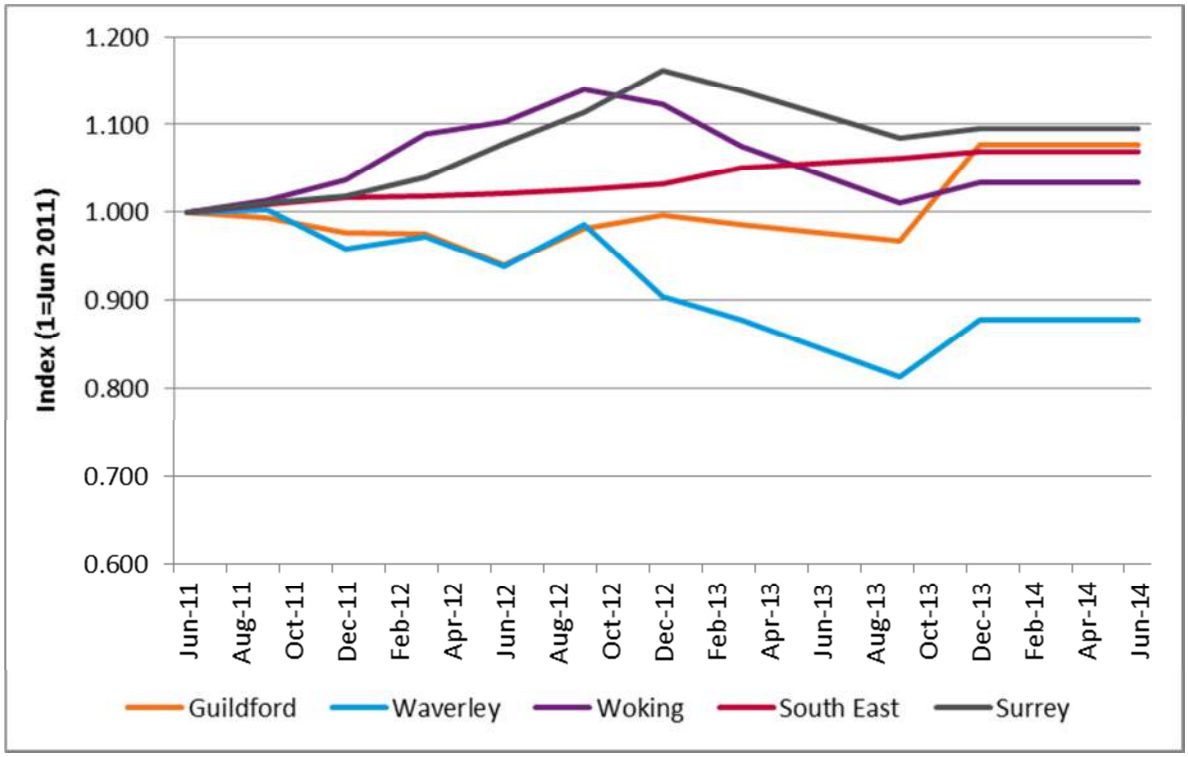
Source: DCLG Live Tables

Rental Trends

7.15 As of June 2014 Median Rents in Guildford for all property sizes were £1,150 per month. These are significantly higher than the equivalent costs in Waverley (£900) and Woking (£995).

7.16 Benchmarking median private rents against figures from 2011 shows that rental growth in Guildford (7.7%) has been above Surrey (9.5%) and the South East (7.0%) over the past few years. Over the same period growth in Woking was around 3.4%. Waverley was the only area to post a decline in rental values (12.3%) over the period.

Figure 38: Benchmarked trend in average private rental values (2011-2014)



Source: VOA Private Rental Data

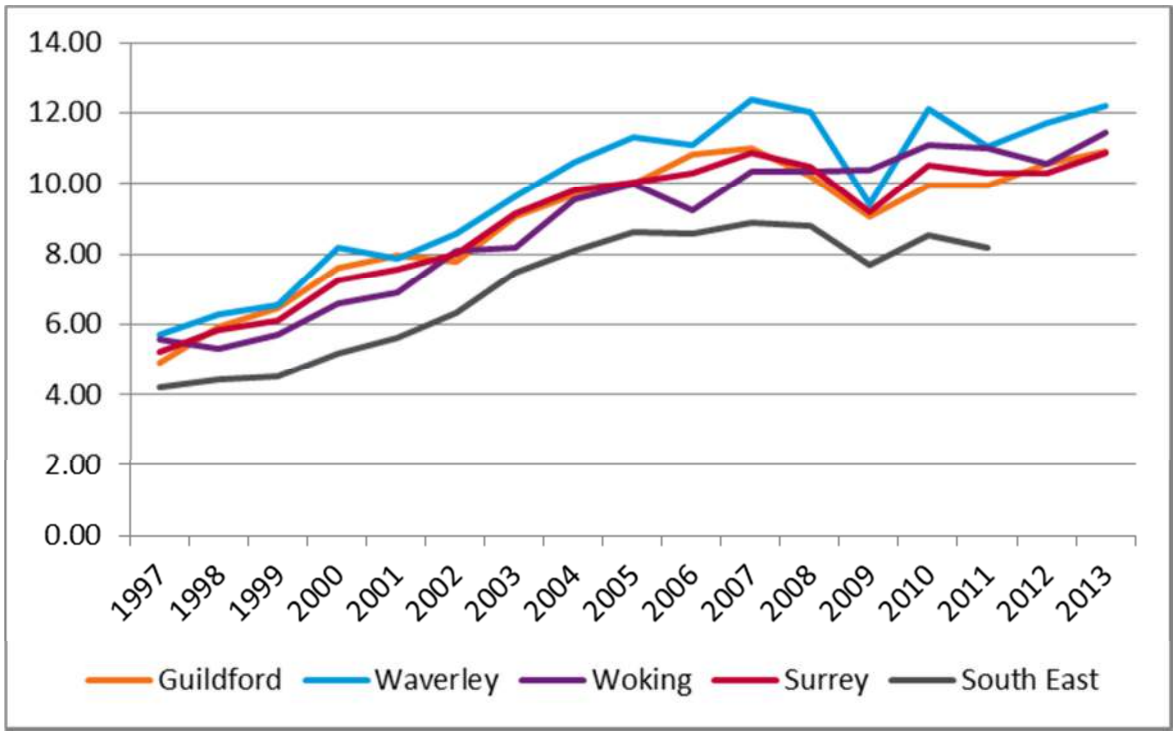
Affordability of Market Housing

7.17 In line with the Planning Practice Guidance, 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 pressures have been continually more acute across Surrey than the wider South East.

7.19 As with the wider national trends the affordability ratio increased significantly between 2000 and 2007 when in peaked in Waverley (12.4) and Guildford (11.0). However, in Woking affordability has continued to worsen. The affordability ratio in Woking has also been broadly in line with the wider Surrey area. However since 2007 affordability has improved in Guildford and has remained broadly stable in Waverley.

Figure 39: 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 Guildford and Woking, the median ratio is below the lower quartile ratio, indicating that affordability is somewhat more of an issue at the lower end of the market. Conversely in Waverley the median affordability ratio is higher than the Lower Quartile affordability ratio suggesting that moving homes may be more difficult than first time buying.

Table 50: Comparison of Lower Quartile and Median Affordability (2013)

	Lower Quartile Ratio	Median Ratio
Guildford	10.92	10.40
Waverley	12.17	12.86
Woking	11.43	10.62
Surrey	10.89	10.27
South East	8.19*	7.97

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.

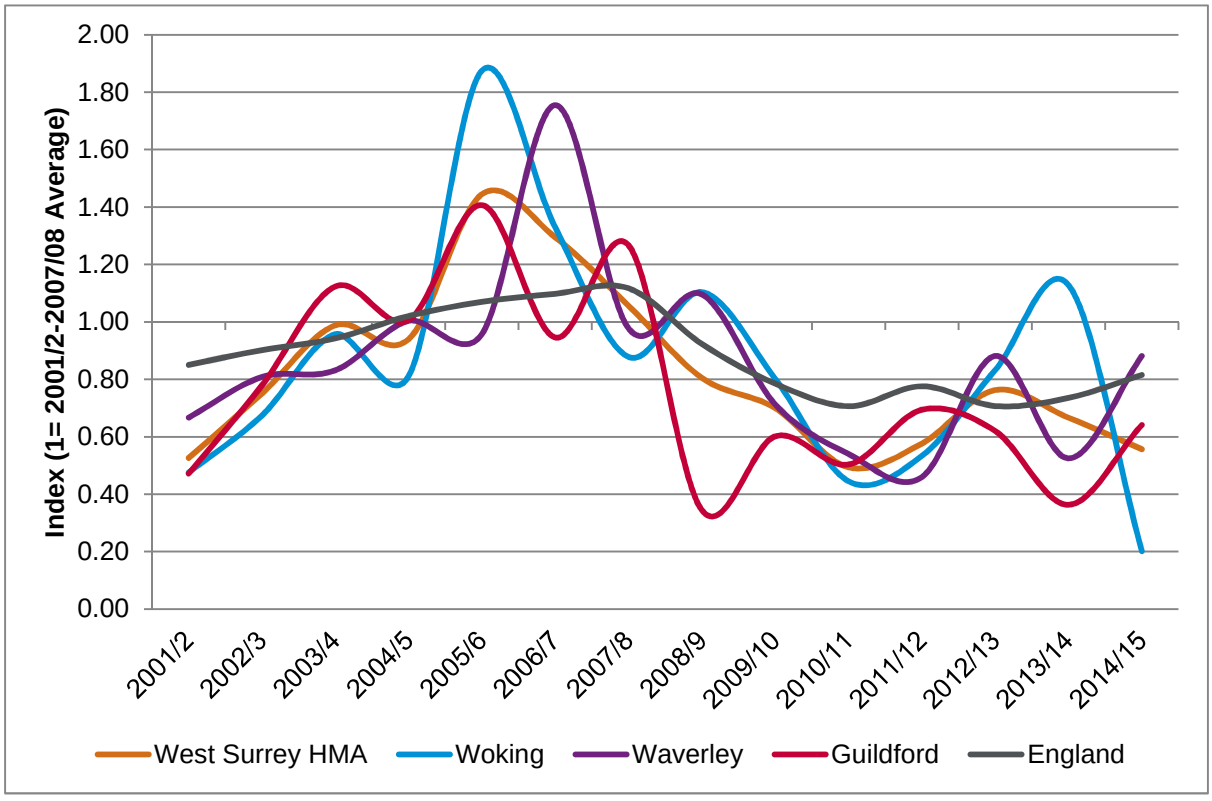
7.21 Compared to the national average of 6.5, the lower quartile affordability ratio indicates acute affordability pressures in the West Surrey HMA with a ratio of above 10 in all three authorities. This suggests that a significant proportion of households have insufficient income to afford market housing – consistent with the analysis in Section 6.

Housing Supply Trends

7.22 Figure 40 shows recent net housing completions in the HMA. We have considered the period since 2001/02 as this provides a meaningful timeframe to analyse shortfalls/oversupply and demonstrates supply trends across different periods within a market cycle.

7.23 Completion trends have fluctuated greatly on a year by year basis. Against the pre-recession average completion levels in England are still around 20% below that level. While Woking is the only Borough in the HMA which has exceeded the pre-recession levels at any stages albeit it had the lowest in the most recent data. Completions in Waverley have been consistently above those in Guildford and are currently above those nationally.

Figure 40: Indexed Completions (2001/2 – 2014/15)



Source: Council completions data – extracted from Annual Monitoring Reports and CLG

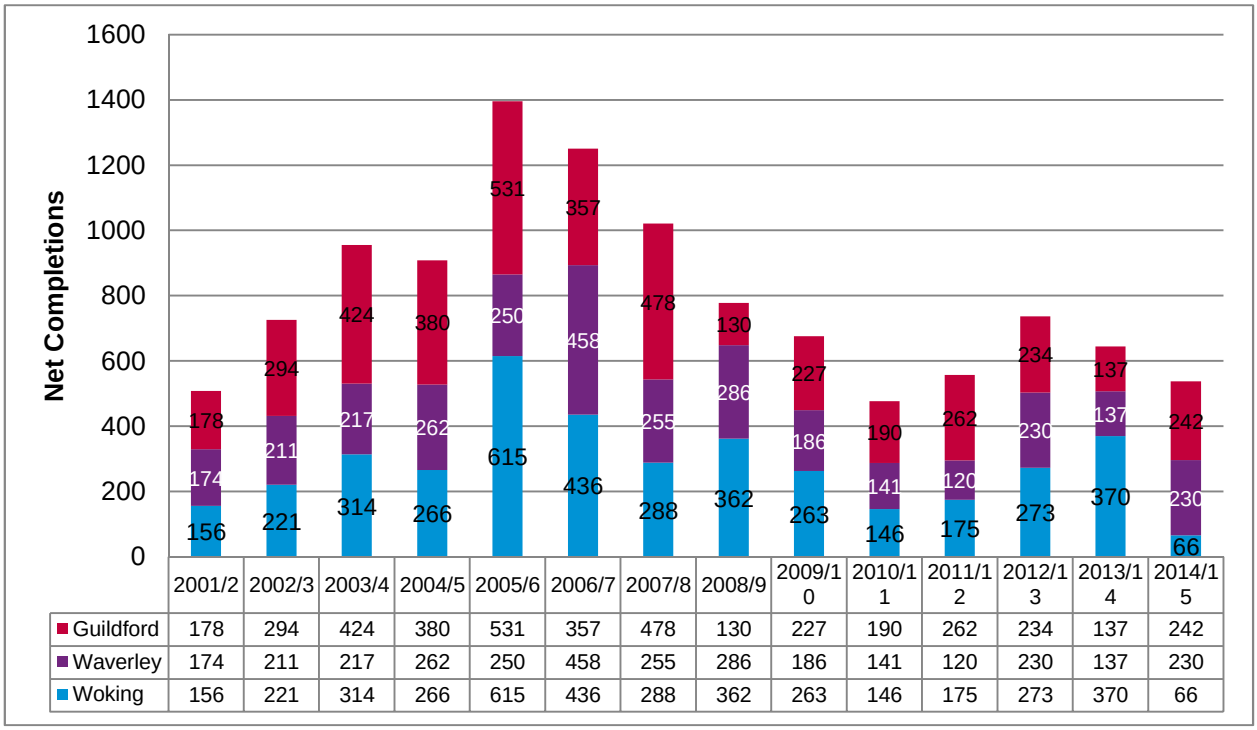
7.24 Since 2001, a total of 10,115 net new homes have been delivered across the three authorities within the HMA, equivalent to around 778 per annum. In spatial terms, this has been relatively evenly split across the three authorities with Guildford delivering the most (38% of net completions), Waverley delivering 28%, and Woking delivering 35%.

7.25 Looking at delivery trends, we can see that the number of net completions across the three Boroughs has varied somewhat over the past 12 years. From the chart we can see relatively consistent and quite significant growth in housing completions in the early 2000s from around 510 units in 2001/02 to a peak 1,350 units in 2005/06, a trend which correlates with the rising market and generally growing economy seen throughout this period.

7.26 Completions stabilise at around 1,300 in 2006/07 before falling to around 1,000 in 2007/08. The period from 2005/06 to 2007/08 was characterised by strong effective demand with high levels of finance availability (both development and mortgage). It is at this point, we see the impact of the recession and credit crunch on house building, with completions falling to less than 800 units in 2008/09 and further still over the next two years to a “trough” of 480 in 2010/11, almost two thirds down on the levels sustained during the “boom” period.

7.27 Although there was a slight recovery in 2012/13 completions in recent years have remained below target. The correlation between house building and market conditions within the West Surrey HMA area is particularly strong which is indicative of the influence that macro-economic conditions and the availability of mortgage finance on effective demand for market names.

Figure 41: Net Completions (2001/02 to 2014/15)



	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Guildford	178	294	424	380	531	357	478	130	227	190	262	234	137	242
Waverley	174	211	217	262	250	458	255	286	186	141	120	230	137	230
Woking	156	221	314	266	615	436	288	362	263	146	175	273	370	66

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

7.28 In line with Guidance, it is relevant to analyse the historic rate of development relative to planned supply. Table 51 compares recent delivery to planned supply across each of the three authorities within the HMA.

Table 51: Historic supply targets

	Targets	Planned supply (2001-15)	Actual delivery (2001-15)	Over/undersupply
Guildford	317 p.a. (2001-2006) 322 p.a. (2006-2026)	4,483	4,064	-419
Waverley	187 p.a. (2001-2006) 250 p.a. (2006-2026)	3,185	3,157	-28
Woking	223 p.a. (2001-2006) 292 p.a. (2006-2026)	3,743	3,951	208
Total		**11,411**	**9,984**	**-239**

NB: Pre-2006 figures derived from Surrey Structure Plan. Post 2006 figures for Waverley and Woking from South East Plan. Following a legal challenge, there is no adopted housing figure for Guildford in the South East Plan and we have therefore compared to the interim figure adopted by the Council in 2012/13.

7.29 Whilst there has been some difference in the performance of individual authorities over the past decade, overall delivery across the HMA has been around expected with the number of known dwellings delivered slightly below planned supply for the known period (by 419 dwellings (3.7%).

Tenure Changes

7.30 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 rental sector has grown by around 50% in size. The highest increase in PRS was in Woking at 77% which was similar to the South East and England as a whole.

7.31 However the growth of PRS Waverley and Guildford at 42% and 45% respectively is somewhat below the levels seen across the National and Regional level. The decline in those who own with a mortgage in Waverley is also below the national and regional levels.

7.32 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 42: Change in Tenure Profile (%), 2001 – 2011

Source: Census 2001 & 2011

7.33 Across West Surrey the shared ownership sector has grown by 31% over the past decade, albeit from a relatively low starting point. Growth in shared ownership in Waverley and Guildford has been

above the HMA average (which is skewed by very low growth in Woking) but is below the level of growth seen across the South East (52%).

7.34 There was a modest growth in households in social rental properties across the HMA although in Waverley this particular tenure has declined.

7.35 We have also considered absolute changes in tenure across the three authorities in the West Surrey HMA. Again (as Figure 43 shows) this demonstrates the large growth in the number of private rental properties in each 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 43: Change in Tenure Profile (absolute stock changes), 2001 – 2011

Source: Census 2001 & 2011

7.36 Furthermore, whilst there has been a notable growth in shared ownership properties in percentage terms, actual gains have been relatively small (200 in Guildford, 150 properties in Waverley and 25 in Woking). Also interesting is the quite significant absolute fall in owner occupation in Guildford (c.1,000 households) and to a lesser extent Woking (c.230 households).

Overcrowding and Houses in Multiple Occupation

7.37 Our final market signal indicator is the extent to which the overcrowding and the use of Houses in Multiple Occupation (HMOs) have increased over the 2001 – 2011 time period. Growth in overcrowded homes and HMOs may reflect market stress.

7.38 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 take full account for household structures.

7.39 Across the West Surrey HMA the number overcrowded households using this measure increased by around 23% between 2001-11. While this is below the equivalent trends in the wider comparators it is still a significant increase. The growth in Woking is particularly alarming as overcrowded households have grown by 40%. In comparison there has only been a relatively moderate increase in Guildford and Waverley.

Table 52: Change in Tenure Profile (absolute stock changes), 2001 – 2011

	Overcrowding			HMO		
	2001	2011	% Change	2001	2011	% Change
Guildford	3,256	3,869	19%	2,582	2,847	10%
Waverley	2,150	2,330	8%	1,644	1,602	-3%
Woking	2,516	3,522	40%	1,380	1,973	43%
West Surrey	7,922	9,721	23%	5,606	6,422	15%
Surrey	23,620	30,783	30%	16,281	18,573	14%
South East	195,392	265,974	36%	120,055	150,647	25%
England	1,457,512	1,928,596	32%	749,666	995,677	33%

Source: Census 2001 & 2011

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

7.41 Across West Surrey, HMOs have increased by 15% which is again below the wider comparators. However this figure masks a large disparity between the three local authorities. HMOs in Woking have grown by as much as 43% between 2001-11; whereas in Waverley they have fallen by around 3%.

7.42 In Guildford we would expect that in reality there are higher proportions of overcrowded households and HMOs than in the other two authorities to reflect high-intensity occupation of homes by student households.

Summary and Implications

7.43 House prices across the HMA are substantially above the South East level and in Waverley specifically where the median prices are slightly above the two other authorities for all property types (except terraced where Guildford is highest).

7.44 The evidence clearly indicates strong growth in prices and an deterioration in affordability over the initial part of 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 market.

7.45 Affordability pressures in the West Surrey market are severe, with lower quartile house price over 10 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.

7.46 There has also been a significant shift towards the private rental sector as households can either no longer afford to obtain or service a mortgage. We have also seen 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 West Surrey HMA are significant. House prices are substantially above the South East average. Entry level house prices are 11 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.

Adjustments to Housing Provision to Improve Affordability

7.47 Overall the analysis of market signals and affordable housing needs points clearly to higher affordability pressures in the HMA than in other parts of the country. The demographic analysis indicates that levels of household formation, particularly for younger households, have fallen. 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.

7.48 The Planning Practice Guidance 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."

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

7.50 It is important to consider how these housing market trends relate through to demographic projections in considering, as the Planning Practice Guidance recommends, whether there is a case for adjusting levels of housing provision in effect to improve affordability over the longer-term.

7.51 National research undertaken for the RTPI by the 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.

7.52 A detailed interrogation of demographic dynamics in the West Surrey HMA 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 is the one age group identified earlier as showing some degree of suppression when balancing past trends and the future projection.

7.53 When we consider age-specific data it is notable that those aged 25-34 have lower headship rates than was expected in the 2008-based projections and that the rates have dropped considerably from 2001 to 2011. We have therefore run a sensitivity analysis which considers and seeks to quantify the implication of returning the household formation rates of the 25-34 age group back to 2001 levels by 2033. At present the 2012-based household forecasts show a slightly improved household formation rate compared to the previous 2011-based forecasts however they continue to show some level of suppression. Therefore improving this rate to the 2001 levels we are reflecting a more affordable market.

7.54 This sensitivity analysis 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, all other factors being equal. 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 decrease). If achieved, the effect would be to reduce the proportions of shared households, concealed households and persons within this age group living with parents. We term this sensitivity analysis the affordability.

7.55 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.

7.56 The sensitivity analysis indicates that, all other things being equal, an uplift of around 100 homes per annum across the study area would support an improvement in affordability and household formation rates amongst younger households. The uplift for each authority area is shown in the tables below. The analysis is based on a projection linked to the 2012-based SNPP.

7.57 The uplift in each Borough reflects the level to which household formation for the key age group within the Borough has been constrained and the size of that particular age group.

Table 53: Projected Household Growth 2013-33 – 2012-Based SNPP (Adjusted) and 2012-Based Headship Rates – With Affordability Uplift

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	144,798
Households 2033	65,846	59,612	47,204	172,661
Change in households	10,496	9,921	7,446	27,863
Per annum	525	496	372	1,393
Dwellings (per annum)	547	519	384	1,450
From Table 20 *(SNPP)*	517	493	341	1,352
Potential uplift	30	26	42	98
% uplift	6%	5%	12%	7%

Table 54: Projected Household Growth 2013-33 – economic forecasts and trend-based figures for Waverley and 2012-Based Headship Rates – With Affordability Uplift

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	144,798
Households 2033	68,183	56,499	49,790	174,472
Change in households	12,832	6,809	10,033	29,674
Per annum	642	340	502	1,484
Dwellings (per annum)	668	356	517	1,542
From Table 30 *(Scenario 2)*	637	334	471	1,442
Potential uplift	31	23	46	100
% uplift	5%	7%	10%	7%

Table 55: Projected Household Growth 2013-33 – economic forecasts and economic strategy aligned figures in Waverley and 2012-Based Headship Rates – With Affordability Uplift

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	144,798
Households 2033	68,183	56,206	49,790	174,178
Change in households	12,832	6,515	10,033	29,380
Per annum	642	326	502	1,469
Dwellings (per annum)	668	341	517	1,527
From Table 31 *(Scenario 3)*	637	319	471	1,427
Potential uplift	31	23	46	100
% uplift	5%	7%	10%	7%

7.58 It should be recognised that housing markets across the greater South East are strongly inter-connected. Thus to effectively secure an improvement in affordability, similar adjustments to housing supply would need to be achieved across a wider area to result in a tangible effect over time in affordability. However planning is being undertaken at a local level, and the Planning Practice Guidance is clear that reasonable adjustments should be made to increase the assessment of housing need where the evidence points to affordability issues. Inspectors at a number of recent local plan examinations have required an adjustment to be made to address these factors.

KEY MESSAGES – AFFORDABILITY ADJUSTMENT

- The SHMA proposes an adjustment to the demographic and economic led projections to improve affordability. It suggests provision of an additional 103 homes across the HMA based on the level of additional housing which would be necessary to return household formation rates of those aged 25-34 to 2001 levels by 2033. This is intended to both support enhanced affordable housing delivery, and to respond to market signals.

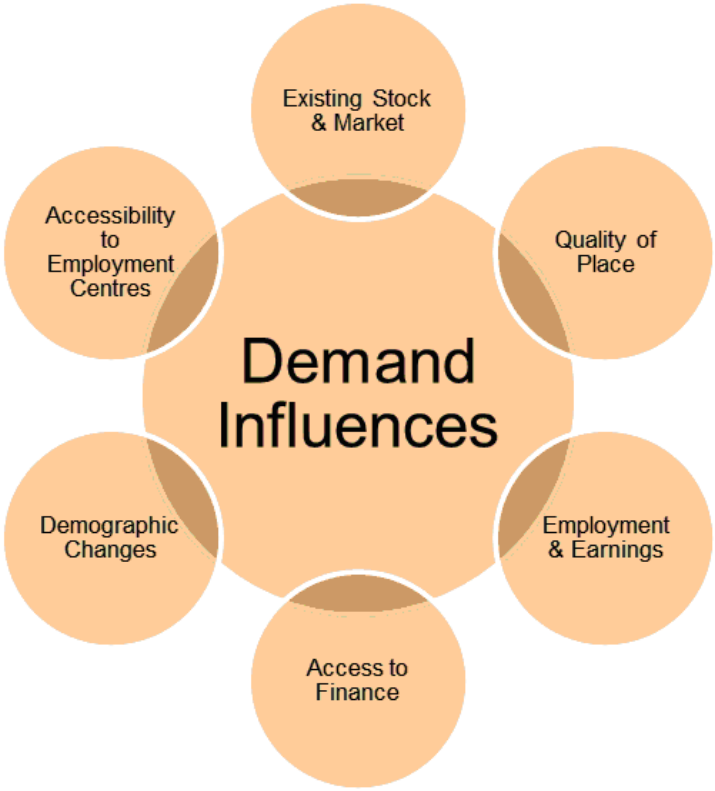
- Overall this results in an objective assessment of need in the range of 1,729 dwellings per annum (including an allowance for student growth). The figures use the economic uplifted figures for Woking and Guildford and the demographic need for Waverley adjusted to improve affordability.

8 REQUIREMENTS FOR DIFFERENT TYPES AND SIZES OF HOMES

Introduction

8.1 There are a range of factors which influence housing need and demand. These factors play out at different spatial scales and influence both the level of housing (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. The key influences on housing demand are summarised in Figure 44.

Figure 44: Understanding Housing Demand



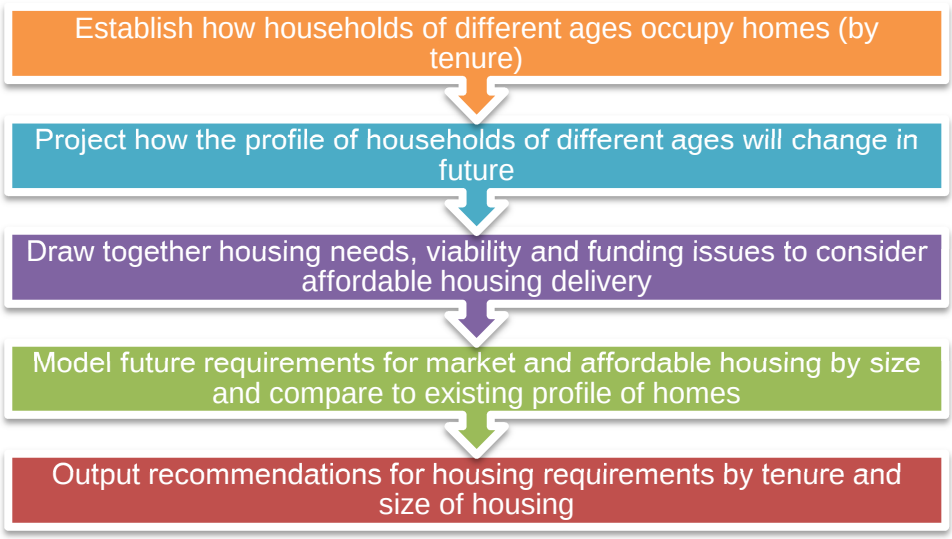
8.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

Methodology

8.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in our demographic projection linked to the 2012-based SNPP (with an adjustment for market signals) – delivery of 28,997 additional homes from 2013 – 2033 (1,450 per annum (See Table 20).

8.4 It should be noted that this projection should not necessarily be translated directly into policy but has been used to indicate the likely size requirements of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar. Figure 45 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 45: Stages in the Housing Market Model



Understanding how Households Occupy Homes

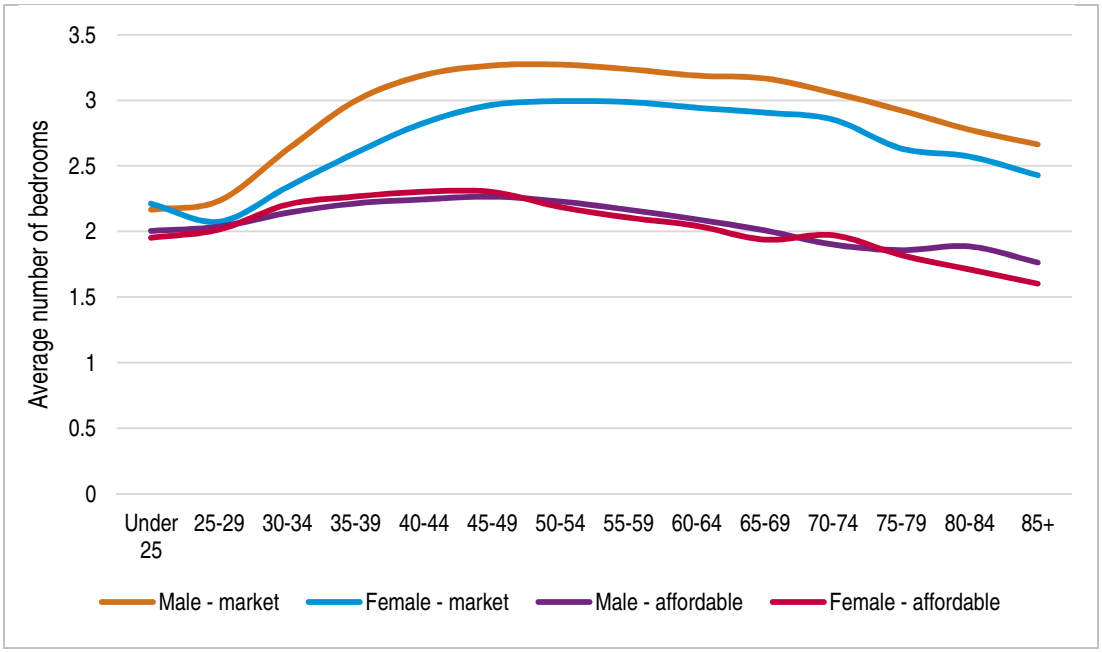
8.5 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that 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.

8.6 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 'bedroom tax') although there will still be some level of under-occupation moving forward with regard to older persons and working households who may be able to continue to under-occupy their current homes.

8.7 The general methodology is to use the information derived in 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).

8.8 Figure 46 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 45-49 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 lower 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 46: Average Bedrooms by Age, Sex and Tenure



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.9 As of 2013 it is estimated that there were 143,121 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 the table below. Table 56 shows that an estimated 13% of households live in affordable housing with 87% 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 2011 along with an adjustment for changes in the stock in the 2011-13 period informed by CLG Live Tables (LT 100)). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 69% having three or more bedrooms compared to 33% for affordable housing.

8.10 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. We have however translated the household projections into dwelling figures by including a vacancy allowance when studying the final outputs of the market modelling.

Table 56: Estimated Profile of Dwellings in 2013 by Size – West Surrey HMA

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	10,337	8.2%	6,921	36.7%	17,258	**11.9%**
2 bedrooms	28,641	22.7%	5,705	30.3%	34,346	**23.7%**
3 bedrooms	46,546	37.0%	5,617	29.8%	52,163	**36.0%**
4+ bedrooms	40,439	32.1%	592	3.1%	41,031	**28.3%**
Total	125,962	100.0%	18,836	100.0%	144,798	**100.0%**
% in tenure	**87.0%**		**13.0%**		**100.0%**	

Source: Derived from 2011 Census

Tenure Assumptions

8.11 The housing market model has been used to estimate the future need for different sizes of property over the 2013-33 period. 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 described above). Thus it is necessary to consider what mix of future housing will be in the market and affordable sectors.

8.12 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The affordable housing needs analysis in this report provides evidence of considerable housing need which would support any target although the viability of providing affordable housing will limit the amount that can be delivered. On the basis of information available we believe that 35% is probably about the maximum affordable housing delivery likely to be achieved in the current market and have developed projections on the basis of 35% of new delivery being in the affordable sector. **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**.

Key Findings: Affordable Housing

8.13 Table 57 and Figure 47 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 three-quarters of the requirement is for homes with one- or two-bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

8.14 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition 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 need for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 57: Estimated Size of Dwellings Needed 2013 to 2033 – Affordable Housing

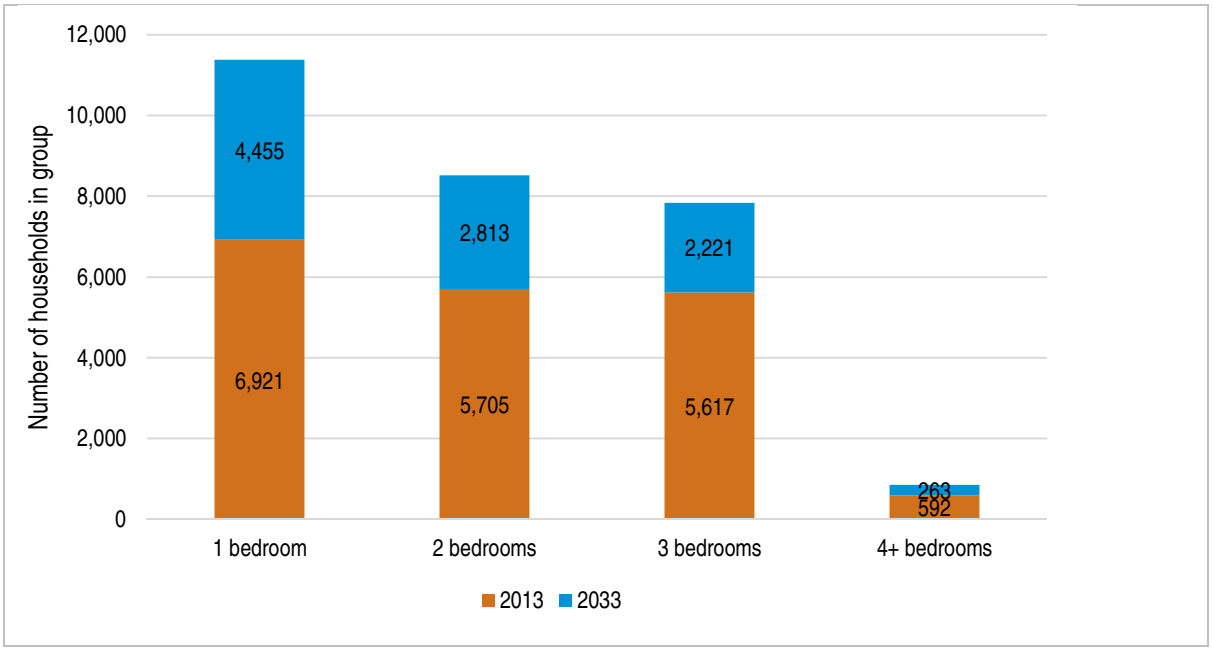
Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	6,921	11,376	4,455	**45.7%**
2 bedrooms	5,705	8,518	2,813	**28.9%**
3 bedrooms	5,617	7,838	2,221	**22.8%**
4+ bedrooms	592	855	263	**2.7%**
Total	**18,836**	**28,588**	**9,752**	**100.0%**

Source: Housing Market Model

8.15 Figure 47 shows how our estimated affordable 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 need for more larger units (particularly three bedroom accommodation).

Figure 47: Impact of Demographic Trends on Affordable Housing Need by House Size, 2013 to 2033



Source: Housing Market Model

Need for Different Types of Affordable Housing

8.16 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

8.17 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

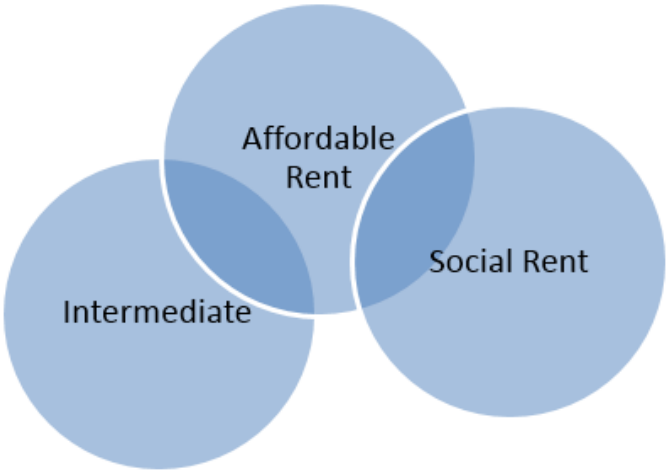
8.18 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain

intermediate products (such as shared ownership) as they have insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

8.19 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

8.20 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 48: Overlap between Affordable Housing Tenures



8.21 Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;

- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

8.22 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes but could also include intermediate rented housing. The latter two categories are both rented housing (either affordable or social rented) and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

8.23 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 30% of housing could be intermediate with the remaining 70% being either social or affordable rented. There are not significant differences between the different local authorities.

Table 58: Estimated level of Housing Need (per annum) by type of affordable housing

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Guildford	156	15	141	707	370	338
Waverley	114	4	110	385	148	237
Woking	116	13	103	526	234	293
HMA	386	31	355	1,619	751	868
% of total	29%			71%		

Source: Housing Needs Analysis

8.24 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register or parish surveys where available. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Key Findings: Market Housing

8.25 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.

8.26 Table 59 and Figure 49 shows estimates of the sizes of market housing required from 2013 to 2033 based on demographic trends for the whole of the HMA. The data suggests a requirement for

homes for 18,111 additional households with the majority of these being two- and three-bedroom homes.

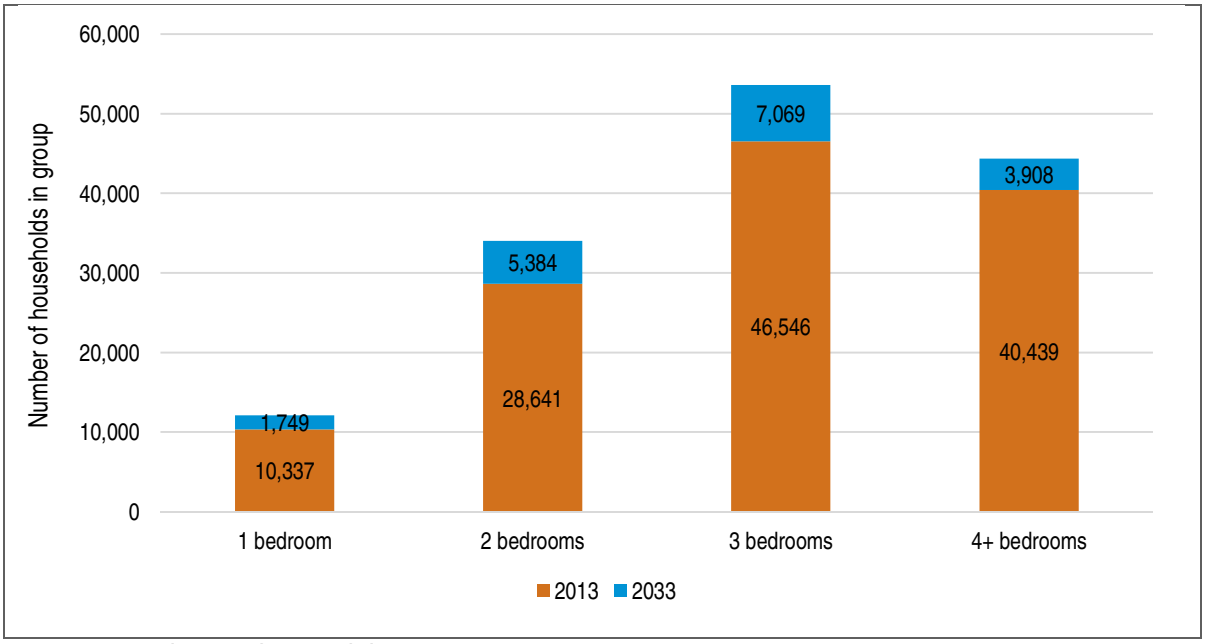
Table 59: Estimated Size of Dwellings Needed 2013 to 2033 – Market Housing

Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	10,337	12,086	1,749	**9.7%**
2 bedrooms	28,641	34,025	5,384	**29.7%**
3 bedrooms	46,546	53,615	7,069	**39.0%**
4+ bedrooms	40,439	44,347	3,908	**21.6%**
Total	**125,962**	**144,073**	**18,111**	**100.0%**

Source: Housing Market Model

8.27 Figure 49 below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that housing need is expected to reinforce around the existing profile of stock, but with a slight shift towards 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 49: Impact of Demographic Trends on Market Housing Needs by House Size, 2013 to 2033



Source: Housing Market Model

8.28 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, market

signals and policy issues 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.

8.29 Over the 20-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

8.30 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing influenced by the availability of mortgage finance for first-time buyers and those on lower earnings.

8.31 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 NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'.*

8.32 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.

Modelling Outputs at a Local Authority Level

8.33 Whilst the analysis above has focussed on outputs for the whole HMA the data itself has been built up from analysis at a local authority level. Tables 56 and 57 below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be needed in each of the affordable and market sectors for the three different local authority areas.

8.34 To a considerable degree the outputs show a reinforcing of the current housing offer in each area with larger homes expected to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the fact that household types requiring larger homes are expected to continue seeking these locations.

8.35 Whilst there are some differences between areas it is not considered that these are significant. The HMA-wide conclusions below about the mix of housing by tenure are therefore appropriate to apply at a local authority level.

Table 60: Estimated Need by Number of Bedrooms (2013 to 2033) – Market Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Guildford	9.1%	28.6%	40.4%	**21.9%**
Waverley	9.3%	32.1%	38.2%	**20.4%**
Woking	10.9%	28.1%	38.3%	**22.7%**
HMA	**9.7%**	**29.7%**	**39.0%**	**21.6%**

Source: Housing Market Model

Table 61: Estimated Need by Number of Bedrooms (2013 to 2033) – Affordable Sector

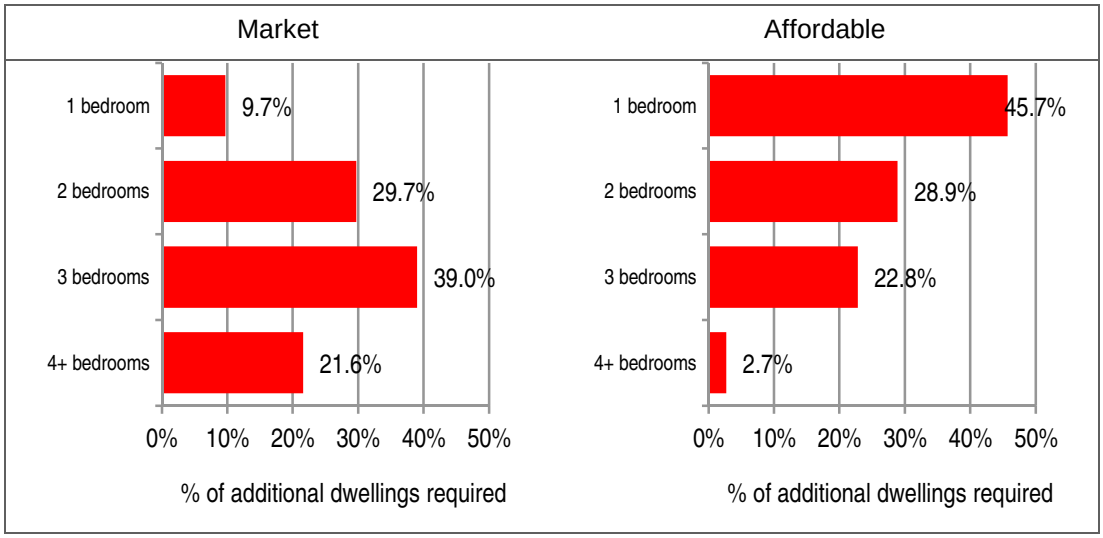
Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Guildford	40.9%	31.7%	23.9%	**3.5%**
Waverley	47.3%	29.2%	21.9%	**1.7%**
Woking	50.3%	24.4%	22.3%	**2.9%**
HMA	**45.7%**	**28.9%**	**22.8%**	**2.7%**

Source: Housing Market Model

Indicative Targets by Dwelling Size

8.36 Figure 50 summarises the model outputs regarding the size of market and affordable homes needed. We have also factored in a vacancy allowance in moving from household figures to estimates of the need for different sizes of homes.

Figure 50: Sizes of Homes Needed, West Surrey 2013 to 2033



Source: Housing Market Model

8.37 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.

8.38 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.

8.39 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At an HMA level, the analysis would support policies for the mix of affordable housing of:

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

8.40 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.

8.41 The need for affordable housing of different sizes will vary by area across the HMA and over time. In considering the mix of affordable 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.

8.42 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).

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

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

8.44 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 balanced when compared with the likely requirements as driven by demographic change in the area.

9 SPECIFIC GROUPS OF THE POPULATION

Introduction

9.1 We have considered the need for homes of different sizes of properties between 2013-33, 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 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 in the National Planning Policy Guidance which may have housing needs which differ from those of the wider population, although the NPPF also stipulates that analysis should not be limited to these groups:

- Families with children;
- Older people;
- People with disabilities;
- Service families; and
- People wishing to build their own homes.

9.4 In addition we have also reviewed:

- Black and Minority Ethnic (BME) households;
- Young people; and
- Students.

9.5 The needs of Gypsies and Travellers have been considered separately within Guildford Borough Council's Traveller Accommodation Assessment 2012, Woking Borough Council's Gypsy and Traveller Accommodation Assessment (December 2013) and Waverley Borough Council's Traveller Accommodation Assessment (2014) following separate guidance set by the Government and an agreed countywide consistent methodology. Many travellers will also live in bricks and mortar housing and their housing needs will be covered by the SHMA.

9.6 As part of the SHMA we have also looked at the potential demand from service families and households who might seek to build their own home, although the number of such households is found to be low in this specific area.

9.7 Accommodating the student population, particularly in Guildford, is dealt with separately in Appendix C of this report.

Housing Needs of Older People

9.8 The PPG 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 20-25 years is expected to be the growth in the population of older persons.

9.9 Indeed 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 the previously outlined population projections and data from POPPI (Projecting Older People Population Information) to consider the housing needs of older people.

9.10 Population changes, including improvements in life expectancy are expected to have a big impact on housing needs. Demographics are the key driver of issues associated with housing older people.

9.11 Many older people will want to live in the existing (and often family) homes – the homes which they have lived in for, in some cases, many years. Some may need adaptions to properties, or floating support, to reflect their changing needs as they get older.

9.12 Some older households may consider downsizing, such as to reduce housing costs, release equity from their homes to fund their lifestyle or retirement, or to meet their changing needs (such as a move to single storey properties to manage increasing mobility problems). Targeted new housing supply can help to facilitate this. Older person's accommodation can also be delivered at a higher density than family housing. This would therefore meet housing need with a lower impact on land supply.

9.13 Some households may require specialist accommodation or homes with an element of care or support – particularly those in the oldest age groups. However there is evidence nationally of falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over the last 20 years, with those households in sheltered housing requiring higher levels of support. Many local authorities have struggled to contain expenditure on services for older people.

9.14 Against this context new models of enhanced and extra care housing have emerged[15]. 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.

[15] 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. It aims to provide people with a level of independence but allows care to be tailored to their changing needs.

9.15 There has also been a growth in market demand for housing for older people, with a number of providers providing 'retirement living' homes (often for over 55s) ranging in scale from individual development schemes with 10 or 20 homes through to 'retirement villages.'

9.16 Fundamentally there is 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. Providing choice, including supporting people to stay in their own homes through supporting adaptations to properties and through provision of floating support, will be important.

Current Population of Older Persons

9.17 Table 62 below provides some baseline population data about older persons and compares this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards.

9.18 The data shows that, when compared with both the South East region and England, the HMA has a similar proportion of older persons. In 2013 it is estimated that 17.7% of the population of the HMA was aged 65 or over compared with 18.3% in the South East region and 17.3% for the whole of England. Both Guildford and Woking do however have proportions of older people below the regional and national average with Waverley showing an older population structure.

Table 62: Older person population (2013)

Age group	Guildford		Waverley		Woking		HMA		South East	Eng-land
	Popn	% of popn	Popn	% of popn	Popn	% of popn	Popn	% of popn	% of popn	% of popn
Under 65	118,038	83.7%	96,897	79.1%	83,756	84.1%	298,691	82.3%	81.7%	82.7%
65-74	11,999	8.5%	13,090	10.7%	8,130	8.2%	33,219	9.2%	9.7%	9.3%
75-84	7,564	5.4%	8,399	6.9%	5,326	5.3%	21,289	5.9%	5.9%	5.7%
85+	3,408	2.4%	4,040	3.3%	2,355	2.4%	9,803	2.7%	2.6%	2.3%
Total	141,009	100.0%	122,426	100.0%	99,567	100.0%	363,002	100.0%	100.0%	100.0%
Total 65+	22,971	16.3%	25,529	20.9%	15,811	15.9%	64,311	17.7%	18.3%	17.3%

Source: ONS 2013 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

9.19 As well as providing a baseline position for the proportion of older persons in the HMA 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.

9.20 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 65 and over expected to increase by 48% over the 20-years from 2013. This compares with overall population growth of 14% and growth in the Under 65 population of just 6%. The projected growth in the population aged 65 and over is however slightly lower than projected for both the region and England.

Table 63: Projected Change in Population of Older Persons (2013 to 2033)

Age group	Guildford	Waverley	Woking	HMA	South East	England
Under 65	9.5%	4.0%	4.2%	6.2%	5.6%	**5.4%**
65-74	29.0%	24.3%	37.9%	29.3%	38.0%	**34.5%**
75-84	39.1%	44.4%	46.1%	42.9%	55.5%	**50.2%**
85+	104.3%	137.6%	124.6%	122.9%	127.5%	**120.7%**
Total	15.0%	13.3%	12.0%	13.6%	14.9%	**13.3%**
Total 65+	**43.5%**	**48.8%**	**53.6%**	**48.1%**	**56.4%**	**51.1%**

Source: derived from ONS data

Characteristics of Older Persons Households

9.21 We have used 2011 Census data to explore in more detail the characteristics of older person households in the West Surrey HMA (based on the population aged 65 and over). Table 64 shows the number of households compared with the 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 the South East and very slightly higher than the equivalent figure for England. There are however differences between the three local authorities with Waverley having a notably higher proportion of pensioner households than either of the other two areas.

Table 64: Pensioner Households (Census 2011)

Pensioner households	Guildford	Waverley	Woking	West Surrey	South East	England
Single pensioner	6,160	7,018	4,501	17,679	449,969	2,725,596
2 or more pensioners	4,896	5,444	3,216	13,556	329,263	1,851,180
All households	53,973	49,280	39,467	142,720	3,555,463	22,063,368
Single pensioner	11.4%	14.2%	11.4%	12.4%	12.7%	12.4%
2 or more pensioners	9.1%	11.0%	8.1%	9.5%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	20.5%	25.3%	19.6%	21.9%	21.9%	20.7%

Source: Census (2011)

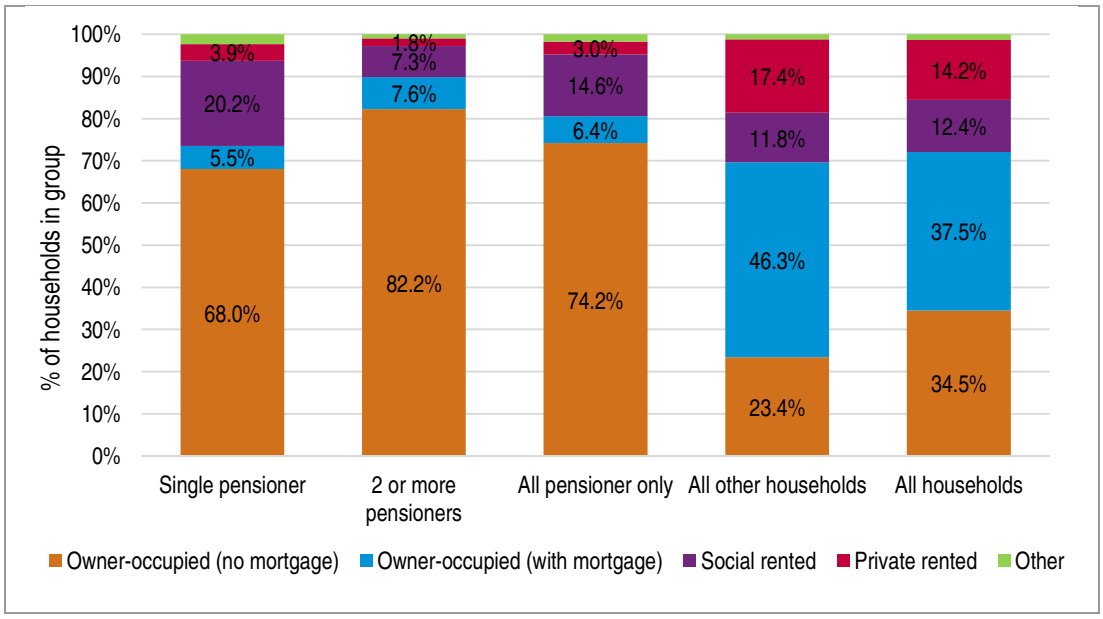
9.22 Figure 51 shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (74%) and are also 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 (3% compared with 14% of all households in the HMA).

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

9.24 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.

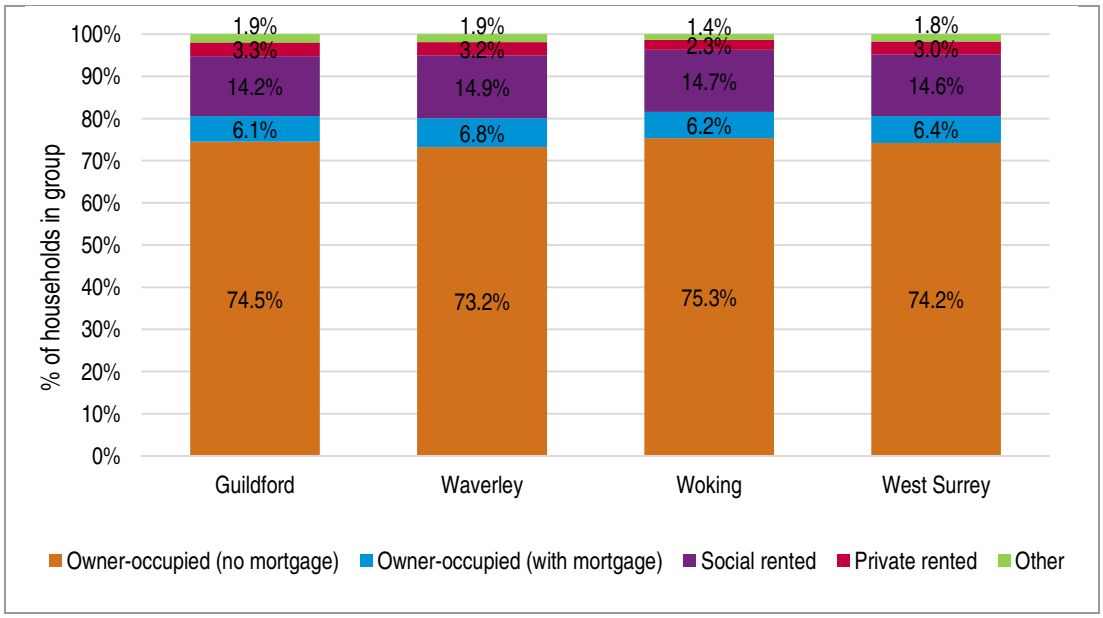
9.25 Data for individual local authorities (shown in Figure 52) shows that differences between locations are fairly minor.

Figure 51: Tenure of Older Person Households – West Surrey



Source: 2011 Census

Figure 52: Tenure of Older Person Households – by local authority

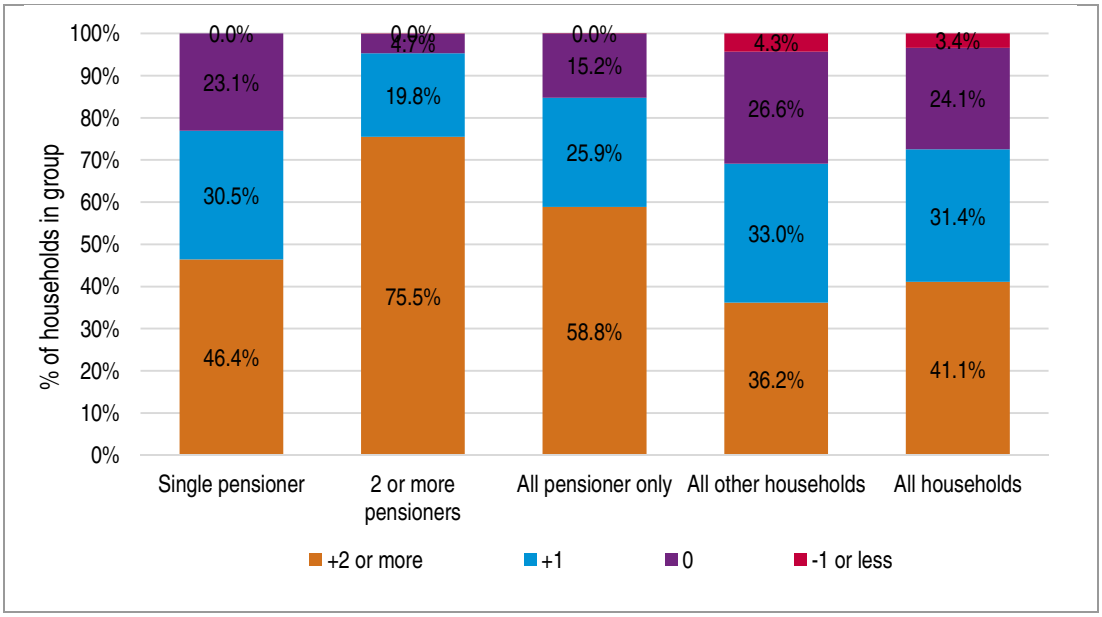


Source: 2011 Census

9.26 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 Census occupancy rating. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the HMA. In total 59% 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 36% 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 53: Occupancy Rating of Older Person Households – HMA



Source: 2011 Census

9.27 It is of interest to study the above information by tenure. Table 65 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 over 700 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 attractive housing in areas where households currently live and where they have social and community ties.

Table 65: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	7,437	9,519	16,956
Social rented	447	267	714
Private rented	326	164	490
All tenures	8,210	9,950	18,160

Source: 2011 Census

9.28 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

9.29 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 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.

9.30 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.

9.31 Table 66 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 of 83%; along with a 67% increase in the number with mobility problems. Waverley in particular looks likely to see the most significant increases.

Table 66: Estimated population change for range of health issues (2013 to 2033)

Type of illness/disability	2013	2033	Change	% increase
Guildford				
Dementia	1,679	2,871	1,192	**71.0%**
Mobility problems	4,294	6,808	2,514	**58.5%**
Waverley				
Dementia	1,934	3,707	1,772	**91.6%**
Mobility problems	4,878	8,405	3,527	**72.3%**
Woking				
Dementia	1,170	2,173	1,003	**85.7%**
Mobility problems	2,981	5,087	2,106	**70.7%**
HMA				
Dementia	4,783	8,751	3,967	**82.9%**
Mobility problems	**12,153**	**20,300**	**8,147**	**67.0%**

Source: Data from POPPI and demographic projections

Indicative Assessment of Need for Specialist Housing for Older Persons

9.32 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increasing need 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

9.33 Table 67 shows the current supply of specialist housing for older people. At present it is estimated that there are 3,179 units of specialist homes. These include sheltered and extra care properties. This is equivalent to 102 units per 1,000 people aged 75 and over. This proportion varies from 68 per 1,000 in Guildford up to 169 per 1,000 in Woking. The majority (54%) of this housing currently is in the affordable sector even though the majority of older person households are owner-occupiers.

Table 67: Current supply of specialist housing for older people

	Type of housing	Market	Affordable	Total	Supply per 1,000 aged 75+
Guildford	Sheltered	320	262	582	53
	Extra-Care	0	164	164	15
	Total	320	426	746	68
Waverley	Sheltered	544	591	1,135	91
	Extra-Care	0	0	0	0
	Total	544	591	1,135	91
Woking	Sheltered	589	709	1,298	169
	Extra-Care	0	0	0	0
	Total	589	709	1,298	169
HMA	Sheltered	1,453	1,562	3,015	97
	Extra-Care	0	164	164	5
	Total	1,453	1,726	3,179	102

Source: Housing LIN

Projected Future Need for Specialist Housing

9.34 The analysis above showed a total of 102 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 two scenarios - in the first the current supply per 1,000 persons aged over 75 by Borough is maintained (based on the benchmarks shown in Table 68); with a second scenario modelled based on increasing supply to the national average of 170 units per 1,000 persons. The analysis is based on achieving these levels by 2033.

9.35 The analysis shows to maintain the current level of provision there would need to be a further 2,201 units provided – this figure increases to 5,708 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).

Table 68: Projected Need for Specialist Housing for Older People (2013-33)

		@ 102 per 1,000	@ 170 per 1,000
Guildford	Need	1,189	2,972
	Supply	746	746
	Net need	443	2,226
Waverley	Need	1,982	3,693
	Supply	1,135	1,135
	Net need	847	2,558
Woking	Need	2,209	2,222
	Supply	1,298	1,298
	Net need	911	924
HMA	Need	5,380	8,887
	Supply	3,179	3,179
	Net need	2,201	5,708

Source: Derived from demographic projections and Housing LIN

9.36 A mid-point of the two estimates would suggest a need for around 3,955 additional specialist units for older people which would represent about 14% of the overall household growth shown through demographic modelling linked to the SNPP (with 2012-based CLG headship rates and a market signals adjustment for the 25-34 age group). This equates to a need for 1,334 specialist homes for older persons in Guildford; 1,703 in Waverley; and 918 in Woking over the 2013-33 period.

9.37 Whilst there is no precedent for taking a midpoint of these figures we would consider that it is a reasonable and balanced approach. Continuing to model on the basis of the current stock may under-estimate needs given the low current stock; however moving to the national average may overstate the position (particularly if for example the current low level of provision is in part driven by a lower need/demand in the area).

Types and Tenures of Specialist Housing Needed

9.38 Figures 42 and 43 considered the tenure of older person households; showing that that pensioner households are relatively likely to live in outright owned accommodation (74%) 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.

9.39 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. If the tenure patterns are consistent with those of older people generally, around 70% of older person households would be able to afford a market solution. This is 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).

9.40 Table 69 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 3,540 units of market specialist housing (177 per annum) and 414 in the affordable sector (about 21 per annum).

9.41 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.

9.42 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.

9.43 Our experience when carrying out SHMAs suggests that older persons 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 (or alternatively step-free living) should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Table 69: Projected Need for Older Persons/ Specialist Housing By Tenure (2013-33)

		Market	Affordable	Total
Guildford	Need	1,456	624	2,080
	Supply	320	426	746
	Net need	1,136	198	1,334
Waverley	Need	1,986	851	2,838
	Supply	544	591	1,135
	Net need	1,442	260	1,703
Woking	Need	1,551	665	2,216
	Supply	589	709	1,298
	Net need	962	-44	918
HMA	Need	4,993	2,140	7,134
	Supply	1,453	1,726	3,179
	Net need	3,540	414	3,955

Source: Derived from Demographic Projections

Need for Registered Care Housing

9.44 Registered care housing falls within a C2 use class rather than the wider dwelling stock. The core demographic projections are for dwellings and thus exclude needs for C2 residential care bedspaces. This is a result of the household projections using only the residential population as an input rather than the institutional population which would include those staying in residential care bed spaces. Delivery of C2 bedspaces can be monitored separately, however if included as part of a five year housing land supply then they should also be treated as part of the need.

9.45 At present (according to Housing LIN[16]) there are around 3,346 spaces in nursing and residential care homes across the West Surrey HMA (916 in Guildford, 1,713 in Waverley and 717 in Woking). Given new models of provision (including extra-care housing) it may be the case that an increase in this number would not be required. However it seems likely that some additional need will arise for particular groups such as those requiring specialist nursing or for people with dementia.

9.46 The demographic modelling indicates that in 2033 there will be 4,377 people aged 75 and over living in 'institutions.' These people do not fall within the household population. On the basis of current supply this would suggest a potential additional need for 1,031 care home bedspaces over the 20-years to 2033 (52 per annum).

9.47 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

[16] The Housing Learning and Improvement Network (LIN), formerly responsible for managing the Department of Health's Extra Care Housing capital programme, is a 'knowledge hub' for professionals in England involved in planning, commissioning, designing, funding, building and managing housing with care for older people.

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 242 in Guildford, 396 in Waverley and 393 in Woking.

People with Disabilities

9.48 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.

9.49 Table 70 below 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 HMA some 21% of households contain someone with a LTHPD. This figure is somewhat lower than the equivalent figure for both the region and nationally. The figures for the population with a LTHPD again show a lower proportion when compared with regional and national figures (an estimated 13% of the population of the HMA have a LTHPD).

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

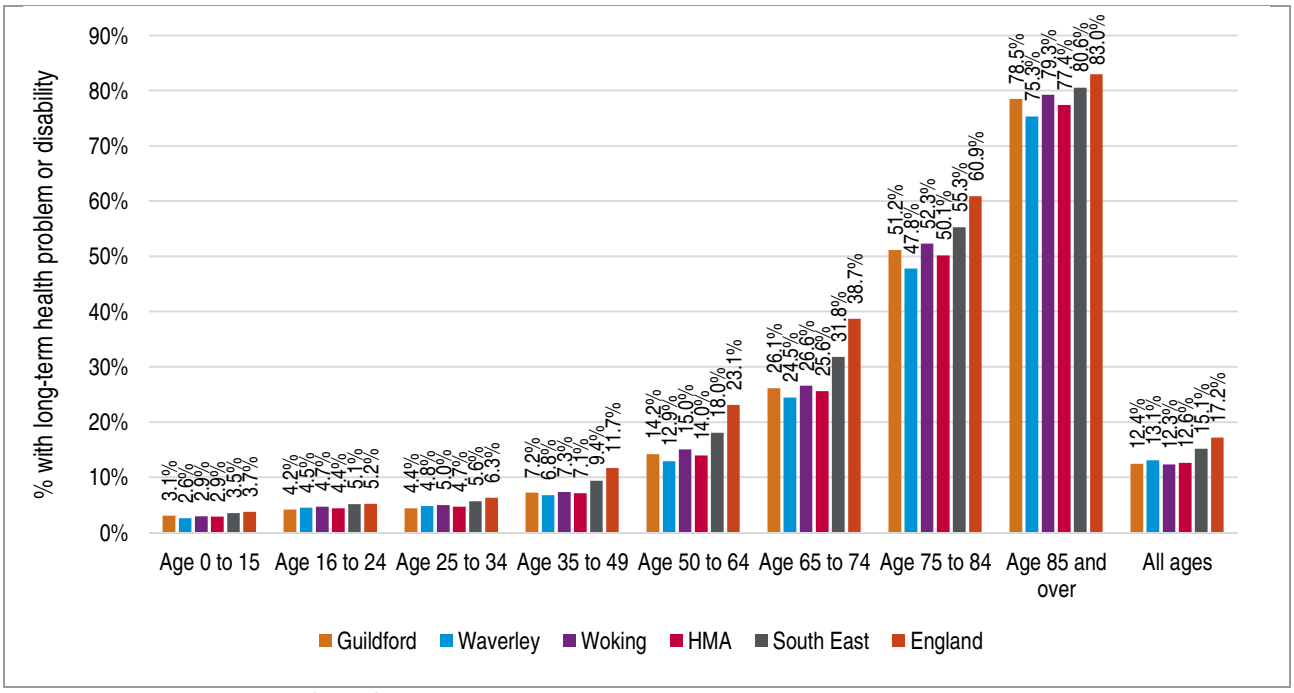
Table 70: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Guildford	10,887	20.2%	17,316	12.6%
Waverley	10,495	21.3%	16,877	13.9%
Woking	8,143	20.6%	12,885	13.0%
HMA	29,525	20.7%	47,078	13.2%
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)

9.51 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 54 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 77% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below 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 54: Population with Long-Term Health Problem or Disability in each Age Band

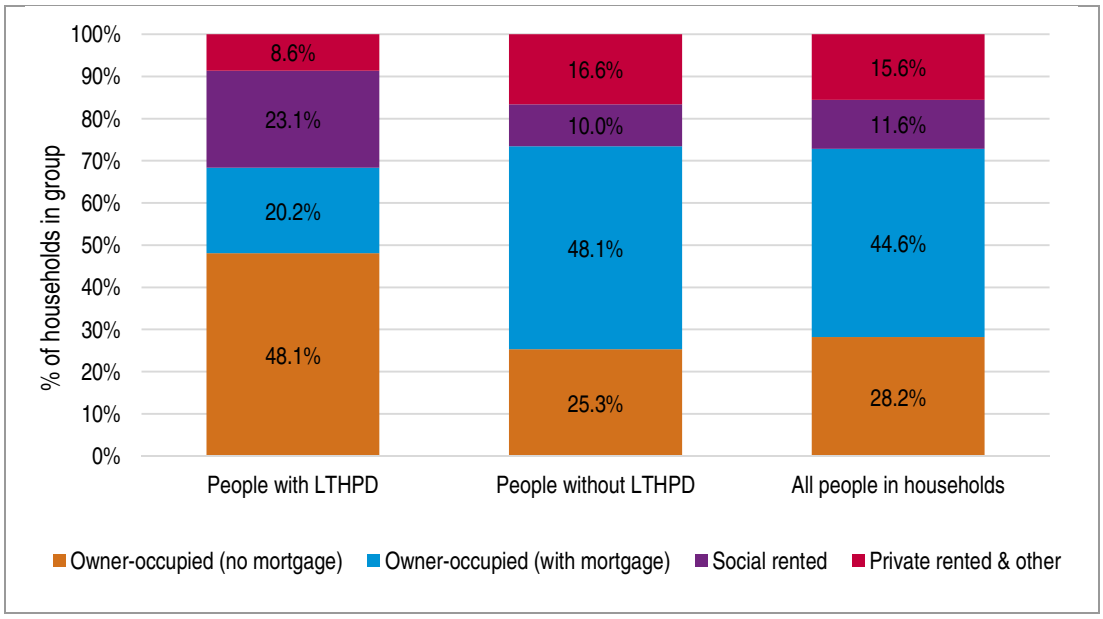


Source: Census (2011)

9.52 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, it is estimated that the number of people with a LTHPD will increase by around 17,800 (a 38% increase). The vast majority of this increase (92%) is expected to be in age groups aged 65 and over. This population increase of 17,800 people with a LTHPD represents 36% of the total increase in the overall population in West Surrey projected by the demographic modelling to 2033.

9.53 Figure 55 shows the tenures of people with a LTHPD – it should be noted that the data is for 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 have a higher than average representation of people living in social rented housing and outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners (pensioners) 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 55: Tenure of people with LTHPD – West Surrey



Source: 2011 Census

Black and Minority Ethnic Households

9.54 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.

9.55 From 2011 Census data we find that around 16% of the population of the HMA came from a non-White (British/Irish) background. This figure is slightly above that found across the region and lower than the figure for England (of 19%). The largest minority ethnic group in the HMA 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 HMA. This figure is notably higher than for any other group.

9.56 Looking at the individual local authorities the data shows around 9% of the population in Waverley being from a non-White (British/Irish) group with a figure of 16% in Guildford. In Woking the figure is higher again (at 24%) – this is substantially influenced by the large Other-White population as well as a notable Pakistani community.

Table 71: Black and Minority Ethnic Population (2011)

Ethnic Group	Guildford	Waver-ley	Woking	HMA	South East	England
White: British	83.5%	90.6%	74.9%	83.5%	85.2%	79.8%
White: Irish	0.9%	0.8%	1.1%	0.9%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.4%	0.1%	0.2%	0.2%	0.2%	0.1%
White: Other White	6.2%	4.4%	7.4%	5.9%	4.4%	4.6%
Mixed: White and Black Caribbean	0.3%	0.3%	0.4%	0.3%	0.5%	0.8%
Mixed: White and Black African	0.2%	0.1%	0.3%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.8%	0.6%	1.0%	0.8%	0.7%	0.6%
Mixed: Other Mixed	0.5%	0.3%	0.7%	0.5%	0.5%	0.5%
Asian: Indian	1.2%	0.4%	2.3%	1.3%	1.8%	2.6%
Asian: Pakistani	0.4%	0.2%	5.7%	1.8%	1.1%	2.1%
Asian: Bangladeshi	0.2%	0.1%	0.5%	0.3%	0.3%	0.8%
Asian: Chinese	1.4%	0.5%	0.9%	0.9%	0.6%	0.7%
Asian: Other Asian	1.7%	0.6%	2.1%	1.4%	1.4%	1.5%
Black: African	0.8%	0.3%	1.0%	0.7%	1.0%	1.8%
Black: Caribbean	0.2%	0.1%	0.3%	0.2%	0.4%	1.1%
Black: Other Black	0.1%	0.0%	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.7%	0.1%	0.6%	0.5%	0.2%	0.4%
Any other ethnic group	0.6%	0.2%	0.5%	0.4%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	137,183	121,572	99,198	357,953	8,634,750	53,012,456
% non-White (British/Irish)	15.7%	8.5%	24.0%	15.5%	13.9%	19.3%

Source: ONS (2011 Census)

9.57 Since 2001 the BME population in the HMA can be seen to have increased significantly as can be seen in Table 72. 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 HMA has risen by 22,700 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 24,400. The White (British/Irish) population has therefore decreased by 0.5% compared to an increase of 78% in BME groups (all combined).

9.58 Looking at particular BME groups we see that the largest increase in terms of population has been within the Asian population – increasing by 10,800 between 2001-11. This group also sees one of the greatest increases in proportionate terms – a 112% rise in population. The only higher increase is for the Black population although in number terms the increase in this group has been less than 2,000 people.

Table 72: Change in BME groups 2001 to 2011 (HMA)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	304,011	302,349	-1,662	-0.5%
White - Other	15,018	22,001	6,983	46.5%
Mixed	3,417	6,459	3,042	89.0%
Asian or Asian British	9,594	20,361	10,767	112.2%
Black or Black British	1,613	3,577	1,964	121.8%
Chinese and other	1,553	3,206	1,653	106.4%
Total	335,206	357,953	22,747	6.8%
Non-White (British/Irish)	31,195	55,604	24,409	78.2%

Source: Census 2001 and 2011

9.59 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 weaker in the HMA than across the South East but in line with national changes. The analysis shows the highest BME increase in proportionate terms to have been in Guildford although in terms of actual population growth the highest figures are found in Woking. The change in the BME population in Waverley looks to be quite moderate when compared with other locations.

Table 73: Change in non-White (British/Irish) population – 2001-11

	Population (2001)	Population (2011)	Change from 2001	% change from 2001
Guildford	11,090	21,480	10,390	93.7%
Waverley	7,092	10,350	3,258	45.9%
Woking	13,013	23,774	10,761	82.7%
HMA	31,195	55,604	24,409	78.2%
South East	613,562	1,202,181	588,619	95.9%
England	5,767,580	10,216,219	4,448,639	77.1%

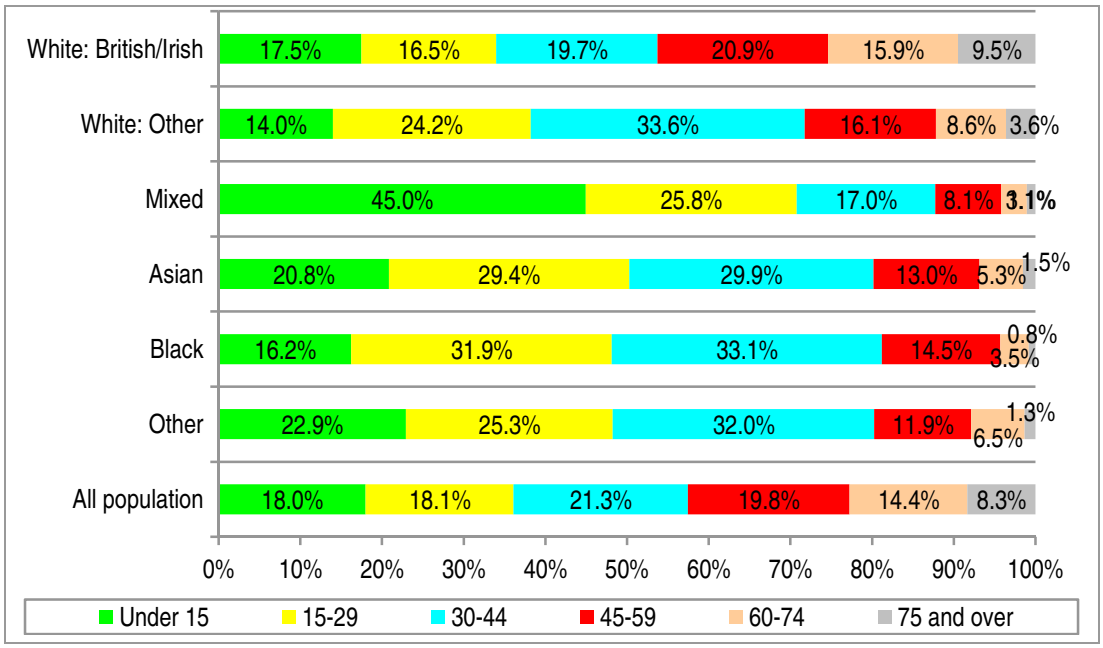
Source: Census (2001 and 2011)

BME Household Characteristics

9.60 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the HMA. Figure 56 looks at the population age structure of six broad age groups using data from the 2011 Census.

9.61 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 25% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 12%.

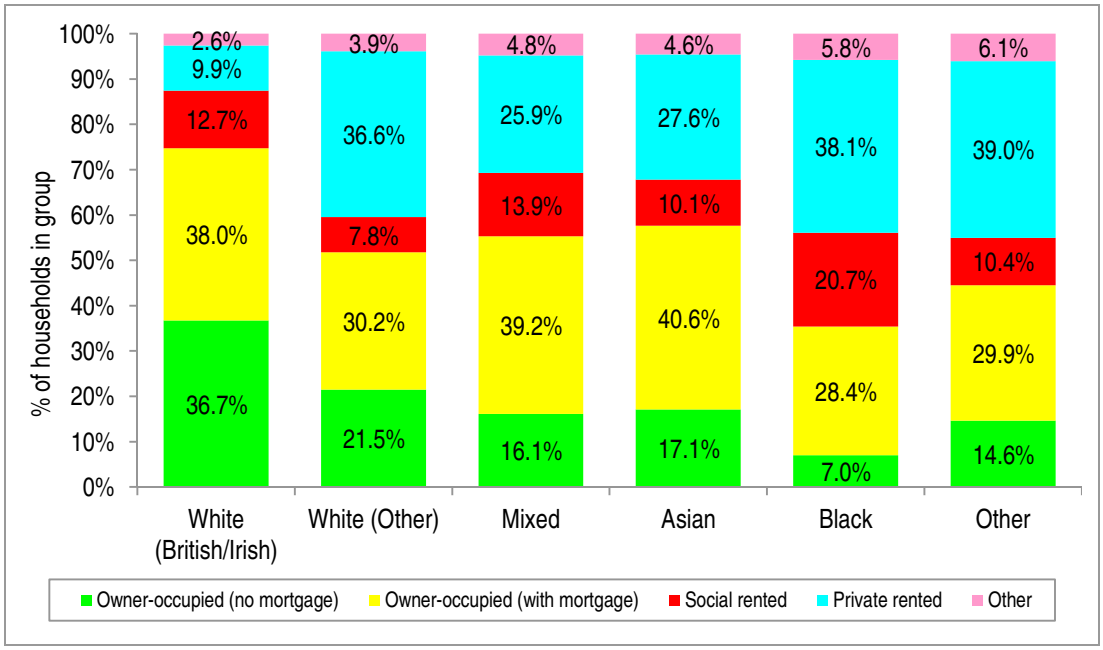
Figure 56: Population Age Profile (2011)



Source: Census (2011)

9.62 There are notable differences between the household characteristics of BME households and the White: British population. Figure 57 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 37% of White (Other) and 38% of Black households living in the Private Rented Sector.

Figure 57: Tenure by Ethnic Group in the HMA



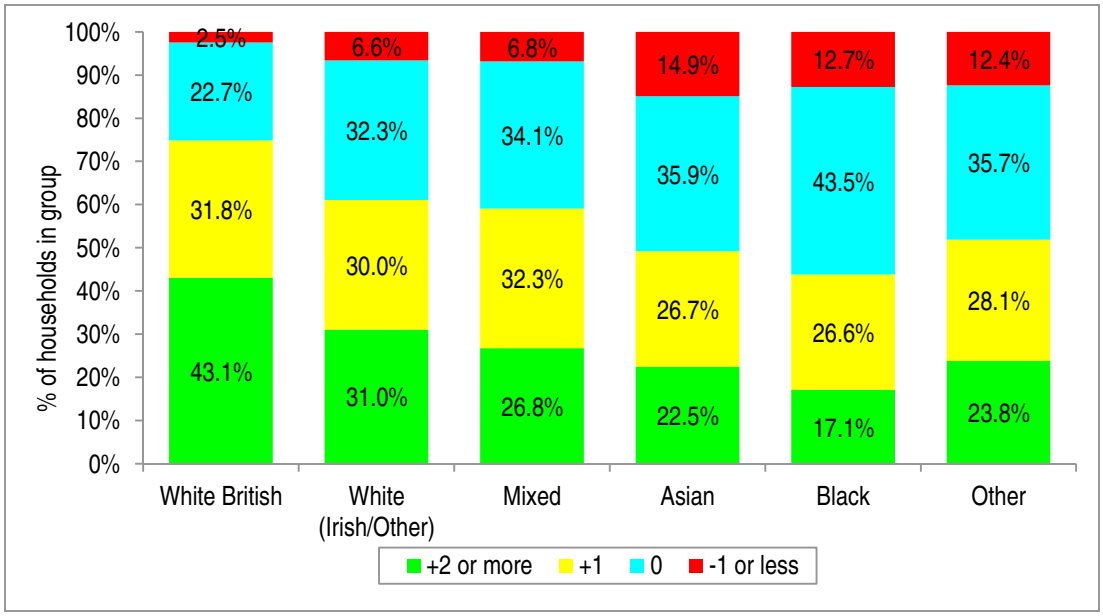
Source: 2011 Census data (from NOMIS)

9.63 The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the HMA shows a strong representation of LHA Claimants).

9.64 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.

9.65 Figure 58 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.

Figure 58: Occupancy Rating by Ethnic Group – HMA



Source: 2011 Census data (from NOMIS)

9.66 The Census data suggests that around 15% of Asian households are overcrowded - this compares with only 2.5% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low. Therefore there may be a need to provide further larger homes to deal with this specific issue.

Family Households

9.67 The number of families in the HMA (defined for the purpose of this assessment as any household which contains at least one dependent child) numbered 42,645 in 2011, accounting for 30% of households. There is relatively little variation between areas although Woking shows a slightly higher proportion of households with dependent children than the other two areas.

Table 74: Households with dependent children (2011)

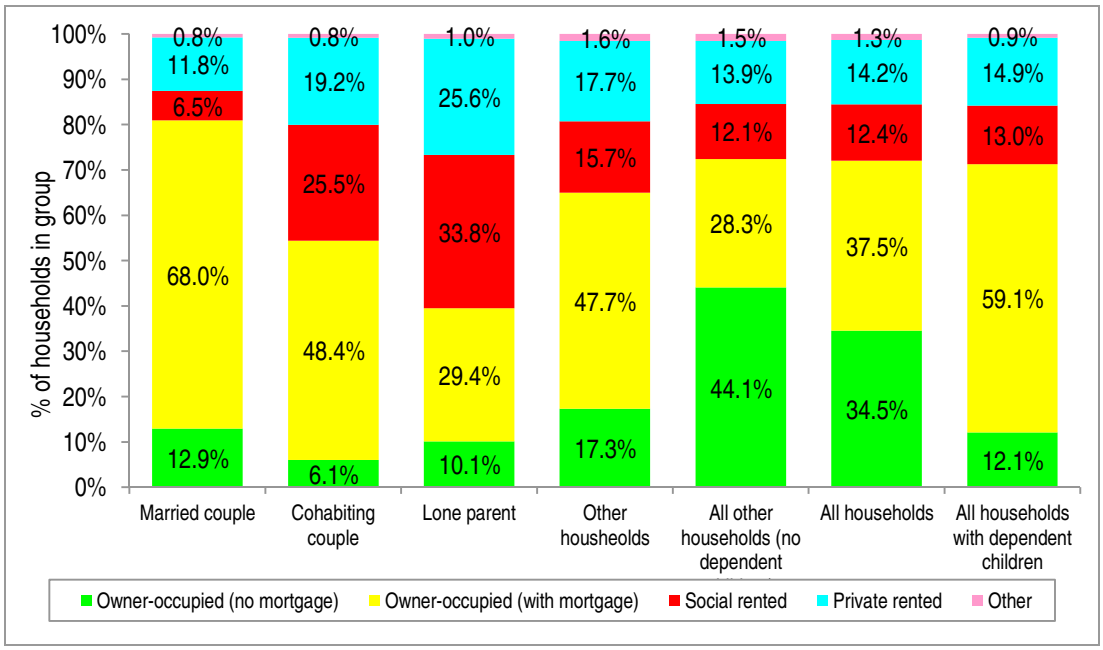
Household type	Guildford		Waverley		Woking		HMA	
	No.	%	No.	%	No.	%	No.	%
Married couple	10,722	19.9%	10,168	20.6%	8,430	21.4%	29,320	20.5%
Cohabiting couple	1,618	3.0%	1,453	2.9%	1,243	3.1%	4,314	3.0%
Lone parent	2,286	4.2%	2,009	4.1%	1,801	4.6%	6,096	4.3%
Other households	1,009	1.9%	787	1.6%	1,119	2.8%	2,915	2.0%
All other households	38,338	71.0%	34,863	70.7%	26,874	68.1%	100,075	70.1%
Total	53,973	100.0%	49,280	100.0%	39,467	100.0%	142,720	100.0%
Total with dependent children	15,635	29.0%	14,417	29.3%	12,593	31.9%	42,645	29.9%

Source: ONS (2011 Census)

9.68 The core demographic projection (2012-based SNPP) suggests that the number of children (aged Under 15) is expected to increase markedly from 2013 to 2033 (an increase of 5,300 – 8% increase).

9.69 Figure 59 shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around a two-fifths of lone parent households are owner-occupiers compared with over 80% of married couples with children.

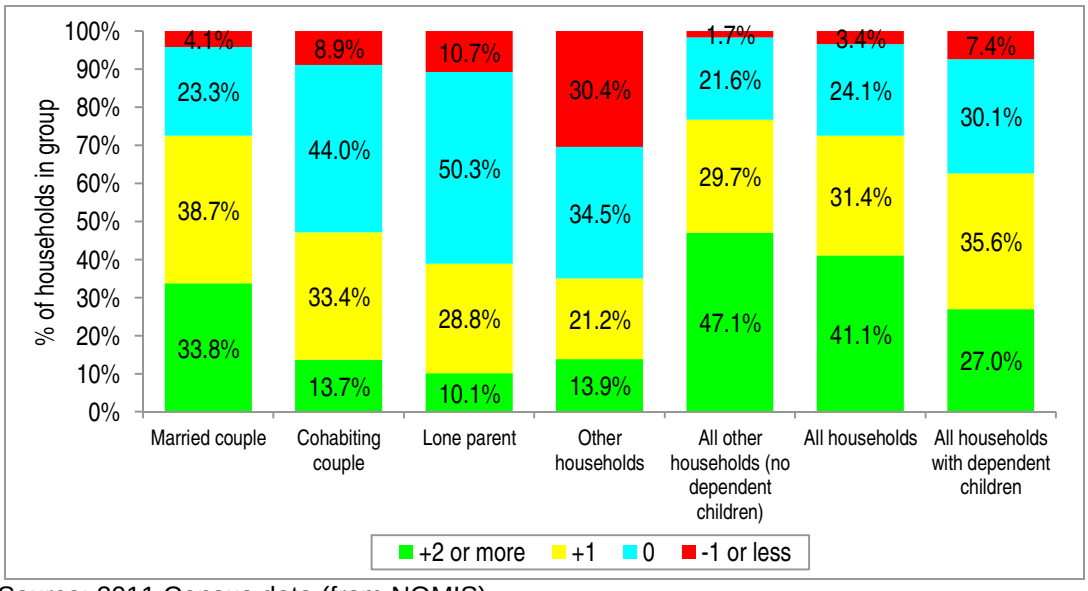
Figure 59: Tenure of Households with Dependent Children – HMA



Source: 2011 Census

9.70 Overcrowding is often a key theme when looking at the housing needs of households with children and Figure 60 shows that households with children are about four times more likely than other households to be overcrowded. In total, some 7% of all households with dependent children are overcrowded and included within this the data shows 11% of lone parent households are overcrowded along with 30% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are low.

Figure 60: Occupancy rating and households with dependent children



Source: 2011 Census data (from NOMIS)

9.71 Overall, the somewhat limited data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population, the data does point to lone parent (and other) households being more disadvantaged. Given that some households with children may be vulnerable groups, this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young People

9.72 Given a growing older population, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as supporting the local workforce and economy. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance including in raising the necessary deposit. Additionally, benefit changes may have influenced their ability to secure accommodation including reforms to LHA payments which limit choice for under-35s requiring private rented homes (single younger persons can only claim benefits at the room rate).

9.73 The demographic projections suggest that in 2013 there were around 21,100 households headed by someone aged under 35 and that this is set to increase by around 2,600 over the period from 2013 to 2033 (based on a projection linked to the 2012-based SNPP with 2012-based headship assumptions and a market signals uplift (for the 25-34 age group)).

9.74 As well as households headed by a younger person there will be others living as part of another household (typically with parents). Table 75 shows the number of households in the HMA with non-dependent children. In total, some 9% of households (12,700) contain non-dependent children. This to some degree highlights the difficulties faced by young people in accessing housing in the HMA.

9.75 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 for longer.

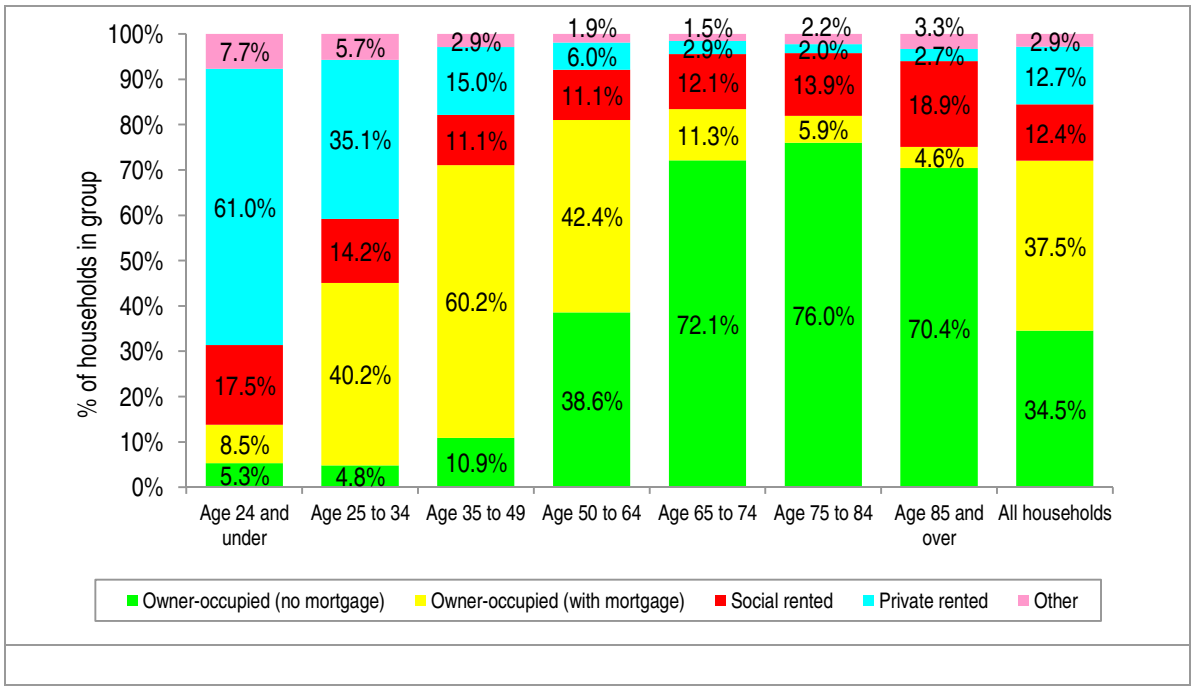
Table 75: Households with non-dependent children in West Surrey HMA (2011)

Household type	Guildford		Waverley		Woking		HMA	
	No.	%	No.	%	No.	%	No.	%
Married couple	2,973	5.5%	2,678	5.4%	2,389	6.1%	8,040	5.6%
Cohabiting couple	199	0.4%	169	0.3%	216	0.5%	584	0.4%
Lone parent	1,517	2.8%	1,405	2.9%	1,134	2.9%	4,056	2.8%
All other households	49,284	91.3%	45,028	91.4%	35,728	90.5%	130,040	91.1%
Total	53,973	100%	49,280	100%	39,467	100%	142,720	100%
Total with non-dependent children	4,689	8.7%	4,252	8.6%	3,739	9.5%	12,680	8.9%

Source: ONS (2011 Census)

9.76 When considering households that are currently headed by a younger person we can use 2011 Census data to look at some key characteristics. Figure 61 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. Our analysis earlier on in the report points to a falling number of young households able to buy their own home.

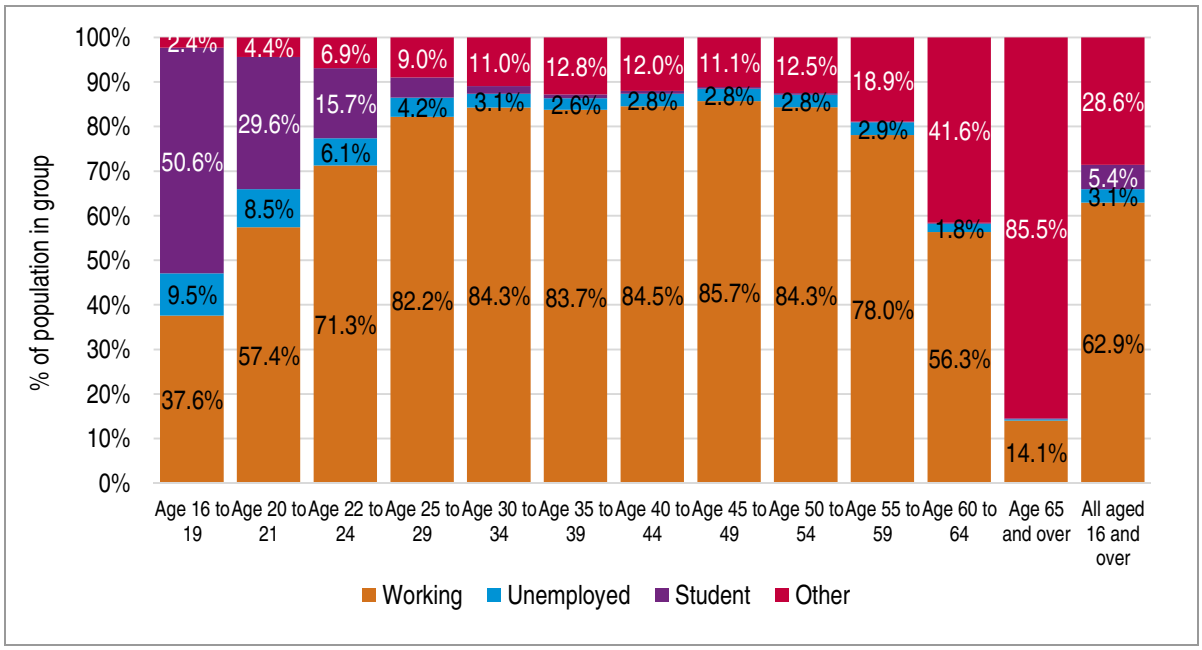
Figure 61: Tenure by age of Household Representative Person – HMA



Source: 2011 Census

9.77 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 below. The data shows that younger people are far more likely to be unemployed than other age groups (based on age of heads of household/household reference person). The data shows that of the population aged 16-34 some 6% are unemployed – included within this we see an unemployment rate of 9% for those aged 20-21 and 10% in the 16-19 age group.

Figure 62: Economic activity by age – HMA



Source: 2011 Census

9.78 The figure however does not tell the full story around unemployment as the data is based on people who are already living in their own household (or in this case are considered as the HRP or head of household).

9.79 Census data shows that of the population aged 16-34 who are economically active some 7.7% are unemployed – included within this we see an unemployment rate of 13.4% for those aged 16-24 and 20.2% in the 16-19 age group. In Woking unemployment within the 16-19 year old age group is as high as 23.3%. In Waverley, unemployment in the 30-34 year old age group is as low as 2.7%. Single persons aged under 35 requiring financial support are only able to claim the Local Housing Allowance at the shared room rate.

Self- and Custom-Build Homes

9.80 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.

9.81 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.

9.82 Consistent quantitative information regarding levels of self-build is hard to come by. Information from local authority planning officers is therefore anecdotal. Planning officers within the HMA have indicated that there has been a small but noticeable increase in interest for such properties.

9.83 In 2012, Guildford BC commissioned some housing needs assessment survey work – this revealed a very low level of interest in self-build in the Borough. Woking also has its own self-build register. However we have approached the custom and self-build specialists website Buildstore (who are aligned to the National Custom & Self Build Association) in order to understand more recent level of demand for these types of property locally. The website provided us with indicative levels of demand for this type of property based on their register of interested parties. This shows that:

- Within the postcodes of Waverley, there are 69 people registered their details on the Custom Build register and 272 active members on the Plotsearch register;
- Within the postcodes of Guildford, there are 65 people registered their details on the Custom Build register and 216 active members on the Plotsearch register; and
- Within the postcodes of Woking, there are 49 people registered their details on the Custom Build register and 224 active members on the Plotsearch register

9.84 By comparison the Buildstore register of plots shows a supply as of June 2015 of nine self-build sites with a total of twelve plots for sale across the HMA (6 in Waverley and 6 in Guildford). This would suggest a mis-alignment of supply and demand for this type of property in West Surrey.

9.85 The supply for custom or self-build properties is generally from stand-alone, self-contained dwellings and are often constructed for employees or family members some of whom may be frail or disabled in some way (e.g. "granny flats"). Estate agents tell us that they are frequently involved in valuations where there is potential for 'intensification', for example the potential for constructing dwellings on large gardens or corner plots.

9.86 Whilst most new housing is constructed by the volume house builders we have come across many local house builders who develop small plots for individual clients – many for the rental market. Landlords have told us that this is a more cost effective route than purchasing off volume builders. Some landlords generate significant cash surpluses from their portfolio and choose to invest in this way as returns are more attractive than other investments. At the other end of the scale we have interviewed entrepreneurs and individuals with large savings who will use their local knowledge and

skill to acquire individual vacant plots and custom build. We have also engaged with a medium size regional house builder whose key selling point is that they will customise their products for the purchaser and was offering dwellings within the Help to Buy scheme.

9.87 Overall the evidence suggests that this is currently a relatively niche sector, but one that is not necessarily only delivering high value bespoke homes. It is clear that much activity is undertaken by entrepreneurs aimed at more modest homes for sale or rent. That said 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.

9.88 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.

9.89 In order for this to work in West Surrey 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.

9.90 From a development point of view, key issues with this market are associated with skills and risk: whilst 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. 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. However it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.

Service Families

9.91 From what we are aware there are no substantive MOD bases within West Surrey, however, there are a notable number of bases in areas which are in or close to the area and which may influence its housing market. These include:

- Aldershot Garrison;
- Princess Royal Barracks, Deepcut[17];
- Army Training Centre (Alexander and Elizabeth Barracks), Pirbright;
- Royal Military Academy, Sandhurst;

[17] Part of this site falls within Guildford Borough, with the residential element falling in Surrey Heath

- Gibraltar Barracks, Minley; and
- Bordon and Longmoor Military Camps.

9.92 The Army Training Centre in Pirbright is within Guildford Borough. New recruits are often at the base for a relatively short period (c. 6 weeks), however there are also service staff associated with the facility.

9.93 The Army is in the process of reorganising resources across the UK. This includes the creation of a 'super garrison' focused on Aldershot with satellite establishments in Surrey, Hampshire and Berkshire at Minley, Bordon, Sandhurst, Pirbright, Deepcut, Keogh, Arborfield, Winchester and Worthy Down. Deepcut Barracks is to close.

9.94 The concentration of MOD resources in the wider area may have some impact on Guildford's housing market in regard to MOD personnel seeking accommodation within the wider housing market. This may increase as a result of the repatriation of troops to the UK from Germany over the period to 2019.

9.95 Our research in other areas suggests that there is demand from service personnel for homes to buy; including for owner occupation and investment purchases. This has been recently supported by the Forces Home Ownership (Help-to-Buy) Scheme, however funding came to an end in March 2014.

Key Findings: Specific Groups of the Population

9.96 This section of the report has studied the housing circumstances of various different groups of the population. Specific conclusions have been provided for each of these groups with core conclusions summarised overleaf:

KEY MESSAGES – SPECIFIC GROUPS WITHIN THE POPULATION

Older Persons

- Many older persons are likely to want to continue to live in their existing homes as they get older. Some may require support to do so, including adaptions to properties and floating support. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties but the potential resource implications of this will need to be planned for.

- Older persons are more likely to under-occupy homes. In the affordable housing sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Councils may wish to consider providing support and incentives to social housing tenants to downsize. This will help to release larger affordable homes for overcrowded households.

- 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 30,900 (48%) over the 20-years from 2013 to 2033 in the main demographic projections based on the 2012 SNPP. Demographic change is likely to result in a need for additional levels of care/support along with provision of specialist accommodation in both the market and affordable sectors.

- The SHMA provides an indicative assessment of need for specialist housing for older persons. It identifies a need for 3,955 additional specialist homes between 2013-33 – 1,334 in Guildford, 1,703 in Waverley and 918 in Woking. These form part of the overall assessed housing need.

- The SHMA also identifies a need for 1,031 care home bedspaces between 2013-33 – 242 in Guildford, 396 in Waverley and 393 in Woking.

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 indicate a 123% increase in the population aged over 85 from 2013 to 2033 (linked to increasing life expectancy) with Census data suggesting that 77% of this age group have some level of disability. Whilst health may improve, the likelihood is those with some form of disability may increase.

Black and Minority Ethnic Households

- The Black and Minority Ethnic population of the HMA is slightly higher in size to the South East region at 16% and has grown significantly over the past decade. The Asian population in particular has grown by over 10,000 persons. The BME population is younger than other groups within the population, and households are more likely to live in Private Rented Accommodation and be overcrowded.

- Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that some 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.

Family Households

- The evidence 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 HMA over the next few years. 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 as they grow up.

Young Persons

- Those under 35 are more likely to rent than other groups or to live with parents. The SHMA indicates there are 12,700 households within the HMA which contain non-dependent children which is indicative of difficulties for younger people in getting on the housing ladder.

- Increasing housing supply may in time help to improve affordability, whilst recognising that price dynamics are influenced by supply-demand balance across the wider region. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing.

- 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.

Other Groups

- There is modest interest for custom and self build properties in West Surrey with only limited supply. It is now a requirement for local authorities to monitor demand for this property and the Council's should either start their own register (as Woking has done) or subscribe to the services of existing registers such as Buildstore.

- Service families are likely to produce a significant demand for properties in West Surrey. However these should be monitored in case there are any significant changes to legislation or military residential provision.

- 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.

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 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 West Surrey and Hampshire. However, triangulation of the evidence converges upon the Boroughs of Guildford, Waverley and Woking sharing the strongest relationships and correlation in both market and behavioural terms. We therefore consider the definition of a Guildford centric core HMA covering these three 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 East Hampshire, Rushmoor, Surrey Heath, Runnymede and Elmbridge. In the context of the Duty to Cooperate, these authorities in particular should be engaged in strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies.

Overall Housing Need

10.6 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.

10.7 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 needed to be increased.

10.8 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"

10.9 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.

10.10 The latest official household projections at the current time are 2012-based Household Projections published by Government in February 2015. The household projections are underpinned by the 2012-based sub national population projections (May 2014). Taking account of the 2013 mid-year estimates[18] these project household growth between 2013-33 of 1,298 across the HMA (2013-33).

10.11 The SHMA has analysed the population projections. For the HMA as a whole the projection show lower levels of population growth moving forwards, relative to trends in the recent past. Both net migration and natural change are expected to fall over time. A detailed interrogation of the components of population change from a technical perspective however suggests that the 2012-based SNPP are robust as a starting point for considering housing need.

10.12 Table 76 sets out the initial assessment of housing need based on the ONS 2012-based SNPP. Across the HMA the initial demographic-led projections therefore suggests a need for 1,352 dwellings per annum. This includes a level of vacancy within the housing stock.

[18] The 2014 MYE have subsequently been published but are not featured in our calculations as they were too late to feature.

Table 76: Housing Need per Annum (2013-33) based on 2012-SNPP and 2012-based headship rates

	Guildford	Waverley	Woking	West Surrey
Households 2013	55,351	49,691	39,757	**144,798**
Households 2033	65,279	59,108	46,380	**170,767**
Change in households	9,928	9,417	6,623	**25,969**
Households Per annum	496	471	331	**1,298**
Dwellings (per annum)	**517**	**493**	**341**	**1,352**

10.13 GL Hearn consider the 2012-based household formation rates as appropriate modelling approach as it takes account of the impact on household formation trends of international migration and household structures in growing migrant communities; as well as the recession and declining affordability. These projections provide an appropriate 'starting point' for considering housing need (using the terminology in the Planning Practice Guidance).

10.14 These projections results in a need for 1,352 homes per annum across the HMA between 2013-33[19]. This splits into a need for:

- 517 homes per year in Guildford Borough;
- 493 per year in Waverley Borough; and
- 341 per year in Woking Borough.

10.15 A number of sensitivities have also been run considering alternative assumptions for migration and a detailed technical interrogation of the components of population change. Sensitivities around longer term migration trends and Unattributable population change provide an indication of the potential variance in past demographic trends. Furthermore we have also examined sensitivities around assumed changes to net migration with London.

10.16 In addition, student growth moving forwards may be stronger than that seen over the period from which the 2012-based Projections are derived. This could result in an increase in housing need of up to 500 homes (focused on Guildford) over the 2013-33 period. We therefore recommend an uplift of 25 dwellings per annum to 542 dwellings per annum in Guildford to reflect this.

[19] Projections are developed for the 2013-33 period. Annual figures at a local authority level do not sum to the HMA totals precisely because of rounding associated with producing annual figures.

Considering Potential Economic Performance

10.17 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.

10.18 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[20]. The SHMA has considered the Councils' recent evidence regarding economic growth prospects.

10.19 Woking and Guildford Borough Councils have commissioned AECOM to review employment forecasts from three different forecasting houses data for their boroughs, the output of which was a recommendation for the appropriate level of growth in each borough.

10.20 Waverley Borough Council have also updated their economic evidence base using Atkins to do so. This study has provided three different forecasts for employment growth. Atkins consider that the Experian Forecasts (Scenario 1) are not realistic in that they diverge from historic trends and conclude by recommending that Scenario 3 is used as the basis for planning Waverley's future employment land. We also provided for comparison purposes the housing need resulting from Scenario 2.

10.21 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, the following levels of housing provision would be needed:

Table 77: Initial Assessment of Annual Need for Housing based on Economic Forecasts and Trends

Housing Need 2013-33 PA	Guildford	Waverley	Woking	West Surrey
Waverley Scenario 2	637	334	471	1,442
Waverley Scenario 3	637	319	471	1,427

10.22 Guildford and Woking would be expected to increase their housing need to the level required to support their economy. However both Scenarios 2 or 3 result in a housing need which is below the demographic need in Waverley. Therefore Waverley should maintain their demographic level of need and any uplift would only be relevant in Guildford and Woking where economic performance is expected to out-strip demographic growth. Across the HMA, the level of housing provision

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

necessary to support economic growth is potentially up to 27% higher than indicated in the trend-based demographic projections

10.23 The SHMA adopts a 'policy off' approach which does not seek to change commuting patterns. Clearly however labour markets operate across local authority and indeed across the HMA boundaries. Labour markets are flexible and commuting patterns can change over time. However it is an established planning principle to seek to plan for balanced growth in jobs and homes where possible with a view to reducing the need to travel and commuting distances. Given the influence of London, housing market and economic dynamics in the area we do not consider that any substantive clawback of out-commuting would be realistic.

Affordability Issues

10.24 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.

10.25 The SHMA analysis indicates that 1,144 additional households per year will require support in meeting their housing needs (using a 30% income threshold). This provides clear evidence of the need to increase the supply of affordable housing. It is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

Table 78: Annual Need from Households Requiring Support

Area	Net Need
Guildford	**455**
Waverley	**314**
Woking	**375**
West Surrey	**1,144**

10.26 In order to deliver this amount of affordable homes based on current local policy the overall housing provision would need to be an unrealistic 3,106 dwellings per annum across the HMA. This would equate to annual growth in the housing stock of over 2% per annum. This exceeds delivery rates achieved anywhere across England (over a sustained period) over the last 15 years, or over the pre-recession decade.

10.27 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.

10.28 The report has then gone on to consider market signals. The NPPF[21] 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."*

10.29 The SHMA evidence indicates that affordability pressures in the West Surrey HMA are notable. House prices are above the South East average. Entry level house prices are 11 or more times the typical earnings of younger households compared to a ratio of 6.4 nationally although this is largely unchanged for some years. 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. There are 12,700 family households in the HMA which contain non-dependent children.

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

10.31 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 constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. The SHMA has considered the implication of returning the household formation rates of the 25-34 age group back to the HMA level seen in 2001.

10.32 This results in an increase in annual housing provision of 1,704 homes per annum across the HMA. This range is based on the demographic need in Waverley and the economic need in Woking and Guildford economic need. This uplift represents 6% from the baseline scenarios they are applied to.

[21] CLG (2012) *National Planning Policy Framework, Paragraph 17*

Reflecting the age profile and level of suppression in each borough the uplift varies from 5% in Guildford and Waverley to 10% in Woking.

10.33 The uplift should address those groups who require an additional dwelling, such as:

- Newly-forming households;
- Concealed households; and
- Homeless households.

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

Accommodating the Student Population

10.35 The demographic projections are based on population trends between 2006/7 and 2012[22]. The University of Surrey expect stronger growth in student numbers moving forward than occurred during this time period. This could have an upwards impact on housing need, particularly in Guildford. On the assumption that 50-60% of eligible students live within halls or purpose-build student accommodation, the SHMA estimates that growth in the student population could result in an additional need for up to 500 dwellings over the period to 2033 (25 per annum). This is a maximum figure. The draft Guildford Local Plan (July 2014) includes a policy requiring a minimum of 60% of eligible students to be provided with student accommodation.

Conclusions on Overall Housing Need

10.36 Bringing together the above analysis we can draw conclusions on the full objectively assessed need across the HMA, and in constituent local authorities. These are built up as follows:

- Starting point: Trend based demographic projections (with adjustments where necessary;
- Adjustments to support economic growth where applicable (more people);
- Adjustments to improve affordability (stronger household formation); and
- Adjustments to take account of planned student growth in Guildford.

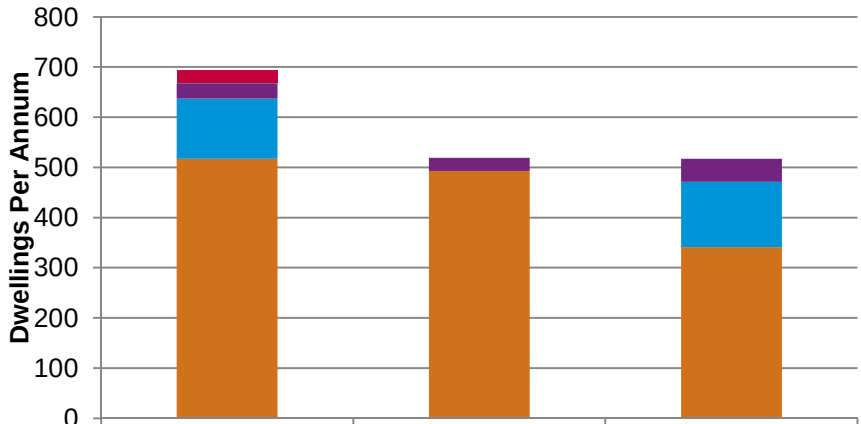
10.37 Taking these factors into account the SHMA draws the following conclusions on the overall need for housing over the 2013-33 period:

- Guildford: 693 homes pa;
- Waverley: 519 homes pa; and
- Woking: 517 homes pa.

[22] The projections are of trends in internal migration (within the UK) between 2007-12 and international migration from 2006-12

10.38 The derivation of the conclusions on housing need is shown below, in Figure 63.

Figure 63: Conclusions on Full Objectively-Assessed Housing Need by Authority, 2013-33



	Guildford	Waverley	Woking
Student Growth Impact	25	0	0
Improving Affordability	31	26	46
Supporting Economic Growth	120	0	130
Initial Demographic Projections	517	493	341

10.39 In the absence of development constraints, these figures should be considered to represent the full 'objectively assessed need' (OAN) for housing. **This represents in total an annual need for 1,729 homes per year across the HMA**. In accordance with the Planning Practice Guidance, this takes account of the level of housing provision which is expected to be needed to support demographic and economic growth and improve affordability.

10.40 While there is some merit in looking at the sensitivity analysis around migration from London returning to pre-recession levels this would only have a minimum impact on Waverley's OAN. The conclusions on OAN for Guilldford and Woking are based on higher migration than shown in the 2012-based Population Projections. This would enable higher levels of out-migration from London but also growth in the resident workforce in these Boroughs. Similarly across the HMA the OAN figure set out above is some 23% higher than the need calculated through London sensitivity analysis.

10.41 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 (together with the adjustment associated with expected student growth) as in these circumstances it would be unlikely that affordability would improve; and housing provision could constrain economic growth. In these circumstances, policies for economic growth would need to take into account the expected growth in the workforce. This represents what we would consider to

be a minimum level of housing need, leaving aside at this stage any constraint-based factors - as the Planning Practice Guidance requires.

10.42 The National Planning Policy Framework sets out that local authorities should seek to meet housing need within their areas where it is sustainable to do so and consistent with policies within the Framework. The Framework however affords significant protection to Green Belt and other environmental constraints including land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority) SSSI, SPA, SAC and RAMSAR.

Need for Different Types of Homes

Conclusions on Housing Mix

10.43 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.

10.44 The SHMA identifies that there is a need for a mix of house sizes across the HMA, as Table 79 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.

10.45 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. 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).

Table 79: Need for Different Sizes of Homes across the West Surrey HMA

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

10.46 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.

10.47 Our assessment of affordable housing needs indicates that, in delivering affordable units, a HMA-wide mix target of 29% intermediate and 71% 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 with deliverability (i.e. grant funding availability).

Table 80: Mix of Affordable Housing Needed

	Intermediate	Social/ Affordable Rent
Guildford	29%	71%
Waverley	32%	68%
Woking	26%	74%
HMA	29%	71%

10.48 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.

10.49 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 properties arising from existing growing households and those migrating into the HMA.

10.50 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

10.51 Over the period to 2033 the population of older persons in the HMA is expected to grow, with the population aged over 65 expected to increase by 51% (a growth of 31,000 persons). 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.

10.52 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 4,000 between 2013-33, with growth in the number of persons with mobility problems of over 8,100. Some older households will require specialist housing solutions. The SHMA identifies a need for over 3,950 additional specialist units of housing for older people between 2013-33, including sheltered and extra care homes.

Table 81: Need for Specialist Housing for Older Persons, 2013-33

2013-33	Market	Affordable	Total
Guildford	1,136	198	1,334
Waverley	1,442	260	1,703
Woking	962	-44	918
HMA	3,540	414	3,955

10.53 In addition, the SHMA indicates a need for 1,031 bedspaces in care homes - 242 in Guildford, 396 in Waverley and 393 in Woking. 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

10.54 There is modest interest for custom and self-build properties in West Surrey with only limited supply. It is now a requirement for local authorities to monitor demand for this property and the Council's should either start their own register or subscribe to the services of existing registers such as buildstore.

10.55 Service families are likely to produce a significant demand for properties in West Surrey. However these should be monitored in case there are any significant changes to legislation or military residential provision.

10.56 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.

10.57 Appendix C considers dynamics in respect of student growth and accommodation needs. An increase of 6,300 additional students at the University of Surrey is anticipated based on current planning assumptions over the period to 2033, it is anticipated that potentially 1,985 persons may

fall within the household population. 2,425 additional students are expected to choose to live in Halls.

Monitoring and Review

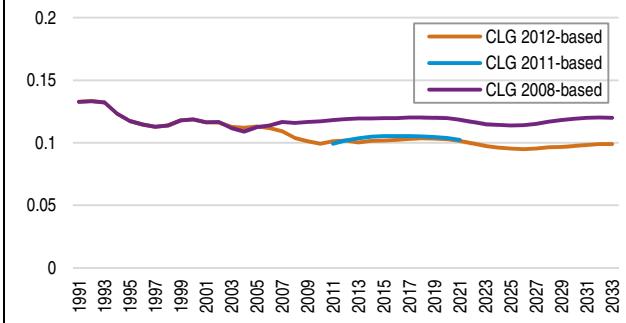
10.58 Through a proactive monitoring process it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy development.

10.59 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.

APPENDIX A: Household Formation Modelling

Projected Household Formation Rates by Age of Head of Household – Guildford

15-24



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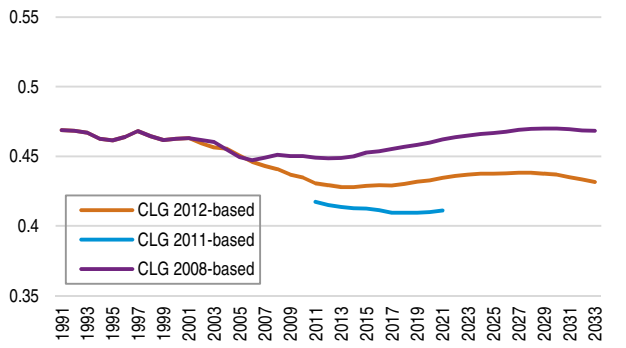

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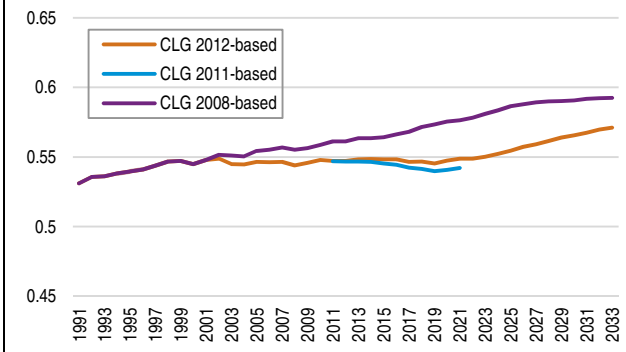

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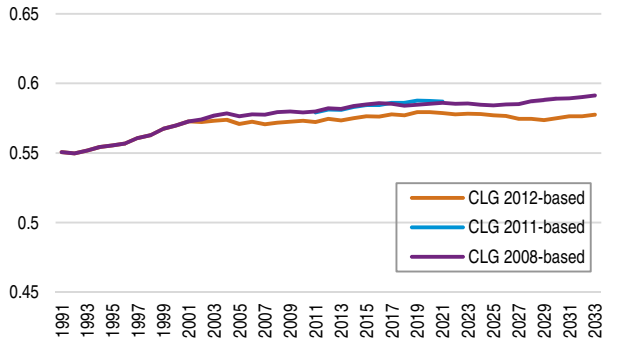

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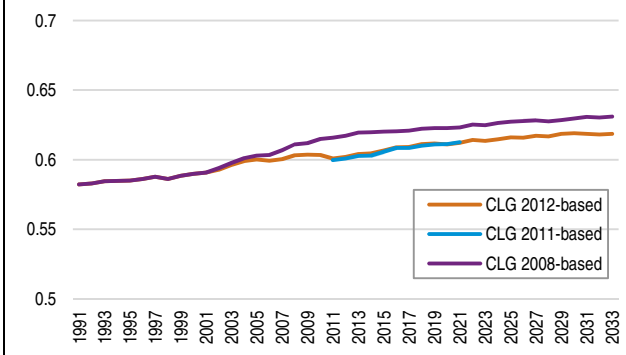

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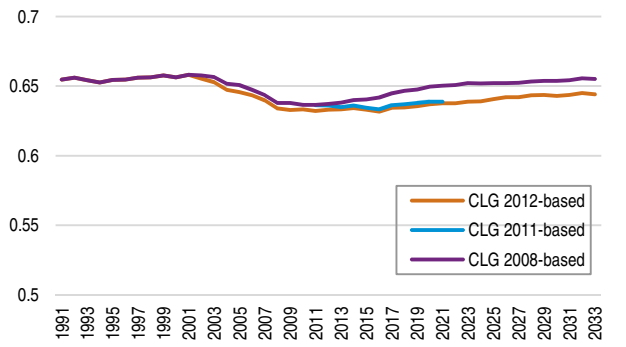

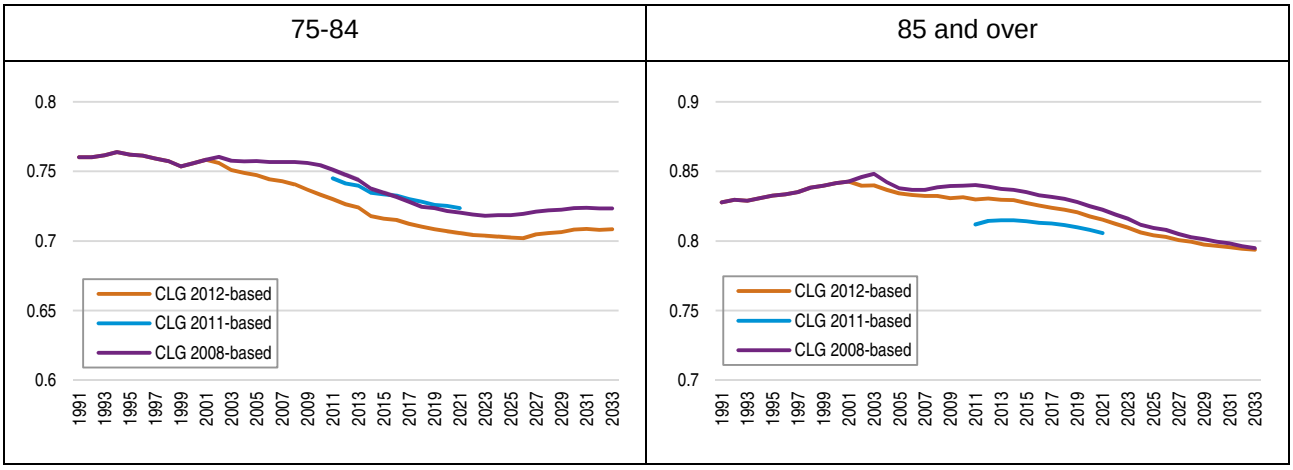
75-84
85 and over
0.8
0.75
0.7
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CLG 2012-based
CLG 2011-based
CLG 2008-based
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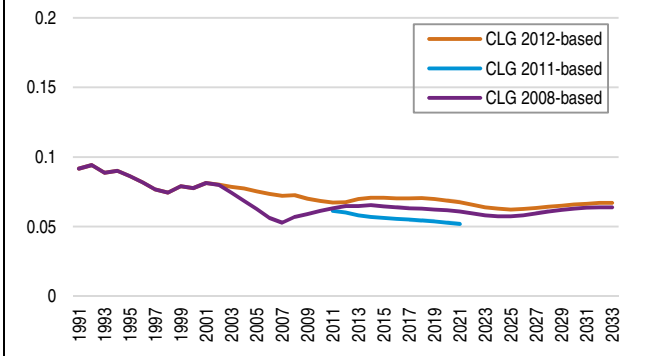
Projected Household Formation Rates by Age of Head of Household – Waverley

15-24



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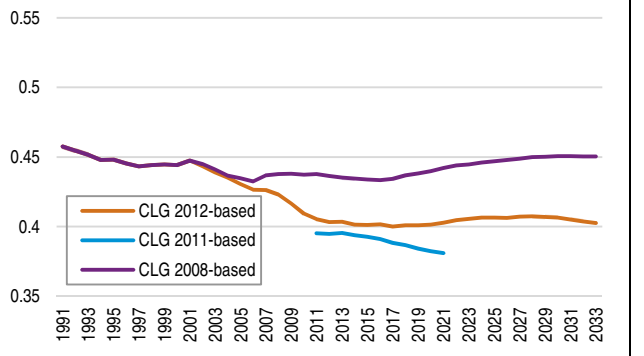

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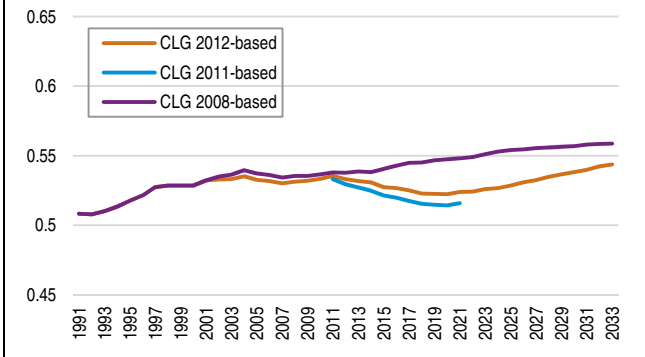

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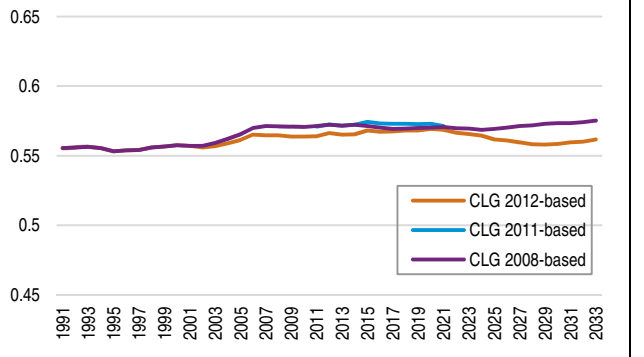

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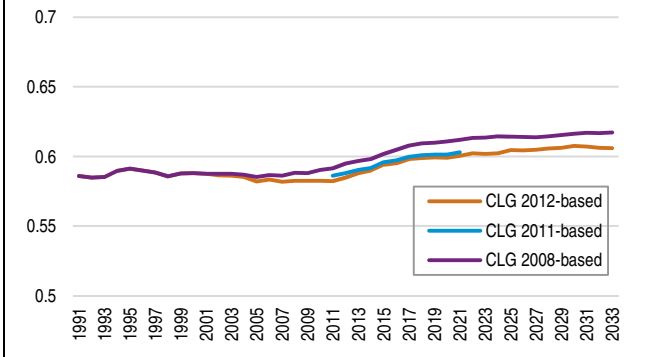

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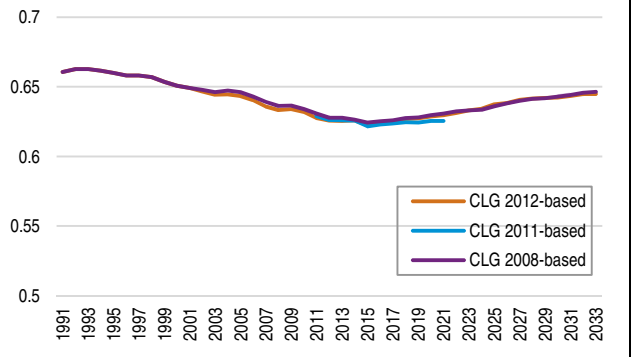

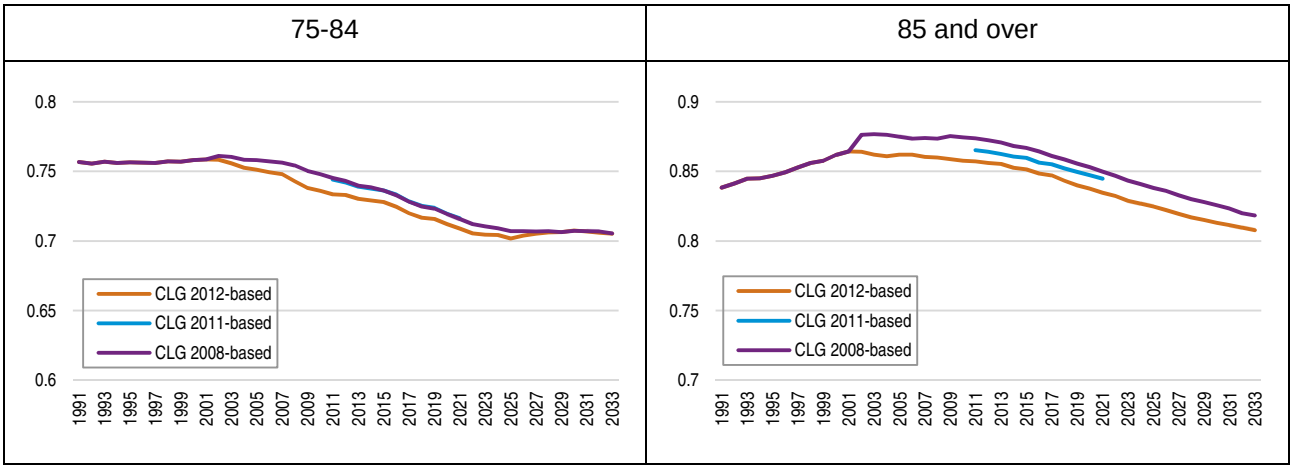
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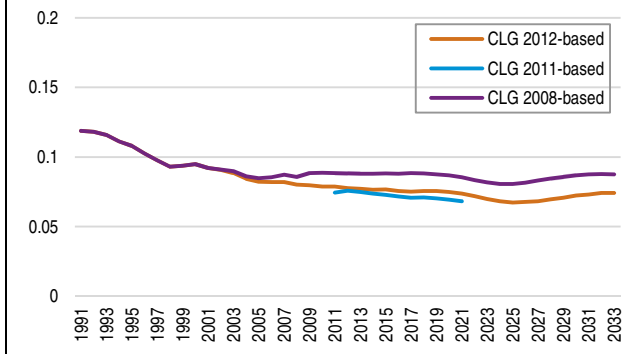
Projected Household Formation Rates by Age of Head of Household – Woking

15-24



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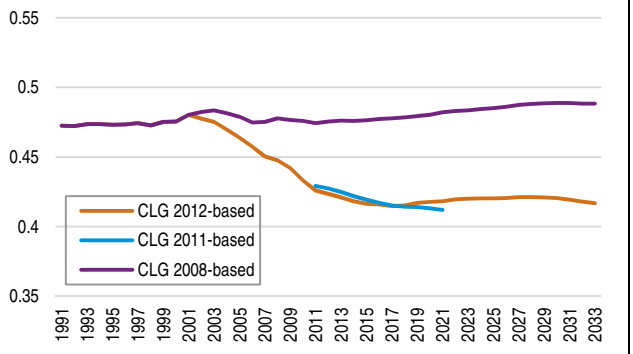

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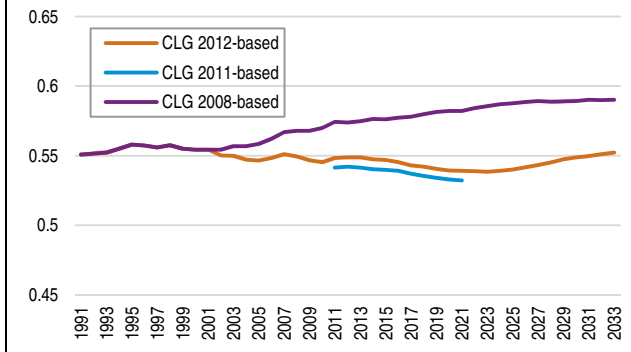

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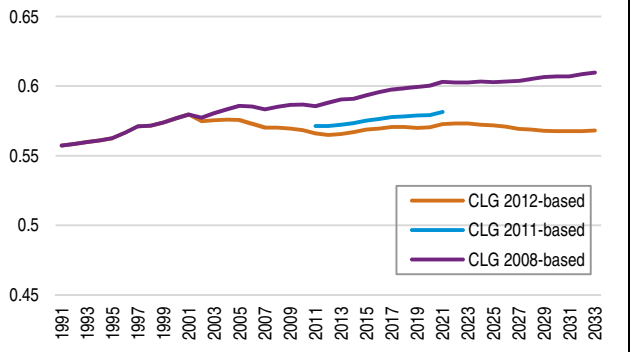

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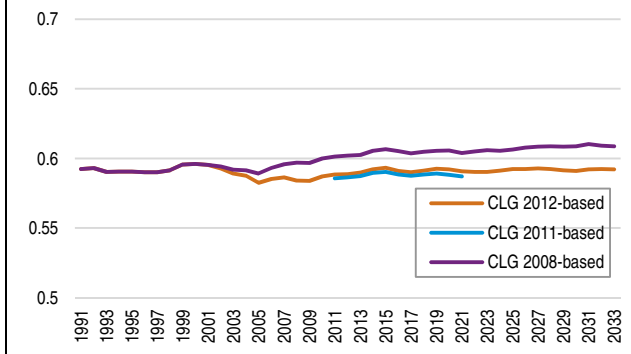

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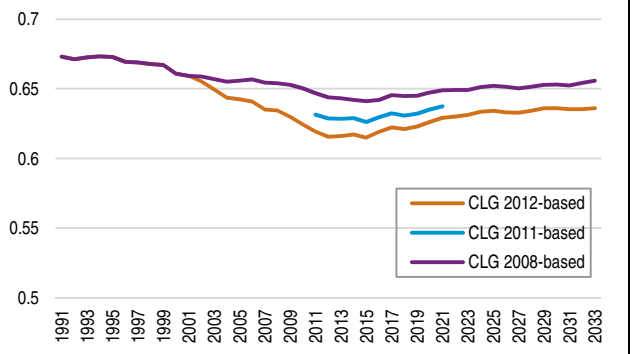
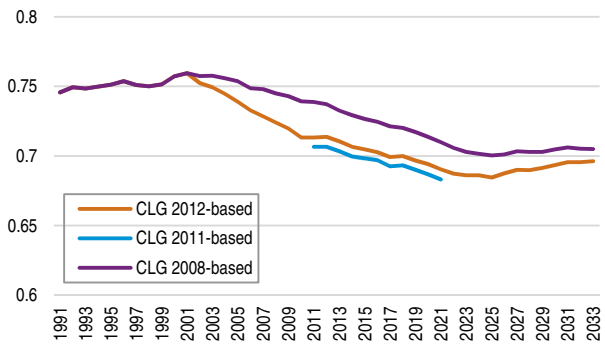
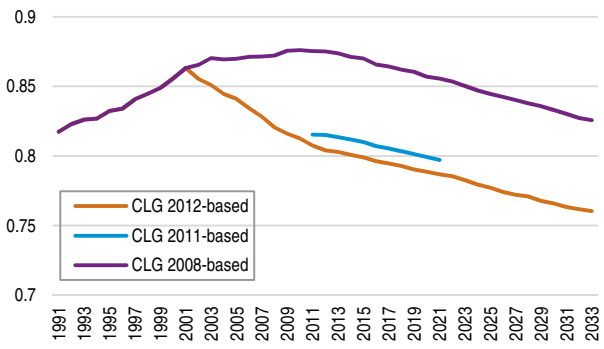


75-84	85 and over
	

Source: All derived from CLG data

APPENDIX B: Further Analysis of the 2012- based SNPP in Guildford

In Section 4 of the SHMA Report (this report) we have looked in some detail at the 2012-based SNPP and the specific trends both in the past and moving forward. Specifically, it was noted that:

1. International migration was projected at a level which is slightly below the trend for the previous five-years but above the longer-term (10-year) trend

2. Internal migration was expected to be significantly negative moving forward compared with a past trend of this being broadly in balance

There are some concerns about the projected levels of international migration when compared with past trends given that ONS Mid-Year Estimates show a high (and negative) level of Un-attributable Population Change (UPC). This would suggest that in the past in-migration had been over-estimated or out-migration under-estimated.

Although which component is mis-recorded is unknown it is generally considered that any discrepancies in the analysis are likely to be due to the recording of international out-migration (typically the hardest component of change to study). If it is indeed the case that international out-migration has been under-estimated then there would arguably be a case to suggest that the SNPP are too high as a projection. However, to conclude this we would need to fully understand the whole of the SNPP projection. In particular:

More Recent Evidence

The SNPP projects net international migration to be at an average level of 1,230 people per annum from 2012 to 2031 (2,935 in-migrants and 1,706 out-migrants). Data from the 2013 mid-year population estimates (MYE) suggests that such a level is not unreasonable (net international migration of 1,396 people made up of 2,823 in-migrants and 1,427 out-migrants). Whilst one year of data cannot be considered to be a trend and does need to be treated with some caution the order of magnitude is such that there is no strong reason to doubt the SNPP. It is also notable from the 2013 MYE that there was a notable level of domestic net out-migration (727 people). This is higher than in the 2012-based SNPP but does support a move from zero net domestic migration to one where there is a net outflow.

Other Parts of the Projection

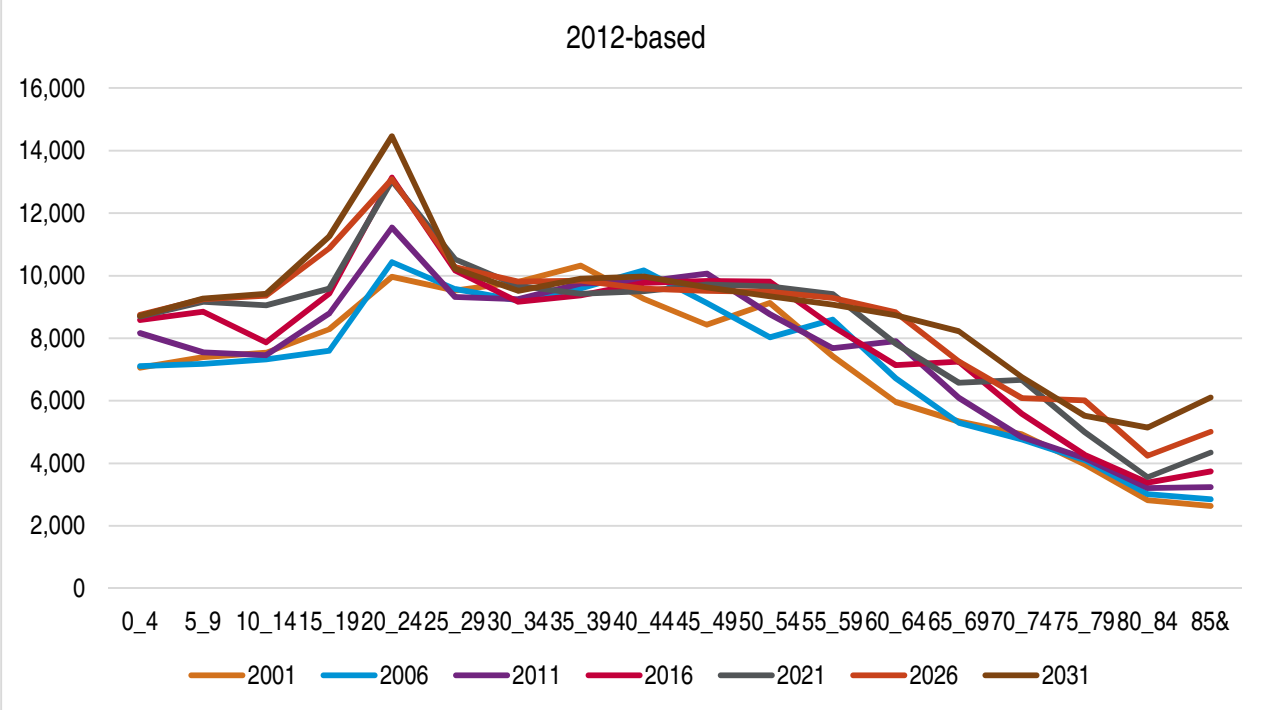
Whilst we can focus on the issue of international out-migration it needs to be recognised that in the future population growth will be moderated in a number of ways. As well as people moving abroad it is quite possible that many of the international in-migrants will in turn become internal out-migrants. From our analysis in Section 4, this does appear to be what ONS are projecting. The key group of internal out-migrants are people aged in their mid-20s whereas the international in-migrants are more focussed on people in their early 20s. Hence whilst there is an argument that international out-migration is too low it does

look like the projection is sound overall when we consider migration patterns regardless of whether or not these are domestic or international. This point was made in the analysis set out in Section 4 where it was noted that any projected increase in the level of international out-migration would need to be counter-balanced with a commensurate decrease in the level of domestic out-migration.

The issue of whether or not the figures for international migration are wrong can also be studied through tracking changes to the age structure of the population. Essentially, if international out-migration is under-estimated (and it were to be assumed that this is not transferred to domestic out-migration) then we would expect to see a population 'bulge' move through time as people who would be expected to move from the area are not doing so.

As the figure below shows this does not happen. There is a clear bulge in population aged 20-24 but regardless of the time studied this is not carried through to the population five years later. In short, the SNPP is clearly recognising that many of those aged 20-24 are only temporarily in Guildford (related to students) and does not retain them in the future.

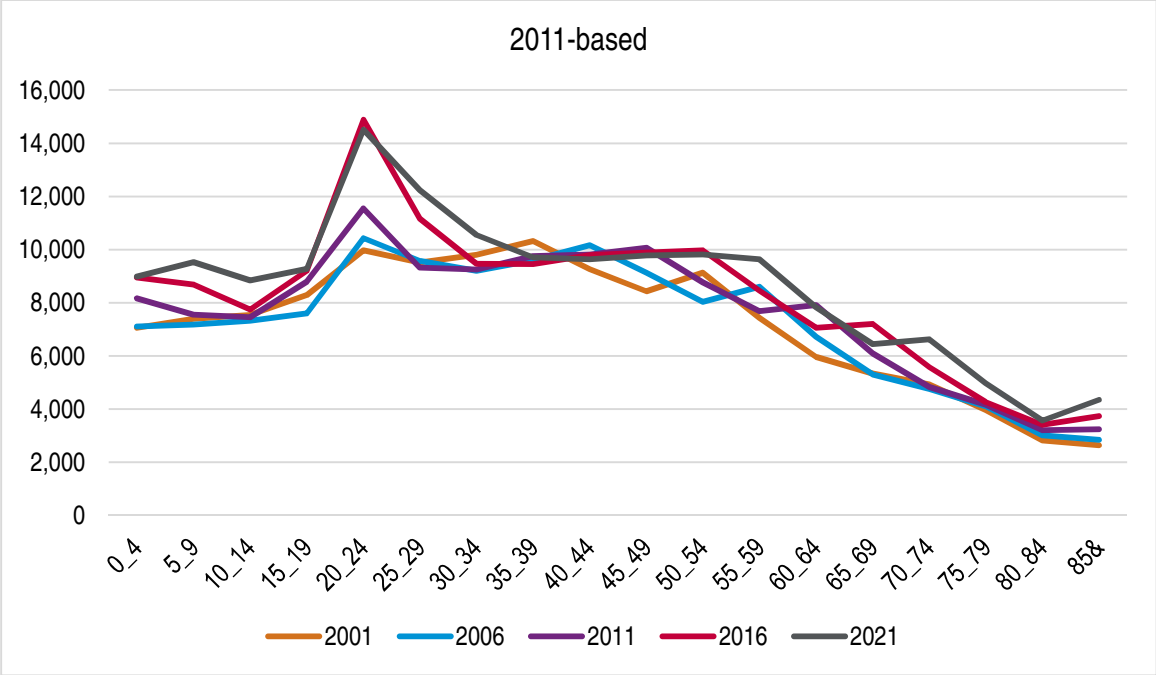
Changing Population Structure in Guildford over Time – 2012-based SNPP



This is an important point as criticisms of the 2011-based SNPP were that this age group was being kept in the population although the reality was that many people would be moving away. The criticism of the 2011-based SNPP does look to be sound (as is shown in the figure below). The data shows that the 2011 population aged 20-24 is expected to be at roughly the same level as the 25-29 population in 2016; implying

(in net terms) that very few people leave the Borough post-study. The sharp increase in the 20-24 age group for 2016 and 2021 also look to be on the high side. Overall we would conclude that the 2011-based SNPP were not a good trend-based projection but that the new 2012-based version looks to be far more feasible.

Changing Population Structure in Guildford over Time – 2011-based SNPP



Issues with Census Population Estimates

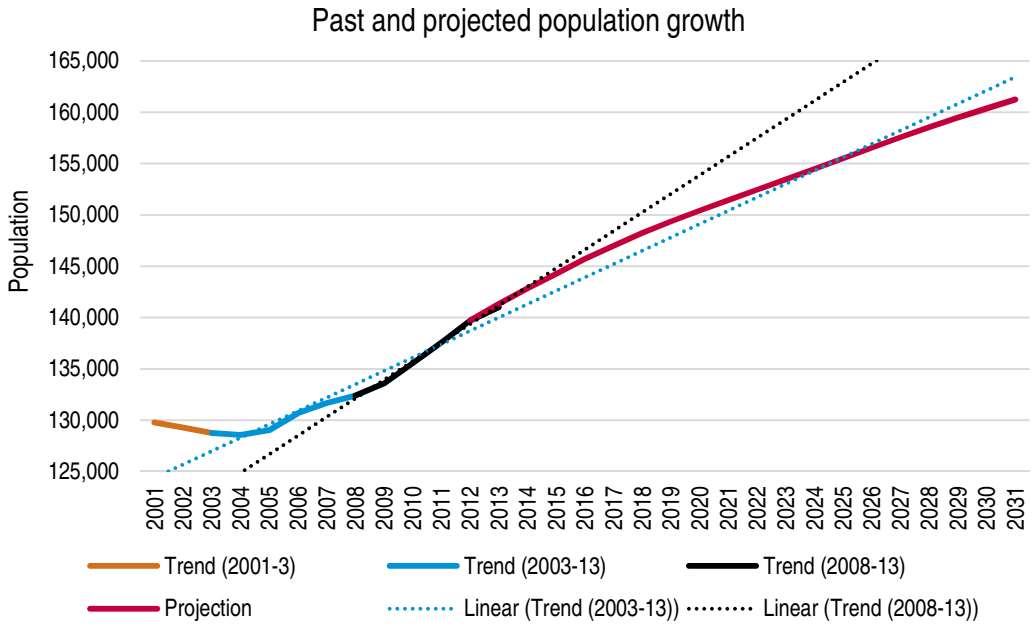
Whilst there has been much focus on the recording of international out-migration it needs to be recognised that there may be issues with the levels of population recorded in 2001 and 2011 Census data.

For Guildford there is some evidence that either the population in 2001 was recorded as being too high or the figure in 2011 is recorded as being too low. We have studied this by comparing CLG Census-adjusted dwelling stock totals with the number of completions recorded by the Council in the 2001-11 period.

The Census adjusted figures show a growth in stock of 2,690 dwellings whereas the Council's own figures are put at 3,187 – a difference of 500. If we were to assume an average household size of about 2.5 then this would suggest a population inaccuracy of around 1,200 people. This in turn would mean that past trends in population growth would in fact have been stronger than is currently recorded by ONS. It should be stressed that this discrepancy is fairly minor when compared with the potential discrepancy in international migration, however it does mean that some caution should be exercised when comparing past trends in population growth with a future projection.

The figure below is an update of a similar figure set out in Section 4 (updated to include information from the 2013 MYE). This shows over the period to 2033 that projected population growth sits below the recorded trends in either the past 5- or 10-years. On this basis it is difficult to see that there is any justification for reducing the future projection below the level shown by the 2012-based SNPP.

Past and Projected Population Growth in Guildford



Conclusions

In conclusion:

1. International out-migration in the past may have been under-estimated. However looking at migration and age structure trends in the 2012-based SNPP there is strong evidence of reality in the ONS data (in particular the projection would suggest that many international in-migrants become domestic out-migrants whilst there is no 'bulge' in the key age group of international migrants suggesting that they are projected to move out of the area (whether internationally or domestic moves)

2. Comparing past trends in population growth with the 2012-based SNPP suggests that growth is expected to be slightly weaker to 2033 than the trend seen over the past 10-years (and much weaker than a 5-year trend). On this basis there is no evidence to suggest that future population growth can robustly be moderated in a downward direction.

3. The 2012-based SNPP is a sound projection when taking account of all components of population change and the past trend data feeding into it. The 2012-based SNPP should be used as a robust starting point for analysis of housing need as recommended in the NPPG.

APPENDIX C: STUDENTS, INTERNATIONAL MIGRATION AND HOUSING NEED IN GUILDFORD

This section considers trends in the student population in Guildford and how this might influence the need for both student accommodation and wider housing need. There is not a significant student population in either Woking or Waverley.

Students living in purpose-built student accommodation are counted in demographic projections as part of the non-household or institutional population. However, students living in the wider housing market are counted as within the household population and form part of the overall assessed housing need.

Growth of Student Households

There are a number of institutions which are likely to have influenced changes in student numbers in Guildford. These comprise:

- University of Surrey;
- Guildford School of Acting;
- University of Law;
- Academy of Contemporary Music; and
- Guildford College of Further and Higher Education.

Of these, the University of Surrey is by far the largest provider of higher education within the Borough.

According to Census data there were 13,462 students aged over 16 living in the Borough in 2011. The number of students in the Borough increased by 4,116 persons between 2001-11.

Excluding part time students and those students at aged 16 and 17 (principally sixth form students), there were 10,714 full time students in the Borough in 2011. This was an increase of 3,710 students (53%) on the equivalent number recorded in the 2001 Census. This is likely to be principally associated with growth of full-time university students (but will also include FT students aged over 18 in full-time further education).

Figure C.1 - Changes in Full-Time Students aged 18-74 in Guildford Borough, 2001-11

	Persons
2001 total	7,004
2011 total	10,714
Change	3,710
% Change	53%

Source: ONS Census 2001 and 2011

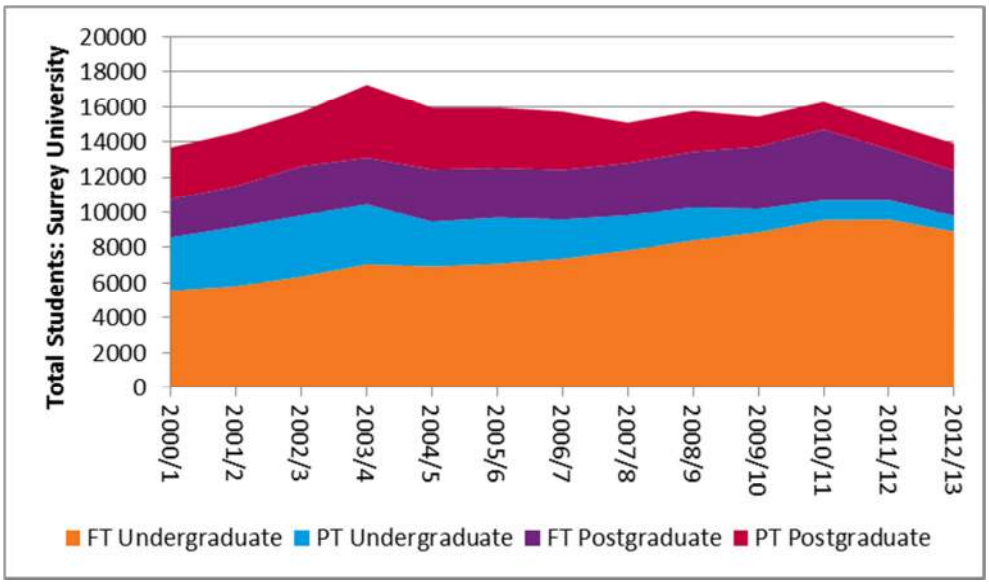
University of Surrey

Data allowing us to track trends in student numbers year-on-year for all establishments is not consistently available. However, we have access to data regarding trends in student numbers for the University of Surrey from the Higher Education Statistics Agency. This establishment accounts for the vast majority of students in the Borough.

The chart below tracks trends in total student numbers (both full and part-time) at the University of Surrey. Student numbers at the University increased by 19% with a net growth in student numbers of 2,595, between 2001-11. Between 2001-11 we saw an increase in full-time students at Surrey University of 5,850 persons (a 76% increase) with numbers growing from 7,725 persons to 13,575 persons. At the same time the overall number of part-time students has also fallen.

The chart also shows trends since 2010/11. It is instructive to assess trends in student numbers over the 2007-12 period as this is the period on which the latest (2012-based) demographic projections are based. Over this period the overall student population at the University of Surrey fell marginally by 655 persons (-4%); but this was made up of a growth in full-time students of 2,880 (30%) but a decline in part-time students of 3,525 (-58%).

Figure C.2 - Trends in Student Numbers, University of Surrey, 2000-13

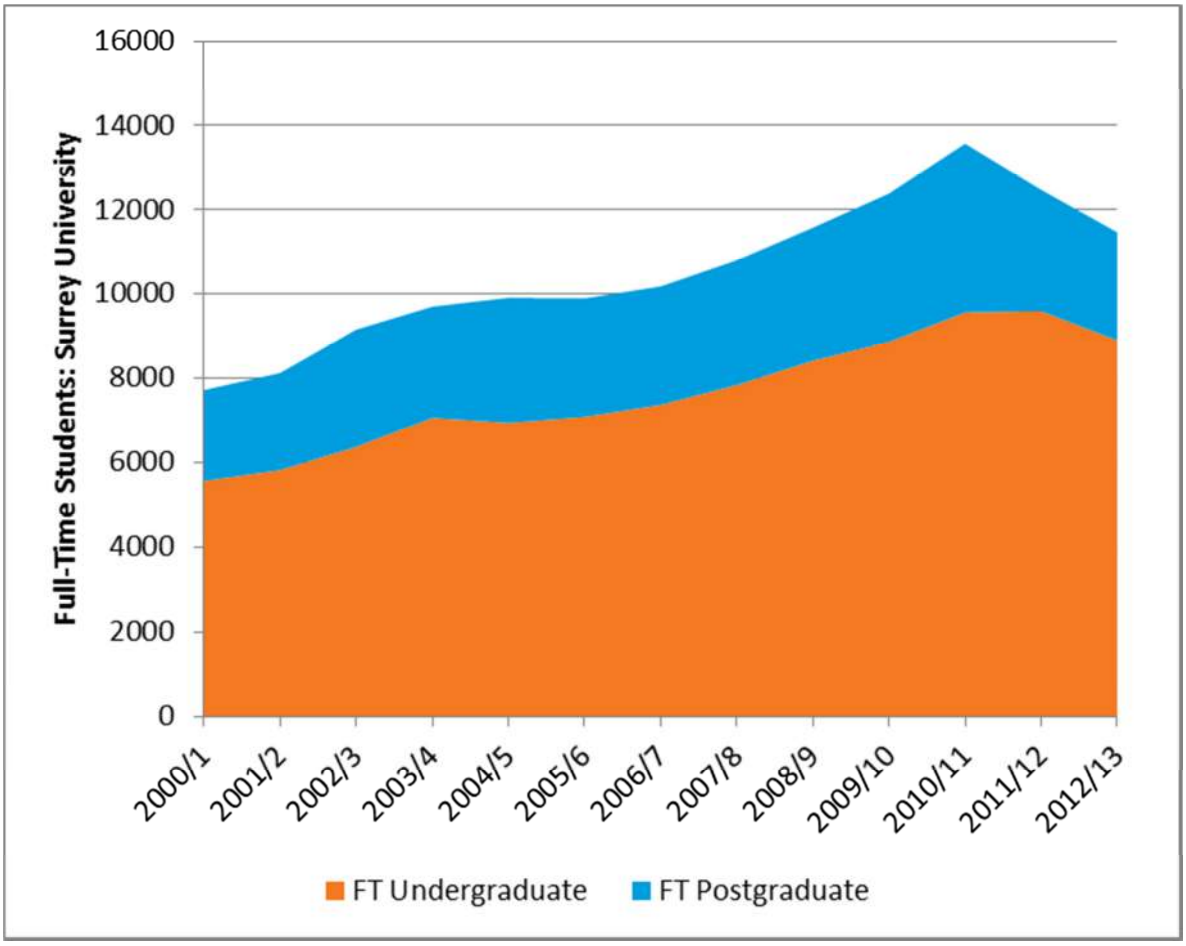


Source: HESA

The shift away from part-time to full-time student numbers could well be a recessionary impact of fewer organisations funding their staff to study on a part-time basis. It is also potentially a reflection of the University's strategy of focussing on the more lucrative full-time market.

As the graph below shows, over the period since 2010/11 when the Government introduced changes to tuition fees, full-time undergraduate student numbers have been fairly flat (declining in 2012/13 on the previous year) whilst full-time post-graduate student numbers have fallen. The difference between short- and long-term trends makes future predictions more difficult.

Figure C.3 - Growth in Full Time Students at University of Surrey, 2001-13



Source: HESA

The increase of 5,850 FT Students at Surrey University between 2001-11 is above the growth in students in university halls and the private sector (student-only households) recorded by the 2001 and 2011 Censuses (c. 4,000). It is reasonable to assume that some students commute from outside of the Borough or live at home; whilst some students living in the private sector in the Borough are studying at one of the other institutions.

The University has provided data on the current composition of its student population. The latest data indicates total students of 13,706 in the 2013-14 academic year. This is down by 1.1% on the level in 2012/13 shown above and a more significant 16% down on levels in 2011/12 (the base date of the 2012

SNPP) with full time student numbers having fallen by 2,052 persons. Part-time numbers have been less affected.

There has been a noticeable downturn in student numbers at the University over the last 2 years. However, this is the result of a deliberate drive by the University to reduce numbers in order to improve student quality. Since the introduction of changes to tuition fees it is clear that student numbers across most categories have fallen.

Figure C.4 - Changes in Student Numbers at Surrey University, 2010/11 to 2013/14

	All Students	FT Undergraduate	PT Undergraduate	FT Postgraduate	PT Postgraduate
2013-14	13,706	9,287	690	2,236	1,493
Diff from 2010/11	-2559	-283	-425	-1769	-82
% Change	-16%	-3%	-38%	-44%	-5%

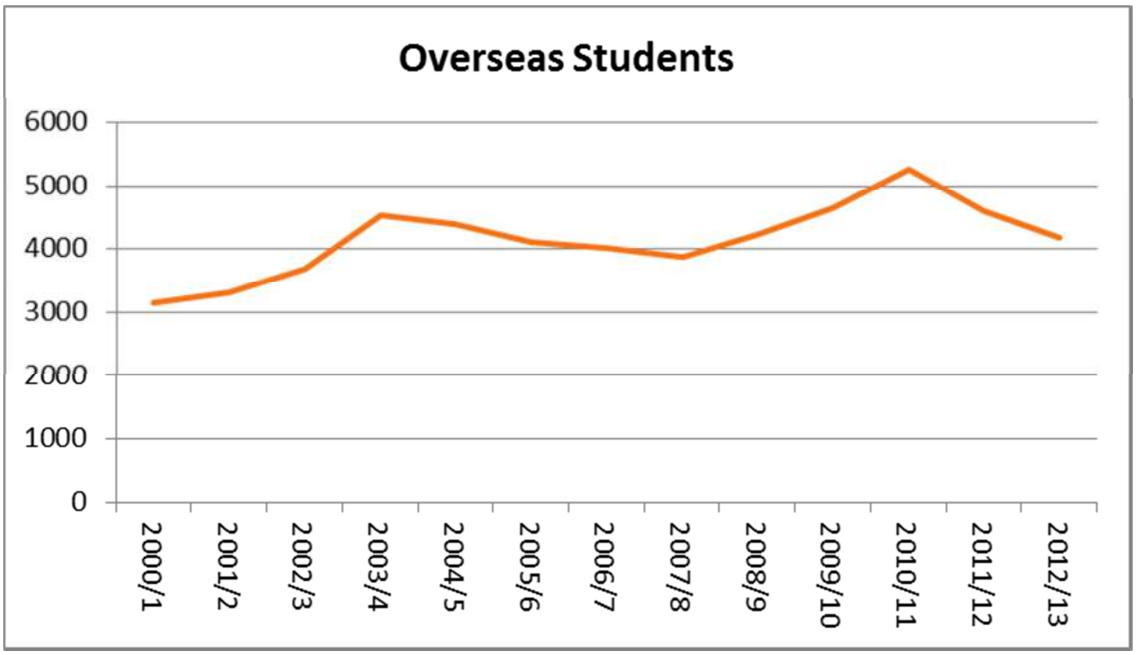
Source: HESA 2010/11 and Surrey University 2013/14

Overseas Students

We can use the HESA data to track changes in the number of overseas students. Between 2000/1 and 2010/11 the number of overseas students at Surrey University increased from 3,155 to 5,250 – an increase of 2,095 persons (66%), although the more recent data for 2012/13 records a fall to around 4,180[23]. This category includes all non-UK students (i.e. those from both other EU countries and outside the EU). These students will be accommodated in a variety of accommodation types including halls of residence – but are more likely than other groups to reside in halls.

[23] In data released on the 2nd April, Higher Education Funding Council for England saw the first drop in Overseas Students in to the Country in 28 years. This was linked to stricter visa regulations. There was a particular drop in Students from Pakistan and India.

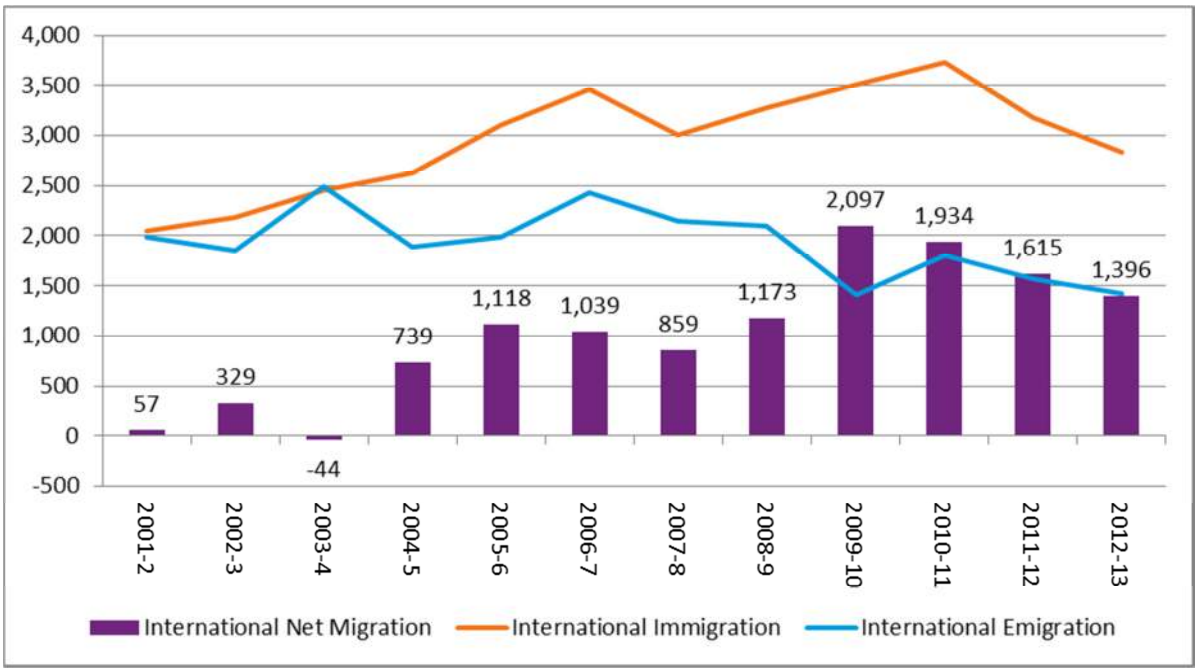
Figure C.5 - Overseas Students, Surrey University, 2000/1 – 2012/13



Source: HESA

ONS components of population change data indicates that between 2001-11 there was net international migration to Guildford of 9,300 persons. This has been driven particularly by an increase in international in-migration to the Borough, as well as reduced out-migration since 2008. There was a step change in net in-migration in 2004/5 linked with EU expansion. There has been particularly strong level of international migration in net terms since 2009-10, although net international migration year-on-year has been falling over this period. As the Figure shows, this partly relates to declining international out-migration.

Figure C.6 - Trends in International Migration to Guildford Borough, 2001-13



Source: ONS Components of Population Change

Comparing the growth of international students at Surrey University (2,095) with net international migration (9,300) over the 2001-11 period suggests that at most 22.5% of international migration over the decade might relate to growing volumes at international students at the University. Taking the longer term 2001-2013 period, growth of international students at Surrey University (1,025) with net international migration (12,312) suggests that at most only 8% of international migration has been linked to growing volumes at international students at the University. It is 'at most' as this would require the net growth of international students to have been made entirely of residents in the Borough. At present approximately 30% of students at the University of Surrey are international, although the University expects this figure to grow over the next few years.

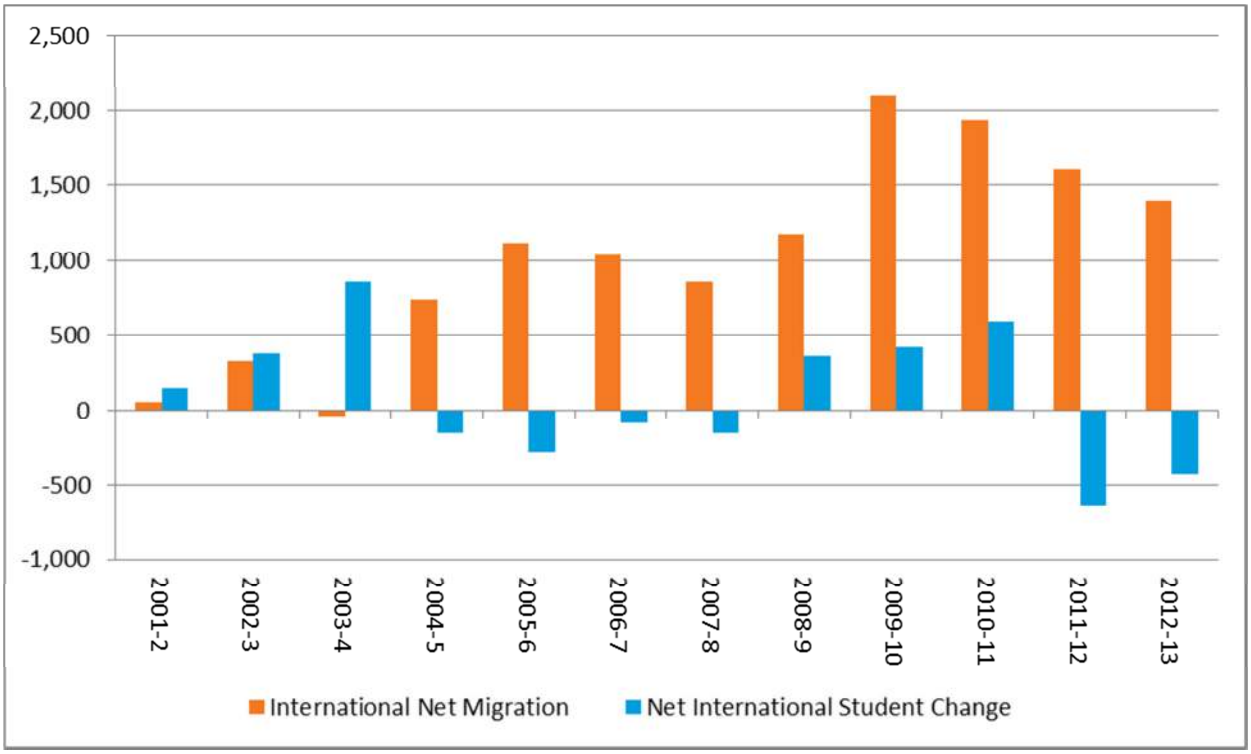
Whilst part of the international migration may have been linked to the other educational establishments, it does seem likely that a large part of the international migration is not driven by student growth. The chart below overlays growth in international students at Surrey University with the ONS data regarding net international migration.

The ONS 2012-based SNPP projects international migration based on trends over the previous six years (2006/7 – 2011/12) together with its expectations regarding trends at a national level. Over this period, international migration to Guildford averaged 1,453 persons per annum in net terms. The population of international students at the University grew by 83 persons per annum in net terms. This suggests student growth would account for around 6% of overall migration. The graph however does suggest over the recent couple of years that the negative growth in student population at the University may have influenced recent trends in international migration volumes to a greater degree. This is taken account of in the projections

which indicate moving forwards a level of international net migration to Guildford of (on average) 1,230 persons per annum to 2033.

While, there is some correlation between the trends shown year-on-year there are still components of international migration which will be unaffected by University growth policy. This is clearly shown in Figure C.7.

Figure C.7- Relating Growth in International Students at Surrey University and overall International Migration to Guildford, 2001-13



Source: HESA, ONS

Overall the analysis suggests that:

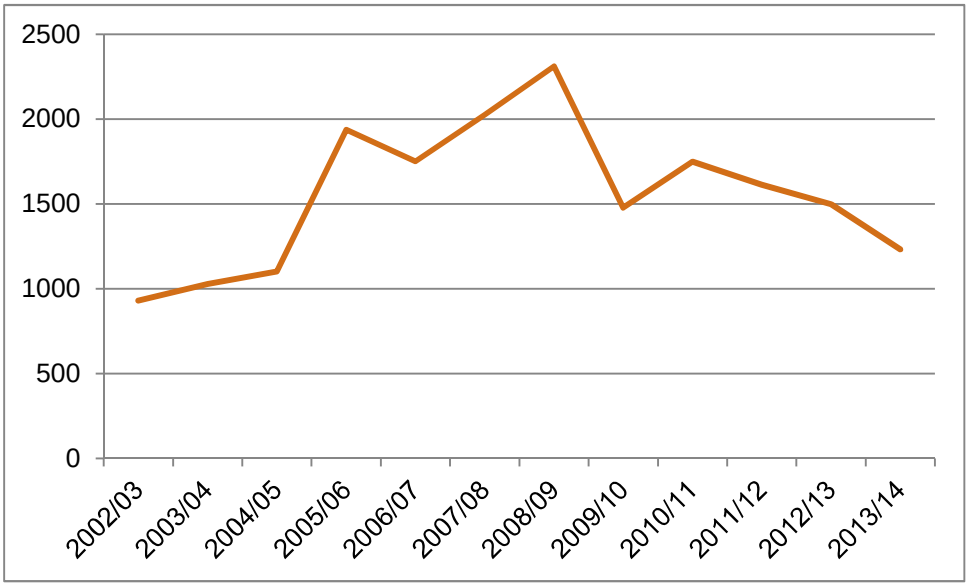
- Recent student population trends appear to have had a modest impact on international migration trends overall, looking at the period from which the 2012-based SNPP are based;
- The projections for international migration moving forwards are of a lower level of international migration in net terms than shown over the 2006/7 – 2011/12 period. They appear to take account of the impact of the recent fall in international student numbers and impact of this on international migration.

We have also spoken with the University of Surrey and they have indicated that, moving forwards, the University will grow further. Part of this growth they have suggested will be as a result of increased percentages of overseas students. This is considered further below.

Looking at National Insurance Number Registrations for Guildford, we can see a falling trend in registrations of overseas nationals. This peaked in 2008/09 when some 2,300 people registered to work in Guildford.

Some of these registrations will be non-EU, overseas students who will need to register, although the hours they can work will be limited. The recent falling trend in NiNO registrations is consistent with the fall in international net migration as shown in Figure C6, and is reflected in the lower assumed levels of international in-migration relative to the last few years which is projected in the 2012-based SNPP.

Figure C.8- National Insurance Registrations for Overseas Nationals, Guildford 2002/03-2013/14

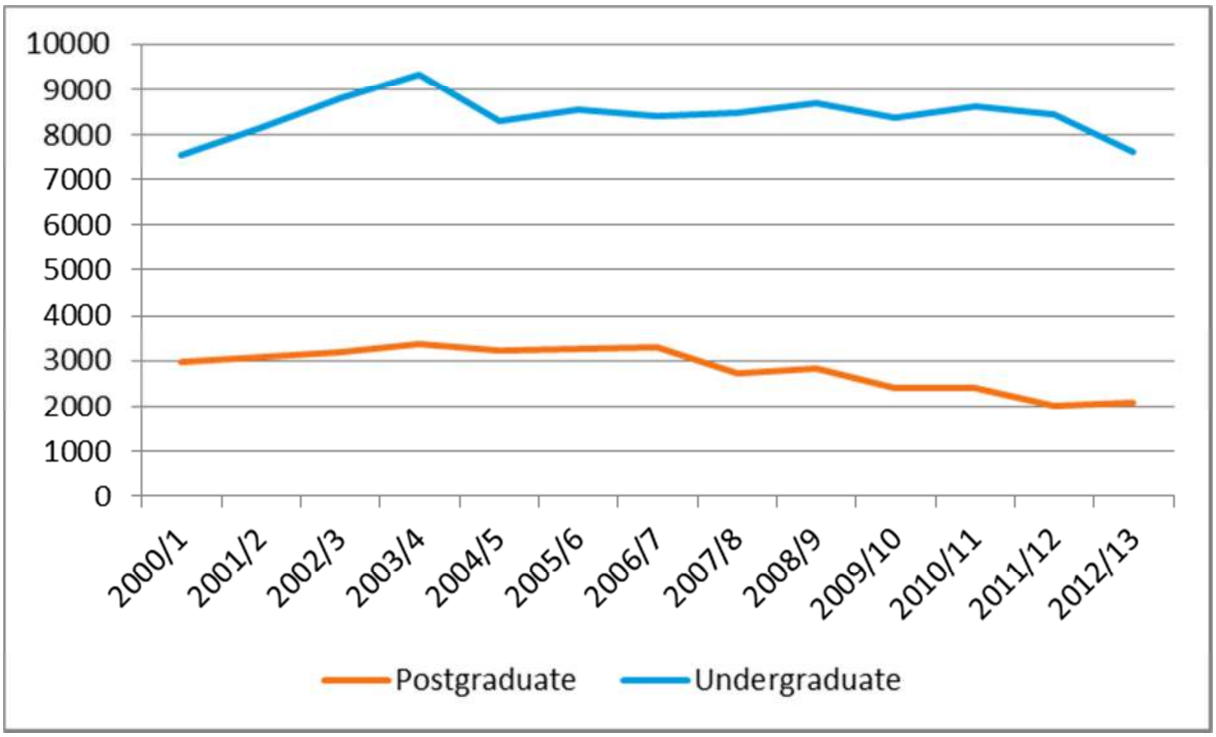


Source: DWP, 2014

Domestic Full-Time Students

We have also sought to analyse trends in domestic students. As Figure C9 below shows, levels of under-graduate full-time students were fairly flat over the 2006/7 – 2011/12 period, with under-graduate numbers falling by 45 persons (-1%). Post-graduate FT student numbers fell more significantly, dropping by 39% (1,275 students).

Figure C9 - Changes in Domestic Student Population

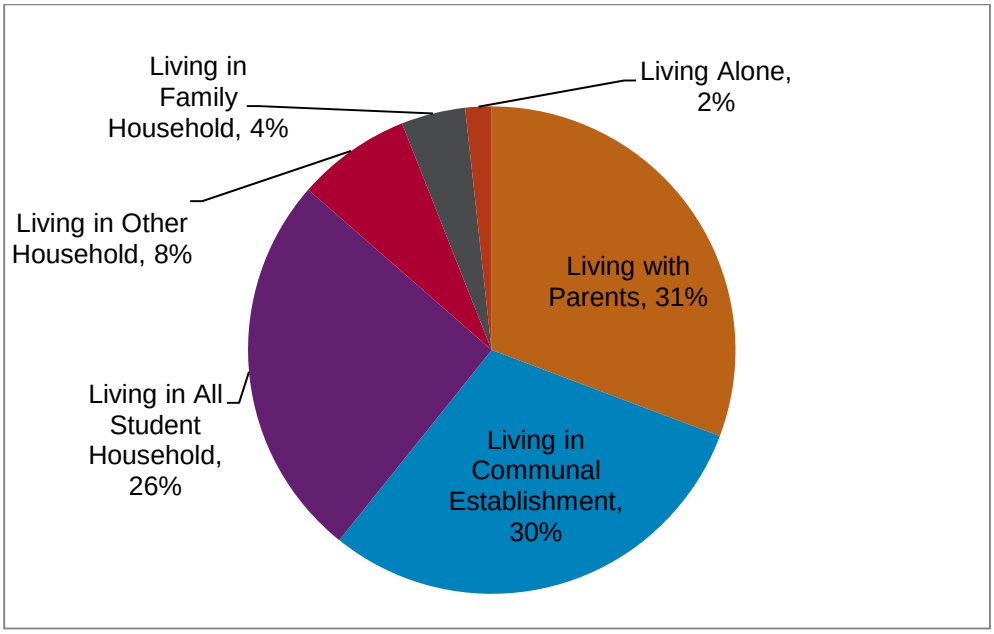


Source: HESA Data

Accommodation Status

Figure C.9 illustrates the percentage of the 13,462 students aged over 16 living in Guildford Borough by their accommodation status based on 2011 Census data. As shown, around 26% live in all student households and 8% in shared accommodation where not all of the household are students. This equates to around 3,500 and 1,900 respectively. These household types are largely accommodated in the Private Rented Sector. According to the University of Surrey they have, 4,700 students living off Campus, some of whom will be outside the Borough.

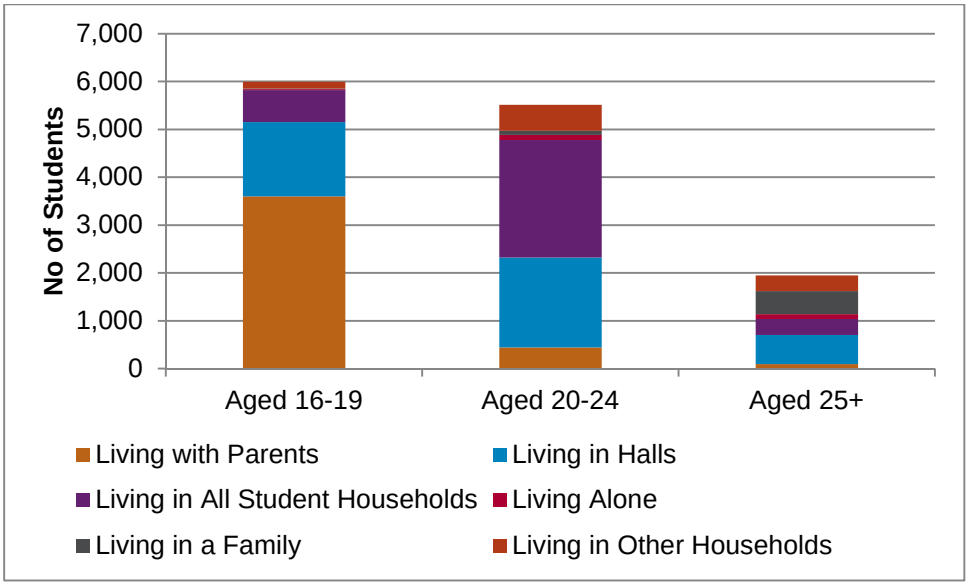
Figure C.9 - Profile of Students aged 16 and over in Guildford Borough, 2011



Source: 2011 Census

The chart below breaks down the student numbers by age and living arrangements. Most students aged under 18 are likely to live with parents, or comprise 1st year university students living in halls. 14% of those aged 16-19 are living in other household types, this includes living in shared accommodation in which not all residents are students. For students aged 20-24, we see higher proportions living in halls (34%) and in all student households (45%). Within the student population, this age group is likely to have the largest impact on the housing market in Guildford. The number of 'mature' students aged 25 or more are lower, and are more likely to be living with a family, or in other households (such as sharing with non-students).

Figure C.10 - Profile of Students by Age and Household Type in Guildford Borough, 2011



Source: 2011 Census

The information in the chart is set out in tabular form below.

Figure C.11 - Profile of Students by Age and Household Type in Guildford Borough, 2011

	Aged 16-19	Aged 20-24	Aged 25+
Living with Parents	60%	8%	5%
Living in Halls	26%	34%	31%
Living in All Student Households	11%	45%	17%
Living Alone	0%	2%	5%
Living in a Family	0%	2%	25%
Living in Other Households	2%	10%	17%
Not Living in Parents Home or Halls	14%	58%	64%

Source: 2011 Census

We have sought to consider the change in students' accommodation structure between the 2001 and 2011 Census. The table below considers total students resident in the Borough, including students at school, in further education and at University. Unfortunately due to the nature of the Census data, it is not possible to differentiate these numbers further.

Of the growth in students between the 2001 and 2011 Census data points (4,116 persons), 1,329 additional persons (32%) were living in halls or other communal establishments, whereas 2,274 were living in the wider housing market (55%). This represents a growth of 228 per annum. This excludes those living with parents.

Figure C.12 - Changes in Students by Different Accommodation Types, 2001-11

Students (16+) by Household Type	2001	2011	Change
Total Students	**9,346**	**13,462**	**4,116**
Student living alone	183	234	51
Living in parent(s) household	3,626	4,138	512
All student group household	1,649	3,455	1,806
Other household	1,177	1,021	-156
Living in a one family household with spouse, partner and/or children	0	573	573
Educational establishment	2,646	3,835	1,189
Other communal	66	206	140

Source: Census 2001; Census 2011

However, some of the off-campus growth will be in family households and mixed households where only some residents are students.

Between 2001-11 we have seen the number of household reference persons (HRPs) who are full-time students almost doubled. However, of the total 7,618 growth in HRPs over the decade, just 721 (9.5%) are headed by someone who is a student. **So around 9.5% of the growth in households between 2001-11 is related to households headed by someone who is a student.**

If all the additional 2,274 students living in the household population lived in a household with a student HRP then this would equate to around 3.15 students per household. Whilst not all of students will live in households with a student HRP, this ratio does show how overall growth in the student population and student-headed households relate.

Figure C.13 - Changes in Household Reference Persons who are Full-Time Students, 2001-11

	2001		2011		Change	
All Household Reference Persons	46,350		53,968		7,618	
HRPs who are FT Students	737	1.6%	1458	2.7%	721	1.1%
… of which One Person Households	178	0.4%	236	0.4%	58	0.0%
… of which Family Households	106	0.2%	216	0.4%	110	0.2%
… of which Other Households	453	1.0%	921	1.7%	468	0.7%

Source: ONS Census 2001 and 2011

We have worked with Surrey University to understand how its current student population is accommodated. In 2013/14 the University had 11,523 full-time students and 2,183 part-time students. This equates to 12,213 FTE students.

The University bases its accommodation plans on the projected student profile. It estimates that of the above students, 9,800 will require accommodation in the locality (broadly 80% of the FTE total). This comprises

'eligible students' and excludes distance learning, year out and part-time students and those living in the family home or otherwise not requiring accommodation.

Of this 9,800 'eligible students' the University seeks to provide accommodation on campus for 50%-60%. It considers this an appropriate level, given that some students will choose to 'live out' and intends to continue to plan on this basis. This equates to a need for between 4,900 – 5,880 bedspaces.

The University currently has 5,100 bed spaces on campus (at Manor Park, Stag Hill and Hazel Farm). Occupancy levels are high (98-99% over the last few years). University accommodation thus currently meets the needs of around 52% of eligible students.

The remaining 4,700 University students live off-campus in rented accommodation in Guildford and neighbouring boroughs.

Future Growth in Student Numbers

The University's current plans are to increase its total student population to around 17,000 over the next ten years (to c. 15,000 FTEs). From the 2013/14 baseline this equates to an increase of 3,300 students overall (and 2,800 FTEs). It has indicated that growth over the plan period will be to no more than 20,000 (17,000 FTEs). This is a maximum increase of 6,300 students overall (4,800 FTEs). The precise numbers will be influenced by competition, funding changes and Government policy.

This projected growth of around 3,300 students over the next decade compares with a historic growth of 2,595 between 2001-11. However the 2012-based demographic projections are based on trends between 2006 and 2007 (for international and domestic migration respectively) to 2012. Over this period, total student numbers fell modestly by 5% (made up of a 5% increase in international students offset by an 11% reduction in domestic students).

If we compare the annual figures over the trend-period from which the projections are based the total student population at the University of Surrey fell by 163 persons per annum. Moving forwards, the student population is expected to grow by around 330-350 per annum. This potentially could therefore have an upward impact on projected population growth (potentially of up to 500 persons per year from 2013/14 onwards) relative to the 2012-based SNPP.

According to the University, the percentage of international students is likely to increase over the next few years. This could have an upwards impact on net international migration.

Of the potential growth in student population over the next decade (3,300 students), the University has estimated that 2,300 (70%) will require accommodation (i.e. full-time students, not living within a family group). If we use the maximum growth of 6,300 students over the plan period to 2033, this indicates that up

to up to 4,410 additional students would require accommodation. We have based our assessment from here on this maximum plan period figure. It should thus be regarded as a maximum figure/ allowance.

Due to personal choice, typically only 50% -60% of students eligible for halls will choose to reside in them. We therefore estimate that around 2,425 students will choose to live in halls. It is assumed that accommodation is provided for these additional students. The residual 1,985 additional students are therefore assumed to fall within the household population.

The increase of 1,985 additional students within the household population could result in a need for additional C3 housing. The University has suggested that it would be appropriate to assume an average of 4 students per household. **On this basis, the analysis suggests that student population growth at the University of Surrey could result in an additional need for up to 500 C3 dwellings over the period to 2033 (up to 25 dwellings per annum) over and above the demographic projection.** As some students may also have jobs, it is likely that there would be some – but a lower – upwards impact set against the economic-led projection. This level should be considered as a maximum figure given that average student household size could be higher; and it is based on what the University considers a maximum level of student growth.

APPENDIX D: Affordable Housing 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.

The following appendices were produced by Aecom to feed into this SHMA document

APPENDIX E: Net Change in Workforce Employment 2013-2033 For Woking Borough Council

Calculating the Net Change in Workplace Employment 2013-2033

Three workforce employment projections datasets for the borough of Woking were used to calculate net additional change in employment over the period 2013-2033.

The three workplace employment projection datasets were:

1. *Cambridge Econometrics Employment Projections, 2015 (Cambridge Econometrics);*
2. *UK Local Market Forecasts, 2015 (Experian); and*
3. *Local Authority District Forecasting Model, 2015 (Oxford Economics).*

Each dataset is supplemented by a technical report which presents information on the approach used to project workplace employment.

While each provider applies a different method to project future workplace employment, from a review of these technical reports, and based on our professional experience, we believe that these forecasts are robust and suitable for projecting change over the long term in Woking.

The three data providers' projections indicate that Woking's workplace employment is anticipated to grow within the range of 0.566% to 1.030% per annum between 2013 and 2033, with an average rate of 0.828% per annum (rounded to three decimal places). Assuming each projection is equally valid, the average rate of change in employment is deemed to be the most suitable rate of growth to apply to determine the net additional workplace employment arising.

The change in workplace employment 2013-2033 was calculated in three steps:

- *First, an estimate of workplace employment in the borough of Woking for the base year (2013) of the forecast is required. The three data providers have three different workplace employment counts because they have interpretations of the structure of economy. Instead of taking an average workplace employment for 2013 across the three datasets we consider it more appropriate to calculate workplace employment using the Office of National Statistics (ONS) data which provides an officially interpretation of the size of Guildford's economy. Aggregating ONS' Business Register Employment Survey (BRES) data at a four-digit standard industrial classification (SIC) level provides an estimate of employment across all sectors in Woking of 46,449. BRES is a survey and typically underestimates employment. This underestimate can be resolved by applying an adjustment factor calculated using the regional Workforce Jobs series. Applying an adjustment to each SIC division to align with the regional unadjusted Workforce Jobs series for 2013[24] provides an estimate of 53,483 jobs. This figure is highly comparable to the data providers' workplace employment for 2013.*

[24] Taken to be the average of March 2013, June 2013, September 2013 and December 2013 estimates.

- *Second, we apply the average compound annual growth rate (CAGR) of the three workplace projections, which is calculated to 0.828% (as stated above), to the 2013 workplace employment figure of 46,449 to estimate workplace employment at 2033.*

- *Third, the difference between the 2033 and 2013 workplace employment estimates is calculated. This value is the net additional employment.*

  The calculation and result is:

  CAGR = 0.828% (rounded to three decimal places here but no rounding used in calculation)

  Number of years 2013 to 2033 = 20

  2013 workplace employment = 53,483

  2033 workplace employment = 53,483 x $(1+0.828)^{20}$ = 63,068

  2033 workplace employment minus 2013 workplace employment = 63,068 - 53,483 = 9,585

From this approach we calculate that workplace employment in Woking is anticipated to grow by 9,585 between 2013 and 2033.

APPENDIX F: Net Change in Workforce Employment 2013-2033 For Guildford Borough Council

Calculating the Net Change in Workplace Employment 2013-2033

Three independently derived projections of future workplace employment were used to forecast employment change over the period 2013-2033.

- *Cambridge Econometrics Employment Projections, 2015 (Cambridge Econometrics);*
- *UK Local Market Forecasts, 2015 (Experian); and*
- *Local Authority District Forecasting Model, 2015 (Oxford Economics).*

Each dataset is supplemented by a technical report which presents information on the approach used to project workplace employment.

While each provider applies a different method to project future workplace employment, from a review of these technical reports, and based on our professional experience, we believe that these forecasts are robust and suitable for projecting change over the long term in Guildford.

The three data providers' projections indicate that Guildford's workplace employment is anticipated to grow within the range of 0.605% to 1.099% per annum between 2013 and 2033, with an average rate of 0.907% per annum (rounded to three decimal places). Assuming each projection is equally valid, the average rate of change in employment is deemed to be the most suitable rate of growth to apply to determine the net additional workplace employment arising.

The change in workplace employment between 2013 and 2033 is calculated in three steps:

1. *First, an estimate of workplace employment in the borough of Guildford for the base year (2013) of the forecast is required. The three data providers have three different workplace employment counts because they have interpretations of the structure of economy. Instead of taking an average workplace employment for 2013 across the three datasets we consider it more appropriate to calculate workplace employment using the Office of National Statistics (ONS) data which provides an officially interpretation of the size of Guildford's economy. Aggregating ONS' Business Register Employment Survey (BRES) data at a four-digit standard industrial classification (SIC) level provides an estimate of employment across all sectors in Guildford of 77,755. BRES is a survey and typically underestimates employment. This underestimate can be resolved by applying an adjustment factor calculated using the regional Workforce Jobs series. Applying an adjustment to each SIC division to align with the regional unadjusted Workforce Jobs series for 2013[25] provides an estimate of 89,608 jobs. This figure is highly comparable to the data providers' workplace employment for 2013.*

2. *Second, we apply the average compound annual growth rate (CAGR) of the three workplace projections, which is calculated to 0.907% (as stated above), to the 2013 workplace employment figure of 89,608 to estimate workplace employment at 2033.*

3. *Third, the difference between the 2033 and 2013 workplace employment estimates is calculated. This value is the net additional employment.*

[25] Taken to be the average of March 2013, June 2013, September 2013 and December 2013 estimates.

The calculation and result is:

CAGR = 0.907% (rounded to three decimal places here but no rounding used in calculation)

Number of years 2013 to 2033 = 20

2013 workplace employment = 89,608

2033 workplace employment = 89,608 x $(1+0.907)^{20}$ = 107,346

2033 workplace employment minus 2013 workplace employment = 107,346 - 89,608 = 17,738

From this approach we calculate that workplace employment in Guildford between 2013 and 2033 is anticipated to grow by 17,738.