# West Surrey Strategic Housing Market Assessment
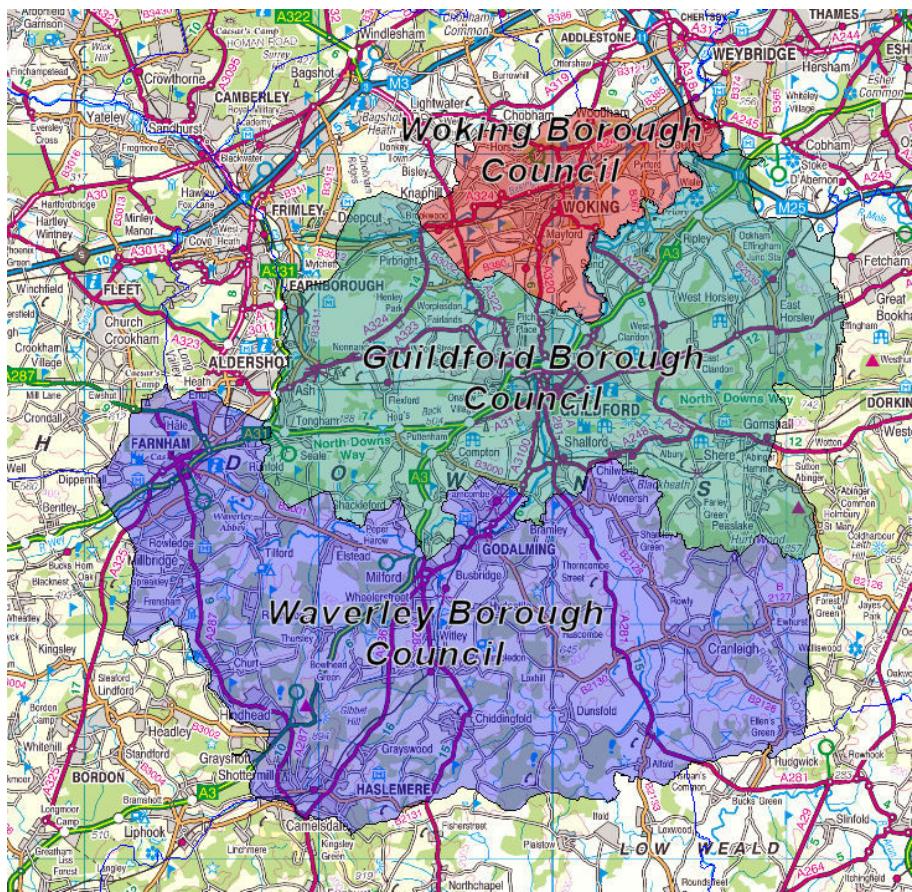
Final Report
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RESEARCH

Foreword

This report describes a Strategic Housing Market Assessment (SHMA) for West Surrey, comprising Guildford, Waverley and Woking local authority areas. It is written to conform to the major Government Guidance on the subject. It contains a wide ranging examination of the housing market.

This report is supported by Housing Needs and Market Survey reports for all three councils involved. These give a detailed account of the housing needs and market assessment surveys (also referred to as household surveys, for brevity) carried out for each council, contain an assessment of housing need and provide supporting detail for the SHMA report.

The reports together form part of the 'evidence base' required to inform policy development relating to housing need and demand.

The household survey was carried out towards the end of 2007 and the main data analysis was carried out in early 2008. The reports therefore have a base date of January 2008.

Acknowledgements

A large-scale assessment of this nature is a collaborative effort and Fordham Research wish to thank all members of the SHMA steering group for their support, guidance and contributions. We would also like to thank those local stakeholders who participated in the discussion and whose local knowledge and views has been immensely helpful.

It is also important to recognise that this report would not have been possible without the co-operation of the general public who gave up their time to take part in housing surveys for the three local authorities. Their assistance is gratefully acknowledged.

Chapter Listing

SECTION A: BACKGROUND TO THE ASSESSMENT

This Section provides key background information about the assessment and the local policy context. The Section contains three chapters:

Chapter 1 – Introduction to the SHMA

Chapter 2 – The policy context

Chapter 3 – Defining the housing market area

1. Introduction to the SHMA

Overview

1.1   Fordham Research was commissioned in July 2007 to conduct a Strategic Housing Market Assessment (SHMA) for West Surrey, comprising Guildford, Waverley and Woking local authority areas. The evidence provided is required to inform policy development relating to housing need and demand.

1.2   The report follows the general structure of the Communities and Local Government (CLG) Strategic Housing Market Assessment Practice Guidance of August 2007. In addition the research carried out is mindful of the requirements of Planning Policy Statement 3 (PPS3): Housing and also PPS12: Local Spatial Planning in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.

1.3   This report is supported by Housing Needs and Market Assessment Survey reports for all three councils involved.

The steering group and stakeholder involvement

1.4   In line with the Practice Guidance this project has been carried out under the supervision of a Steering Group made up of Council officers from a range of backgrounds including housing and planning.

1.5   In addition, a number of public, private and voluntary organisations were involved in the project through stakeholder consultation individually and at joint SHMA events held on behalf of all three local authorities. These organisations included developers, Registered Social Landlords (RSLs), estate/letting agents and voluntary agencies as well as Council officers. Representatives from the House Builders Federation (HBF), the Government Office for the South East (GOSE) and the South East England Regional Assembly (SEERA) have also participated.

1.6   The CLG Guidance makes clear the importance of the involvement of stakeholders throughout the course of the process. The following describes the process as part of the West Surrey SHMA.

1.7   A first stage of separate stakeholder and community consultation events was held in September and October 2007 to introduce the study and to allow stakeholders and local residents to highlight any initial areas of interest and concern. These events produced engaging debates that helped to shape the direction of this project. Observations from these consultation events have been included where relevant throughout the report.

1.8   Each of the local authorities held individual community consultation events for their local residents to identify borough specific issues. Participants were largely selected from Citizens Panels aimed at reaching a cross-section of residents. Young people and ethnic minorities were not well represented, with the experiences and circumstances of young people mostly related by family and friends.

1.9   In order to try to engage with as many stakeholders as possible, newsletters were produced following the events which provided a summary of the discussions and invited people to contact the Project Manager at Fordham Research to discuss or provide further comment or information on the wide range of topics covered.

1.10   As part of the stakeholder work, discussions were held with estate and letting agencies to ensure that a full and detailed understanding was gathered from those working at the forefront of moves within the housing market. The information gained during this process was invaluable in providing up to date information on what is essentially a very fast moving market.

1.11   A second stakeholder event was held at the end of February 2008 with community consultation events in early March. Findings of the SHMA so far were presented and discussed. Responses from stakeholders attending the event and key messages from the community consultation can be viewed in Appendix A3. During April 2008, an on-line consultation of the draft reports took place. Questions, issues and additional information arising from the consultation have been considered in the drafting of the final report.

The research process

1.12   The research was designed to meet the requirements of both the Partnership's brief and the Practice Guidance. In addition as the project evolved and stakeholder involvement became more detailed additional areas of interest were suggested and explored.

1.13   The Brief contained a set of strategic objectives, and then specific requirements for the study area. The strategic objectives of the SHMA are to provide the three partner local authorities with:

- Evaluation, understanding and definitive conclusions in respect of both the current housing market and likely future trends and influences.
- Recommendations on actions and policies required to address the conclusions of the Assessment. These must be in the context of overall planning policy objectives of the partner Local Authorities, the County and regional bodies and other local constraints and the impact of resulting economic viability on supply.

1.14   In the context of the Brief and the Guidance requirements the report has been structured to follow the four broad stages in the Practice Guidance. These are:

- The current housing market
- The future housing market
- Housing need
- Housing requirements of specific household groups

1.15   Overall, the research process was highly interactive with feedback from both the Steering Group and stakeholders sought throughout the project. The consultation highlighted issues of concern and encouraged participation from a wider range of groups than would have been typical in previous Housing Needs Assessments. It is hoped that the level of interaction with stakeholders will have increased the understanding of the results and ultimately improved communication between different parties.

1.16   Since a SHMA is designed to be an ongoing process, we recommend that the Steering Group continue and build on the relationships developed as part of the SHMA to ensure the involvement of a wide range of agencies in developing further understanding of the West Surrey sub-regional housing market. We recommend that the Group engages with key agencies and house builders through regular meetings and sharing of information.

What is a SHMA?

1.17   A Strategic Housing Market Assessment (SHMA) is a new idea. Prior to the formal publication of PPS3: Housing (November 2006), Government guidance has been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. Moreover the process should not be restricted, as before, simply to the need for affordable housing but should cover all tenures (market, intermediate and affordable).

1.18   The general principles of the SHMA process are established through Figure 1.2 of the Practice Guidance (published in March and August 2007). They are:

i)   Involvement of a group of local authorities representing a meaningful market area

ii)   A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it

iii)   Inclusion in the process of all tenures of housing, not just the affordable ones, as in the old Housing Needs Surveys (HNS)

iv)   Higher standards of quality: the tests of rigour are stricter than before

1.19   A SHMA is more than just a written document and CLG is clear that such research should be able to be monitored and updated. We have therefore provided towards the end of this document a specific chapter dealing with this issue. The chapter contains information on a number of important pieces of information which can be readily updated to provide on-going evidence about the local housing market.

Initial sketch of the Housing Market Area

1.20   Since it is necessary to spend some time explaining the procedure and outlining methods, it may be helpful to provide an initial sketch of the West Surrey Housing Market Area (HMA) to provide context for the much greater detail provided later on.

1.21   West Surrey is distinctively different from the national and even South East regional pattern as regards its housing market. Its mix of dwelling types is distinctive when compared with the national pattern:

   i)   About 10% less terraced housing
   ii)   About 5% less semi-detached housing
   iii)   About 15% more detached housing

1.22   This distinctively different stock profile is largely matched by a far higher income profile. When 'residence' based incomes are compared with 'workplace' based incomes, the former are much higher, emphasising the commuter belt nature of its location in the environs of London. In the extreme case of Waverley, the residence based incomes are over 150% of the national average. The message from this data is that the commuters out of the HMA are much more highly paid, on average, than those who (live and) work locally.

1.23   In a corresponding way, house prices in the HMA average 169% of the England average, which is itself heavily influenced by the high prices in the south of the country. Although there is some variation in prices within the HMA, the absolute levels are all high.

1.24   When the pattern of households and tenure is considered, in the table below, it agrees with the overall character. The proportion of owner-occupied housing is 77% in round figures (compared with a national percentage of 68%) and the main difference from the national pattern is the much lower proportion of social rented stock (13% compared with 19% for England). The private rented sector, at 10%, is slightly smaller than the national average of 12%.

Table 1.1 Number of households in each tenure group								
	Guildford		Waverley		Woking		Total	
Tenure	No.	%	No.	%	No.	%	No.	%
Owner-occupied (no mortgage)	19,118	35.1%	18,574	38.1%	12,591	32.7%	50,283	35.5%
Owner-occupied (with mortgage)	22,040	40.5%	19,254	39.5%	17,316	45.0%	58,610	41.4%
Council	5,399	9.9%	4,903	10.1%	3,485	9.1%	13,787	9.7%
RSL	2,003	3.7%	1,310	2.7%	1,211	3.1%	4,524	3.2%
Private rented	5,840	10.7%	4,659	9.6%	3,897	10.1%	14,396	10.2%
TOTAL	54,400	100.0%	48,700	100.0%	38,500	100.0%	141,600	100.0%

Source: Guildford, Waverley and Woking Borough Councils household surveys (2007) – figures are from
Table 2.1 of the Housing Needs and Market Assessment Surveys

1.25   The essential character of the HMA is, therefore, high priced with a housing stock to match. This sketch is far from being the full story, as the material which follows will show, but does indicate the essential character of households and housing in West Surrey.

PPS3: Housing (November 2006)

1.26   Planning Policy Statement (PPS) 3 puts the role of the 'evidence base' provided by the SHMA much more prominently than ever before. It also contains much more specific and challenging requirements for the evidence base, as can be seen from the following summary extracts:

1.27   Para 22 of PPS3 says:

PPS3	*'based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:* *(i) The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing* *(ii) The likely profile of household types requiring market housing e.g. multi-person, including families and children (x %), single persons (y %), couples (z %)* *(iii) The size and type of affordable housing required.'* [PPS3 para 22 (pp. 9)]

1.28   None of these requirements were in previous detailed Guidance: only a part of item (iii) was stated (Circular 6/98). PPS3 is also much more demanding as to the role of stakeholders such as developers. In paragraph 23 it says:

PPS3	*'Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities'.* [PPS3 para 22 (pp. 10)]

1.29   This helps to explain the existence of the middle one of the three key requirements of paragraph 22 of PPS3 quoted above. Clearly both the Steering Group and developers need to be aware of the likely pattern of demand from different types of households.

1.30   The following table provides a set of key definitions and terms which should assist in understanding the report's content. The Glossary at the end of this report provides a more comprehensive list of all specialist terms used.

Table 1.2 Key acronyms and concepts defined in SHMA & PPS3 Guidance	
Concept	*Description*
SHMA	Strategic Housing Market Assessment: one that involves all tenures and is set in a stakeholder process that produces results for a given set of market and sub-market areas
HMA	Housing Market Area. There is no single definition available for an HMA. The issue is discussed in Chapter 3 of this report
Guidance	The key reference is PPS3 of November 2006, as quoted above, which is supported by Practice Guidance explaining a detailed approach to producing an SHMA, which was published in March 2007 (Version 1) and August 2007 (Version 2). The versions are very little different
Stakeholder involvement	Stakeholders are defined as various interest groups with a central interest in the housing market. They include public officials, specialist quasi public and voluntary bodies concerned with housing (e.g. Housing Associations (RSLs) and private sector bodies such as house builders, private landlords, estate and letting agents). The Guidance does not identify the general public as a stakeholder, but clearly the public has a keen interest in this topic, and this SHMA has sought to involve the public as appropriate
All tenure approach	A key feature of the CLG approach in PPS3 is that all tenures should be covered. This means that the former Housing Needs Surveys (HNS) which focused on a technical analysis of the need for affordable housing, has been subsumed in a much wider and less technical process
Evidence base	PPS3 gives the evidence base, of which this SHMA is a key part, a central role in determining policy. This gives more responsibility to the process and documentary results of it, but also more scope for it to affect such figures as the Regional Spatial Strategy (RSS) target, which historically has been 'top down' from higher levels of government, but which is now becoming more of a compromise between local 'bottom up' evidence and 'top down' direction
RSS	Regional Spatial Strategy: a statutory document which sets out both the overall housing numbers to be built and also the affordable proportions for a given region. The RSS is consulted upon so that the local views and the local evidence base of the SHMA is a part of the process
LDF	Local Development Framework: this is the planning structure within which sites for development and other infrastructure improvements are programmed. It includes the locally detailed translations of the overall RSS targets
RHS	Regional Housing Strategy: this is the non-statutory companion of the RSS, addressing specifically housing issues

Source: Fordham Research 2008

Data sources

1.31   A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of data, information was gleaned from a number of important publications and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:

1.32   Primary data – in addition to studying secondary data sources it was necessary to conduct a local household survey for the three authorities. The survey data allowed many of the 'gaps' in secondary data to be overcome. Most notably the survey data found out in some detail households' future demands and aspirations and studied this data along with financial data on a household-by household basis. The results from the surveys have been provided to each of the relevant councils in separate reports although key findings are reflected in this document.

1.33   Secondary data – there are a range of data sources already available at the local, regional and national level which provide a good background to the housing market and how it is changing. Data sources considered in analysis include Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings, data from the Council's Housing Strategy Statistical Appendix (HSSA) and published household/population projections.

1.34   Literature review – this consisted of consideration of a range of policy documents including Local Plans, Local Development Framework documents, Annual Monitoring reports and regional plans, as well as previous relevant research in the study area.

1.35   Estate agent information – a key part of the project was a series of face-to-face interviews with estate/letting agents and developers active in the local area. These interviews discussed the dynamics of the housing market (e.g. what types of households are seeking properties) and provided a good overview of what has actually been happening locally. The interviews were supplemented by an internet property/rent price search to establish the costs of housing in the local area.

1.36   Steering Group meetings – Throughout the project a number of meetings and events were carried out. These helped to shape the project and ensured that we were always aware of any developments. The Steering Group meetings were largely designed to discuss the progress of the SHMA.

1.37   Stakeholder/Community consultation – Stakeholder and community consultation events were held in the initial stages of the SHMA and following the production of the draft report. An on-line consultation of the draft reports also took place, giving people further opportunity to express views on the SHMA's findings.

Structure of the report

1.38 The Practice Guidance suggests the following structure. This has to be somewhat amended to produce a coherent explanation, as the table beneath it suggests.

Table 1.3 SHMA Practice Guidance - Research questions		

Table 2.1: Research questions for each stage of the strategic housing market assessment

Chapter	Stage	Research questions
3. The current housing market	1. The demographic and economic context	• What is the current demographic profile of the area? • What is the current economic profile? • How have these profiles changed over the last 10 years?
	2. The housing stock	• What is the current housing stock profile? • How has the stock changed over the last ten years?
	3. The active market	• What do the active market indicators tell us about current demand, particularly house prices/affordability? • How has demand changed?
	4. Bringing the evidence together	• How are market characteristics related to each other geographically? • What do the trends in market characteristics tell us about the key drivers in the market area? • What are the implications in terms of the balance between supply and demand and access to housing? • What are the key issues for future policy/strategy?
4. Future housing market	1. Indicators of future demand	• How might the total number of households change in the future? How are household types changing, eg is there an aging population? • How might economic factors influence total future demand? • Is affordability likely to worsen or improve?
	2. Bringing the evidence together	• What are the key issues for future policy/strategy?

Table 2.1: Research questions for each stage of the strategic housing market assessment *(continued)*

Chapter	Stage	Research questions
5. Housing need	1. Current housing need	• What is the total number of households in housing need currently (gross estimate)?
	2. Future need	• How many newly arising households are likely to be in housing need (gross annual estimate)?
	3. Affordable housing supply	• What is the level of existing affordable housing stock? • What is the likely level of future annual supply?
	4. Housing requirements of households in need	• What is the current requirement for affordable housing from households in need? • What are the requirements for different sized properties? • How is the private rented sector used to accommodate need?
	5. Bringing the evidence together	• What is the total number of households in need (net annual estimate)? • What are the key issues for future policy/strategy? • How do the key messages fit with the findings from Chapters 3 and 4?
6. Housing requirements of specific household groups	Families, Older People, Minority and hard to reach households and households with specific needs	• What are the housing requirements of specific groups of local interest/importance?
	Low Cost Market Housing	• What is the scope for addressing demand through the provision of low cost market housing?
	Intermediate Affordable Housing	• What is the scope for addressing need through the provision of intermediate affordable housing?

Source: CLG 2007

1.39 The steps of work outlined in the Practice Guidance are met in the present report in the following way. Most of the material in this report can be related to the structure set out in the Practice Guidance, although not always in the same order. A formal list of the exact requirements of the Practice Guidance and where they are met in this report is shown below. The remaining material is included either to meet the Brief or by the requirement of producing a coherent and transparent explanation.

1.40 The following table sets out each step in the Practice Guidance and where in the SHMA report it is met. Each of these 38 steps is indicated in the text in italic, so that the response to the Practice Guidance requirement can easily be identified, as for instance:

> *Step 3.4.3: Issues for future policy/strategy*

1.41 This example highlights the point that we have inserted the chapter number from the Practice Guidance in front of each entry. Otherwise it is impossible to distinguish Step 4.2 in one chapter from 4.3 in another. By putting the chapter number in, the reader can tell that it is Step 4.3 in Chapter 3 that is being cited.

Table 1.4 Practice Guidance Steps in West Surrey SHMA Report		
Chapter of the SHMA report	Step identified in the Practice Guidance (August 2007)	Page in Practice Guidance
Ch 4	Step 3.1.1 Demography and Household Types	19
	Step 4.1 Projecting changes in the future numbers of households	35
Ch 5	Step 3.1.3 Employment Levels and Structure	21
Ch 6	Step 3.2.1 Dwelling Profile	23
	Step 3.2.2 Stock Condition	24
	Step 3.2.3 Shared Housing and Communal Establishments	25
	Step 3.3.4 Vacancies, Available Supply and Turnover by Tenure	31
Ch 7	Step 3.3.1 The cost of buying or renting a property	26
Ch 8	Step 3.3.3 Overcrowding and Under-Occupation	30
Ch 9	Step 3.1.4 Incomes & Earnings	22
Ch 10	Step 3.3.2 Affordability of housing	29
	Step 5.1.1 Homeless households and those in temporary accommodation	43
	Step 5.1.2 Over-crowding and concealed households	44
	Step 5.1.3 Other groups	44
	Step 5.1.4 Total current housing need	45
	Step 5.2.1 New household formation	45
	Step 5.2.2 Proportion unable to afford entry-level market housing	46
	Step 5.2.3 Existing households falling into need	46
	Step 5.2.4 Total newly arising need	46
	Step 5.3.1 Affordable dwellings occupied by households in need	47
	Step 5.3.2 Surplus stock	47
	Step 5.3.3 Committed supply of new affordable units	48
	Step 5.3.4 Units to be taken out of management	48
	Step 5.3.5 Total affordable housing stock available	48
	Step 5.3.6 Future annual supply of social re-lets (net)	48
	Step 5.3.7 Future annual supply of intermediate affordable housing	49
	Step 5.3.8 Future annual supply of affordable housing units	50
	Step 5.5.1 Estimate of net annual housing need	52
Ch 11	Step 5.4.1 Choices with the existing affordable housing stock	50
	Step 5.4.2 Requirement for affordable housing of different sizes	50
Chs 12-18	Specific Groups (no formal steps)	54-60
Ch 19	Step 4.2 Future Economic Performance	36
	Step 3.4.1 Mapping market characteristics and future growth	32
	Step 4.4 Bringing the evidence together	38
	Step 3.4.2 Trends and drivers	33
Ch 20	Step 4.3 Future affordability	37
Ch 22	Step 5.5.2 Key issues for future policy/strategy	52
	Step 3.4.3 Issues for future policy/strategy	34
	Step 5.4.3 The private-rented sector	51
	Step 5.5.3 Joining across the assessment	53
Appendix A1	Step 3.1.2 National and Regional Economic Policy	20

Source: CLG Practice Guidance and Fordham Research 2008

Summary

i)   This SHMA has been conducted in line with the most recent government guidance (as contained in CLG SHMA Practice Guidance and PPS3).

ii)   A key feature of this is the involvement of stakeholders who are able to provide detailed insight into the local housing market.

iii) A range of information sources have been used as part of the process including: secondary data, household surveys and interviews with local estate and letting agents.

iv)   Finally, the SHMA should be seen as an ongoing process with key data monitored into the future to see the 'direction' in which the housing market is moving.

2. The policy context

Introduction

2.1   This chapter provides information on the regional background to the SHMA alongside key local authority housing policies regarding affordable housing provision and mix of dwellings. These policies are further considered in Section E of this report 'Policy Implications', in the light of the analysis presented in both Section C of this report 'Housing Need and Demand' and in the individual local authority Housing Needs and Market Assessment Survey reports.

2.2   This chapter also considers other relevant studies recently completed in the study area, and brief details of SHMA work being carried out in nearby areas have also been presented. Background information on housing from a national perspective can be found in Appendix A1.

South East Plan

2.3   The draft South East Plan sets out a vision for the future of the South East region to 2026, outlining proposed approaches to housing, the economy, transport and the environment. The 'South East Region' comprises the county areas of Berkshire, Buckinghamshire, East Sussex, Hampshire, Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex.

2.4   The Plan emphasises the issue of affordability: the region is the second most expensive (after London) in which to buy or rent a home. Furthermore, the Plan acknowledges that rates of new affordable housing provision have not been sufficient to meet existing needs. The Right to Buy and Right to Acquire legislation has further exacerbated this, resulting in a net reduction in the size of the affordable housing stock.

2.5   The Plan reports that the 'backlog of unmet housing need' is concentrated in a number of the region's older and larger urban areas, including Oxford, Reading, Slough, Southampton, Portsmouth and Brighton and Hove. However, it is also noted that a number of districts in Surrey (as well as Kent, Hampshire and Berkshire) also have relatively high levels of unmet need.

2.6   The Plan asserts that there needs to be a significant increase in affordable housing provision across the region. Although the regional Growth Areas and development on other major greenfield sites will result in an increased supply of affordable housing, such developments will not remedy the shortage experienced across the region as a whole. The general principle proposed is that affordable housing needs, particularly for social rented housing, should be met where they arise.

2.7   The Plan proposes a set of nine sub-regions where the majority of the South East's development will be located. Woking and part of Guildford are included in the 'London Fringe' sub-region, and part of Guildford is covered by the 'Western Corridor and Blackwater Valley' sub-region. Waverley does not feature in any of these sub-regions.

2.8   The following table shows the latest figures relating to planned housing provision from 2006-2026 for the three authorities in West Surrey. The figures have increased for all three areas since the Plan was originally submitted to Government in March 2006. Further amendments may also be introduced for all three areas.

Table 2.1 Recommended housing provision for West Surrey HMA 2006-2026 (latest figures)		
Council area	Annual Average (No. of Units)	Total
Guildford	422	8,440
Waverley	250	5,000
Woking	292	5,840
Total	964	19,280

Source: EIP Panel Report on the Draft South East Plan (2007)

Regional Housing Strategy

2.9   The South East Regional Housing Board's Regional Housing Strategy (2006) focuses on the following key themes and priorities:

- An increase in overall housing supply over the next ten years
- Improvements in private sector stock
- Eradication of homelessness
- Bringing decent housing within reach of people on low incomes

2.10   In 2006, responsibility for the Board transferred to the South East England Regional Assembly under Government proposals to bring together the regional approach to housing and planning. The Assembly and the Board have therefore sought to ensure integration between the Regional Housing Strategy's key themes cited above and the housing policies which appear in the draft South East Plan.

2.11   In their 2004 report *'Identifying the Local Housing Markets of South East England'*, the South East Regional Housing Board identified 21 sub-regional housing markets, as shown in the map below. These are areas in which typically 70% of all household moves are contained, although it is acknowledged that a sub-regional housing market will contain a

number of more 'local' housing markets. Guildford, Waverley and Woking local authority areas are all included in the 'Guildford/Woking'[1] sub-region identified in the report.

Figure 2.1 South East Sub-regional Housing Markets
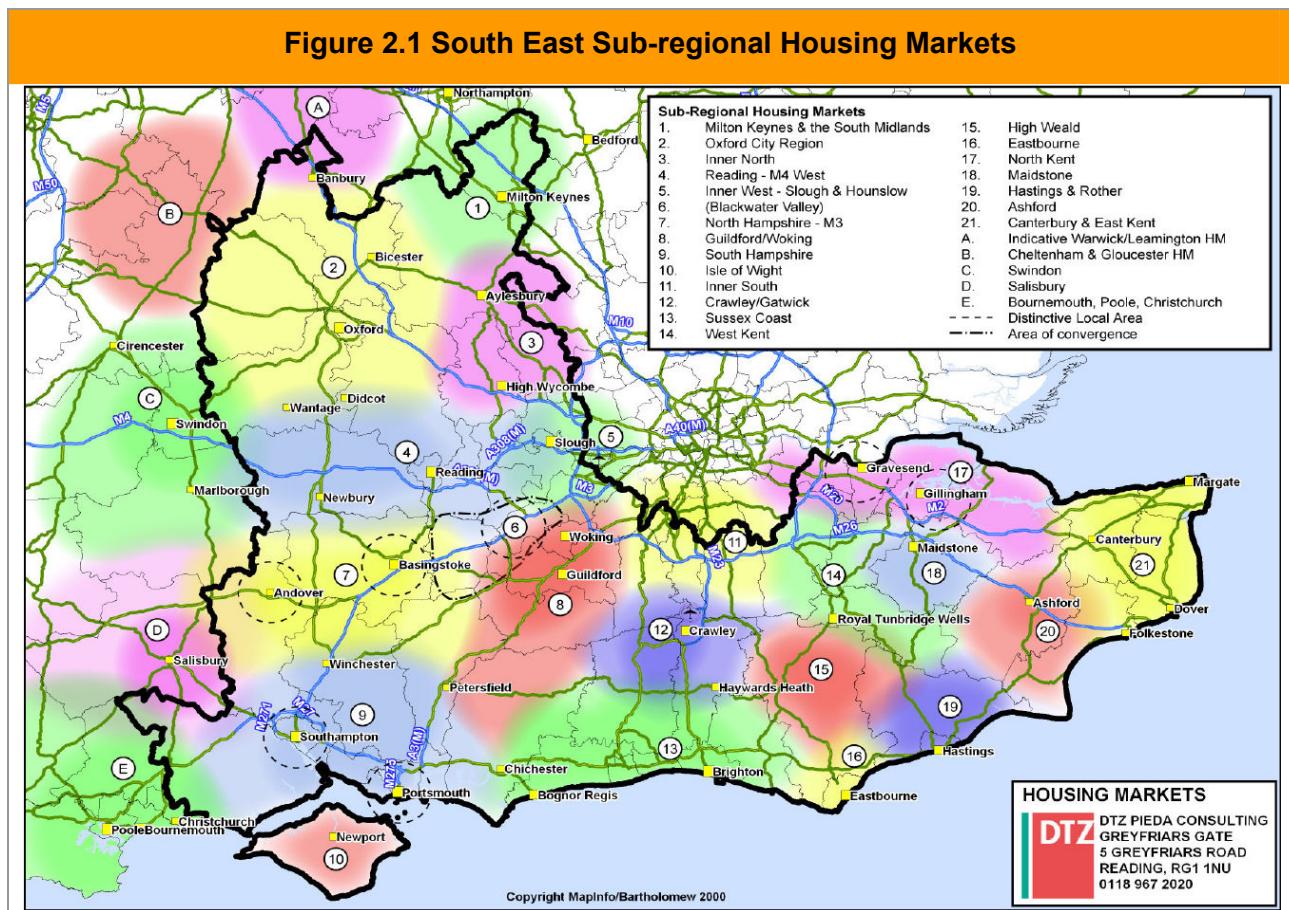
Source: Identifying the Local Housing Markets of South East England, South East Regional Housing Board 2004

Local authority housing policies: Guildford

Guildford Borough Local Plan 2003

2.12   Since Guildford Development Framework's Core Strategy Development Plan Document (DPD) is currently at the preferred options stage, the policies which appear in the Guildford Local Plan 2003 still apply. Some of the policies which are relevant to the work in this SHMA are described below.

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[1] Refers to towns rather than local authorities

Figure 2.2 - Excerpt from Guildford Borough Local Plan 2003

Policy H10 – New Residential Development

'...Proposals for residential development should provide a mix of dwelling sizes and types to reflect the needs of those seeking housing in the borough...'

Source: Guildford Borough Local Plan 2003

2.13   This policy is a response to the increase in the number of one and two person households, which is expected to continue. Many households do not wish to or cannot afford to occupy larger properties, and require properties more suited to the household size. A significant "mismatch" between the size of dwellings and the size of households was identified through the 1991 Census. Additionally, the 1999 Housing Needs Survey demonstrated that 81%of households requiring housing wanted one, two or three bedroom dwellings. Developers will also be encouraged to consider making provision to meet demand from younger single people for shared accommodation.

2.14   In considering proposals for new residential development the Council will seek to ensure that the size and type of dwellings provided reflects the identified needs of those seeking housing and will seek to ensure that new developments do not exacerbate the current mismatch.

Figure 2.3 - Excerpt from Guildford Borough Local Plan 2003

Policy H10 – Affordable Housing

'An element of affordable housing will be sought by negotiation with developers of all housing developments of 15 or more dwellings, or residential sites of 0.5ha or more irrespective of the number of dwellings. In settlements in rural areas with a population of 3,000 or fewer a threshold of 10 or more dwellings or residential sites of 0.4ha or more irrespective of the number of dwellings, will be applied…'

Source: Guildford Borough Local Plan 2003

2.15   The Plan states that this policy is a response to the demonstrable lack of affordable housing to meet local need, a shown by the most recent HNS and by the number of households listed on the housing register. The Council accept that assuming 30% of homes on sites above the threshold are affordable, the number provided will still fall short of the number required to meet local needs.

2.16   In addition, Policy H12 has been formulated concerning Affordable Housing for Local Needs in Rural Areas.

Guildford Development Framework - Other DPDs

2.17   The Issues and Options consultation for the Site Allocations DPD has recently been undertaken. This DPD includes the list of possible sites suggested so far for residential and mixed-use development with the urban areas of Guildford, Ash, Ash Vale and Tongham and within identified village settlement boundaries. The Town Centre Area Action Plan DPD is, like the Core Strategy, at pre-submission stage and early stakeholder and community engagement is being undertaken for the Slyfield Area Action Plan DPD.

Local authority housing policies: Waverley

Waverley Borough Local Plan 2002

2.18   Waverley's Core Strategy DPD is in the early stages; the current focus is on reviewing the evidence base in preparation for drafting revised Issues and Options. As such, a number of saved policies from the Local Plan will still stand until the adoption of new policies in the Core Strategy DPD. Some of the key policies from the Local Plan which are relevant to the work in this SHMA are described below.

Figure 2.4 - Excerpt from Waverley Borough Local Plan 2002

Policy H4 – Density and Size of Dwellings

'In considering proposals for residential development comprising more than three dwelling units on sites which are acceptable in principle for such development and accord with all other relevant policies of this Plan, the Council will require that:

(a) at least 50% of all the dwelling units within the proposal shall be 2 bedroomed or less; and,

(b) not less than 80% of all the dwelling units within the proposal shall be 3 bedroomed or less; and,

(c) no more than 20% of all the dwelling units in any proposal shall exceed 165 square metres in total gross floor area measured externally, excluding garaging...'

Source: Waverley Borough Local Plan 2002

2.19   The Plan states that this policy is a response to the Plan's central aim of resisting urbanisation in the countryside, which can be achieved only if full and effective use is made of residential development sites within settlements.

2.20   The Council will seek to ensure that new residential development meets the needs of the small households comprising one or two people who will be the largest element in the projected growth in the number of households over the plan period. For those households with sufficient finances, the existing housing stock offers a wide range of properties with three or more bedrooms; however it is acknowledged that such properties are beyond the means of most small households. The supply of smaller, lower-cost market dwellings such as terraced houses, flats and maisonettes is limited and consequently such dwellings also command high prices. Having regard to this shortage of lower-cost market dwellings within the existing housing stock, the Council will seek to ensure that new residential development comprises mainly one, two or small three-bedroomed properties.

2.21   In October 2003, the Council published Supplementary Planning Guidance on Policy H4, in order to clarify, interpret and elaborate on it.

Figure 2.5 - Excerpt from Waverley Borough Local Plan 2002
Policy H5 – Subsidised Affordable Housing within Settlements 'On those sites within settlements which fall within the threshold criteria, the Council will negotiate with developers and landowners to ensure that at least 30% of the number of net new dwellings provided are in the form of subsidised affordable housing. Within those schemes subject to threshold criteria and which comprise a density of residential development of 40 units per hectare or more, the number of net new dwellings provided in the form of subsidised affordable housing shall be at least 25% of the total…'

Source: Waverley Borough Local Plan 2002

2.22   The 'threshold criteria' is as follows:

- In settlements of over 3,000 population - developments involving 15 or more net new dwellings or sites of 0.5 ha or larger.

- In the smaller settlements - developments of five or more net new dwellings or sites of 0.2 ha or larger.

2.23   The Plan states that the most recent HNS has highlighted the fact that the housing market in Waverley does exclude many local households on lower incomes forcing them to leave the Borough or to live with other households, often in inadequate accommodation. Thus the HNS estimated that there was a substantial unmet demand for Subsidised Affordable Housing. The Plan states that meeting this demand cannot be achieved since neither the housing land nor the necessary public resources are available.

2.24   The Plan states that the Council will also continue to explore alternative means of delivering affordable housing, including changes in tenure within the existing stock. The objective of Policy H5 is to secure at least 30% of dwellings on appropriate sites. The Plan considers this level of provision to be reasonable, ensuring that a development caters for the range of housing needs which have been identified in Waverley.

2.25   Additional policies are in place regarding the provision of subsidised affordable housing at Bourne Mill, Farnham (Policy H5A) and in the Green Belt and Countryside Beyond the Green Belt (Policy H6).

Local authority housing policies: Woking

Woking Borough Local Plan 1999

2.26   Woking's Core Strategy DPD is also in the early stages; the Council plan to consult on revised Issues and Options in the second half of 2008. As such, a number of saved policies from the Local Plan will still stand until the adoption of new policies in the Core Strategy DPD. Some of the key policies from the Local Plan which are relevant to the work in this SHMA are described below.

Figure 2.6 - Excerpt from Woking Borough Local Plan 1999
Policy HSG 9 – Small Dwellings 'On all housing sites of more than 0.4 hectares (1 acre) or 20 units, the Council will expect a mix of dwelling sizes, incorporating a significant proportion of one or two bedroom units. The Council will also encourage the provision of small dwelling units on suitable smaller sites.'

Source: Woking Borough Local Plan 1999

2.27   The Council has identified that there is an imbalance between the proportion of one and two bedroom dwellings recorded in the Census and the proportion of households consisted of one or two persons; this coupled with household projections which suggest that the number of smaller households will continue to increase means that the importance of redressing the imbalance between housing and household size wherever possible is emphasised in the Plan. This is also supported by the finding from the 1995 HNS of more than half of households identified as being "in need" required a dwelling consisting of one or two bedrooms.

2.28   The Council infer that increasing the supply of smaller dwellings will provide a greater degree of housing choice to local residents. Furthermore, it is felt that maximising the use of urban land assists in safeguarding the future of the Green Belt. The Council have stated that they will be flexible as to the size of the small dwelling provided, in recognition of the fact that single people may often prefer a two bedroom dwelling.

2.29   Policy HSG 10 – 'Affordable Housing through New Build' lists a number of sites whereby affordable housing is expected to be provided, and specifies a minimum number of units to be provided on each particular site. The total (minimum) number of affordable units these sites should yield is 205. Furthermore, the policy states that:

Figure 2.7 - Excerpt from Woking Borough Local Plan 1999
Policy HSG 10 – Affordable Housing through New Build 'On all other housing sites of more than 1 hectare or 25 units, the Council will normally expect an element of affordable housing to be provided, subject to compliance with the criteria in the 'residential development in urban areas' and 'density and site coverage' policies, the exact proportion to be determined through consideration of market and site conditions and local needs and through a process of negotiation with the developer of the site…'

Source: Woking Borough Local Plan 1999

2.30   The Council will seek to meet affordable housing requirements by ensuring affordable units are provided on all suitable sites. It is considered that all the sites specified in Policy HSG 10 are suitable for the inclusion of a significant element of affordable housing, as all are accessible to facilities such as schools, shops and centres of employment and all are accessible by a wide range of transport, including public transport, foot and cycles. The proportion to be provided on individual sites varies according to market and site conditions.

2.31   The Council's HNS 1995 found that approximately 50 affordable units were required annually up to 2006 in addition to the affordable housing provision obtained through re-lets and the current building programme. The Council states that the actual proportion to be obtained through new build as opposed to the other sources providing additional affordable housing cannot be precisely forecast, but that it is likely that at least 25% of the housing on identified sites and likely future windfall sites of at least 25 units or 1 ha will need to be affordable housing in order to meet the requirement. The precise amount will depend on the level of gains through other sources. In order to ensure adequate provision is made the number of affordable housing units gained will be closely monitored.

Other SHMA work in the region

2.32   SHMAs are currently in progress or have been completed for the following market areas in the region:

- London (comprising all 33 London Boroughs) – SHMA commissioned in January 2008
- Central Hampshire and New Forest - an SHMA was completed in 2007 for this neighbouring sub-region comprising the following local authorities: Basingstoke and Deane, Winchester, East Hampshire, Test Valley and New Forest
- PUSH (Partnership for Urban South Hampshire) – a Housing Market Assessment was commissioned in 2005 and updated in 2006, comprising six urban local authorities: Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton
- West Sussex to the South of the West Surrey sub-region - currently commissioning a SHMA. This area covers the following seven local authorities: Adur, Arun, Chichester, Crawley, Horsham, Mid Sussex and Worthing
- Berkshire – a SHMA was completed in 2007 for the following local authorities: Bracknell Forest, Reading, West Berkshire, Slough, Royal Borough of Windsor & Maidenhead and Wokingham
- East Surrey – draft final SHMA report was released in 2007 for this neighbouring sub-region comprising the following local authorities: Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge
- Surrey Heath – an Housing Market Assessment was completed in 2007 for this local authority which adjoins Guildford and Woking
- Blackwater Valley – a Housing Market Assessment was carried out in this sub-region in 2005, involving the local authorities of Rushmoor and Hart. The Farnham area of Waverley and the Ash/Ash Vale and Tongham areas of Guildford were also included.
- Runnymede – an SHMA is currently being commissioned in this Borough which adjoins Woking

North Surrey Gypsy and Traveller Accommodation Assessment (GTAA) 2006

2.33   In 2006, a GTAA was carried out across the North Surrey local authorities of Elmbridge, Runnymede, Spelthorne and Woking. The aim of the assessment was to assess and project the extent of Traveller and Gypsy accommodation need across North Surrey. The study indicated that there was an additional need for Gypsy and Traveller sites of 49 new residential pitches in the next five years across North Surrey, 11 of which were required in Woking.

West Surrey Gypsy and Traveller Accommodation Assessment (GTAA) 2006

2.34   In 2006, a GTAA was carried out across the local authorities of Guildford, Waverley and Surrey Heath (note: the definition of 'West Surrey' for the purposes of the GTAA was different to that used in this SHMA, with Surrey Heath, rather than Woking, being covered by the GTAA). The aim of the assessment was to ascertain the accommodation needs and aspirations of Gypsies and Travellers, including Show People, who were housed or living on authorised sites or unauthorised developments or encampments within the areas covered by the study.

2.35   The key recommendations in terms of permanent provision were that pitches should be provided for 86 Gypsy and Traveller households across the West Surrey study area, including pitches for 30 households in Guildford and 37 households in Waverley, by 2011. Additionally, the report recommended that pitches should be provided for 27 households on Show People sites, including 15 in Guildford and two in Waverley.

Guildford Borough Housing Market Assessment 2003

2.36   The Housing Market Assessment aims to provide an understanding of the main drivers of the Guildford housing system. The Assessment details market pressures along with a comparative analysis of tenure types. Information was derived from observational surveys and secondary sources of information, including data from Guildford Borough Council and Surrey County Council. Issues relating to transport policy, town and country planning legislation, and private, public and affordable social housing regulation were considered as part of the assessment.

2.37   Some of the report's concluding remarks are as follows:

Figure 2.8 - Excerpt from Guildford Borough Housing Market Assessment 2003
'…Guildford Borough is an area characterised by 'strong population growth and high rate of household formation, a young population with a high proportion of the population at working age, relatively high population turnover and high inward and outward migration, strong above average economic performance and growth and high prosperity and high employment activity rates'   'This success has led to problems in the housing market including unrealistic and unsustainable development pressures and an increasing issue relating to housing affordability.'

Source: Guildford Borough Housing Market Assessment, Knight Frank 2003, pp.49.

Summary

i)   This chapter considered a number of key documents relevant contextually to this SHMA, including the South East Plan (the region's draft Regional Spatial Strategy) and the Regional Housing Strategy.

ii)   The latest target figures for new dwelling provision in the three local authorities (based on the draft RSS Panel Report) are: Guildford: 442 dwellings per annum; Waverley: 250 per annum and Woking: 292 per annum.

iii) A number of key local authority housing policies were considered regarding affordable housing provision and mix of dwellings. These were taken from the adopted Local Plans in the case of all three Boroughs.

iv)   Other relevant studies recently completed in the study area were also considered, and brief details of SHMA work being carried out in nearby areas were also provided.

3. Defining the housing market area

Introduction

3.1   An important part of any SHMA is the definition of a housing market area. The chapter reviews the data available (plus new data from the household survey) to check the validity of the three Boroughs as a single housing market area. The CLG advice note 'Identifying sub-regional housing market areas' (March 2007) notes that:

CLG Advice note	*"…housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.*" [CLG Advice note: Identifying sub-regional housing market areas, para 6 (pp. 6)]

Definition of Housing Markets: CLG Guidance

3.2   The definition of a housing market is considered by CLG to be an integral part of any SHMA process; while an analysis of a geographical part of a housing market may yield informative results, it will not give a total picture of the market as experienced by those seeking to live within it. CLG recommends that where a housing market cuts across local authority boundaries, that councils should:

CLG Advice note	*"use a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas."* [CLG Advice note: Identifying sub-regional housing market areas, para 5 (pp. 6)]

3.3   Defining housing markets is not an exact science; as recognised by CLG there is no consensus on a single preferred methodology, and as such regions and local authorities are not required to use any single recommended method. The most frequently adopted methodologies from the Practice Guidance, and used for this document, have been based upon household migration patterns and Travel to Work areas.

CLG Advice note	"**Identifying suitable thresholds for self-containment.** The typical threshold for self-containment is around 70 per cent of all movers in a given time period. … Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds." **Travel to Work areas and other functional areas**: "Functional areas can provide useful contextual information in terms of the spatial extent of sub-regional housing market areas. For example, travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location." [CLG Advice note: Identifying sub-regional housing market areas (pp. 10-11)]

3.4   The Practice Guidance also emphasises the importance of consultation with stakeholders and community representatives in determining housing market areas, in particular with estate agents who may have specialist qualitative knowledge of the market (pp. 7, para. 12).

Evidence from the Census: Migration

3.5   The tables below show the overall migration statistics for the HMA, taken from the 2001 census. The figures shown are for the HMA as a whole, hence 'Inflow'/'Outflow' refer to moves in/out of the HMA; 'internal moves' refers to those moving within the HMA.

3.6   Overall a net annual outflow of 513 people is shown from domestic sources. A total of 4,823 people arrived from international sources in the year before the Census; however since outflows are not recorded from the UK, no net figure can be calculated.

3.7   The HMA appears to have a moderate level of self-containment in terms of migration; 45.7% of people moving homes in the HMA moved from within the HMA itself.

Table 3.1 West Surrey HMA: Total Migration, Domestic and International			
	Inflow	Outflow	Net Flow
Domestic	18,696	19,209	-513
International	4,823	?	?
TOTAL	23,519	?	?
Internal Flow	19,780	19,780	n/a
Self-containment	45.7%	49.3%	n/a

Source: 2001 Census data (from Nomis website)

3.8   The tables below provide a more detailed view of the inflows and outflows to/from Guildford, Waverley and Woking from the Census.

3.9   In Guildford, the data shows that the main areas to and from which people move are Waverley, Woking and Rushmoor; there are net outflows to Waverley and Rushmoor and a small net inflow from Woking. Overall, there is a net flow of 161 people into Guildford.

3.10   In Waverley, the data shows that the main areas to and from which people move are Guildford, East Hampshire and Rushmoor. There are net outflows to both Rushmoor and East Hampshire. Overall, there is a net flow of 393 people out of Waverley.

3.11   In Woking, the data shows that the main areas to and from which people move are Guildford, Runnymede, Elmbridge and Surrey Heath. There are net outflows to both Rushmoor and East Hampshire. There are net inflows from Elmbridge and Runnymede, and small net outflows to Guildford and Surrey Heath. Overall, there is a net flow of 281 people out of Woking.

Table 3.2 Migration (persons)

	Guildford					Waverley					Woking				
	Outward		Inward		Net	Outward		Inward		Net	Outward		Inward		Net
Guildford	-	0.0%	-	0.0%	0	871	12.0%	1050	15.3%	179	550	10.6%	511	10.4%	-39
Waverley	1050	10.4%	871	8.5%	-179	-	0.0%	-	0.0%	0	178	3.4%	103	2.1%	-75
Woking	511	5.1%	550	5.4%	39	103	1.4%	178	2.6%	75	-	0.0%	-	0.0%	0
Rushmoor	740	7.4%	431	4.2%	-309	429	5.9%	318	4.6%	-111	97	1.9%	94	1.9%	-3
East Hampshire	233	2.3%	125	1.2%	-108	668	9.2%	459	6.7%	-209	66	1.3%	37	0.8%	-29
Surrey Heath	233	2.3%	264	2.6%	31	88	1.2%	145	2.1%	57	349	6.7%	330	6.7%	-19
Mole Valley	214	2.1%	248	2.4%	34	75	1.0%	116	1.7%	41	23	0.4%	41	0.8%	18
Elmbridge	165	1.6%	220	2.2%	55	45	0.6%	145	2.1%	100	206	4.0%	344	7.0%	138
Hart	149	1.5%	160	1.6%	11	195	2.7%	164	2.4%	-31	65	1.3%	28	0.6%	-37
Chichester	124	1.2%	107	1.0%	-17	317	4.4%	242	3.5%	-75	59	1.1%	21	0.4%	-38
Horsham	122	1.2%	77	0.8%	-45	179	2.5%	91	1.3%	-88	53	1.0%	20	0.4%	-33
Lambeth	118	1.2%	53	0.5%	-65	84	1.2%	63	0.9%	-21	28	0.5%	48	1.0%	20
Runnymede	109	1.1%	116	1.1%	7	40	0.6%	52	0.8%	12	305	5.9%	448	9.2%	143
Bracknell Forest	108	1.1%	73	0.7%	-35	39	0.5%	35	0.5%	-4	48	0.9%	36	0.7%	-12
Brighton and Hove	96	1.0%	61	0.6%	-35	72	1.0%	30	0.4%	-42	50	1.0%	21	0.4%	-29
Reigate and Banstead	92	0.9%	111	1.1%	19	38	0.5%	34	0.5%	-4	38	0.7%	23	0.5%	-15
Southampton	83	0.8%	83	0.8%	0	78	1.1%	42	0.6%	-36	58	1.1%	51	1.0%	-7
Arun	80	0.8%	39	0.4%	-41	82	1.1%	66	1.0%	-16	44	0.9%	15	0.3%	-29
Portsmouth	70	0.7%	50	0.5%	-20	45	0.6%	36	0.5%	-9	54	1.0%	30	0.6%	-24
Bristol, City of	69	0.7%	88	0.9%	19	71	1.0%	31	0.5%	-40	42	0.8%	31	0.6%	-11
Windsor and Maidenhead	133	1.3%	82	0.8%	-51	18	0.2%	32	0.5%	14	48	0.9%	46	0.9%	-2
Richmond upon Thames	78	0.8%	100	1.0%	22	44	0.6%	132	1.9%	88	30	0.6%	111	2.3%	81
Wandsworth	212	2.1%	206	2.0%	-6	127	1.8%	181	2.6%	54	83	1.6%	89	1.8%	6
Kingston upon Thames	105	1.0%	95	0.9%	-10	59	0.8%	89	1.3%	30	68	1.3%	119	2.4%	51
Southwark	102	1.0%	57	0.6%	-45	36	0.5%	15	0.2%	-21	37	0.7%	26	0.5%	-11
Other areas (within UK)	5,068	50.4%	5,958	58.3%	890	3,433	47.4%	3,097	45.3%	-336	2,593	50.1%	2,268	46.4%	-325
TOTAL (within UK)	10,064	100.0%	10,225	100.0%	161	7,236	100.0%	6,843	100.0%	-393	5,172	100.0%	4,891	100.0%	-281
Outside UK	?		2,302			?		1,288			?		1,233		
No usual address	?		1,003			?		608			?		564		

Source: 2001 Census data

Evidence from the Census: Travel to Work

3.12   The table below shows travel to work patterns in Guildford, Waverley and Woking.

3.13   In Guildford, the table shows that there is a net inflow of people to the Borough for work (1,392 more people commute into the Borough for work than commute out). The main Boroughs that people commute out to and commute in from are Waverley, Woking and Rushmoor. There is a very large net inflow from Waverley (4,174 people), a net inflow from Woking, and a net outflow to Rushmoor. The data also shows a large net inflow from East Hampshire (1,288) and large net outflows to the London Borough of Westminster (1,594) and the City of London (1,164).

3.14   In Waverley, the table shows that there is a net outflow of people from the Borough for work (some 8,568 more people commute out of the Borough for work than commute in). The main Boroughs that people commute out to and commute in from are Guildford, Rushmoor and East Hampshire. There is a very large net inflow to Guildford (4,174 people), a net outflow to Rushmoor and a large net inflow from East Hampshire. The data also shows a large net inflow from Chichester (932) and large net outflows to the London Borough of Westminster (1,338) and the City of London (1,075).

3.15   In Woking, the table shows that there is a net outflow of people from the Borough for work (some 5,119 more people commute out of the Borough for work than commute in). The main Boroughs that people commute out to and commute in from are Guildford, Runnymede, Elmbridge and Surrey Heath. There is a large net outflow to Elmbridge (1,593 people), net outflows to Runnymede and Guildford and a net inflow from Surrey Heath. The data also shows large net outflows to the London Borough of Westminster (1,446) and the City of London (1,148).

3.16   In terms of self-containment the data suggests that 68.1% of people working in the HMA live in the HMA. In addition a total of 63.2% of working people who live in the HMA also work in the HMA.

Table 3.3 Travel to work (persons)

	Guildford					Waverley					Woking				
	Outward		Inward		Net	Outward		Inward		Net	Outward		Inward		Net
Guildford	0	0.0%	-	0.0%	-	7825	28.3%	3651	19.1%	-4,174	3661	15.0%	3235	16.8%	-426
Waverley	3651	12.0%	7825	24.7%	4,174	-	0.0%	-	0.0%	0	601	2.5%	1159	6.0%	558
Woking	3235	10.7%	3661	11.5%	426	1159	4.2%	601	3.1%	-558	-	0.0%	-	0.0%	0
Rushmoor	3322	11.0%	2588	8.2%	-734	2722	9.8%	2222	11.6%	-500	664	2.7%	784	4.1%	120
Surrey Heath	1723	5.7%	1623	5.1%	-100	904	3.3%	550	2.9%	-354	1488	6.1%	2098	10.9%	610
Elmbridge	1462	4.8%	952	3.0%	-510	595	2.1%	182	1.0%	-413	2682	11.0%	1089	5.7%	-1,593
Mole Valley	1356	4.5%	1465	4.6%	109	614	2.2%	353	1.8%	-261	420	1.7%	346	1.8%	-74
Runnymede	961	3.2%	577	1.8%	-384	453	1.6%	105	0.5%	-348	2738	11.3%	2101	10.9%	-637
Hart	632	2.1%	971	3.1%	339	878	3.2%	995	5.2%	117	218	0.9%	451	2.3%	233
Bracknell Forest	534	1.8%	369	1.2%	-165	363	1.3%	173	0.9%	-190	380	1.6%	370	1.9%	-10
Reigate and Banstead	431	1.4%	530	1.7%	99	243	0.9%	156	0.8%	-87	156	0.6%	189	1.0%	33
Basingstoke and Deane	384	1.3%	248	0.8%	-136	528	1.9%	275	1.4%	-253	203	0.8%	226	1.2%	23
East Hampshire	369	1.2%	1657	5.2%	1,288	1590	5.7%	3900	20.4%	2,310	78	0.3%	354	1.8%	276
Spelthorne	329	1.1%	154	0.5%	-175	169	0.6%	62	0.3%	-107	578	2.4%	394	2.1%	-184
Wokingham	304	1.0%	259	0.8%	-45	225	0.8%	102	0.5%	-123	197	0.8%	254	1.3%	57
Horsham	154	0.5%	640	2.0%	486	364	1.3%	814	4.3%	450	37	0.2%	140	0.7%	103
Chichester	108	0.4%	615	1.9%	507	465	1.7%	1397	7.3%	932	29	0.1%	137	0.7%	108
Windsor and Maidenhead	291	1.0%	167	0.5%	-124	168	0.6%	59	0.3%	-109	277	1.1%	187	1.0%	-90
Westminster	1640	5.4%	46	0.1%	-1,594	1346	4.9%	8	0.0%	-1,338	1474	6.1%	28	0.1%	-1,446
City of London	1167	3.8%	3	0.0%	-1,164	1075	3.9%	0	0.0%	-1,075	1148	4.7%	0	0.0%	-1,148
Hillingdon	766	2.5%	86	0.3%	-680	477	1.7%	21	0.1%	-456	1062	4.4%	113	0.6%	-949
Kingston upon Thames	680	2.2%	517	1.6%	-163	316	1.1%	85	0.4%	-231	527	2.2%	370	1.9%	-157
Camden	454	1.5%	47	0.1%	-407	405	1.5%	7	0.0%	-398	497	2.0%	42	0.2%	-455
Hounslow	364	1.2%	127	0.4%	-237	269	1.0%	50	0.3%	-219	572	2.4%	158	0.8%	-414
Richmond upon Thames	341	1.1%	216	0.7%	-125	191	0.7%	87	0.5%	-104	314	1.3%	238	1.2%	-76
Merton	321	1.1%	320	1.0%	-1	184	0.7%	71	0.4%	-113	257	1.1%	283	1.5%	26
Lambeth	264	0.9%	96	0.3%	-168	180	0.7%	63	0.3%	-117	335	1.4%	79	0.4%	-256
Other areas (within E&W)	5,072	16.7%	5,875	18.8%	803	3,972	14.3%	5,875	16.3%	1,903	3,744	15.4%	5,875	22.9%	2,131
TOTAL (within E&W)	30,315	100.00%	31,707	100.00%	1,392	27,680	100.00%	19,112	100.00%	-8,568	24,337	100.00%	19,218	100.00%	-5,119
Outside E&W	320		?		?	314		?		?	162		?		?

Source: 2001 Census data

fordham RESEARCH

3.17   The figure below shows travel to work patterns of residents in terms of the distance travelled. It is worth pointing out that, from analysis carried out by Fordham Research across many HMAs, that there is a strong correlation between household income and commuting distance. Households with incomes below £20k tend not to travel more than about 20-25 km, whereas those with incomes over £40-50k average around 40 km or more. This cannot be read from the census data, since that does not contain financial information, but it should be borne in mind when interpreting it.

3.18   The data shows that compared with England and to a lesser extent the South East, people are more likely to travel longer distances. An estimated 23.1% of people travel more than 20 km to get to work, this compares with only 13.2% travelling this distance nationally. The comparative figure for the South East of England is 18.8%.

3.19   For the areas within the HMA the data shows that Woking has the smallest proportion of people working from home. Waverley has the highest proportion of people working from home and a slightly larger proportion of people travelling more than 20 km to work. In total, 24.9% of working people in Woking travel more than 20 km to work.

Figure 3.1 Travel to work distances (all people age 16-74 in employment)
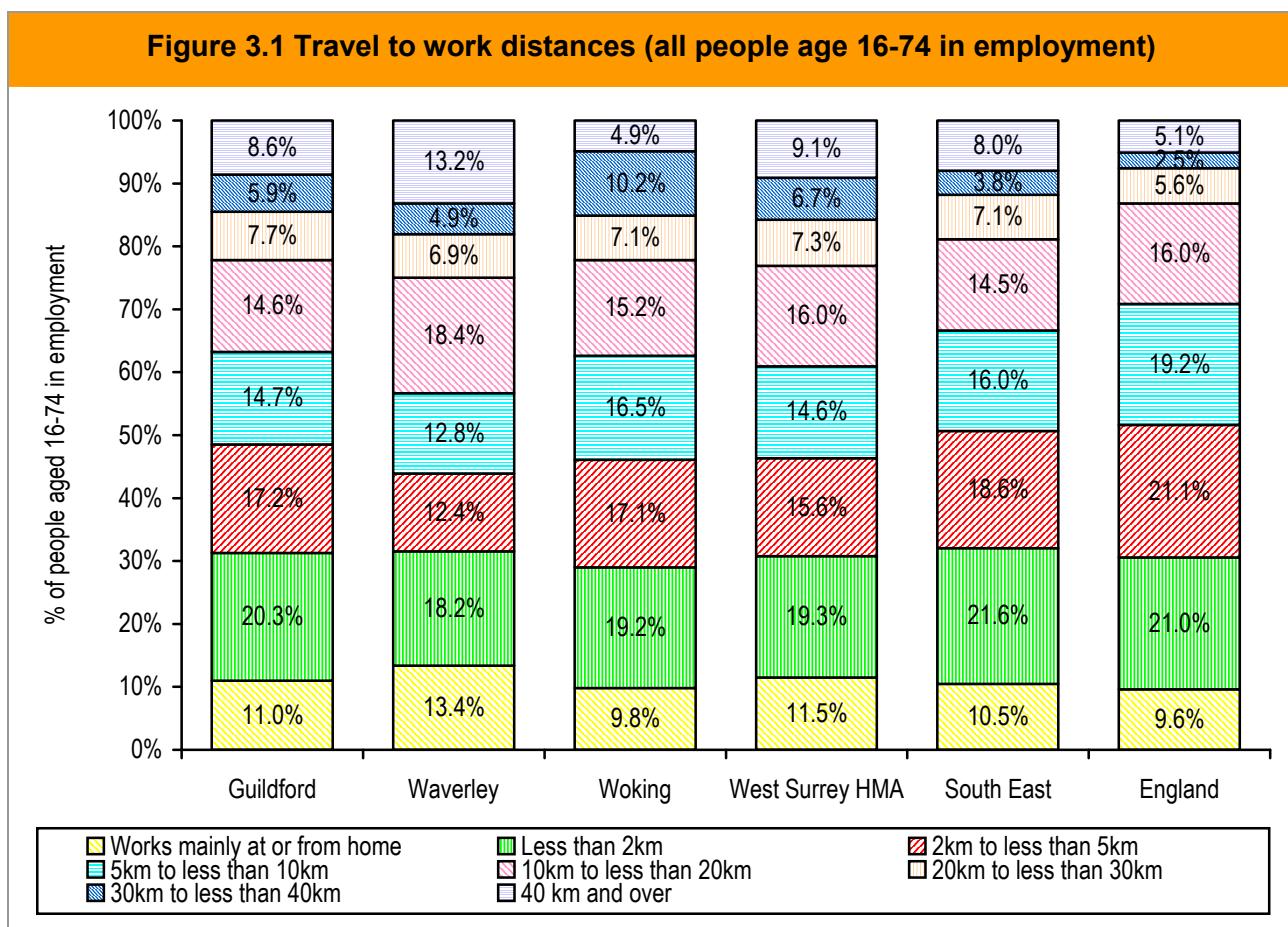
Source: 2001 Census data (from Office for National Statistics 2007)

3.20   The table below considers the methods of transport by which people travel to work. The main method of travel to work in the HMA is as a driver in a car or van (58.9%). This is similar to the regional figure (59.2%) although slightly higher than the national figure (54.9%).

3.21   The proportion of people travelling to work by train is noticeably higher than the equivalent figure for England and also the South East region. It should be noted that the proportions in the category 'mainly working from home' differ slightly from the figure above; this is due to the exclusion from the distance analysis of the group of employed people for whom no travel to work distance was recorded (but who did not mainly work from home).

3.22   When looking at the individual parts of the HMA we see that car use is greatest in Guildford. The proportion of working people travelling by train was largest in Woking.

Table 3.4 Method of transport to work (2001)						
Mode of transport	Guildford	Waverley	Woking	West Surrey	South East	England
Work mainly from home	10.4%	12.6%	9.3%	10.8%	9.9%	9.2%
Underground, Metro, Light Rail or Tram	0.2%	0.1%	0.2%	0.2%	0.2%	3.2%
Train	8.5%	8.3%	11.8%	9.3%	5.6%	4.2%
Bus, Mini Bus or Coach	3.2%	2.2%	2.2%	2.6%	4.4%	7.5%
Motorcycle, Scooter or Moped	0.9%	0.9%	1.0%	0.9%	1.1%	1.1%
Driving a Car or Van	57.7%	60.4%	58.9%	58.9%	59.2%	54.9%
Passenger in Car or Van	4.7%	4.6%	4.9%	4.7%	5.7%	6.1%
Taxi or Minicab	0.2%	0.2%	0.4%	0.3%	0.4%	0.5%
Bicycle	2.5%	1.7%	2.7%	2.3%	3.1%	2.8%
On foot	11.2%	8.4%	8.2%	9.5%	9.9%	10.0%
Other	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Office for National Statistics 2007)

Survey Data

3.23   It is possible to use household survey data to verify the continued relevance of the 2001 data above. The primary survey asked about both future moves and past moves, and therefore was able to estimate migration both into and out of West Surrey.

3.24   The table below looks at the current and previous locations of households who have moved home over the past two years. When we consider the HMA as a whole we see that over 59.7% of all households who moved in the past two years had previously lived in a property within the HMA. This indicates a higher degree of self-containment than the Census in terms of migration patterns.

Table 3.5 Location of previous home for households moving in last two years		
	No. of households	% of households
Guildford BC	7,104	22.9%
Waverley BC	5,316	17.1%
Woking BC	5,472	17.6%
Other neighbouring council area	3,140	10.1%
In Greater London	3,089	9.9%
Elsewhere in the South East	3,303	10.6%
Elsewhere in the UK/Abroad	3,628	11.7%
Total	31,051	100.0%

Source: West Surrey household survey data (2007)

3.25   In terms of future moves the table below shows a similar level of self-containment. Again, considering the HMA as a whole we see that over 57.6% of all households who needed or were likely to move in the next two years expected to move to a property within the HMA. This again indicates a higher degree of self-containment than the Census in terms of migration patterns.

Table 3.6 Expected destinations of households moving in next two years		
	No. of households	% of households
Guildford BC	6,615	24.0%
Waverley BC	5,414	19.7%
Woking BC	4,390	16.0%
Other neighbouring council area	2,727	9.9%
In Greater London	443	1.6%
Elsewhere in the South East	3,850	14.0%
Elsewhere in the UK/Abroad	4,081	14.8%
Total	27,522	100.0%

Source: West Surrey household survey data (2007)

3.26   Finally we can look at travel to work data from the household survey results. The table below shows the locations of employment of people who are currently working. The data is only for the survey respondent (if in employment) although the results for partners work locations do not differ to any notable degree.

3.27   The table suggests that more than half of people in employment who live in the HMA also work in the area (55.2% of all working people). This is a lower figure than shown when Census data is used (63.2%)

Table 3.7 Location of employment for survey respondents in work		
	No. of households	% of households
Work mainly from home	7,426	8.7%
Guildford BC	18,116	21.2%
Waverley BC	12,440	14.6%
Woking BC	9,179	10.7%
Other neighbouring council area	13,053	15.3%
In Greater London	14,618	17.1%
Elsewhere in the South East	9,300	10.9%
Elsewhere in the UK/Abroad	1,342	1.6%
Total	85,473	100.0%

Source: West Surrey household survey data (2007)

Housing Market Area: West Surrey

3.28   National guidance suggests that determining that the study area covers a whole Housing Market Area (HMA) is an important part of an SHMA, since to obtain the most useful and meaningful results it is necessary to analyse an entire market rather than only part.

3.29   Census data found that West Surrey was around 46% self-contained in terms of moves to property within the HMA. Survey data suggested a higher self-containment level based on moves that took place in the last two years (59.7%); this is similar to the figure based on expected future moves in the next two years (57.6%). In terms of commuting statistics, the 2001 Census found that West Surrey was around 65% self-contained in terms of the locations of employment. The more recent household survey data suggests a lower level of self-containment with regards to commuting (around 55%).

3.30   The range of data considered suggests different levels of self-containment in terms of migration and travel to work. It is however clear from all the information collected and analysed that a large proportion of the population both live/work and choose to move within the HMA and thus it seems reasonable for these three areas to be considered as an HMA. The data does suggest however that there are clearer relationships between Guildford and Woking, and Guildford and Waverley than between Waverley and Woking, which is unsurprising given that the two latter Boroughs do not share a border.

3.31   Travel to work data generally suggests higher levels of self-containment than the migration based data, although neither of these measures meet the 'typical' 70% self-containment threshold suggested by CLG. We would suggest however that the notion of local authorities with such close proximity to London attaining this level of self-containment is somewhat unrealistic, due to the effect of commuting (illustrated in table 3.4 which showed large numbers of people commuting to London). More recent research illustrates the 'London effect', e.g. Knight-Frank's 2007 South East residential development review provides an assessment of Guildford as a town which had witnessed high levels of growth in London commuter residents.

3.32   With this in mind, along with CLG's acceptance that it may be desirable for different thresholds of self-containment to be explored in some areas, we maintain that the three areas still form a reasonable basis for a Housing Market Area, despite having a lower than 70% self-containment threshold.

Summary

i)   Census data suggests that West Surrey has a relatively low level of self-containment with around 46% of population/household moves occurring within the three authorities. More recent data from the household survey however suggests that this is closer to 60%.

ii)   In terms of information on travel to work, the 2001 Census found that West Surrey was around 65% self-contained in terms of the locations of employment. The more recent household survey data suggests a level of self-containment of around 55%.

iii)   Although neither of these measures meet the 'typical' 70% self-containment threshold suggested by CLG, we would suggest that it is unrealistic to expect local authorities with such close proximity to London to attain this level of self-containment, due to the effect of commuting. Thus despite having a lower than 70% self-containment threshold, we maintain that the three areas still form a reasonable basis for a Housing Market Area.

SECTION B: THE CURRENT HOUSING MARKET

This Section of the report studies a range of background information relevant to the housing market in the West Surrey HMA. The information is used to put the situation in the HMA into a local, regional and national context. The Section contains five chapters:

Chapter 4 - The demographic context

Chapter 5 - The economic context

Chapter 6 - The current stock of housing

Chapter 7 - The current housing market

Chapter 8 – Overcrowding and under-occupation

4. The demographic context

Introduction

4.1   A key determinant of housing requirements and how these are likely to change in the future is the demographic profile of the population. The Office of National Statistics (ONS) provides annual projections of future demographic change with data broken down by age and gender. The latest projections are 2004 based and run to 2029.

4.2   For the purposes of analysis in this report we have looked at broad changes in the period 2006 to 2026 and compressed age groups together to make the analysis easier to understand. Full projection information is however available from ONS at www.statistics.gov.uk.

Step 3.1.1: Demography and Household Types

(Housing Needs and Market Assessment Survey - Chapter 4 'Key Survey Findings' contains information on these topics from the primary survey)

Population – historical change

4.3   Since 1981 the population of the HMA has grown significantly. Data from the NOMIS website (drawn from ONS mid-year population estimates) shows that the estimated population of the HMA was 318,900 in 1981; by 2006 this had reached 340,600 – an increase over the period of 6.8%. This level of population growth is slightly lower than was experienced nationally (8.4%), and significantly lower than for the South East England region (13.7%).

4.4   Looking at the individual Boroughs in the HMA the data shows the most significant population rise to be in Woking (at 10.6%). The smallest population increase was found to be in Waverley (at 4.3%). The table and figures below summarise the population change from 1981 to 2006.

Table 4.1 Population change in the HMA (1981 – 2006)				
Area	Population (1981)	Population (2006)	Absolute change	% change
Guildford	124,900	133,100	8,200	6.6%
Waverley	112,000	116,800	4,800	4.3%
Woking	82,000	90,700	8,700	10.6%
West Surrey HMA	318,900	340,600	21,700	6.8%
South East England	7,243,100	8,237,800	994,700	13.7%
England	46,820,800	50,762,900	3,942,100	8.4%

Source: ONS mid-year population estimates (from Nomis website 2007)

Figure 4.1 Population change in the HMA (1981 – 2006)
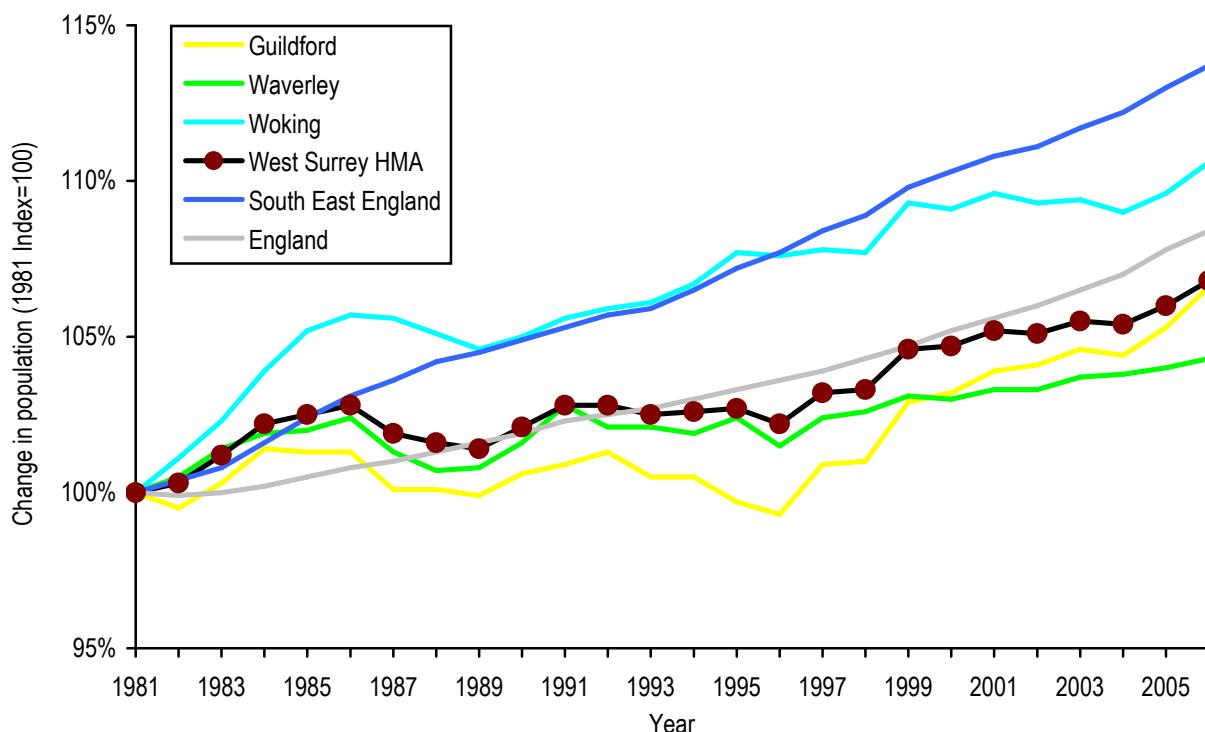
Source: ONS mid-year population estimates (from Nomis website 2007)

Population – projected change

4.5   In 2006 the population of the HMA was projected to be 339,400, and is projected to increase to 364,600 by 2026 (a rise of 25,200 people or 7.4%). This percentage rise is lower than predictions for both the South East region and England as a whole (10.7% and 10.1% respectively).

4.6   Of the individual parts of the HMA the data shows the highest projected population rise to be in Woking (at 9.3% over 20 years) with the lowest being in Waverley (at 6.0%). It should be noted that these figures are based on nationally produced projections (from ONS) and are largely based on past trends.

Table 4.2 Projected population change in the HMA (2006 – 2026)				
Area	Population (2006)	Population (2026)	Absolute change	% change
Guildford	132,400	142,200	9,800	7.4%
Waverley	116,700	123,700	7,000	6.0%
Woking	90,300	98,700	8,400	9.3%
West Surrey HMA	339,400	364,600	25,200	7.4%
South East England	8,228,200	9,111,400	883,200	10.7%
England	50,714,200	55,823,400	5,109,200	10.1%

Source: ONS revised 2004-based sub-national population projections

Figure 4.2 Projected population change in the HMA (2006 – 2026)
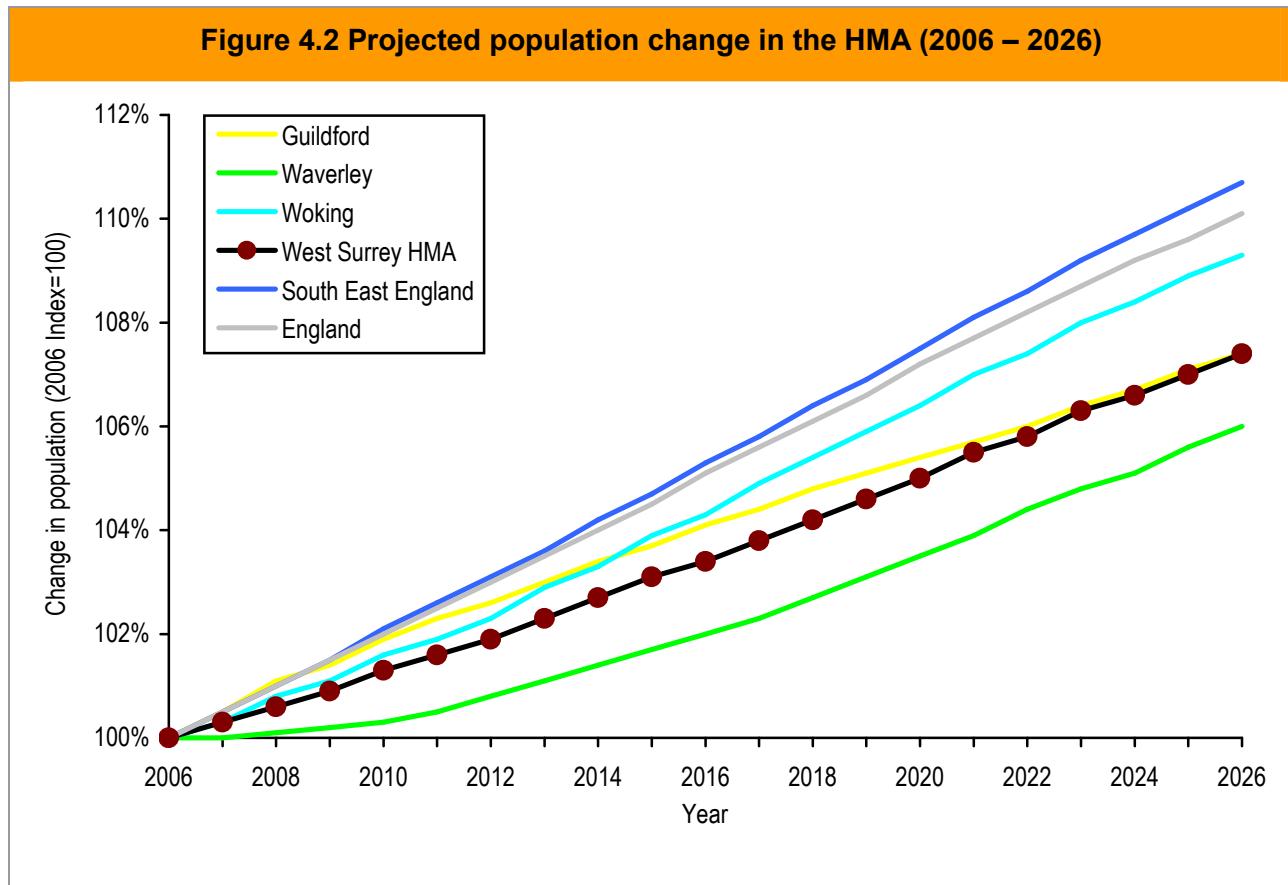
Source: ONS revised 2004-based sub-national population projections

Population – age profile

4.7   The ONS projection data also provides information about the age structure of the population. The figures below show the populations of the HMA compared firstly with the regional and national position and then in comparison with the individual areas making up the HMA. The data has been presented for six broad (15-year) age bands.

4.8   The figure below shows that overall in the HMA the population profile is very similar to both the regional or national position.

Figure 4.3 Mid-2006 population projection: percentage in age band
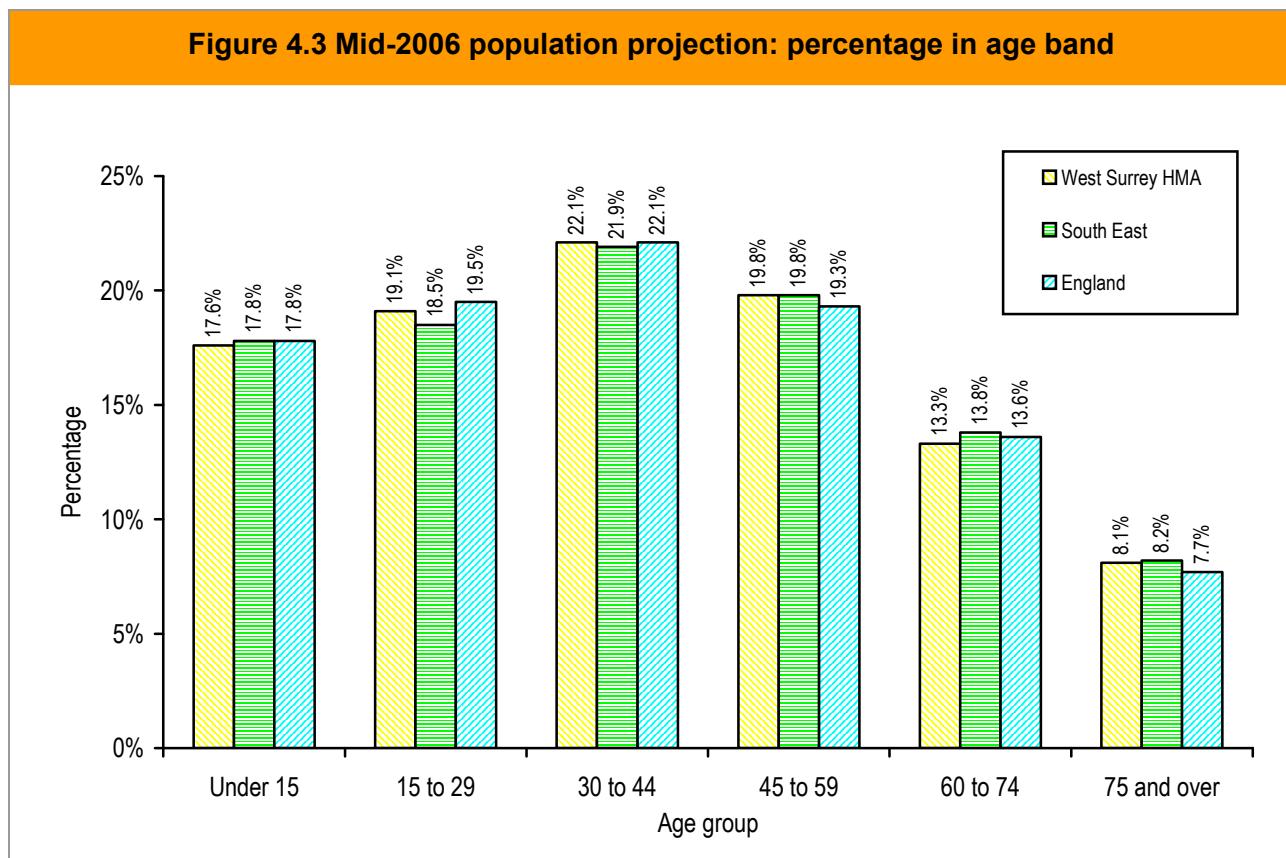
Source: ONS revised 2004-based sub-national population projections

4.9   When we look at this information at a more local level we see that there are more visible differences between different parts of the HMA. The most notable differences are the greater proportion of 15-29 year olds in Guildford and 30-49 year olds in Woking in relation to the other areas. Waverley has a larger proportion of person aged 60 and over than found in the HMA as a whole.

Figure 4.4 Mid-2006 estimates of population: percentage in age band
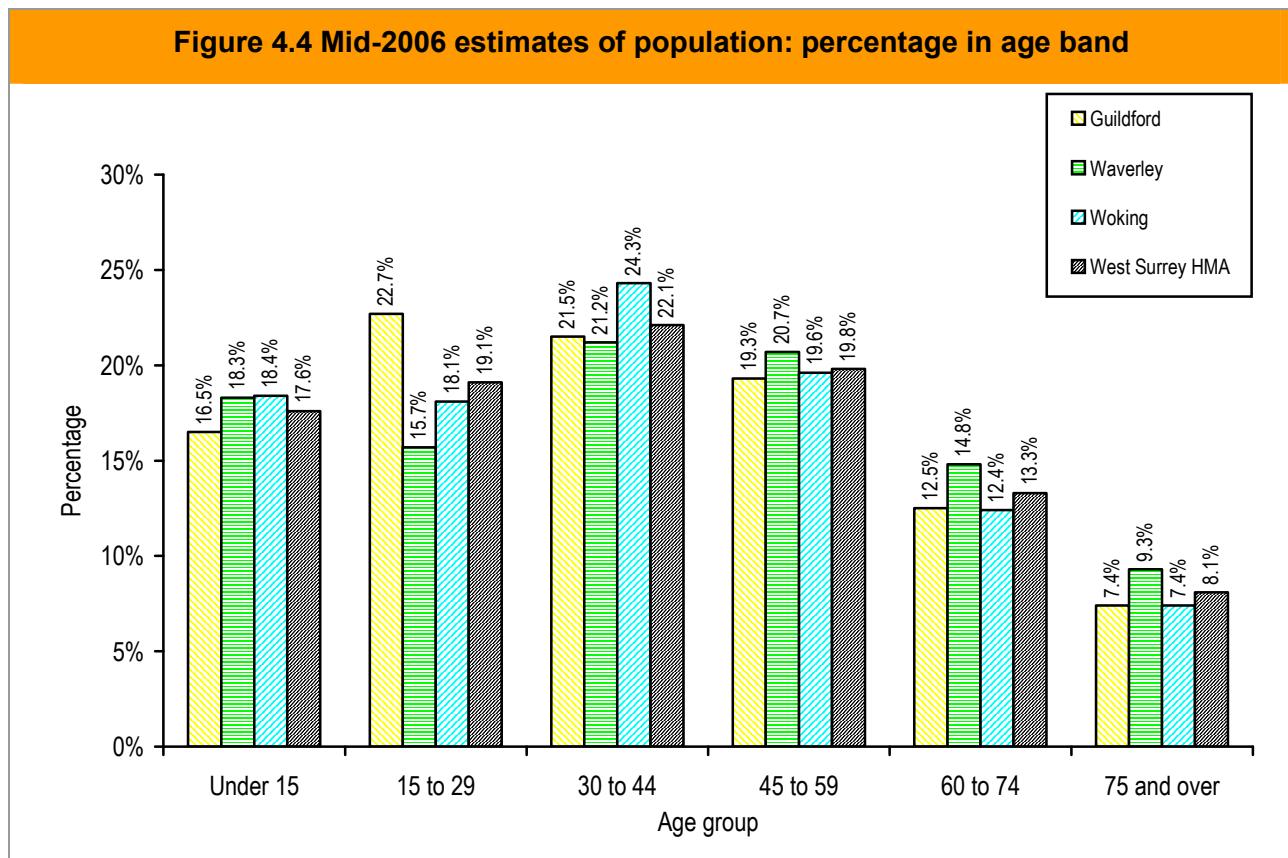
Source: ONS revised 2004-based sub-national population projections

Population – changing age profile

4.10   Having studied the broad profile of the population in the HMA it is of interest to look at how this is expected to change in the future. The table and figure below shows the percentage change in the population in each age band (five year age bands) from 2006 to 2026 (for various different areas). The results of this are striking, although consistent with forecast national trends. The data shows that over the next twenty years across the whole HMA there is expected to be a decline in the number of people aged 40-49 and a significant increase in those aged 60 and over.

4.11   These results are mirrored for all areas studied with an increase in the number of people aged 85 and over of almost 60% across the HMA, although Guildford is expected to experience the lowest increase of the three areas (around 45%).The comparative data for regions and England as a whole shows that this 'ageing' process is also a regional and national phenomenon.

			Area		
Table 4.3 Percentage change by age band in the HMA (2006 – 2026)					
Age band	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
0-4	8.5%	1.5%	10.5%	6.6%	5.6%	4.6%
5-9	6.9%	2.9%	9.1%	6.1%	4.3%	5.0%
10-14	-1.3%	1.3%	-1.9%	-0.5%	-3.0%	-3.3%
15-19	-2.1%	-8.2%	-7.7%	-5.6%	-6.2%	-8.4%
20-24	6.3%	2.4%	0.0%	4.0%	2.3%	-1.8%
25-29	11.6%	-8.9%	4.7%	4.2%	7.4%	6.6%
30-34	11.4%	3.0%	13.2%	9.4%	9.5%	9.7%
35-39	3.2%	-1.2%	5.3%	2.3%	0.2%	0.6%
40-44	-10.8%	-8.5%	-6.6%	-8.8%	-9.2%	-6.7%
45-49	-5.5%	0.0%	0.0%	-2.1%	-3.1%	-3.2%
50-54	6.3%	6.7%	7.1%	6.6%	9.9%	9.3%
55-59	2.4%	-1.2%	5.3%	1.8%	10.8%	12.7%
60-64	23.9%	11.4%	27.3%	19.9%	31.7%	32.7%
65-69	26.9%	18.5%	28.6%	24.1%	38.1%	35.3%
70-74	14.9%	12.2%	18.2%	14.7%	31.8%	30.8%
75-79	29.3%	45.0%	44.4%	38.9%	53.4%	51.0%
80-84	30.0%	38.2%	33.3%	34.1%	46.4%	43.4%
85+	44.4%	68.6%	63.2%	59.3%	66.3%	69.5%
All ages	7.4%	6.0%	9.3%	7.4%	10.7%	10.1%

Source: ONS revised 2004-based sub-national population projections

Figure 4.5 Forecast population change by age band in the HMA, 2006 - 2026
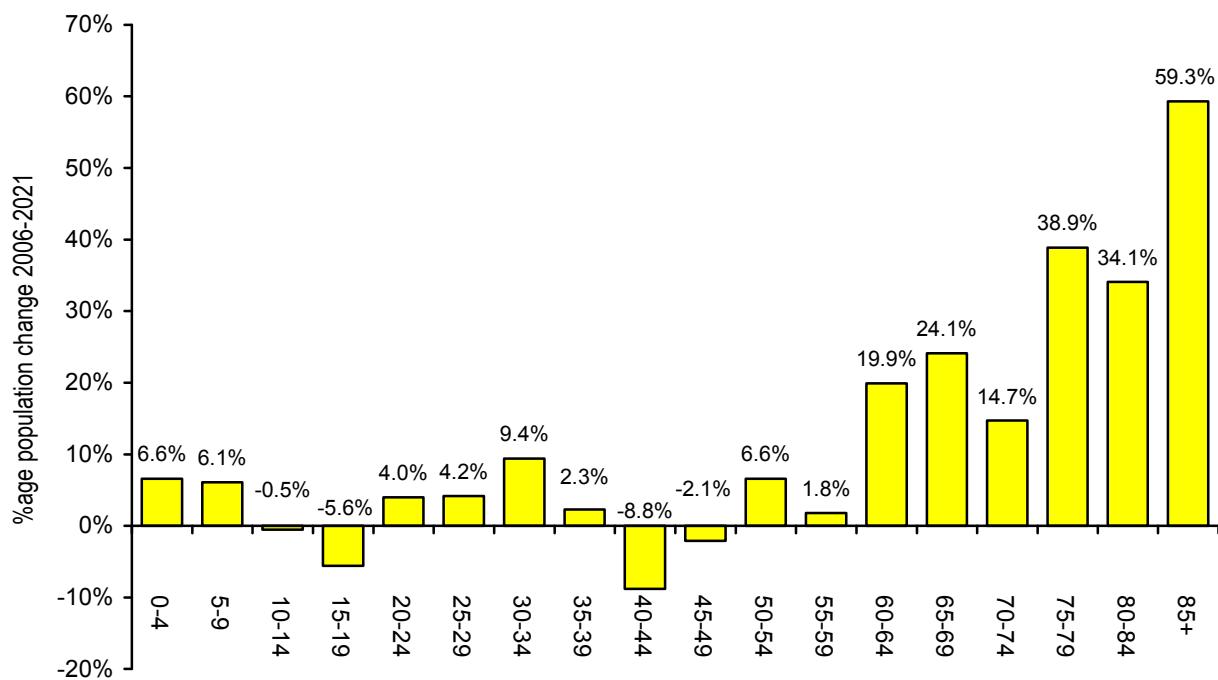
Source: ONS revised 2004-based sub-national population projections

4.12   Overall, from 2006 to 2026 the population projection data suggests that the number of people aged 60 or over will increase from 72,500 to 93,300 across the HMA (up 29%). This may have a significant impact on local housing requirements as these households may be more likely to require some form of specialist accommodation (particularly the 85+ age group which shows an increase of 60%).

4.13   The drop in population in the 40-49 age group may also be of some concern for the housing market. These people are more likely to be economically active and due to their age may be the more affluent section of the population.

Step 4.1: Projecting changes in the future numbers of households

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Households

4.14   The overall population in the HMA is expected to increase in the future (by around 1,250 persons per annum). This finding cannot however be directly translated into the change in the number of households in the area. Household sizes in England have been declining for many years and are predicted to continue to do so in the future. It is therefore important to also consider the likely change in the number of households in the area.

4.15   The most recent household projections are those published by DCLG (now CLG) in 2006. These take a mid-2004 base and project forward to 2026. The projections are based on updated projections of household formation taking account of the 2001 Census and on the Office for National Statistics' sub-national population projections and the Government Actuary Department's national population projections (2004 based). The household projections are trend based and indicate what would happen if past demographic changes continue. Full details of these projections can be found at www.communities.gov.uk.

4.16   The table below shows the projected increase in households in the West Surrey HMA and associated areas from 2006 to 2026. The data shows that the number of households in the HMA is projected to increase by around 24,000 over the next 20 years (17%). This growth rate represents an average of around 1,200 per year. This growth rate is slightly lower than the growth rate shown for the region or indeed England as a whole. When looking at individual areas within the HMA we see that the largest projected growth is in Woking (21% increase over 20 years) with the lowest increase projected for Waverley (15%).

Table 4.4 Household projections					
Date	Households (thousands)				
	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
2006	54	48	38	140	3,435	21,519
2011	56	50	40	146	3,601	22,646
2016	59	51	42	152	3,783	23,837
2021	61	54	44	159	3,963	24,973
2026	63	55	46	164	4,125	25,975
Change 2006-26	9	7	8	24	690	4,456
% change 2006-26	16.7%	14.6%	21.1%	17.1%	20.1%	20.7%

Source: Community and Local Government (CLG) household projections (2004 based)

Household size

4.17   By combining the population and household projection data we are able to consider how average household sizes in the HMA are likely to change. The table below shows this calculation up to 2026. It should be noted that the figures should be treated with some degree of caution as the two datasets used have come from different sources.

Table 4.5 Change in average household size in the HMA 2006-2026						
Area	Population (2006)	Households (2006)	Average household size (2006)	Population (2026)	Households (2026)	Average household size (2026)
Guildford	132,400	54,000	2.45	142,200	63,000	2.26
Waverley	116,700	48,000	2.43	123,700	55,000	2.25
Woking	90,300	38,000	2.38	98,700	46,000	2.15
West Surrey HMA	339,400	140,000	2.42	364,600	164,000	2.22
South East England	8,228,200	3,435,000	2.40	9,111,400	4,125,000	2.21
England	50,714,200	21,519,000	2.36	55,823,400	25,975,000	2.15

Source: ONS revised 2004-based sub-national population projections & CLG 2004-based household projections

4.18   As can be seen from the data above the average household size in the HMA is expected to drop significantly from 2.42 persons per household to 2.22. This is likely to have an impact on the types and sizes of accommodation required by local households. All of the areas studied above show a similar pattern in terms of decreasing household sizes.

4.19   The figure below shows the projected change in household size in the HMA for five year bands. The figure shows that the decrease in household size is expected to be fairly consistent over the period studied.
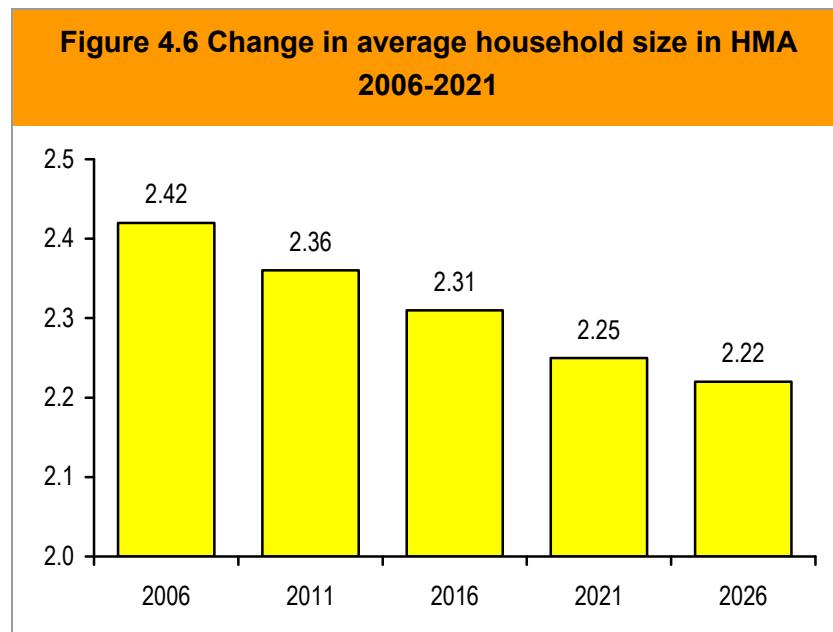
Figure 4.6 Change in average household size in HMA 2006-2021

Source: ONS revised 2004-based sub-national population projections & CLG 2004-based household projections

Summary

i)   The population of the HMA is expected to increase by more than 7% over the next 20 years. This is based on 2004 projections, the latest available at the time of writing this report.

ii)   The profile of the population is also expected to change substantially, in keeping with national trends, with a large increase in those aged 60 and over and a decrease in the population aged 40 to 49.

iii)   Along with the population growth the number of households in the HMA is expected to increase by around 24,000 in the period 2006 to 2026 (around 1,200 per annum)

iv)   The knock-on effect of these changes is the prediction that average household sizes will drop - from 2.42 persons per household in 2006 to around 2.22 in 2026

5. The economic context

Introduction

5.1   Economic changes are a key driver underpinning housing markets and can have an important influence on supply and demand including household formation rates and households' investment in housing. In this section we study the economic and labour force profile of the HMA (in contrast with the regional and national situation where possible). The data is drawn from a range of secondary sources most notably the NOMIS website maintained by ONS (www.Nomisweb.co.uk).

Step 3.1.3: Employment Levels and Structure

Labour Demand

5.2   This section considers employee jobs available within the HMA and comparative areas.

5.3   Measured by the most recent Annual Business Inquiry (ABI) there were 167,300 employee jobs in the HMA in 2006. Overall growth in employment in the HMA has been significantly above that seen in the South East region or indeed England as a whole. This information is shown in the table and figure below.

5.4   Looking at individual areas within the HMA it can be seen that the highest growth in employee jobs has been in Guildford with the smallest growth being in Waverley. However, the figure below illustrates that there was some considerable fluctuation within the three areas between 1996-2006, particularly in Guildford and Waverley where the (overall) increase does not appear to have been steady.

Table 5.1 Employment change 1996-2006				
Area	Employment 1996	Employment 2006	Absolute change	% change
Guildford	57,363	72,500	15,137	26.4%
Waverley	43,308	48,100	4,792	11.1%
Woking	39,637	46,700	7,063	17.8%
West Surrey HMA	140,308	167,300	26,992	19.2%
South East England	3,213,283	3,668,700	455,417	14.2%
England	20,015,607	22,766,600	2,750,993	13.7%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2007)

Figure 5.1 Indexed employment growth in the HMA (1996 – 2006)

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2007)
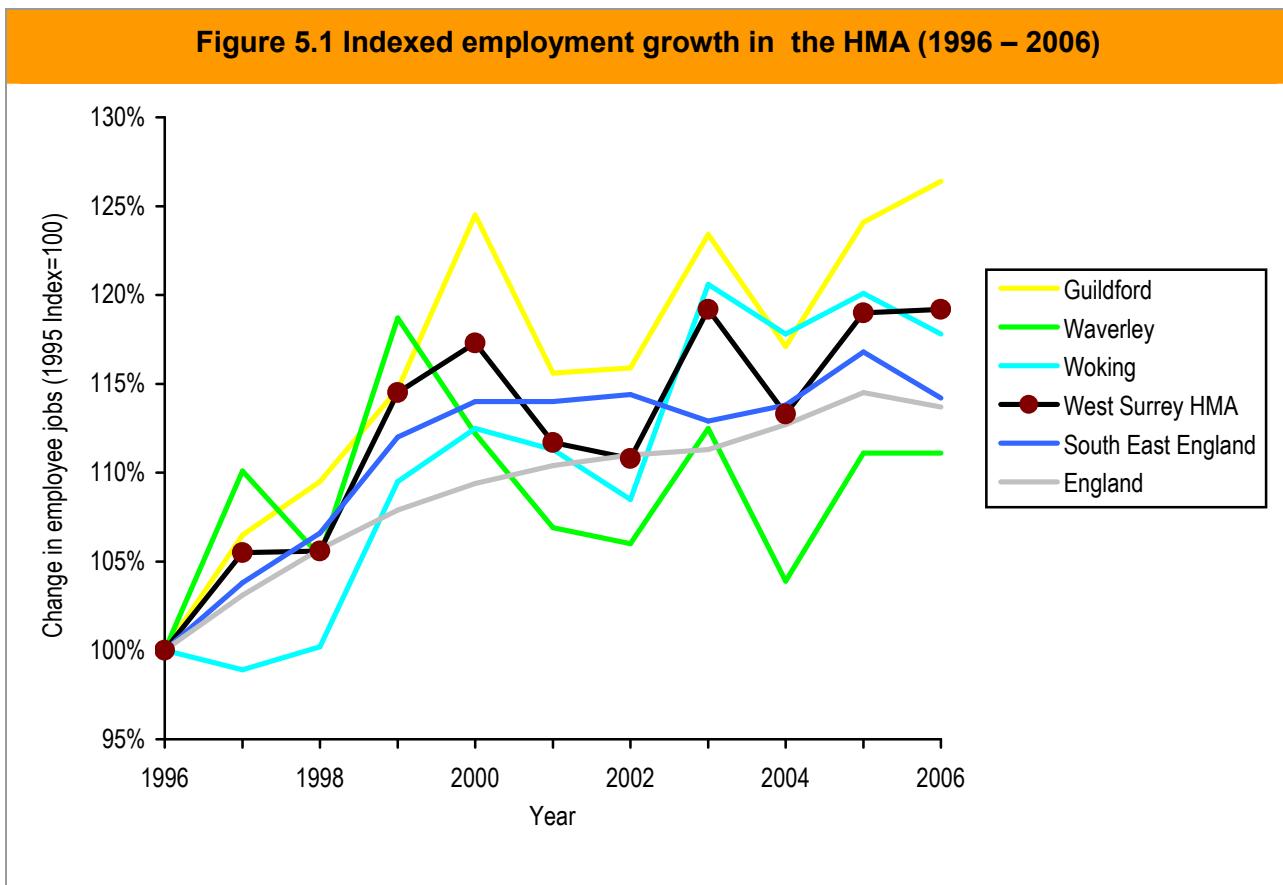
5.5   Another measure in terms of the number of jobs is 'job density'. This is a measure of the number of jobs per person of working age. NOMIS data (for 2005) shows that there are 0.94 jobs per working age person in the HMA. This is a fairly high ratio and compares with 0.88 for the South East region and 0.84 for England.

5.6   The job density for Guildford is particularly high (at 1.00) and underlines the importance of this area in providing employment for people living outside the boundary.

Table 5.2 Job density (2005)

Area	Job density (number of jobs per working age person)
Guildford	1.00
Waverley	0.86
Woking	0.96
West Surrey HMA	0.94
South East England	0.88
England	0.84

Source: ONS jobs density (from Nomis website 2007)

5.7 The table below shows a breakdown of the types of employment in the HMA and the constituent areas. The table shows that the most important sectors within the HMA economy are finance, IT and other business activities (28.5%), public administration, education & health (24.9%) and distribution, hotels & restaurants (23.6%).

5.8 The HMA shows a higher proportion of employment in finance, IT and other business activities when compared regionally and nationally, and a slightly lower proportion of jobs in manufacturing than nationally.

5.9 When we look at this information for the different parts of the HMA we find that the highest proportion of employee jobs in Woking are in finance, IT and other business activities (37.4%); this sector also accounts for the largest proportion of employee jobs within Waverley (27.5%). In Guildford, the highest proportions of employee jobs are in public administration, education and health: the university, technical college and hospital are significant employers in Guildford, as are a number of public sector regional offices including Government Office for the South East (GOSE), the South East England Development Agency (SEEDA) and the South East England Regional Assembly (SEERA).

5.10 Guildford has the highest proportion of employee jobs in manufacturing when compared to the other two areas (almost 10%); Woking has the highest proportion of employee jobs in transport and communication when compared to the other two areas (almost 9%).

Table 5.3 Employee jobs by industry (2006)						
Employment category	Guildford	Waverley	Woking	West Surrey HMA	South East	England
Manufacturing	9.8%	5.9%	5.8%	7.5%	8.8%	10.9%
Construction	3.2%	4.3%	4.9%	4.0%	4.5%	4.6%
Distribution, hotels & restaurants	25.0%	26.4%	18.4%	23.6%	24.6%	23.7%
Transport & communications	2.8%	2.8%	8.7%	4.5%	6.0%	6.1%
Finance, IT, other business activities	23.4%	27.5%	37.4%	28.5%	24.1%	21.9%
Public administration, education & health	29.6%	25.1%	17.5%	24.9%	25.4%	26.3%
Other services	5.6%	6.2%	6.5%	6.0%	5.2%	5.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tourism-related	7.8%	7.9%	7.9%	7.9%	7.9%	8.2%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2007)

5.11   Within each of the categories shown in the above table (with the exception of manufacturing and construction) data can separately be provided for those working in the tourism industry. The row at the bottom of the table above shows the proportion of all employees who work in the tourism industry for the various areas being studied. The data shows that there is little variation in the proportion of employees working in tourism between the three areas at just below 8%, a similar proportion to that found regionally and nationally. Guildford particularly is an important retail centre, appearing in the top 25 of more than 400 retail centres in the UK in Experian's 2004 Retail Ranking.

5.12   The contribution made to the economy through agriculture in the areas of Guildford and Waverley was also noted by stakeholders. Although the 2001 census suggests that a similar proportion of residents are employed in this sector as regionally and nationally, around 1,000 residents in each of Guildford and Waverley were found to work in this sector (workplace-based figures are not available). Additionally, the Surrey County Show, the biggest one day agricultural show in the country, is held annually in Guildford.

Number of businesses

5.13   Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.

5.14   The table below shows the number of VAT registered businesses at the end of 1996 and 2006. The data shows that the number of VAT registered businesses at the end of 2006 in the HMA was 16,080; this is an increase of 2,995 over the ten years since 1996 (22.9%). The increase in businesses is slightly lower than the regional equivalent, although higher than the national average.

5.15   The data also shows that the number of businesses has risen most sharply in Waverley (up 26.8%) with the lowest increase being seen in Woking (up 19.3%).

| Table 5.4 Change in VAT registered businesses 1996-2006				
Area	VAT registered businesses 1996	VAT registered businesses 2006	Absolute change	% change
Guildford	4,930	5,975	1,045	21.2%
Waverley	5,045	6,395	1,350	26.8%
Woking	3,110	3,710	600	19.3%
West Surrey HMA	13,085	16,080	2,995	22.9%
South East England	248,145	306,920	58,775	23.7%
England	1,379,260	1,670,500	291,240	21.1%

Source: DTI Small Business Service (from Nomis website 2007)

5.16   The Surrey Research Park in Guildford, owned by the University of Surrey, houses over 110 companies engaged in a range of research, development and design activities. In 2006, businesses located in the Park together employed 2,750 people on site, including an estimated 54% recruited from within Surrey. The Research Park's own literature suggests that their contribution to the local economy can be viewed not only through direct employment but also through indirect employment (through purchasing goods and services as a consequence of Park businesses activity) and induced employment (resulting from consumption by those directly and indirectly employed). Inward investment, a raising of the region's profile as a centre of excellence and reducing imports through local provision of goods and services are also deemed useful indicators of the Park's economic contribution.

Gross Value Added (GVA)

5.17   Gross Value Added (GVA) is a measure of economic strength and demonstrates the contribution to the economy per head in different areas within the UK. The lowest level the analysis goes down to is 'local area' level (counties or groups of unitary authorities); hence data for the individual Boroughs within West Surrey is not available. The graph below shows the position of Surrey and surrounding local areas within the South East region in terms of indexed GVA per head, on a workplace (rather than residence) basis. Surrey has the second highest GVA of the local areas shown, almost 30% higher than the England average and notably higher than the regional figure, illustrating the economic strength of the area.

Figure 5.2 Gross Value Added per head indices (2005[2]): Surrey and surrounding areas in the South East region
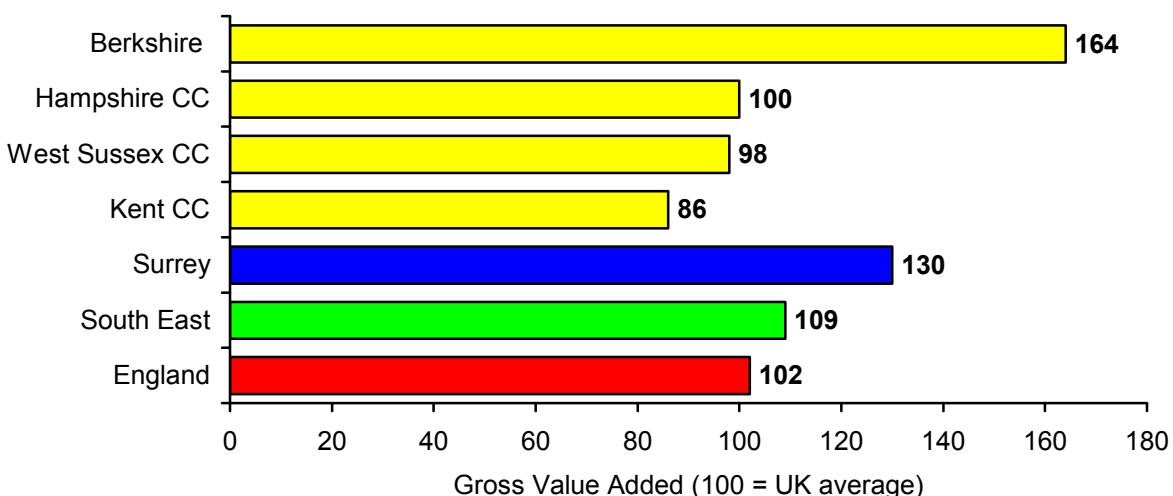
Source: National Statistics First Release – Regional, sub-regional and local gross value added (December 2007)

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[2] Figures are provisional

Labour Supply

5.18   Information in this section relates to the characteristics of people living in the HMA and comparative areas.

5.19   The tables below consider grades of employee (the first table setting out broad definitions). The HMA has a higher proportion of working age residents employed in major groups 1-3 (generally the most senior types of employment) when compared with either regional or national averages. However, the data shows that this varies to some extent across the HMA. In Waverley, 58.3% of residents are employed within groups 1-3, this compares with 51.5% in Guildford. At the other end of the scale (groups 8-9: the most elementary occupations) there appears to be less variation between the three areas.

Table 5.5 Description of grades of employment	
Grade of employment (Standard Occupation Classification (SOC))	Description
SOC 2000 major group 1-3	Managers and senior officials - Professional occupations - Associate professional and technical occupations
SOC 2000 major group 4-5	Administrative and secretarial occupations - Skilled trades occupations
SOC 2000 major group 6-7	Personal service occupations - Sales and customer service occupations
SOC 2000 major group 8-9	Process; plant and machine operatives - Elementary occupations

Source: ONS Annual Population Survey (from Nomis website 2007)

Table 5.6 Occupation structure (2006/07)					
Area	Employment category				
	Group 1-3	Group 4-5	Group 6-7	Group 8-9	Total
Guildford	51.5%	19.8%	17.1%	11.6%	100.0%
Waverley	58.3%	18.7%	10.4%	12.6%	100.0%
Woking	54.1%	20.3%	13.6%	11.9%	100.0%
West Surrey HMA	52.7%	22.9%	12.1%	11.5%	100.0%
South East England	46.9%	18.7%	10.4%	12.6%	100.0%
England	42.9%	22.9%	12.1%	11.5%	100.0%

Source: ONS Annual Population Survey (from Nomis website 2007)

Figure 5.3 Percent within SOC 2000 major groups 1-3
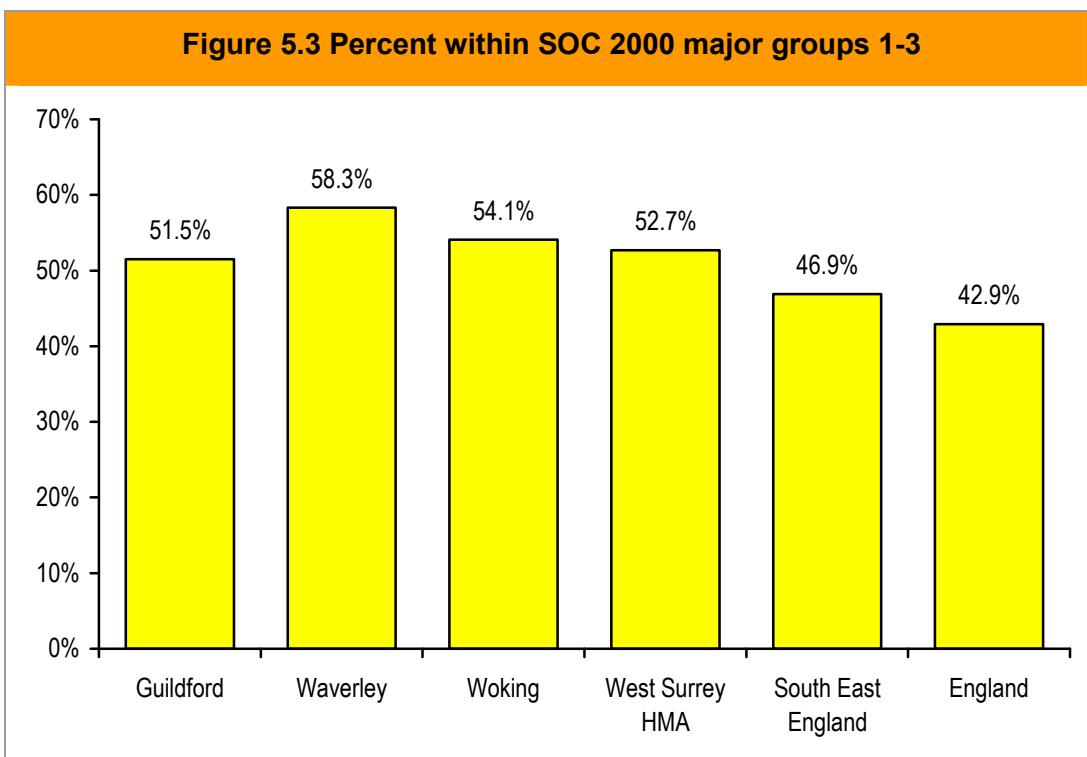
Source: ONS Annual Population Survey (from Nomis website 2007)

5.20   The map below shows people employed in positions falling into social grades 1-3 in HMA by ward. The map has been split into four broad categories illustrating the wards with the highest levels of people in SOC 1-3 ranging from the wards with the lowest levels in SOC 1-3. The data behind this map and the other ward maps which follow can be viewed in Appendix A2.

5.21   There are clearly clusters of wards with higher levels of people employed in social groups 1-3 with particular concentrations to the north of Woking Borough, west of Waverley Borough and around Guildford and Godalming towns. Wards on the Woking/Guildford border stand out as having the lowest proportion of people in groups 1-3 across the whole area, although there are pockets found elsewhere in the HMA.

Figure 5.4 People in SOC 2000 major groups 1-3 by ward
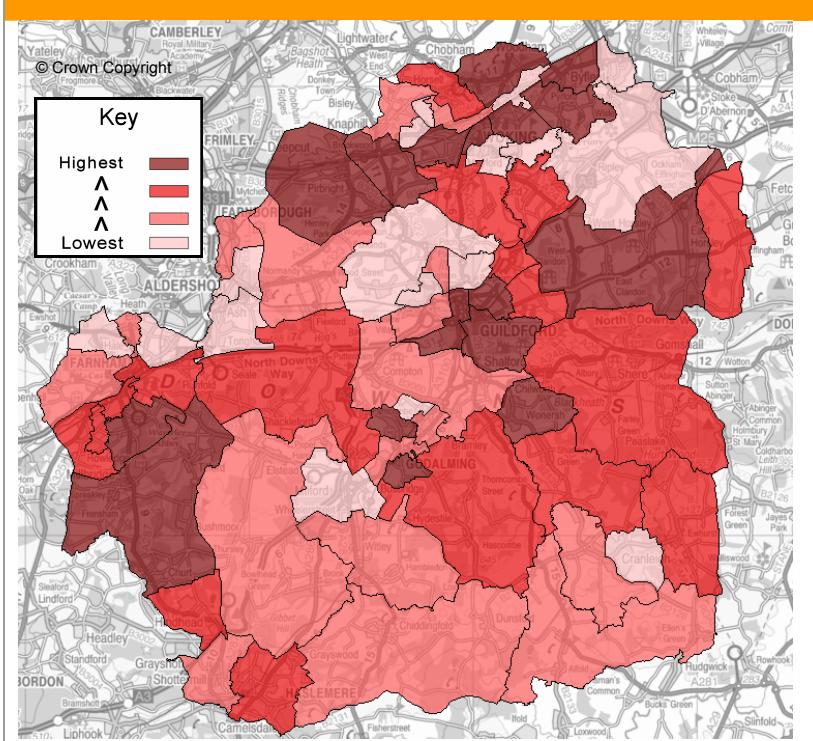
Source: 2001 Census data (from Office for National Statistics 2007)

Unemployment

5.22   The figure below shows that unemployment has been relatively stable since 2002 following a decrease in preceding years. The unemployment rate in 2007 stood at 3.5%, lower than both the national figure and the figure for the South East of England.

5.23   Within the HMA there are some variations in unemployment level. Unemployment in Waverley in 2007 stood at an estimated 3.3% (the lowest of the three areas) and indeed the figure for Waverley is relatively low throughout the period studied.

Table 5.7 Unemployment rates (1996-2007)

Year	Area					
	Guildford	Waverley	Woking	West Surrey HMA	South East	England
1996	3.3%	3.4%	3.7%	3.4%	5.5%	7.8%
1997	3.2%	3.0%	3.0%	3.1%	4.9%	6.7%
1998	2.7%	2.5%	2.4%	2.6%	4.2%	6.1%
1999	2.7%	2.2%	2.1%	2.4%	3.8%	5.9%
2000	2.4%	2.0%	2.1%	2.2%	3.3%	5.3%
2001	2.5%	2.1%	2.2%	2.3%	3.3%	5.0%
2002	3.6%	3.2%	3.3%	3.4%	4.0%	5.1%
2003	3.0%	2.7%	3.5%	3.0%	3.7%	4.9%
2004	3.2%	2.6%	3.0%	2.9%	3.7%	4.7%
2005	3.3%	2.7%	3.5%	3.2%	3.7%	4.9%
2006	3.5%	3.0%	2.9%	3.2%	4.3%	5.2%
2007	3.6%	3.3%	3.7%	3.5%	4.4%	5.3%

Source: ONS Annual Population Survey (from Nomis website 2007))

Figure 5.5 Unemployment rates 1996-2007
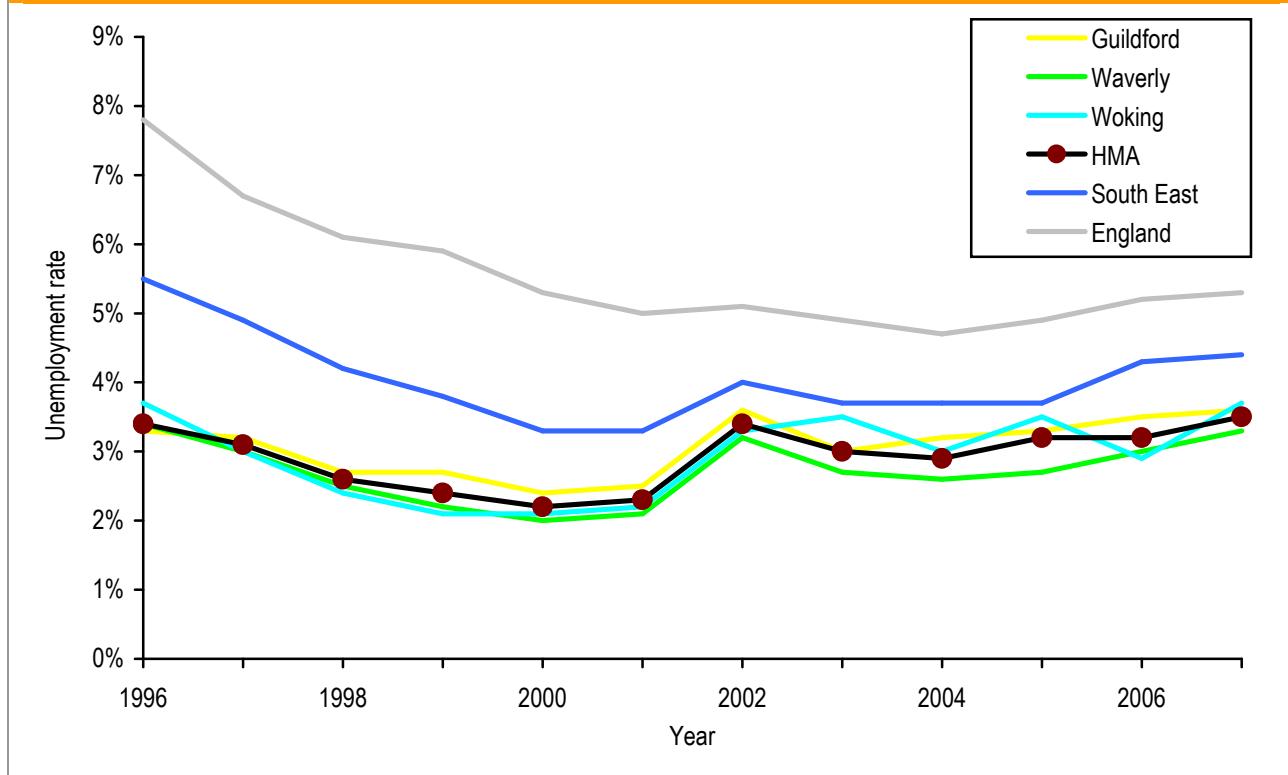
Source: ONS Annual Population Survey (from Nomis website 2007)

5.24   The map below shows unemployment in the West Surrey HMA by ward. The map has been split into four broad categories ranging from the wards with the highest levels of unemployment to the wards with the lowest levels of unemployment.

5.25   There are clearly clusters of wards with higher levels of unemployment and wards with the lowest levels of unemployment although trends are not completely clear cut. There appear to be clusters of higher unemployment in the wards to the west of Guildford town and the south east of Farnham.

Figure 5.6 Unemployment by ward
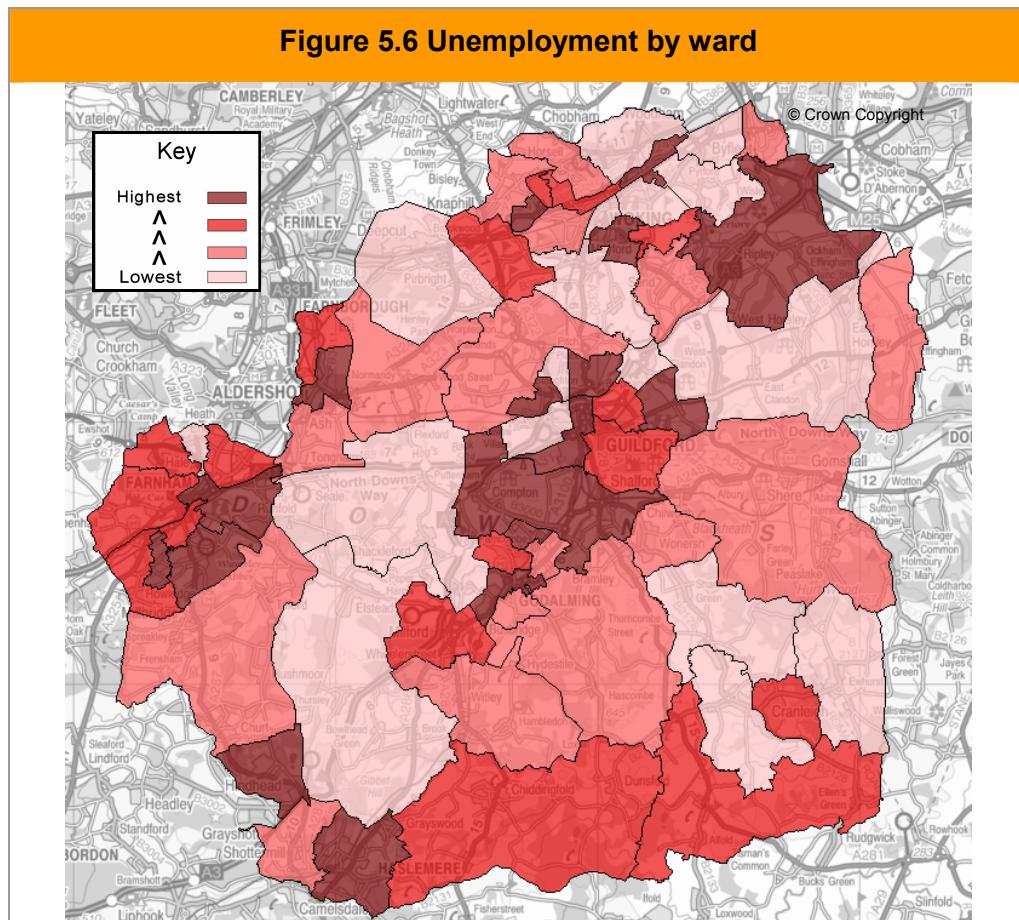
Source: 2001 Census data (from Office for National Statistics 2007)

Skills and educational attainment

5.26   An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the skills of the HMA's working age residents compared with other areas. HMA residents generally have a higher level of skills attainment than found regionally and nationally, with 39.1% qualified to NVQ4+ (degree level), compared to 30.5% regionally and 27.1% nationally. The proportion of the working age population who have no qualifications is slightly below the equivalent figures for both the region and for England as a whole.

5.27   There are notable differences between the HMA's three areas, with Waverley having a particularly high proportion qualified to Level 4+ (45.6%). Woking has the highest proportion with no qualifications.

Table 5.8 Description of highest qualification obtained	
Qualification level	Description
No qualifications	No academic, vocational or professional qualifications
Level 1	1+ 'O' levels/CSE/GCSE (any grade); NVQ level 1; Foundation GNVQ
Level 2	5+ 'O' levels; 5+ CSEs (grade 1); 5+ GCSEs (grade A-C); School Certificate; 1+ A levels/AS levels; NVQ level 2; Intermediate GNVQ or equivalents
Level 3	2+ 'A' levels; 4+ AS levels; Higher School Certificate, NVQ level 3; Advanced GNVQ or equivalents
Level 4	First degree; Higher Degree; NVQ levels 4-5; HNC; HND; Qualified Teacher Status; Qualified Medical Doctor; Qualified Dentist; Qualified Nurse: Midwife: Health Visitor or equivalents
Other	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications

Source: ONS Annual Population Survey (from Nomis website 2007)

Figure 5.7 Educational attainment (2006)
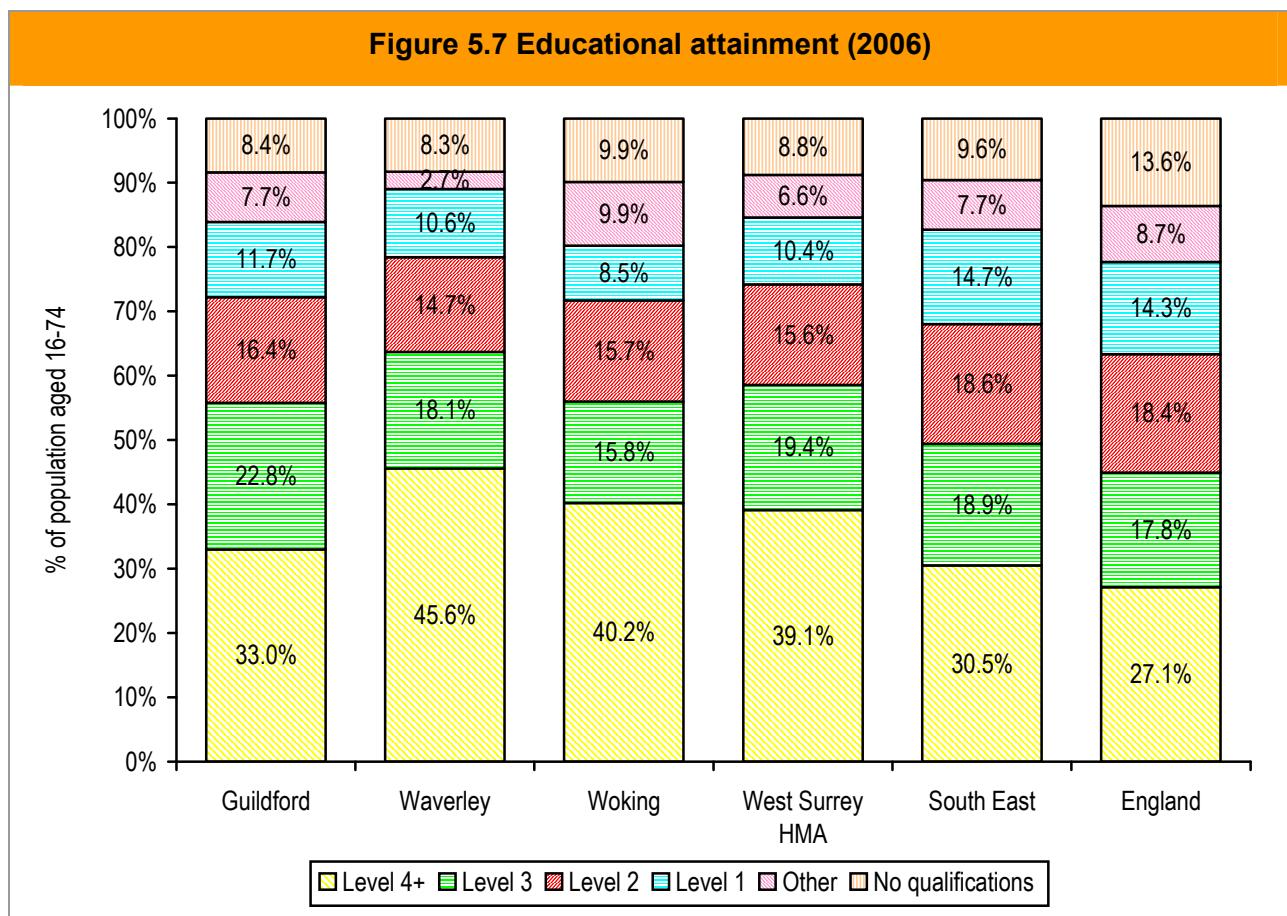
Source: ONS Annual Population Survey (from Nomis website 2007)

Pay levels

5.28   Income is a crucial determinant in whether or not households are able to access the private sector housing market (whether to buy or rent). The figure below provides information on annual gross pay in the HMA and other areas. The figure is shown on both a workplace and residence based approach: that is to say data is gathered on employment income from a residence based sample, and another on a sample of employment locations. Clearly the results can differ: in an area of high out-commuting to well-paid jobs there may be a much higher residence based income as compared with the (local) employment based on workplaces.

5.29   The figure below suggests that residence based incomes in the HMA are, in general, higher than those found both regionally and nationally, with Waverley residents displaying the highest average incomes (£38,949). The workplace based income levels in the HMA are also in general higher than regional and national averages; the exception to this is Waverley, which shows a workplace based income slightly lower than the national average. People working in Woking had the highest average incomes of those working in the three areas (£31,543).

5.30   Across the HMA, average incomes based on workplace are lower than those based on place of residence (the exception to this is Woking, which shows similar resident and workplace based incomes). The implications of this are that people living in the HMA tend to commute to higher paid jobs whilst the types of employment available within the HMA itself are less well-paid: this is apparent in Waverley where workplace and residence based incomes are particularly polarised.

Figure 5.8 Average gross earnings: residence and workplace based (2006)

Source: Annual Survey of Hours and Earnings 2006
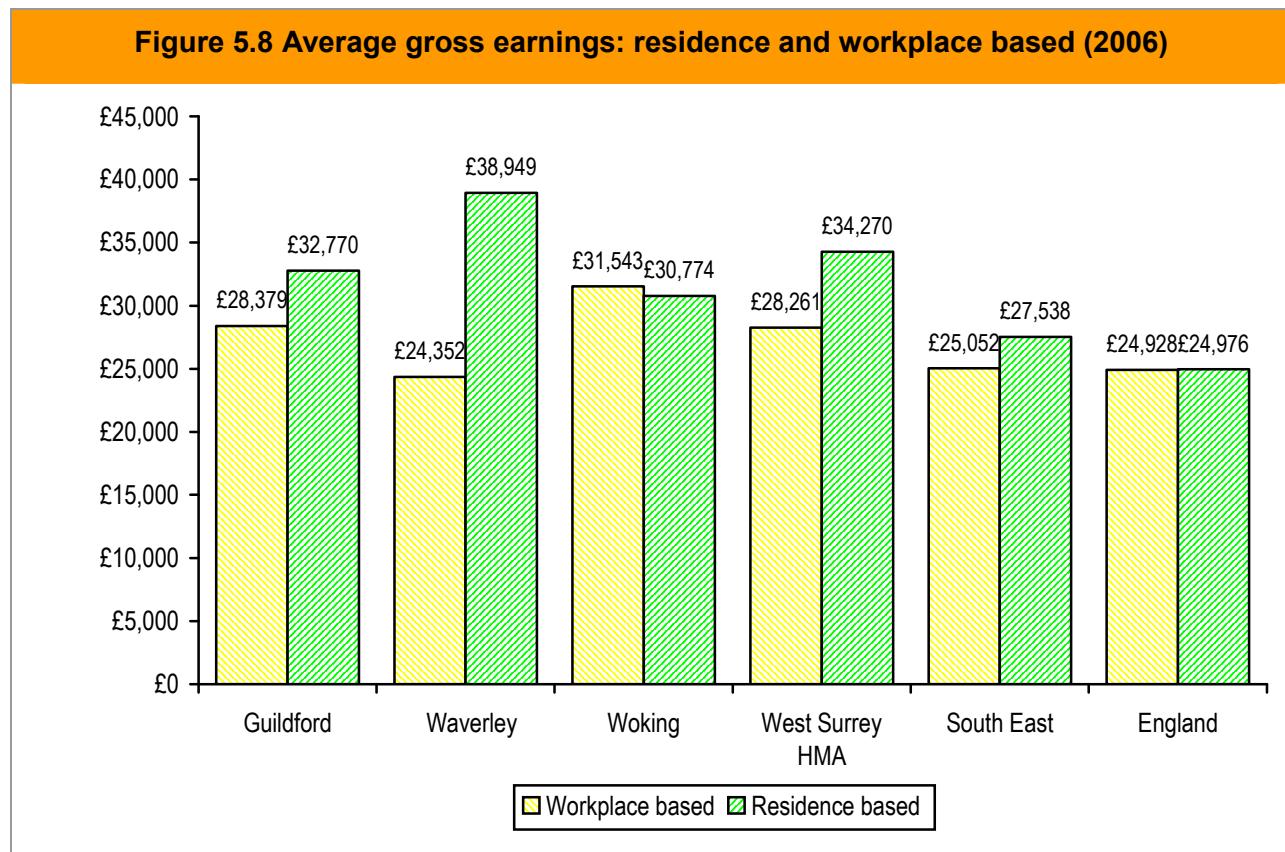
Migrant Workers

5.31 There is some data available to offer an insight into the trends of migrant workers in West Surrey. The National Insurance Recording System records the number of National Insurance Number registrations by non-UK nationals. This does not offer an indication of the current number of migrant workers in the area as it only records new migrant workers registering for a National Insurance Number, nor does it paint an accurate picture of the trends of non-UK nationals arriving in the area as it can often take several years for arrivals to register for a National Insurance Number.

5.32 The figures suggest that during 2006/07 3,740 non-UK nationals registered for national insurance numbers in West Surrey; 1,780 in Guildford, 690 in Waverley and 1,270 in Woking. Those registered originated from a range of different countries, the largest proportion were from Poland (22%), followed by South Africa (7%).

5.33 The perceived increase in the number of migrant workers was raised at both stakeholder events, with Guildford Citizens Advice Bureau reporting that on some days 30% of their clients were migrant workers. Migrant workers were thought to reside largely in private rented accommodation.

Summary

i) The HMA has seen 19.2% employment growth over the last decade or so – a figure which is above national and regional averages. There has also been a notable growth in VAT registered businesses in the HMA over the same period (22.9%) – slightly lower than the regional equivalent, although higher than the national average.

ii) The most important sectors within the HMA economy are finance, IT and other business activities (28.5%), public administration, education & health (24.9%) and distribution, hotels & restaurants (23.6% of employee jobs).

iii) The HMA has a higher proportion of working age residents employed in major groups 1-3 (generally the most senior types of employment) when compared with either regional or national averages.

iv) Unemployment levels are generally low (particularly when compared with the average for England) and have remained relatively stable in recent years at around 3%.

v) HMA residents generally have a higher level of skills attainment than found regionally and nationally, with 39.1% qualified to NVQ4+ (degree level), compared to 30.5% regionally and 27.1% nationally.

vi) Residence-based average incomes tended to be higher than regional and national averages (an average of £34,270 across the HMA as a whole), and, with the exception of Woking, average incomes based on workplace were lower than those based on place of residence.

6. The current stock of housing

Introduction

6.1   Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the HMA. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with figures for South East of England region and national figures.

> **Step 3.2.1: Dwelling Profile**

(Housing Needs and Market Assessment Survey - Chapter 4 'Key Survey Findings' contains information on these topics from the primary survey)

Total number of dwellings

6.2   The 2006 HSSA records 143,696 dwellings in the HMA. The growth in the housing stock between 1996 and 2006 is shown in the figure below. The HMA has experienced a growth of 5.6% or 7,602 dwellings over the ten year period (around 760 per annum).

Figure 6.1 Percentage change in Housing Stock 1996-2006 (1996=100)

Source: HSSA and HIP data (1996-2006)
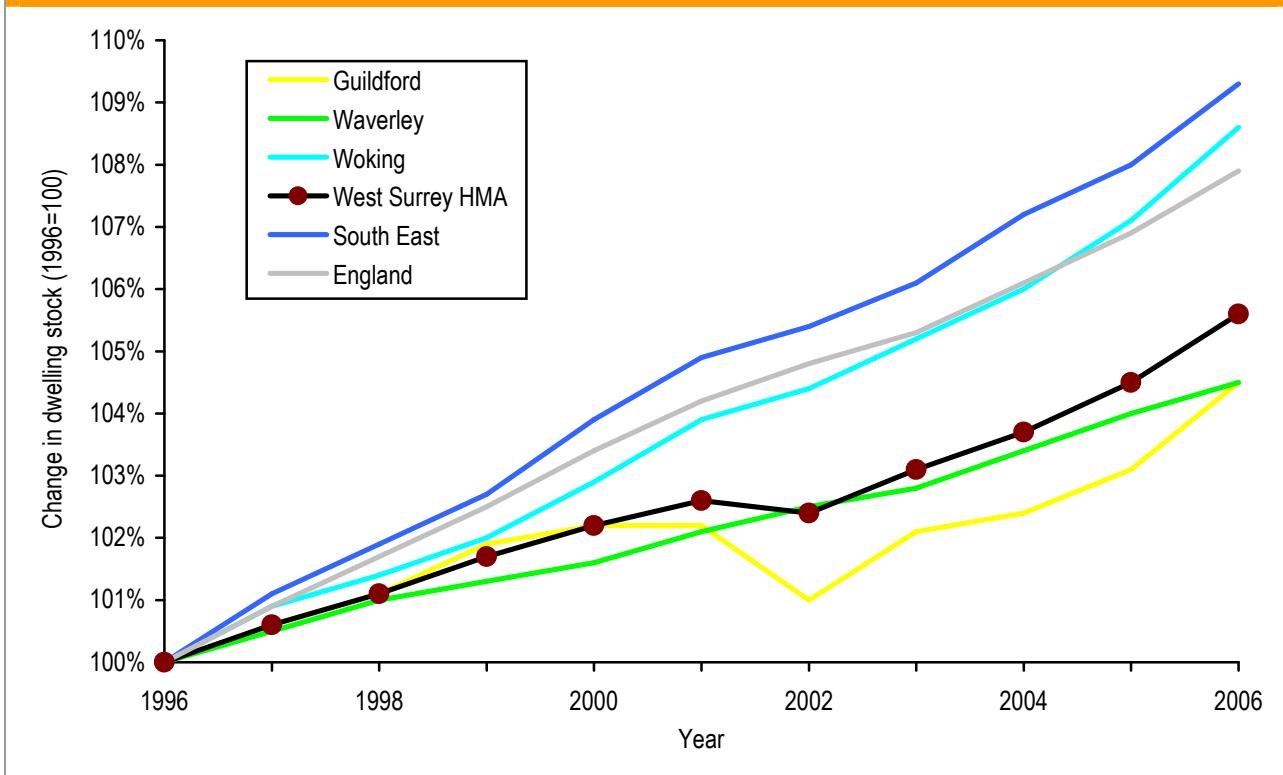
6.3   There are differences in the growth of housing stock in the different areas of the HMA with Woking reporting an 8.6% increase in dwellings over ten years; almost double the level of growth recorded in Guildford and Waverley (4.5%).

Table 6.1 Change in Housing Stock 1996-2006					
Area	1996	2006	1996-2006 change	Annual change	Total % change
Guildford	52,485	54,834	2,349	235	4.5%
Waverley	47,615	49,779	2,164	216	4.5%
Woking	35,994	39,083	3,089	309	8.6%
West Surrey HMA	136,094	143,696	7,602	760	5.6%
South East England	3,240,766	3,541,679	300,913	30,091	9.3%
England	20,493,039	22,102,349	1,609,310	160,931	7.9%

Source: HSSA and HIP data (1996-2006)

Type of stock

6.4　The figure below shows the types of dwelling across the HMA, regionally and nationally. Across the HMA it is estimated that around 37.7% of dwellings are detached (much higher than the regional or national equivalents) whilst only 15.8% are terraced dwellings, lower than regional/national figures. Within the HMA we see some notable differences with the proportion of detached homes varying from 42.8% in Waverley to 33.7% in Woking. Woking has a higher proportion of flats than both Guildford and Waverley (21.0%) and that found regionally and nationally. Guildford has the highest proportion of semi-detached dwellings (32.8%), similar to the national figure.

Figure 6.2 Dwellings types (2001)

Source: 2001 Census data (from Office for National Statistics 2007)
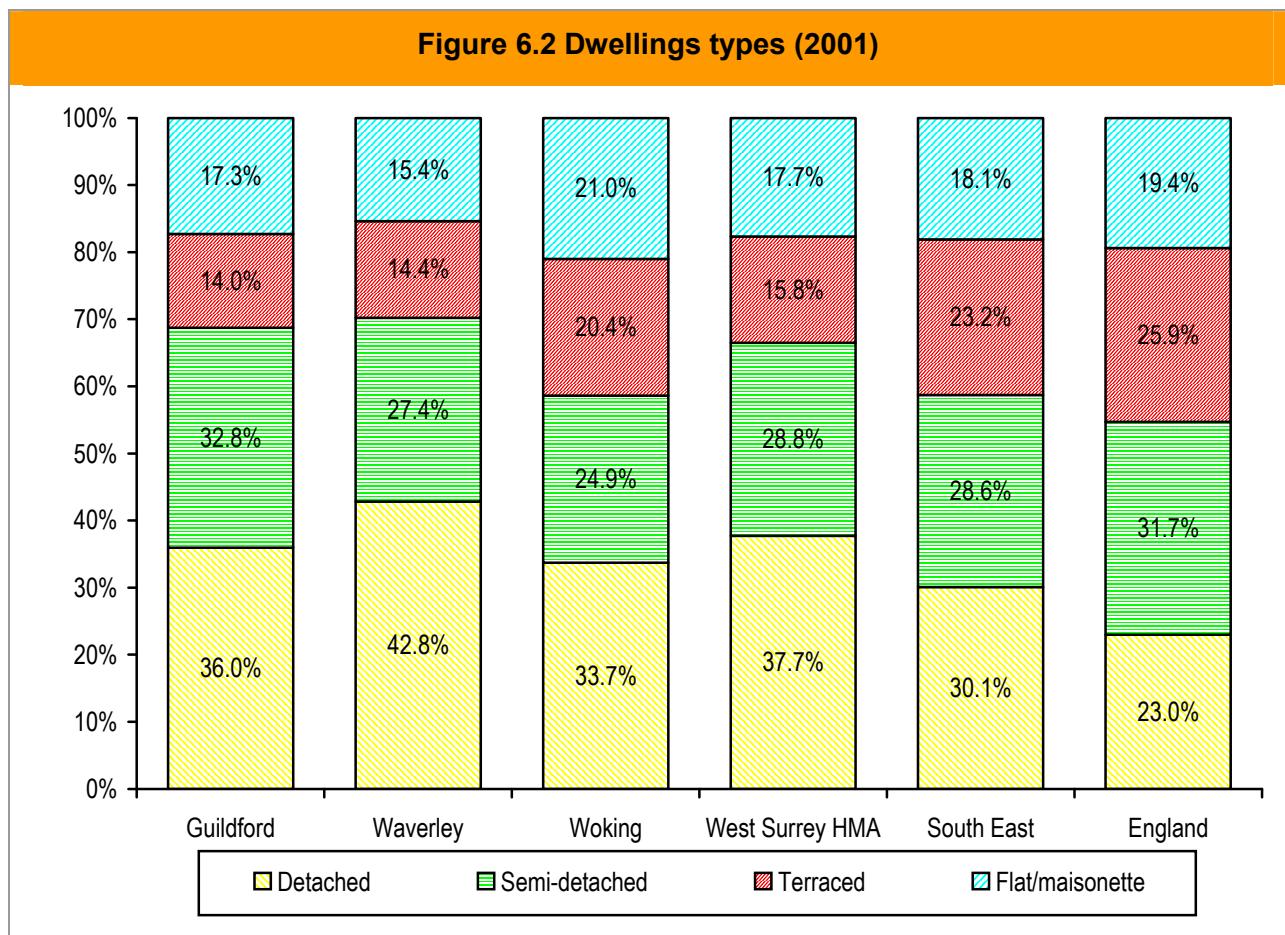
6.5　Stakeholders perceived that although there were relatively few new housing developments in the HMA, a combination of low land supply, high land values and government guidance had led developers to build high-density properties on brownfield sites. The issue of the potential inhabitants of these new developments was discussed, including whether new apartments (particularly in Woking) were catering to local residents or to people moving out of (but still working in) London. This is an area which the Council(s) may wish to explore further.

6.6   Many residents present at the Community Consultation events felt that more family housing was needed, particularly in Guildford and Woking Boroughs (a view which was also held by a number of local estate agents interviewed). Some residents felt that too many flats were being built (particularly in Guildford town centre) as well as executive homes which most current residents could not afford; the need for providing 'mixed and balanced communities' was emphasised. However, some residents at the Waverley Community Consultation event saw executive homes as part of the local mix of housing.

6.7   The maps below show the geographical spread of dwelling types across the HMA. We can see a concentration of terraced and flatted accommodation in the most urban wards of the HMA; the reverse is true of detached/semi-detached dwellings.

Figure 6.3 Dwelling type by ward
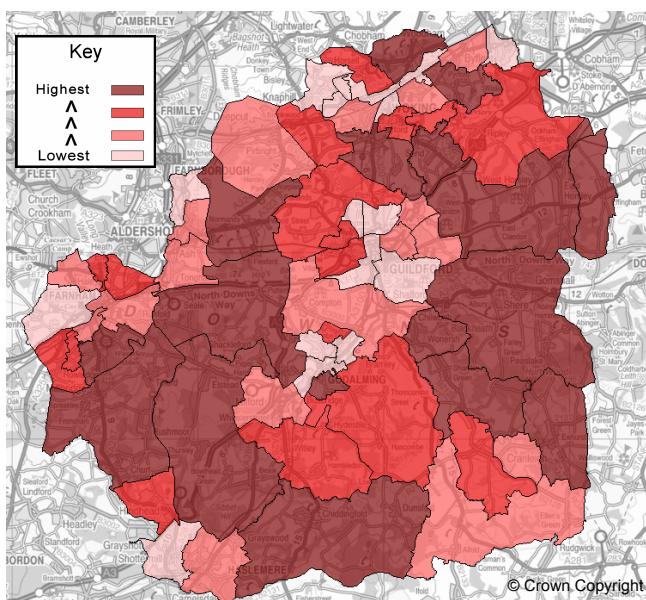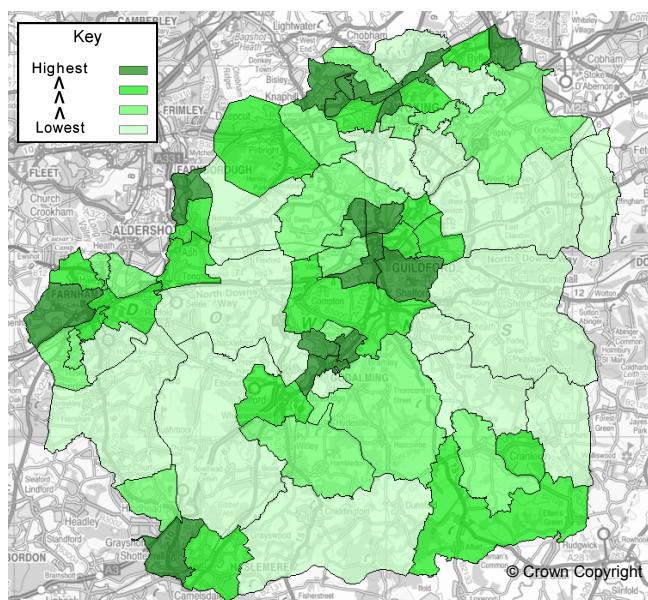
Source: 2001 Census data (from Office for National Statistics 2007)

Tenure

6.8   The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2001 Census data reveals that in 2001 around 76% of households in the HMA were owner-occupiers (including shared ownership) with 13% in the social rented sector and 12% renting privately (including the 'other' group). These figures are broadly in-line with regional comparative figures, although there are proportionally more households owning their own home and proportionally fewer households in social rented accommodation than found nationally (69% and 19% respectively).

6.9   Within the HMA we do see some differences between the three areas, although these are slight. Waverley has the highest proportion of households owning their own home outright (35%), where as Woking has the highest proportion of owner-occupiers with a mortgage (46%). Guildford has a higher proportion of households renting privately (13%, including the 'other' group). There is little difference between the three areas in terms of the proportion of social rented stock.

Table 6.2 Tenure (2001)						
Tenure	Guildford	Waverley	Woking	West Surrey HMA	South East	England
Owns outright	32.0%	35.3%	30.0%	32.6%	31.3%	29.2%
Owns with a mortgage or loan	41.0%	40.4%	45.9%	42.1%	41.9%	38.9%
Shared ownership	1.0%	0.7%	0.9%	0.9%	0.8%	0.7%
Council (local authority)	9.9%	10.5%	9.1%	9.9%	7.4%	13.2%
Housing Association/RSL	2.7%	2.5%	3.1%	2.8%	6.6%	6.1%
Private landlord or letting agency	9.4%	6.9%	8.5%	8.3%	8.8%	8.8%
Other	4.1%	3.6%	2.4%	3.4%	3.3%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Office for National Statistics 2007)

6.10   The maps below show the proportion of households living in each of the three broad tenure groups (owner-occupation, social rent and private rent) by ward.

6.11   The data shows that the proportions of households in owner-occupation have no clear trend although figures do appear to be highest in the wards on the Woking/Guildford border. The private rented sector on the other hand appears to be concentrated in the central part of the study area. Waverley is notable for low levels of private renting throughout (except around Farnham). There appear to be pockets of areas containing relatively high levels of social rented housing across the Borough.

Figure 6.4 Tenure by ward
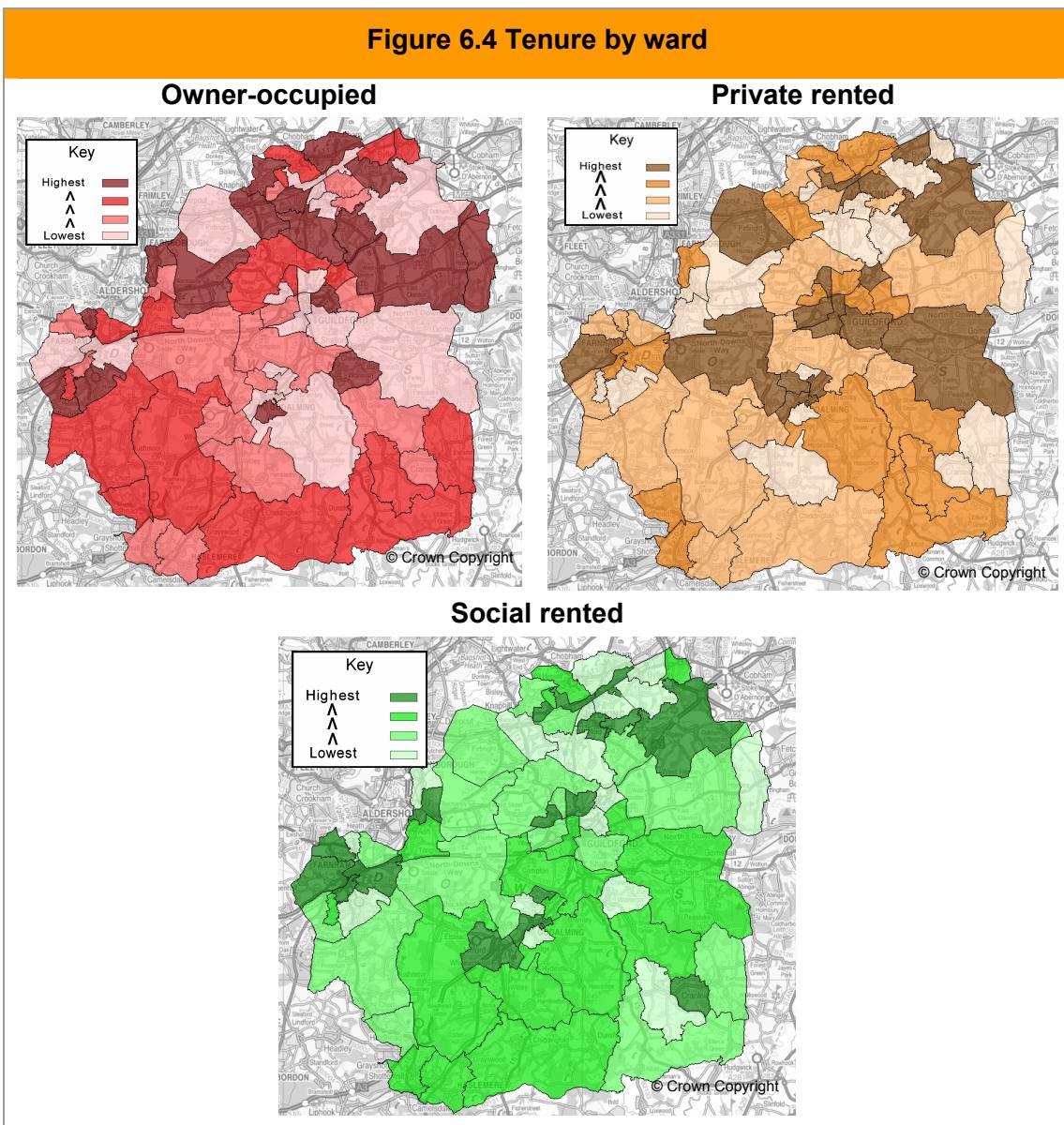
Source: 2001 Census data (from Office for National Statistics 2007)

6.12   One stakeholder raised the issue of a growing buy-to-invest market amongst newly developed apartments (with Godalming, a market town in Waverley Borough, cited as an example of where this was thought to be occurring). It was suggested that the value of such apartments had doubled in the past year, but that many apartments remained uninhabited as they had been purchased purely for investment purposes. It has not been possible through this study to investigate this in any detail; however interviews with local estate/letting agents would tend to confirm that this is the case; it was also purported that the 'type' of investor buyer has changed slightly over recent years, with some older people seeing property as a safer investment than pensions currently. These are issues which the Council(s) may wish to explore further.

Dwelling size

6.13   Dwelling size can be an important driver, as well as a significant feature of the local economy. The best information about the size of properties comes from the number of rooms (as defined in the 2001 Census). It is worth noting that the definition of a room in the Census does not include: bathrooms, toilets, halls or landings, or rooms that can only be used for storage such as cupboards. All other rooms, for example kitchens, living rooms, bedrooms, utility rooms and studies are included. If two rooms have been converted into one, they are counted as one room.

6.14   The figure below shows the number of rooms in properties in the HMA as well as regionally and nationally. The data shows that the dwelling stock in the HMA is generally bigger than that found both regionally and nationally. An estimated 28.4% of dwellings in the HMA have no more than four rooms, this compares with a national figure of 32.6%. At the other end of the scale 31.0% of dwellings in the HMA have seven or more rooms compared with 19.8% nationally.

6.15   The size of stock varies considerably across the HMA with 35.3% of dwellings in Waverley having seven or more rooms, this compares with 28.8% in Guildford and 28.5% in Woking. Only 25.8% of dwellings in Waverley have four rooms or less, compared with 29.2% in Guildford and 30.7% in Woking.

Figure 6.5 Size of dwelling stock (2001)
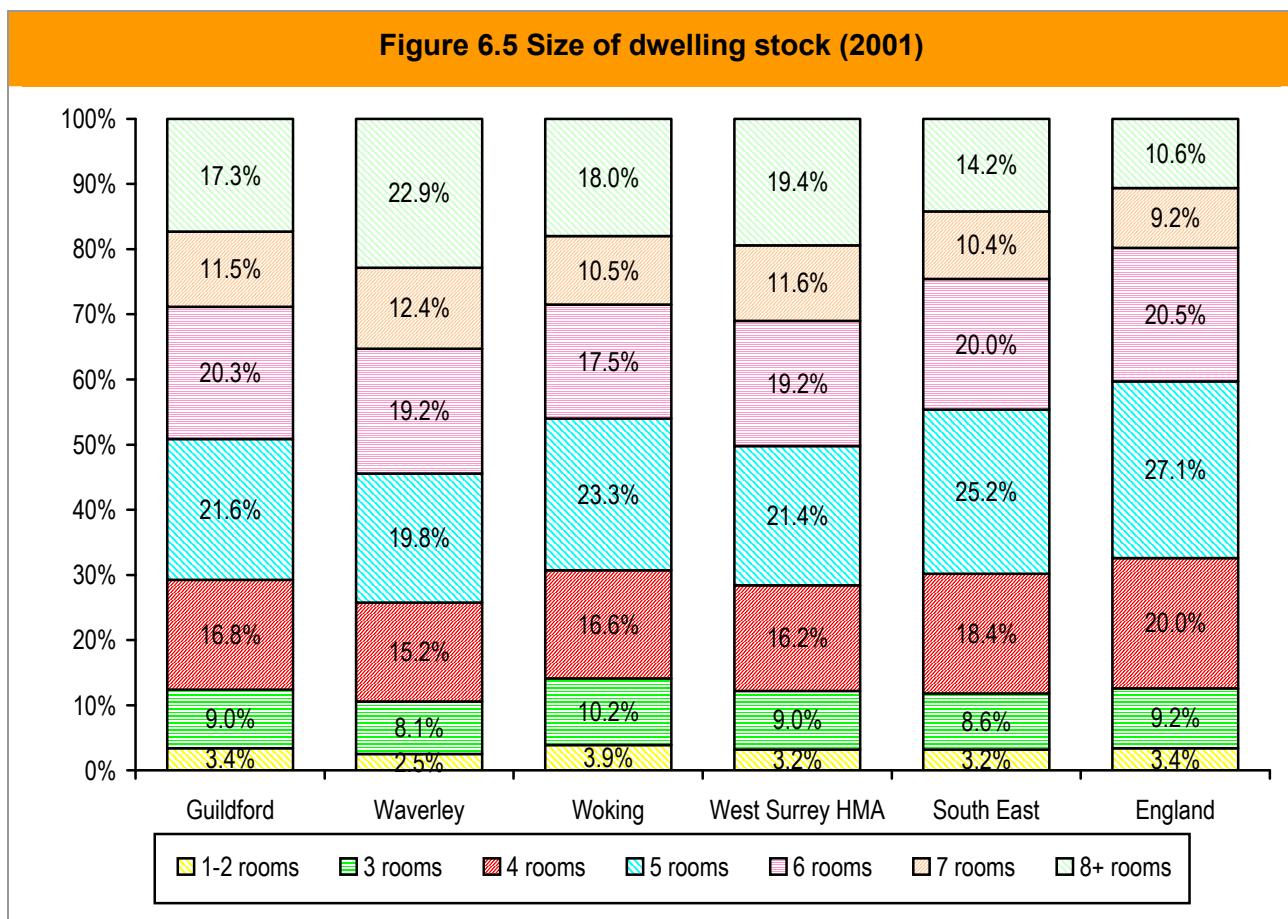
Source: 2001 Census data (from Office for National Statistics 2007)

6.16   The map below shows the average number of rooms per dwelling in the HMA by ward. A number of wards in Waverley are characterised by a large number of rooms as are those to the north and east of Guildford town and to the north of Woking. Smaller dwellings are very much concentrated within the urban areas of West Surrey.


Figure 6.6 Average dwelling size by ward

Source: 2001 Census data (from Office for National Statistics 2007)
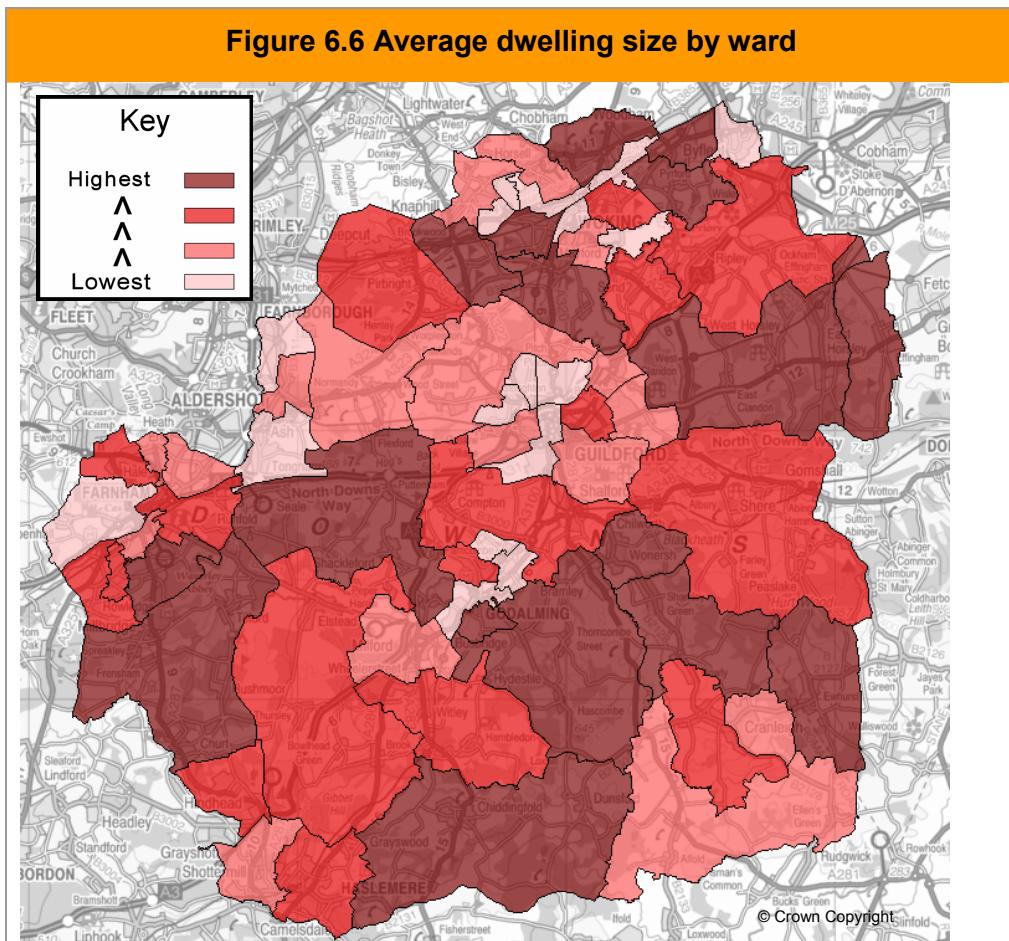
Council tax band

6.17   A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. The figure below shows that only 1.3% of properties in the HMA fall into the lowest Council Tax Band; this is well below the average for the South East and England as a whole (25.3%). The opposite trend is found when looking at the proportion of dwellings in the highest tax bands.

6.18   There are notable differences apparent in the Council Tax banding in different areas of the HMA with 49.3% of dwellings in West Surrey in bands A-D, compared to 55.2% in Guildford and 60.7% in Waverley. At the other end of the scale, some 19.3% of dwellings in Waverley are in bands G-H; this compares with only 15.9% in Guildford and 14.2% in Woking. These findings do suggest some imbalance in the housing stock across the whole of the HMA.

Figure 6.7 Dwellings by Council Tax Band (2006)

	Guildford	Waverley	Woking	West Surrey HMA	South East	England
G-H	15.9%	19.3%	14.2%	16.6%	7.4%	4.1%
F	11.4%	13.1%	10.3%	11.7%	8.1%	5.0%
E	17.5%	18.3%	14.8%	17.1%	13.4%	9.5%
D	27.5%	23.6%	28.0%	26.3%	20.1%	15.2%
C	20.4%	17.9%	24.0%	20.5%	25.8%	21.6%
B	5.8%	6.2%	7.8%	6.5%	16.4%	19.3%
A	1.4%	1.7%	0.8%	1.3%	8.7%	25.3%

Legend: A B C D E F G-H

Source: Office for National Statistics 2007
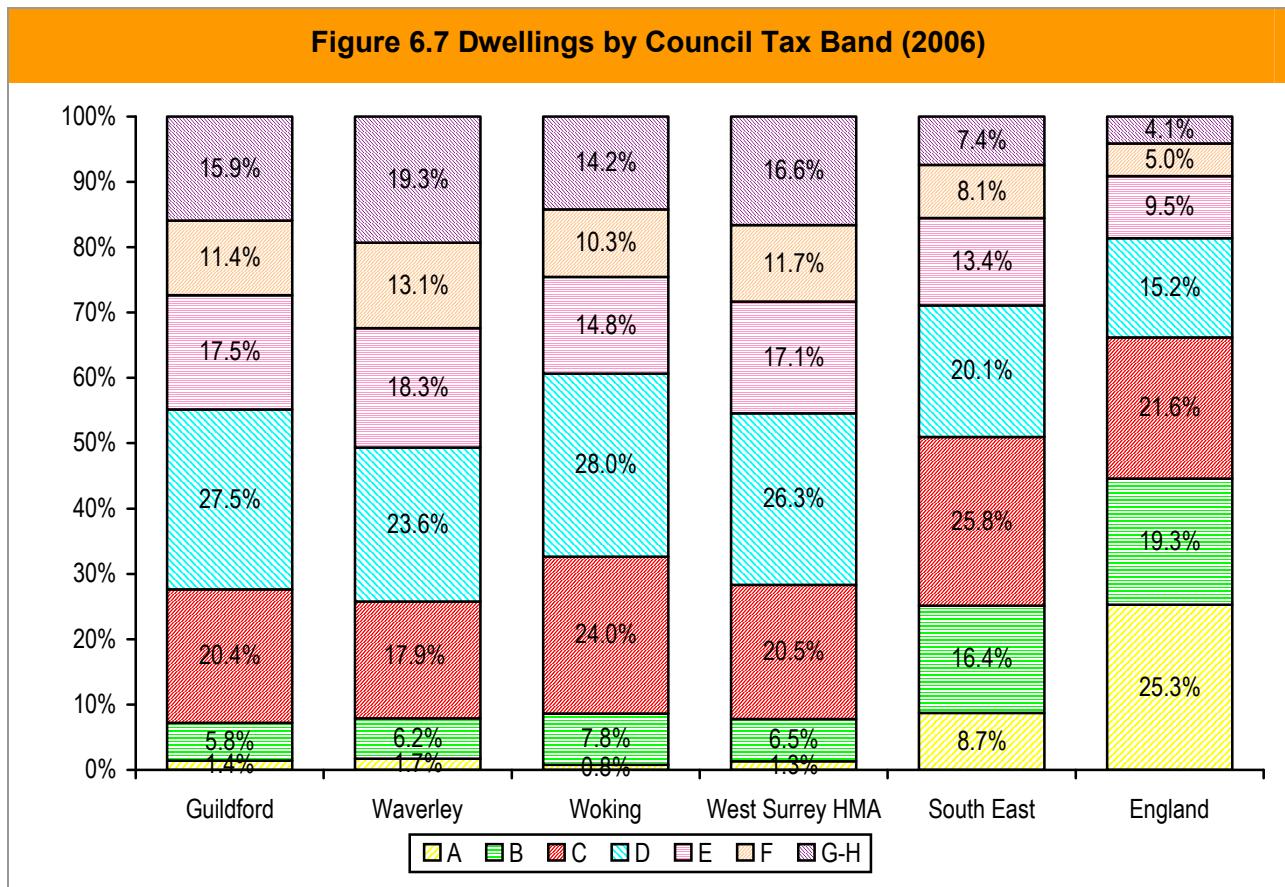
Step 3.2.2: Stock Condition

Unfit dwellings

6.19   In total, 3,279 dwellings in West Surrey were designated as 'unfit'' during 2005/06, lower than the average found regionally and nationally. There were slight variations between the three authorities with Guildford containing a slightly higher proportion of unfit properties (at 2.6%).

Table 6.3 Unfit dwellings (2005/06)					
	LA	RSL	'Other' Public sector	Private Sector (non RSL)	Total	% of all dwellings
Guildford	138	0	0	1,315	1,453	2.6%
Waverley	5	2	0	1,046	1,053	2.1%
Woking	0	0	3	770	773	2.0%
West Surrey HMA	143	2	3	3,131	3,279	2.3%
South East England	2,314	1,805	317	113,593	118,029	3.3%
England	69,519	30,537	1,164	879,818	981,038	4.4%

Source: Housing Strategy Statistical Appendix 2005/06

Shared dwellings

6.20   Households in shared dwellings can be a result of inadequate supply of affordable housing in a local area. In the Census, a household space is considered a shared dwelling if one of a range of conditions is present in the accommodation, e.g. not all rooms are behind a door that only that household can use[3].

6.21   Of all household spaces in West Surrey, over 99.70% were in an unshared dwelling. In total, only 416 household spaces were in a shared dwelling, representing 0.30%. This was below the national proportion of 0.36%.

6.22   There is some variation in the distribution of shared dwellings, with the highest proportion contained in Guildford (0.43% of all household spaces). More than half of West Surrey's shared dwellings were found in Guildford. Woking contained the lowest proportion.

Table 6.4 Shared dwellings (2001)			
	No. of household spaces in shared dwelling	% of all household spaces	% of West Surrey's shared housing
Guildford	231	0.43%	55.5%
Waverley	113	0.23%	27.2%
Woking	72	0.19%	17.3%
West Surrey HMA	416	0.30%	100.0%
South East England	13,145	0.39%	-
England	77,531	0.36%	-

Source: 2001 Census data (from Office for National Statistics 2007)

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[3] See Census 2001: Definition.

(Housing Needs and Market Assessment Survey - Chapter 4 'Key Survey Findings' and Chapter 11 'Household Mobility' contain information on turnover from the primary survey)

Vacant dwellings

6.23   The table below shows the proportion of dwellings vacant in both the affordable and market sectors. The Practice Guidance indicates that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. In the social rented sector, the vacancy rate found in the HMA as a whole at 1.7% is slightly higher than the regional average but lower than that found nationally; a similar trend was found in the market sector.

6.24   The table below shows the number and proportion of dwellings vacant in the social and market sectors. For both sectors, vacancy rate were highest in Waverley and Woking. Figures recorded in the social sector for all three authorities are below the Guideline level of 3%; vacant dwellings do not appear to be a significant issue in West Surrey.

Table 6.5 Vacancy rates by broad tenure (2005/06)				
	Social housing		Market housing	
Area	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Guildford	101	1.2%	1,229	2.6%
Waverley	135	2.1%	1,524	3.5%
Woking	98	2.0%	1,249	3.6%
West Surrey HMA	334	1.7%	4,002	3.2%
South East England	7,725	1.5%	77,832	2.6%
England	89,953	2.2%	585,572	3.3%

Source: HSSA 2005/06

Summary

i)   In 2006 there were an estimated 143,696 dwellings in the HMA, this represents an increase of 5.6% (7,602 homes) since 1996, lower than the increase recorded both regionally and nationally over the same time period

ii)   Across the HMA it is estimated that around 37.7% of dwellings are detached (much higher than the regional or national equivalents) whilst only 15.8% are terraced dwellings, lower than regional/national figures

iii)   A large majority of the households in the HMA live in owner-occupied accommodation (76%), higher than the national average. Only 13% lived in social rented accommodation, a lower proportion than found nationally

iv)   The HMA has a very small proportion of its dwellings in Council Tax band A (the lowest band) compared to regional and national averages

v)   A relatively low proportion of household spaces in the HMA were part of a shared dwelling (0.30%), slightly lower than found regionally and nationally

vi)   Vacancies rates for both the social and market sectors were slightly higher than found regionally although lower than nationally

7. The current housing market

Introduction

7.1   This chapter provides information on the current housing market in the HMA. Information provided sets out how property prices have changed in the past and puts the situation in the HMA in a regional and national context. The chapter also provides an analysis of current housing market prices and rents in the HMA and an analysis of how prices vary in different parts of the study area. Information was collected from two main sources:

- Land Registry
- Survey of local estate and letting agents (including internet searches)

7.2   Before undertaking any analysis of the various data available, stakeholders were asked about their perceptions of the local housing market. This allowed us to better understand some of the findings and helped to put the results in context. The views expressed below are largely those of estate and lettings agents, as their perceptions are particularly pertinent to this area.

Discussions with stakeholders

7.3   It was clear from consultation with stakeholders and discussions with estate agents that the three local authorities comprising the HMA were quite distinct in character.

Guildford Borough

7.4   Guildford Borough forms the central part of the HMA (with Waverley Borough adjoining to the south and Woking to the north). Guildford town itself is situated in the centre of the Borough, with more rural outlying areas to the east such as the villages of Shere and Gomshall, and settlements such as Ash to the west. The Guildford housing market was perceived by estate agents to extend from between five and ten miles from Guildford town centre, encompassing all surrounding villages.

7.5   Estate agents felt that the area was attractive for first-time buyers from London (who would then commute back into London) as housing is less expensive (in relative terms). It was perceived that it was this type of out-commuter who was buying the flats in Guildford town. There was some concern however that Guildford's high property prices were pushing some local people out of the town to cheaper areas such as Aldershot, a less expensive town in Rushmoor Borough to the east.

7.6   Guildford town was also perceived to be attractive generally within the South East, due to its good facilities and surrounding countryside. The town contains a number of educational establishments such as the University of Surrey, Guildford College of Law, Guildford School of Acting and a training hospital. All these institutions attract a large number of young people to the area. Families are attracted by good schools. Guildford's large student population means that demand for private rented sector properties usually outstrips supply. Guildford town was also considered to have good retail facilities, a strong employment base and good transport links, including the A3.

Waverley Borough

7.7   Waverley Borough lies to the south of the HMA and is the most rural of the three Boroughs by nature. The Borough contains four market towns: Farnham to the north-west, Godalming to the north, Haslemere to the south and Cranleigh to the east. Waverley Borough was perceived to support high house prices, with housing set both in these towns and in small surrounding villages. The 'Surrey factor' meant that house prices were notably higher than in Hampshire, to the south of the Borough.

7.8   Agents expressed concern that there were gaps in the market, including a shortage of housing which was affordable to low paid workers, as well as accommodation for older people who wished to downsize. Again, agents cited Aldershot as a nearby town perceived to be more affordable than settlements such as Farnham.

7.9   The Borough as a whole was perceived as attractive, with its pleasant towns, villages and rural scenery. There were popular schools and sixth form colleges in the area which was also thought to be a contributing factor in terms of the area's high house prices. The area was also served by the A3 and offered good transport links, including rail links to London. It was noted that other than local services the area was not a significant employment base.

Woking Borough

7.10   Woking Borough lies to the north of the HMA and is the closest of the three Boroughs to London. According to Woking estate agents, the town's housing market boundary extends to around four or five miles from the town centre. However, unlike Guildford, Woking constitutes one single housing market with no distinct sub-market areas. The Borough is almost entirely urban in character.

7.11   People out-commuting to London were thought to comprise a significant proportion of Woking town's (working) population. However, it was emphasised that the town has changed considerably over the last 20 or so years with the development of shopping and entertainment facilities. The town's good transport links and the surrounding areas make it attractive for people currently living outside the area.

7.12 Estate agents stated that they see fewer first-time buyers now compared with five or ten years ago; house price increases have severely outstripped local incomes in the last few years. Also, first-time buyers tend to be older and many can only buy with financial help from parents. People who are unable to buy in Woking are looking towards adjacent, relatively cheaper areas such as Aldershot. Woking estate agents said that the investor market comprises around a third of the total housing market. The properties bought are mostly flats in the town centre. The Woking lettings market is currently buoyant after recently recovering from a downturn in 2001. There is a high turnover of private rented properties.

General price levels

7.13 The table below shows price levels in the HMA and other areas (drawn from Land Registry data for the second quarter of 2007). The data shows that price levels in the HMA are higher than the average for England and Wales (by almost 70%) and also higher than the average for the South East of England region.

7.14 Within the HMA it is clear that there is some variation in prices with average prices in Woking around £45,000 lower than the other two areas; average prices in Woking are still however almost 55% higher than the national average. Average prices in Guildford and Waverley are around 75% higher than the national average.

7.15 The finding of high prices in West Surrey matches the views of stakeholders that the 'Surrey factor' resulted in higher house prices than other areas in the South East.

Table 7.1 Land Registry average prices (2nd quarter 2007)		
Area	Average price	As % of England & Wales
Guildford	£379,957	175.7%
Waverley	£378,430	175.0%
Woking	£334,725	154.8%
West Surrey HMA	£366,314	169.4%
South East England	£256,149	118.4%
England & Wales	£216,272	100.0%

Source: Land Registry 2007

7.16 The figure below shows overall price change since 2002 in the HMA and other areas. The data shows significant price increases in all areas studied and that property price increases in the HMA have broadly kept pace with other areas. Overall between 2002 and 2007 the average price in the HMA rose by 55%, this compares with an increase of 51% seen across the South East as a whole and a national increase of 62%.

7.17   Within the HMA the data shows that the highest increases have been in Guildford (increase of 59%) and the lowest rise in Waverley (at 50%). In purely value terms the average property price in the HMA rose by around £130,000; this is higher than the comparable figures for England & Wales (£83,000) and South East England (£86,500). Price rises in value terms within the HMA range from £120,500 in Woking to £140,500 in Guildford.


Figure 7.1 Land Registry price changes 2002 – 2007 (2nd quarters)

Source: Land Registry 2007
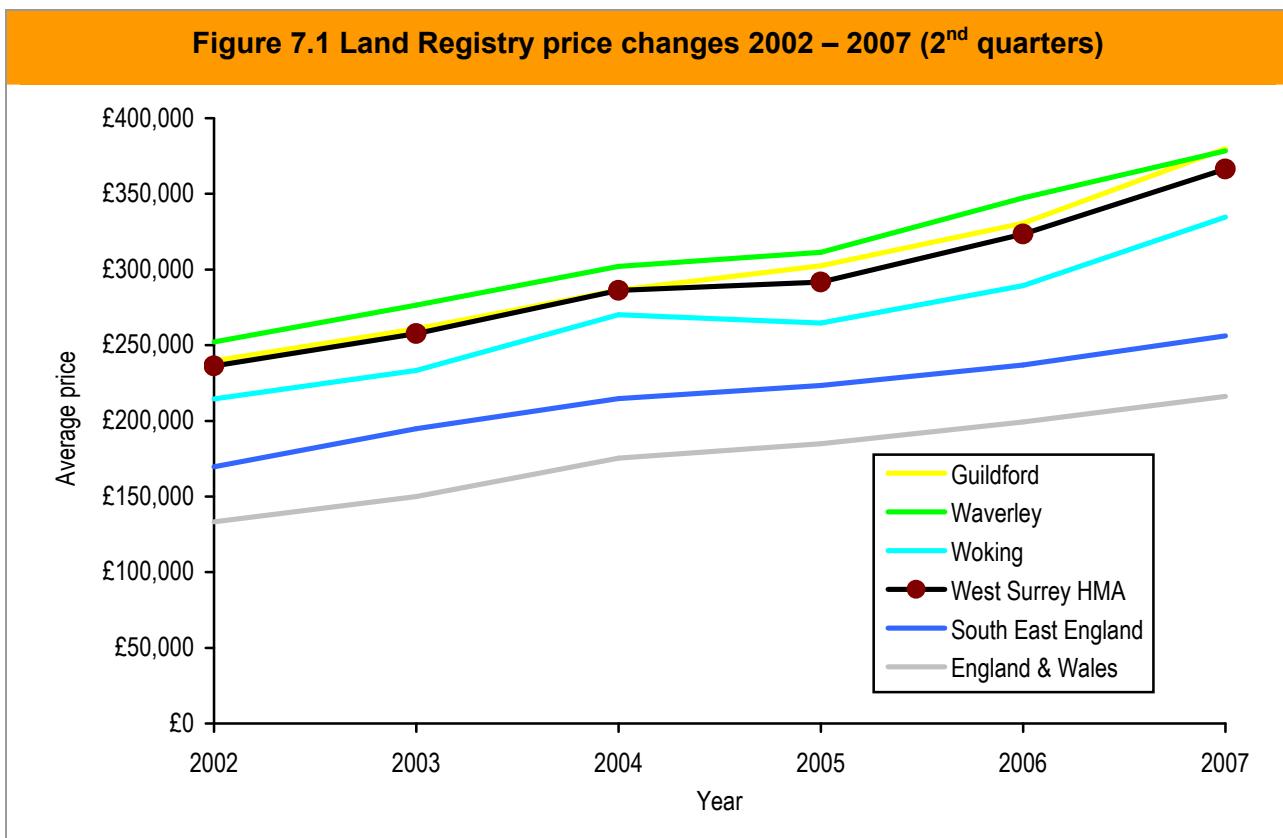
7.18   Current housing market conditions have resulted in a large degree of uncertainty about the future of the housing market. Appendix A1, which shows a selection of predictions about the future of the housing market from a range of different sources, illustrates this.

Prices by type

7.19   In addition to providing information about overall prices the Land Registry data provides a wealth of data about the types of properties sold (and how this has varied over time).

7.20   The figure below shows that property prices for all dwelling types in the HMA are above those for the South East of England and England & Wales as a whole; this is particularly apparent in the case of detached houses.

7.21 Within the HMA the data shows that Guildford has the highest prices for all dwelling types, with the exception of semi-detached dwellings, the average price of which were lower then the other two areas. Waverley and Woking have similarly average prices when the same dwelling types are compared, although semi-detached dwellings were on average around £25,000 higher in Waverley.


Figure 7.2 Land Registry average prices by type of dwelling (2nd quarter 2007)
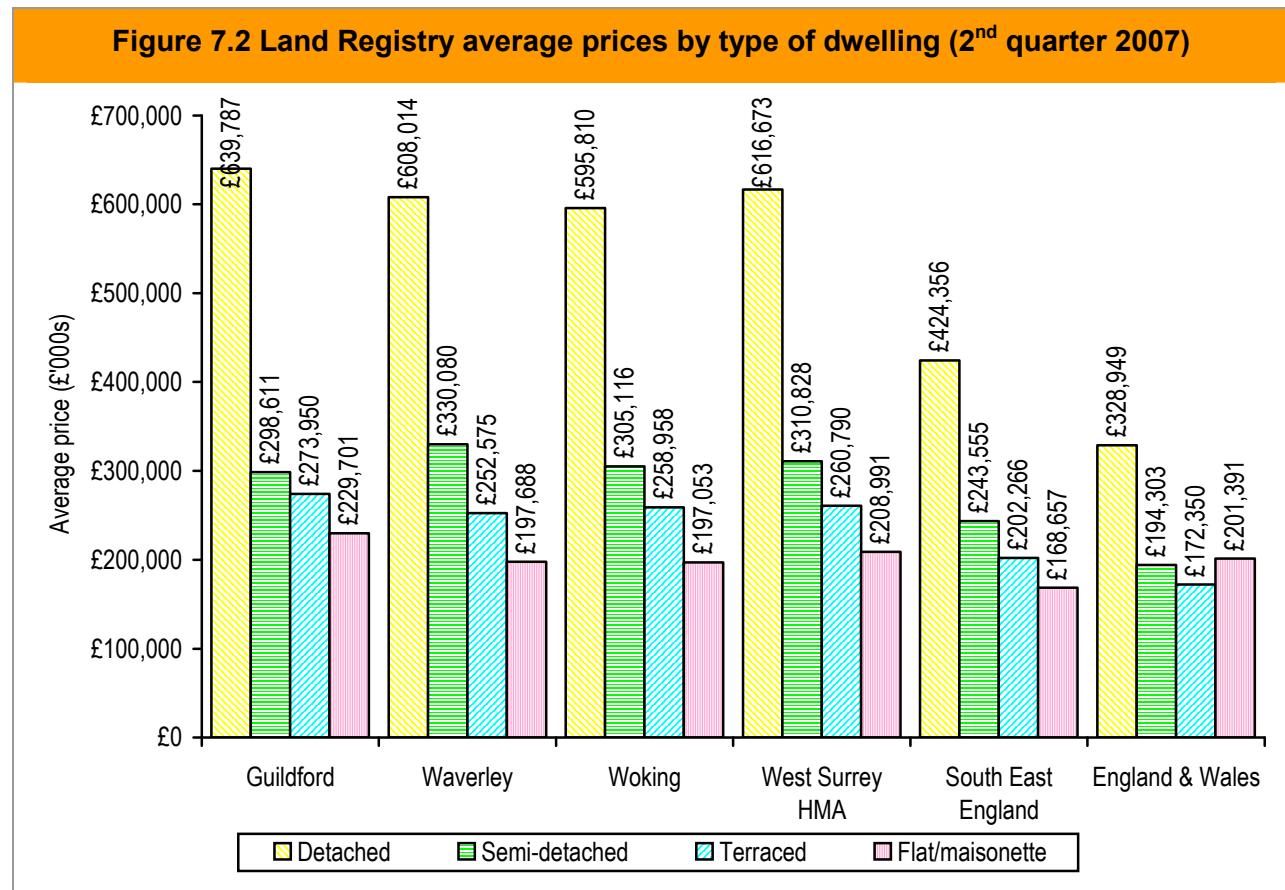
Source: Land Registry 2007

7.22 The figure below shows that the largest volume of sales in the HMA was for detached homes (29%); this figure is above the average for the region (23%) and England & Wales as a whole (21%).

7.23 There are some notable variations within the HMA in terms of dwelling types, with detached homes representing the main sales type in Waverley (accounting for around a third of sales). In Woking, 25% of all sales were for detached homes; the main sales type in Woking was flats (29%). In Guildford, the main sales type was semi-detached dwellings (representing 31% of sales); sales of terraced dwellings were proportionally lower here than in the other two areas.

Figure 7.3 Land Registry volume of sales by type of dwelling (2nd quarter 2007)
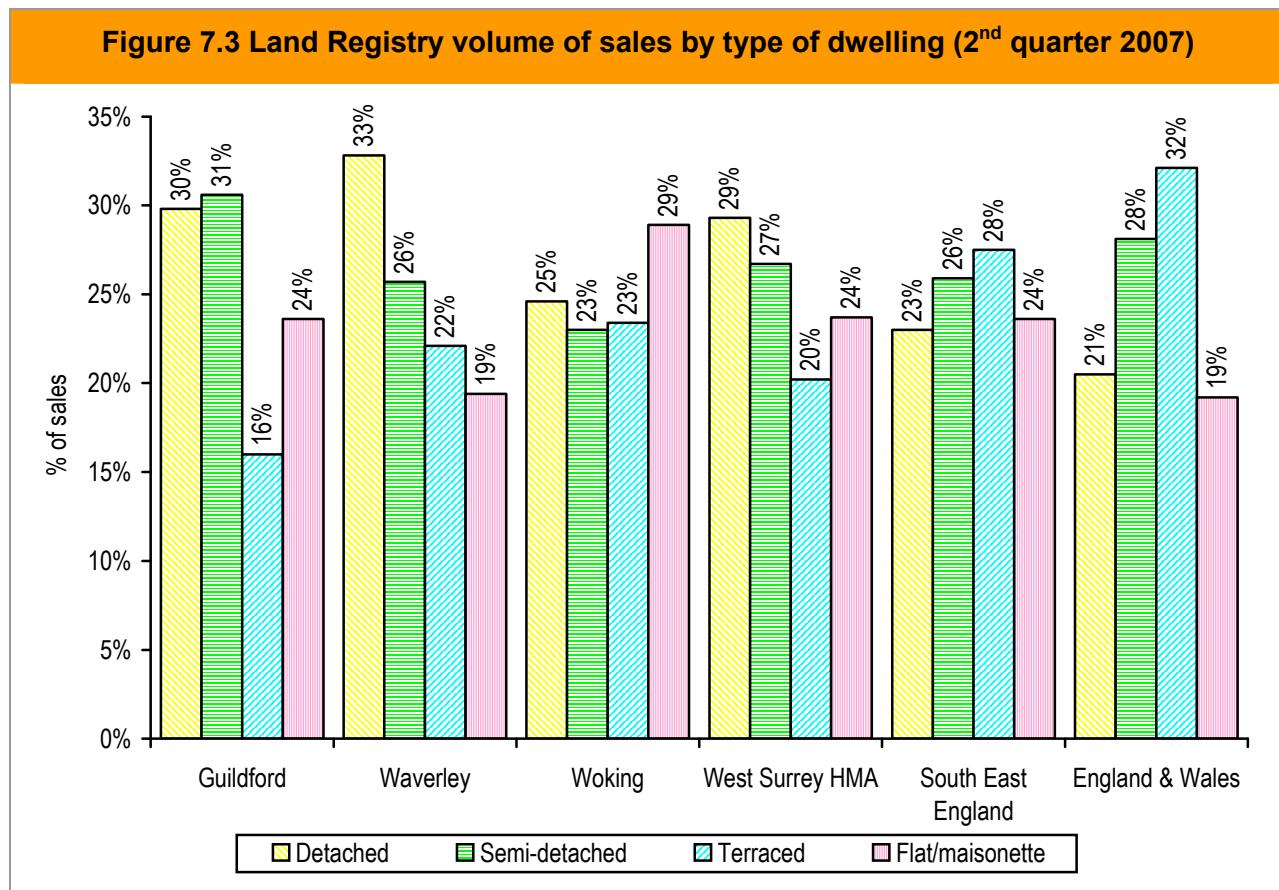
Source: Land Registry 2007

7.24   The figure below shows price changes in the HMA for each dwelling type from 2002 to 2007 (second quarters). The figure shows steady increases for all types of dwelling over the period. Overall the average price in the HMA has increased by 55%; this does not vary greatly between dwelling types - terraced houses experienced the lowest increase at 53% whilst detached houses had the highest increase (58%). In the previous two years however, the average price of detached house in the HMA increased by a third, compared to only a 5% increase in the average price of a flat/maisonette.

Figure 7.4 Land Registry price changes in the HMA 2002 - 2007 (2nd quarters) by type of dwelling
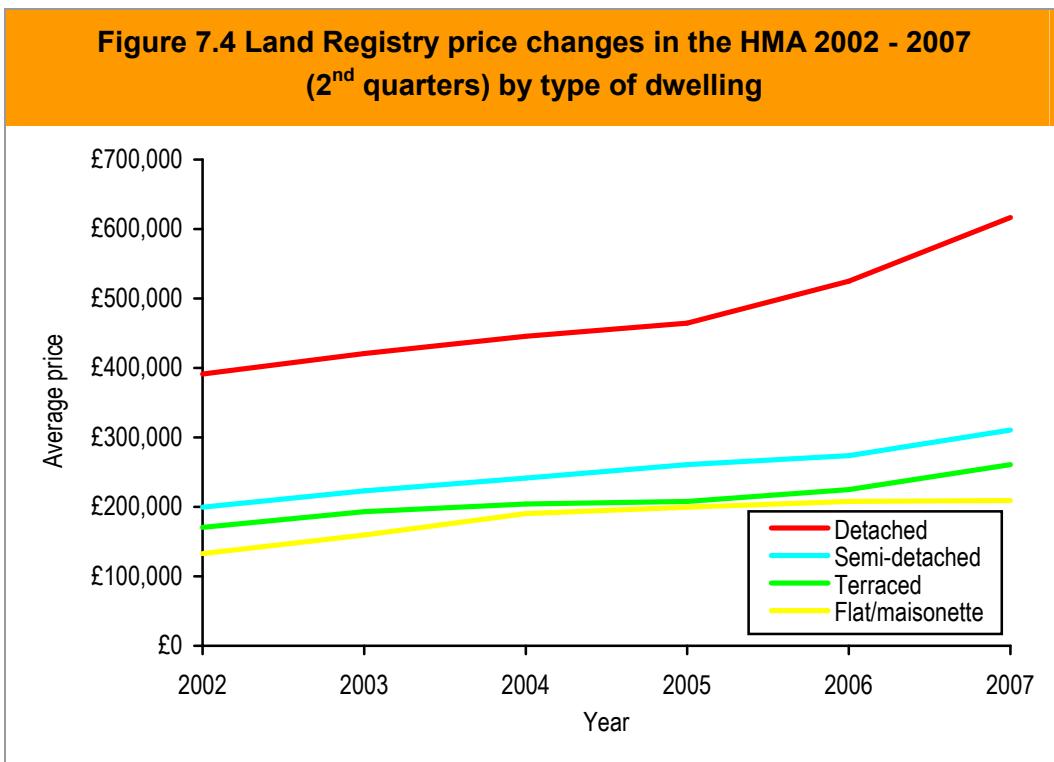
Source: Land Registry 2007

Price variation

7.25   The analysis so far has concentrated on the prices for the whole of the HMA. However it is of interest to see how these vary in different parts of the study area. We have therefore used Land Registry data to provide an idea about the variation in prices at ward level in the HMA.

7.26   The map shows a clear concentration of more expensive homes to the rural east of the HMA and throughout Waverley in general. The areas to the west of Guildford Borough towards Aldershot exhibit lower prices.

Figure 7.5 Variation in property prices by ward in the HMA (2002)
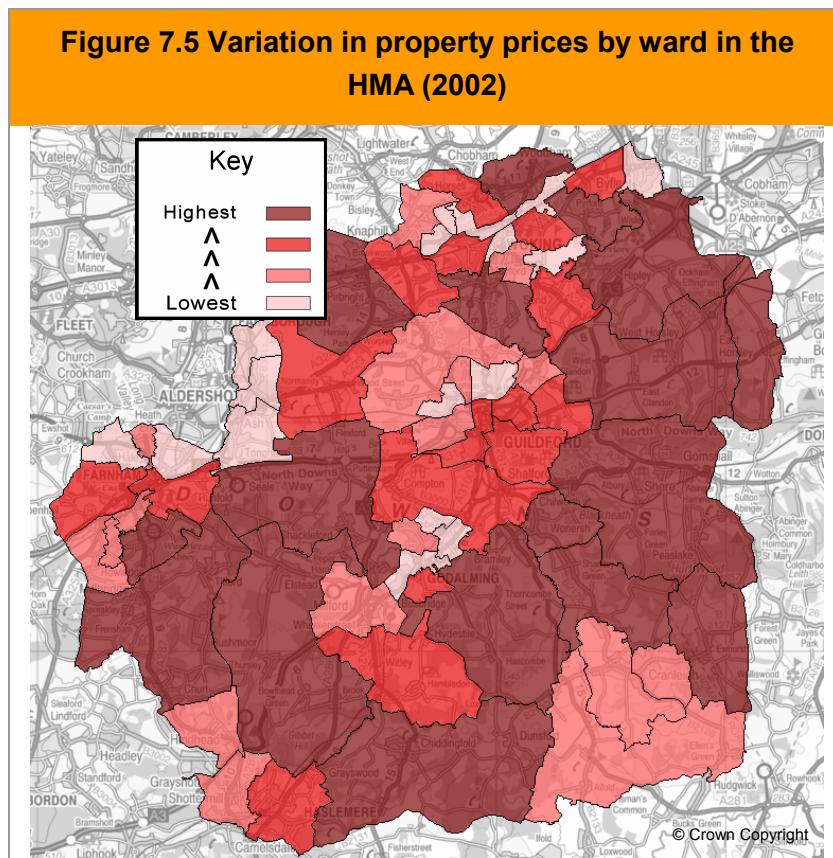
Source: Office for National Statistics 2007

Survey of estate and letting agents

7.27   A combination of internet searches and telephone and personal survey of sales and letting agents across the HMA were used to understand the housing market in the HMA and obtain entry-level prices and rents by number of bedrooms in the dwelling. The entry-level prices/rents recorded equate to the cheapest cost of housing in good repair of which there is a reasonable supply, and are broadly in-line with lower quartile prices/rents.

Step 3.3.1: The Cost of Buying or Renting a Property

Properties to buy

7.28   The table below shows estimated entry-level property prices for different sizes of dwelling in the HMA. The data suggests that there is some variation in prices in different parts of the HMA. Guildford shows the highest entry-level prices for most sizes of accommodation. The data suggests that a typical entry-level one bedroom home varies in price from around £134,000 in Waverley to £161,500 in Guildford. It should be noted that the figures below are Borough-wide estimates.

Table 7.2 Entry-level purchase prices by size of dwelling			
Accommodation size	Guildford	Waverley	Woking
1 bedroom	£161,500	£134,000	£142,000
2 bedrooms	£228,000	£213,000	£214,000
3 bedrooms	£285,000	£282,000	£256,000
4 bedrooms	£422,750	£396,000	£423,000

Source: Survey of Estate Agents in Guildford, Waverley and Woking Boroughs 2008

7.29   Although the Land Registry figures in Table 7.1 show that the average house price in Waverley is similar to the Guildford average (with the Woking average the lowest), this pattern is not reflected in the entry-level prices shown above, since Land Registry averages comprise sales of all types of dwelling and in Waverley reflect the large proportion of sales of detached houses shown in Figure 7.3. Additionally, since our survey of sales and lettings agents records the cost of housing at the entry-level (rather than the average price), we would not necessarily expect the findings to mirror those recorded by the Land Registry.

The private rented sector

7.30   A similar exercise was carried out with regard to private rented properties. Overall the private rented sector in the HMA is smaller than the national average, with an estimated 9% of households in the HMA living in the private rented sector (excluding those in tied accommodation or other housing not generally accessible to the public); this compares with about 10-11% nationally.

7.31   The table below shows an estimate of the entry-level costs of private rented accommodation in each part of the HMA. The data suggests that one bedroom properties start from around £140-£160 per week rising to around £290-£415 for a four bedroom home depending on location.

Table 7.3 Entry-level private rental costs by size of dwelling (per week)			
Accommodation size	Guildford	Waverley	Woking
1 bedroom	£160	£140	£156
2 bedrooms	£219	£187	£208
3 bedrooms	£273	£223	£266
4 bedrooms	£369	£290	£415

Source: Survey of Estate Agents in Guildford, Waverley and Woking Boroughs 2008

The social rented sector

7.32   The main other form of housing available in the HMA (other than to purchase or privately rent) is social rented housing, defined by PPS3 as 'rented housing owned by local authorities and registered social landlords'. Therefore to complete the housing cost profile in the local market it is appropriate to present information on the cost of social rented housing. The cost of social rented properties by dwelling size can be obtained from CORE (Continuous Recording) and these are presented in the table below. CORE is a national information source funded jointly by the Housing Corporation and the CLG that records information on housing association and local authority lettings. As can be seen, the costs are significantly below those for private rented housing indicating a substantial potential gap between the social rented and market sectors.

Table 7.4 Social rented cost in the HMA (per week)			
Accommodation size	Guildford	Waverley	Woking
1 bedroom	£74	£71	£74
2 bedrooms	£85	£83	£87
3 bedrooms	£94	£93	£102
4 bedrooms	£105	£104	£116

Source: CORE data 2006/07

Summary

i)   Average property prices in the HMA are higher than regional and national averages and as of the second quarter of 2007 the average property price in the HMA was estimated to be £366,314.

ii)   There was some variation in prices between the areas; the average price in Woking was £334,725, compared to £378,430 in Waverley and £379,957 in Guildford.

iii)   Prices have risen significantly over the past five years with the HMA recording an average increase of around 55%; this compares with an increase of 51% seen in the South East as a whole and a national increase of 62%.

iv)   The survey of estate and letting agents (including internet searches) identified an entry-level (one bedroom) purchase price of around £134,000 in Waverley – rising to £142,000 in Woking. Private rents (again for a one bed home) typically start at around £140-£160 per week

8. Overcrowding and under-occupation

Introduction

8.1   Studying levels of overcrowding in the housing stock is an important part of the sub-regional SHMA. This is strongly recognised in the Practice Guidance which notes that *'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'.* It should also be noted that there are different sources of information and definitions used in this field, so that figures will vary according to source.

8.2   In addition, where there are significant levels of under-occupancy it may be desirable to establish a package of measures to assist households to move to more suitably sized accommodation and as a result provide family sized housing for larger households, although a more detailed study would need to be undertaken to investigate this further. A potential barrier to reducing under-occupation was thought to be the cost of moving; a view that was supported by a number of stakeholders.

> **Step 3.3.3: Overcrowding and Under-Occupation**

Census data

8.3   The most complete source of information about overcrowding at a local level is the 2001 Census. Although this is now rather out of date it does provide us with the opportunity to compare the broad situation in the West Surrey HMA with other benchmark areas.

8.4   One drawback of the Census data is that it does not provide information against the generally accepted measure of overcrowding (the bedroom standard) instead using an occupancy rating (based broadly on persons per room). The general method is that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded (the method also means for example that all households living in bedsits or studio flats are automatically considered to be overcrowded).

8.5   The table below shows occupancy rating data for the HMA, the South East region and England. The data shows that households in the HMA are generally less likely to be overcrowded (negative occupancy rating) than was the case nationally (5.8% of households have a negative occupancy rating compared with 7.1% nationally). In addition, a significant proportion might be considered to be under-occupying (positive occupancy rating).

8.6   In terms of the areas within the HMA, the data shows that the lowest level of overcrowding is found in Waverley. Waverley also shows the highest level of under-occupancy (at 81.4%). Woking and Guildford have similar levels of overcrowding (6.8% and 6.2% of households respectively).

Table 8.1 Occupancy rating in the HMA (2001)						
	Area					
Occupancy rating	Guildford	Waverley	Woking	West Surrey HMA	South East England	England & Wales
Occupancy rating of + 2 or more	56.4%	62.5%	53.7%	57.8%	53.4%	49.1%
Occupancy rating of + 1	21.1%	18.8%	21.5%	20.4%	23.9%	25.5%
Occupancy rating of 0	16.3%	14.1%	18.0%	16.0%	16.8%	18.2%
Occupancy rating of -1 or less	6.2%	4.6%	6.8%	5.8%	5.9%	7.1%
All Households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Office for National Statistics 2007). Negative occupancy, as explained in the text above, means overcrowding (the dwelling lacks rooms in relation to the household size living in it)

8.7   The map below shows the spatial distribution of overcrowding in the HMA at ward level. Broadly speaking the urban wards appear to have higher concentrations of overcrowded households and wards to the south and in the more rural parts of Guildford Borough show lower levels of overcrowding.

Figure 8.1 Spatial distribution of overcrowding in the HMA
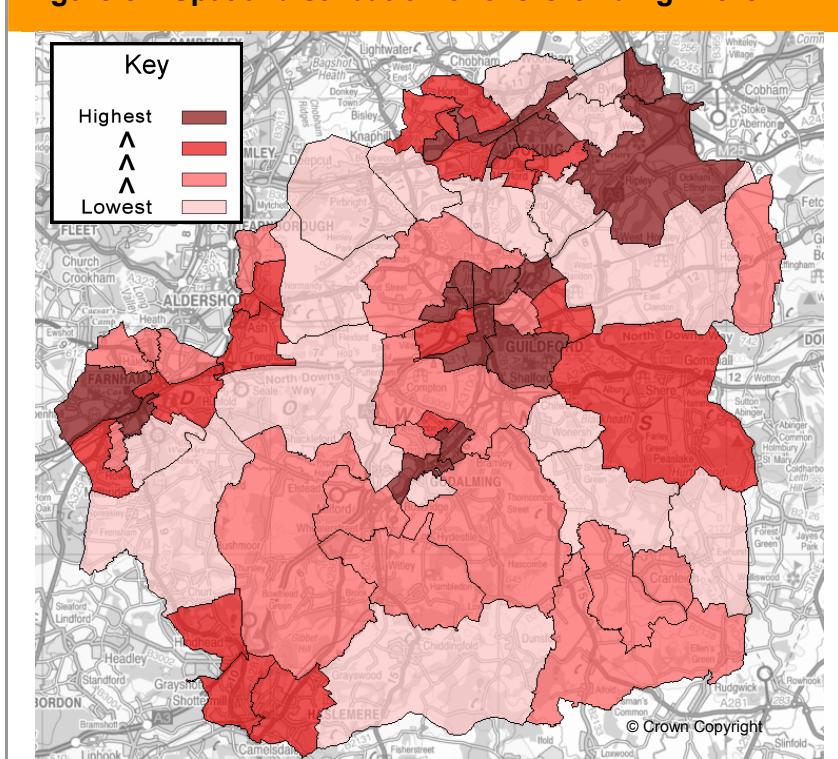
Source: 2001 Census data (from Office for National Statistics 2007)

8.8 The table below shows overcrowding by tenure in the HMA and other associated areas. The data shows that overcrowding is relatively rare in the owner-occupied sector (2.6% of households overcrowded in the HMA). In contrast it is estimated that 17.4% of households in the social rented sector and 14.2% in the private rented sector are overcrowded in the HMA. Of the Boroughs within West Surrey, Waverley has the lowest levels of overcrowding across all three tenures. It is important to note that the 2001 Census pre-dates the recent high levels of in-migration to the area.

Table 8.2 Overcrowding by tenure (2001)				
Area	Owner-occupied	Social rented	Private rented	Total
Guildford	2.5%	18.0%	15.7%	6.2%
Waverley	1.8%	15.6%	11.0%	4.6%
Woking	3.6%	19.0%	15.5%	6.8%
West Surrey HMA	2.6%	17.4%	14.2%	5.8%
South East England	2.7%	15.0%	15.3%	5.9%
England	3.3%	14.9%	16.4%	7.1%

Source: 2001 Census data (from Office for National Statistics 2007)

Survey data

8.9 Using data from the household survey we are able to study levels of over-crowding using the bedroom standard. Essentially this is the difference between the number of bedrooms needed to avoid undesirable sharing (given the number and age of household members and their relationships to each other) and the number of bedrooms actually available to the household. The bedroom standard also provides the opportunity to look in more detail at households who under-occupy their dwelling.

8.10 The standards used to check for overcrowding/under-occupation were as follows:

- **Overcrowding**: each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be over-crowded.
- **Under-occupation**: households with more than one spare bedroom are deemed to be under-occupied.

8.11 The table below shows a comparison between the numbers of bedrooms in each home against the number of bedrooms required for all households. The data has been standardised so that the total number of households is equal to the estimated figure for the whole of the HMA shown from national household projections (in Chapter 3).

Table 8.3 Overcrowding and under-occupation (HMA 2007)					
Number of bedrooms required	Number of bedrooms in home				
	1	2	3	4+	TOTAL
1 bedroom	15,366	25,972	28,448	16,872	86,656
2 bedrooms	561	8,365	14,464	12,226	35,616
3 bedrooms	47	1,044	6,410	9,105	16,606
4+ bedrooms	19	41	488	2,174	2,721
TOTAL	15,992	35,422	49,809	40,377	141,600

Source: West Surrey household survey data (2007)

KEY: ▢ Overcrowded households   ▢ Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

8.12   The estimated number of overcrowded and under-occupied households is as follows.

- Overcrowded: 1.7% of households = 2,454 households
- Under-occupied: 43.3% of households = 61,331 households

8.13   The latest Survey of English Housing (SEH) data on overcrowding suggests that nationally around 2.5% of households are overcrowded. Further survey data suggests that overcrowded households are more likely to be living in rented accommodation, tend to have low incomes and are particularly likely to state a need or likelihood of moving home over the next two years.

Summary

i)   Census data suggests that there are lower levels of overcrowding in the HMA compared to nationally. Households in Woking and Guildford were found to be more likely to be overcrowded than households in Waverley.

ii)   Results from household survey data suggest that on average 1.7% of all households are overcrowded and 43.3% under-occupy their dwelling. These averages contain quite wide variations with Woking having the highest proportions of overcrowded households of the Boroughs and Waverley the least.

iii)   The owner-occupied sector shows the lowest level of overcrowding; whilst the social rented sector has the highest level of overcrowding.

iv)   Overcrowded households tend to have low incomes and are far more likely to state that they need or expect to move than other households.

SECTION C: HOUSING NEED AND DEMAND

This section looks at estimates of the need for affordable housing in the HMA and also the potential future demand for housing. To inform this section data has been taken from published sources (such as the HSSA) as well as from the recently completed Housing Needs and Market Assessments for the three local authorities.

Chapter 9 – Financial capacity

Chapter 10 – Affordability and Housing Need

Chapter 11 – Balancing Housing Markets

9. Financial capacity

Introduction

9.1   An important part of the West Surrey SHMA is an assessment of the financial situation of households. As there is no comprehensive (secondary) source for such information, data was therefore collected in the survey on a range of financial information (including incomes, savings and equity). The latter combination of statistics, termed 'financial capacity', is essential to assess the ability of households to afford housing.

9.2   This chapter looks at the financial situation of households in the whole HMA. The individual Housing Needs and Market Assessment Survey reports for each Borough provide more detailed financial information, and the next chapter, in assessing affordability, looks at household incomes per Borough.

Financial capacity

9.3   The next chapter examines price income ratios, which are an established measure of affordability. However, they do not enable a proper study of housing markets, as they omit two essential elements of affordability that affect most households: savings and owned equity. Since around two-thirds of households have owned housing for a decade or more, the dynamics of the housing market can only be understood by looking at all three elements:

Financial capacity: income+savings+equity

9.4   This chapter builds up financial data on households in the housing market area to provide information on the financial capacity of key groups of households.

> **Step 3.1.4: Incomes and Earnings**

(Housing Needs and Market Assessment Survey - Chapter 5 'Financial Information' contains information on this topic for the individual authorities)

Household income

9.5   Survey results for existing household income in the housing market area estimate the mean gross household income (including non-housing benefits) to be £54,442 per annum. The median household income is noticeably lower at £36,739 per annum. The figure below shows the distribution of income in the housing market area.

Figure 9.1 Distribution of annual gross household income
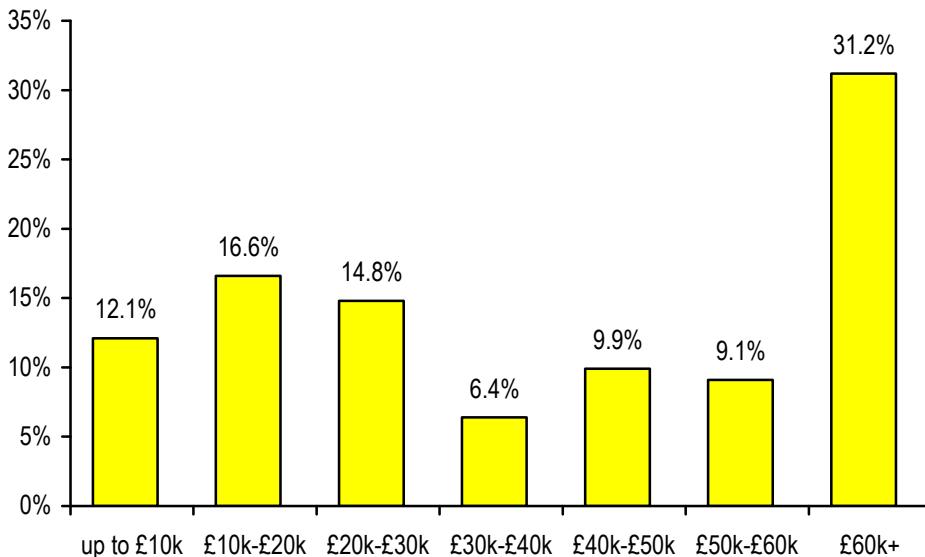
Source: West Surrey household survey data (2007)

Household savings and equity

9.6   The median amount of household savings in the housing market area is £9,531. The mean was noticeably higher at £56,588, skewed by a small number of households with a very large amount of savings. The figure below shows the distribution of savings in the housing market area.

9.7   An estimated 43.2% of households had less than £5,000 in savings whilst 26.0% had savings of over £40,000. Households with no savings also include those in debt.

Figure 9.2 Household savings
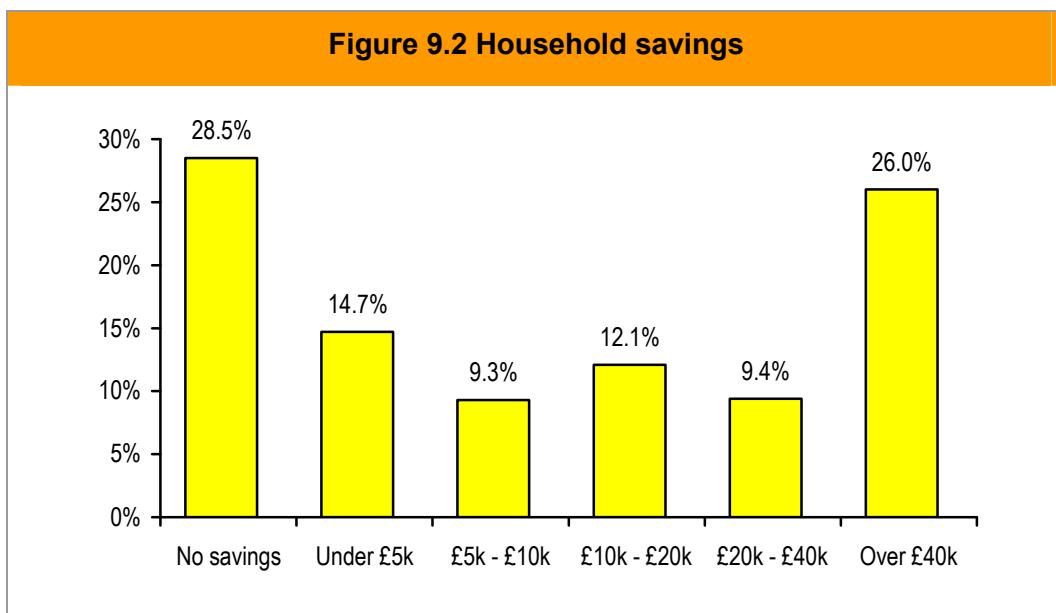
Source: West Surrey household survey data (2007)

9.8   The average (mean) amount of equity owner-occupiers have in their property was estimated to be £340,128 (median of £273,855).

Relationship of income to housing costs

9.9   It is of interest to study the amount of income that households are spending on their housing costs (whether rent or mortgage). The figure below shows the number of households in each tenure group by what proportion of income is spent on housing. The figure shows that whilst households in the owner-occupied and private rented sector are most likely to spend less than 25% on housing costs there are a number of households spending over 25% and in some instances in excess of 50%. Households paying more than 50% are most likely to be found in the social rented sector.

Figure 9.3 Percentage of income spent on housing costs by tenure
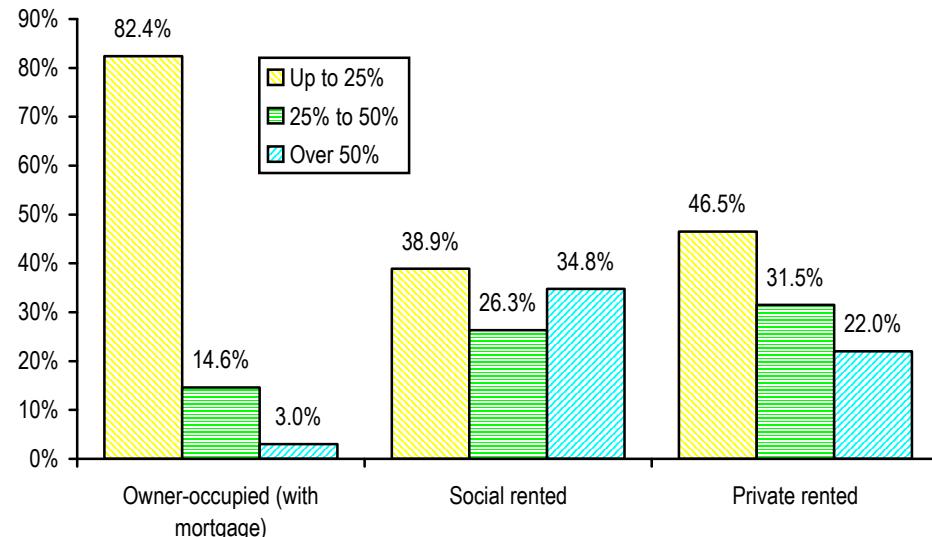
Source: West Surrey household survey data (2007)

9.10   As can be seen, about four fifths of owner-occupiers, around 40% of social renters and just less than half of private renters spend 25% or less of their income on housing. The Practice Guidance follows a line which suggests that households, especially poorer ones, should not spend more than 25% of their income on housing.

9.11   Version 2 of the Practice Guidance has relaxed this rule and allows such bodies as the SHMA Steering Group to nominate higher proportions of income to be spent on housing. There are practical problems to using much higher proportions of income on housing when addressing the needs of lower income households. If households on say £15k were considered, and the implications of 35% of income on housing were pursued, it would be found that such a household is unlikely to be able to survive on a proportion much above 25%.

9.12   Nevertheless it is clear from the table that the majority of all renters (social and market) have to spend much more than 25% of their income on housing. This is ameliorated in many cases by the subsidy represented by Housing Benefit.

Median financial capacity

9.13   The following table provides the median financial capacity figures by tenure. The median is used because it provides a 'typical' figure (the middle household in the range) and is not distorted by there being a few very wealthy households at the top end of the range, as the mean is.

Table 9.1 Median financial information by tenure				
Tenure	Median annual gross household income	Median savings	Median equity	Financial capacity
Owner-occupied (no mortgage)	£29,404	£55,413	£386,300	£529,924
Owner-occupied (with mortgage)	£55,548	£5,424	£174,081	£346,150
Council	£9,349	£433	£0	£28,480
RSL	£11,142	£220	£0	£33,646
Private rented	£33,470	£872	£0	£101,281
AVERAGE	£36,739	£9,531	£189,739	£309,487

Source: West Surrey household survey data (2007)

9.14 The total financial capacity figure is based on a '3 times' multiple of income, as this is the standard practice amongst most mortgage lenders. The table shows some striking results:

   i) For owners without a mortgage (many of them retired) the proportion of equity and savings in overall financial capacity is some 83.4%. Even if a 3.5 multiple were used, the non-income element would still be over 80% of the overall purchasing power of this group.

   ii) For owners with mortgages the proportion of non-income elements of financial capacity falls to 51.9%, and would go down to 48.0% if the income multiple were raised to 3.5.

   iii) In the case of all rented tenures, there is only a small savings figure and of course no owned equity (though such households may be able to borrow or gain equity from other family members when considering a purchase). The financial capacity of such households varies considerably with tenure. Private rented households have about treble the financial capacity of the social renting households. This is normal, as the private rented sector contains both households who are too poor to enter the market (and who depend on Housing Benefit to do so) and those who aspire towards buying, (and who have much higher incomes).

   iv) When compared with the price of entry-level purchase housing in the HMA, which is estimated in the to be around £220,000 in the case of a two bed dwelling, for example, it is obvious that none of the renting households has any hope of climbing to full scale equity ownership. Even the private renters, on average, have only about a third of the necessary financial capacity, and this would not be materially altered by taking a higher mortgage multiple. Of course within the broad private renting group there will be households on much higher incomes who can consider purchase, with or without external assistance from relatives or friends.

9.15 Table 9.1 therefore presents the stark affordability issue: with the inclusion of financial capacity it can clearly be seen that those without a mortgage could on average easily afford

the £220,000 price of an entry-level owner-occupied home in the HMA. But both groups of renting households are nowhere near being able to afford to buy.

Financial capacity of moving and non-moving households

9.16   The dynamics of the housing market are driven by those who are moving. The following analysis shows the financial capacity of households (again using a '3 times' multiple) according to tenure and according to whether they have moved into the HMA, within it, or not moved at all recently.

9.17   The following table presents the financial capacity for owners in the housing market area.

Table 9.2: Financial Capacity of owners			
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the HMA	£56,248	£6,893	£143,805	£319,443
Moved within the HMA	£51,739	£6,441	£144,628	£306,285
Did not move home in the last two years	£42,242	£21,931	£301,699	£450,357

Source: West Surrey household survey data (2007)

9.18   As can be seen from the table above, the non-movers show much higher financial capacity than the recent movers principally due to having greater equity. This group contains many retired households that have redeemed their mortgage and have no intention of moving home again.

9.19   The table also indicates that those who moved into the HMA are wealthier than those who moved within it, this is principally because these households record slightly higher incomes.

9.20   The following table presents the financial capacity for private renters in the housing market area, by their location of the previous home.

Table 9.3: Financial Capacity of private rented households			
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the HMA	£42,683	£1,212	£0	£129,260
Moved within the HMA	£30,998	£366	£0	£93,359
Did not move home in the last two years	£26,294	£1,119	£0	£80,000

Source: West Surrey household survey data (2007)

9.21 The table for private renters provides an interestingly different pattern from that for owners. Where the highest financial capacity for owners is found among those who have not recently moved, the non-moving private renters show the lowest financial capacity. This can partly be explained by the fact that non-moving private rented households contains the greatest proportion of households on housing benefit. In-moving private rented households show a notably higher financial capacity than either internal movers or non-movers.

9.22 However it is clear that even the in-moving private renters are well short of being able to buy: even on a x4 multiple they would on average only have £150k of buying capacity, which is notably lower than the cost of an entry-level two bedroom home (around £275,000).

9.23 Within that average, however, there will be those who can reach the £275,000 financial capacity threshold for purchase cost in the housing market area, while others will benefit from loans or gifts of equity from relatives etc to enable them to make the step into ownership.

9.24 The following table presents the financial capacity for social renters in the housing market area, by the location of their previous home.

Table 9.4: Financial Capacity of social rented households				
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the HMA	£9,526	-£572	£0	£28,006
Moved within the HMA	£8,080	£163	£0	£24,403
Did not move home in the last two years	£9,969	£468	£0	£30,376

Source: West Surrey household survey data (2007)

9.25 The profile of social renting movers is similar to that recorded for owner-occupiers: the highest financial capacity is shown by the non-movers, while the in-movers record a higher financial capacity than the internal movers. Clearly very few of this group, even allowing for the variations around the average, is likely to be within practical distance of any form of equity ownership.

Summary

i) The collection of financial information is a fundamental part of any assessment of housing need and future housing demand. The survey estimates that mean annual gross household income (including non-housing benefits) across the HMA is some £54,442 but the median is noticeably lower at £36,739, showing the influence of relatively few high earners on the average.

ii) It is also clear that there is a degree of housing stress, in that only 40% of social renters and half of private renters spend 25% or less of their income on housing. A third of social renters and a fifth of private renters pay more than 50% of their income on housing (though they may also receive financial support). However a sixth of owners also pay more than 25% of income on housing, and 3% more than 50%. They are unlikely to receive much subsidy.

iii) The financial capacity figures (income+savings+equity) shows that both types of owners (with and without mortgage) rely more heavily on equity rather than upon income to provide the financial capacity they require when buying. The non-income element of financial capacity varies from half to four fifths of the overall financial capacity.

iv) When tenure groups are examined, in terms of whether they have recently moved, it is clear that owners coming into the HMA have a higher financial capacity than those moving within the HMA, although both sets of movers are lower than those who have not recently moved. Private renters show a more extreme pattern: the incomers to the HMA have a much higher financial capacity than the internal movers and non-movers.

10. Affordability and housing need

Introduction

10.1   This chapter of the report pulls together various sources of information about housing need and affordability issues in the HMA. This report does not provide a full assessment of housing need as this exercise has been undertaken separately in the Housing Needs and Market Assessment Survey reports for each of the individual local authorities. The Practice Guidance suggests an approach based entirely on secondary data, mainly the Housing Register. This has not been followed here, as the primary data offers a much more reliable route. Past analyses by Fordham Research of sets of Housing Registers have suggested that many (often the majority) of those on the register are not in housing need, as defined by CLG, while at the same time a major proportion of the households in housing need are not on any register. Hence housing registers often do not provide an accurate estimate of the level of households in housing need, as defined by CLG.

10.2   The primary and secondary data based analysis in the individual HNAs therefore provides the most reliable evidence on which to conduct the CLG Needs calculation. These individual reports should be examined by those who wish to see the detailed housing needs figures. Data from the three HNAs produced alongside this document has been used in this report to provide a background to the analysis undertaken.

> *Step 3.3.2: Affordability of Housing*

Price: income ratios

10.3   Although price/income ratios alone tell us relatively little about affordable housing requirements in an area with affordability more properly taking into account the full range of financial capacity (as set out in the previous chapter) it is of interest to briefly chart how this ratio has changed over time.

10.4   As can be seen from the evidence in the previous chapter, income in the case of owners is only a minor part (around 20%) of the overall financial capacity available for these households to purchase a property. For those groups (private and social renters) where income is the main or only element of financial capacity that they have, there is no practical sense in a price/income ratio based on median or mean incomes as these are far away from the amount required to purchase a home in West Surrey. Only those with the highest incomes within these tenures are likely to be able to afford these prices.

10.5   Moreover, as will be seen from the last section of this report and particularly in relation to the discussion of weekly costs (Table 20.2) what actually matters is the relative affordability of different types of housing, not its relationship to income. The judgement as to the affordability of a given type of new housing should be made in relation to its weekly cost, as that is what makes it affordable in whichever of the housing gaps it belongs.

10.6   However price income ratios have a long history and have, albeit mistakenly, been used by Government to assess the affordability of housing for many years. As a result it is worth briefly considering the position in this HMA.

10.7   The table and figure below show how the price/income ratio has changed over the past four years. Data for income is taken as the mean gross pay (for all employee jobs) from the Annual Survey of Hours and Earnings (ASHE) whilst average prices are taken from the Land Registry (second quarters). It should be noted that there are some differences between the 'South East England' definition used by ASHE and the Land Registry, which should be borne in mind when viewing the figures. 'England and Wales' has been used as the national figure for both sources to ensure consistency (the Land Registry does not provide figures for England alone).

10.8   The data shows that there has been some increase in price/income ratios over the past four years. Across the HMA the ratio has increased from 7.9 in 2002 to 9.4 in 2006. The change in this has not however been uniform over time or indeed for individual parts of the HMA. The ratio increased mostly in the period from 2003 to 2004 (rising from 8.1 to 9.4) before dropping in 2005 and increasing again in 2006.

10.9   Woking appears to show the greatest rise over the four year period (from 7.2 to 9.4). Price income ratios in Waverley appeared to peak in 2004 and have since declined, in Guildford they have generally been increasing since 2002. Regional and national figures suggest that price income ratios have become more stable since 2004.

Table 10.1 Average incomes in the HMA (2002-2006)					
Area	2002	2003	2004	2005	2006
Guildford	£29,017	£31,911	£30,438	£32,423	£32,770
Waverley	£30,889	£32,310	£30,969	£34,990	£38,949
Woking	£29,681	£30,687	£29,948	£34,057	£30,774
West Surrey HMA	£29,819	£31,709	£30,477	£33,749	£34,270
South East England	£23,946	£24,917	£25,631	£26,277	£27,538
England & Wales	£20,979	£21,740	£22,703	£23,853	£24,753

Source: Annual Survey of Hours and Earnings (ASHE) 2007

Table 10.2 Average property price in the HMA (2002-2006)

Area	2002	2003	2004	2005	2006
Guildford	£239,698	£260,856	£286,324	£302,504	£330,602
Waverley	£252,244	£276,478	£302,090	£311,326	£347,294
Woking	£214,431	£233,418	£270,122	£264,613	£289,345
West Surrey HMA	£236,265	£257,587	£286,201	£291,664	£323,384
South East England	£169,691	£194,887	£214,605	£223,346	£237,016
England & Wales	£133,247	£149,935	£175,401	£184,924	£199,184

Source: Land Registry (2nd quarters) 2007

Table 10.3 Price:income ratio in the HMA (2002-2006)

Area	2002	2003	2004	2005	2006
Guildford	8.3	8.2	9.4	9.3	10.1
Waverley	8.2	8.6	9.8	8.9	8.9
Woking	7.2	7.6	9.0	7.8	9.4
West Surrey HMA	7.9	8.1	9.4	8.6	9.4
South East England	7.1	7.8	8.4	8.5	8.6
England & Wales	6.4	6.9	7.7	7.8	8.0

Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (2nd quarters)

Figure 10.1 Price:income ratio (2002-2006)
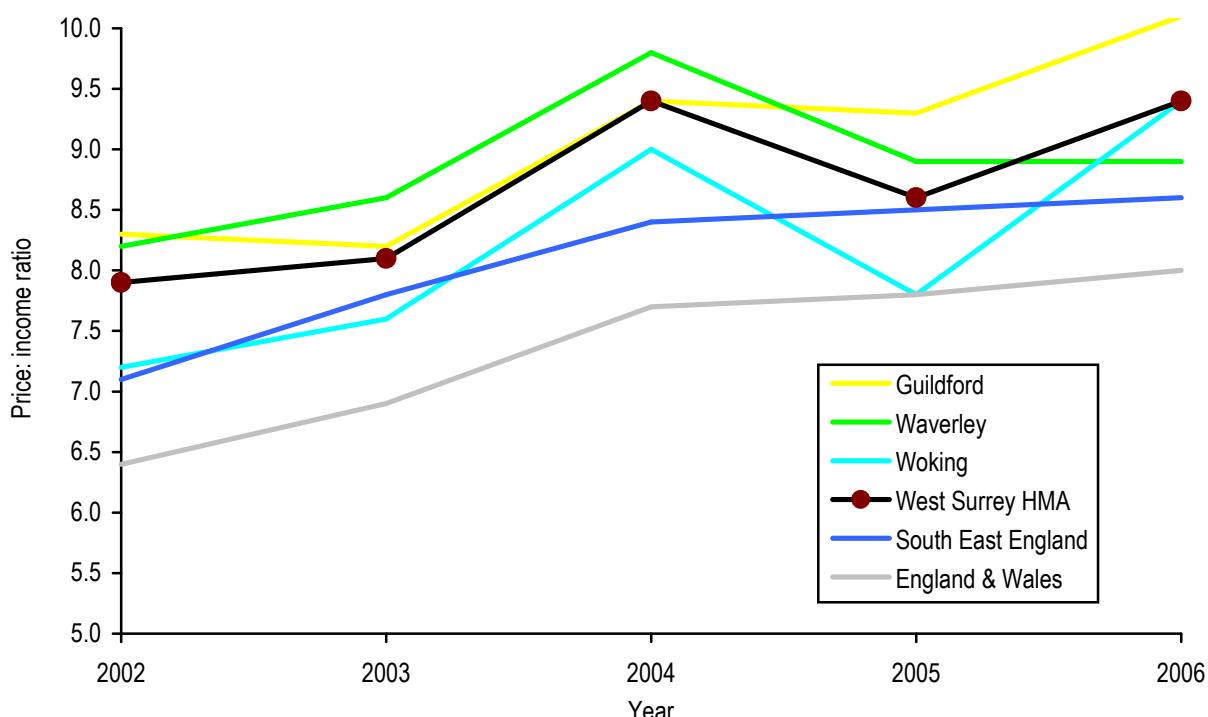
Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (2nd quarters)

> **Stage 5: Housing need (Step 5.2.1 – Step 5.3.8; Step 5.5.1)**

(Housing Needs and Market Assessment Survey - Chapters 7-9 contain the detailed steps involved in the housing needs calculation)

Findings from Housing Needs and Market Assessment Surveys

10.10   Housing Needs and Market Assessments Survey reports have been produced for each of the three local authorities in the HMA alongside this report and are therefore all based on the same date (January 2008).

10.11   The table below shows the estimated annual need from each authority's Housing Needs and Market Assessment Survey reports. In purely numeric terms the highest need has been found in Guildford (at 1,194 per annum) with the smallest in Woking (499 units). If we standardise the data by the estimated number of households in each area then we find that the highest proportionate need is in Guildford with the lowest in Waverley.

Table 10.4 Annual need for affordable housing			
Area	Annual net affordable need	Estimated number of households	Need per 1,000 households
Guildford	1,194	54,300	22.0
Waverley	515	48,700	10.6
Woking	499	38,500	13.0
West Surrey HMA	2,208	141,500	15.6

Source: West Surrey SHMA 2007 –figures are from Table 9.2 of the Housing Needs and Market Assessment Surveys

Intermediate housing

10.12   Intermediate housing is defined by PPS3 as 'housing at prices and rents above those of social rent but below market prices or rents'. Each of the individual local authorities' Housing Needs and Market Assessment Survey reports makes suggestions about the amount of housing need which might be met through the provision of intermediate housing and this information is presented later in this section. However, it is also worth considering other sources of information to provide a broad view of intermediate housing across the whole HMA.

10.13   The Joseph Rowntree Foundation (JRF) published a report in 2005 entitled '*Affordability and the Intermediate Housing Market'*. Within this report two distinct definitions of intermediate housing are used. These are:

- Broad definition – the proportion of working households unable to purchase at lower quartile property prices

- Narrow definition – the proportion of working households that can afford to pay a social rent (without the need for housing benefit), but who cannot buy at lowest decile property prices

Figure 10.2 JRF definition of intermediate housing market				
Broad intermediate housing market				
Not in work	In work but on housing benefit	Not on housing benefit but cannot buy at lower decile level	Cannot buy at lower quartile level	Can buy at lower quartile level
		Narrow intermediate housing market		

Note: 'quartile' is the quarter point observation and 'decile' is tenth point observation

Source: Affordability and the intermediate housing market (JRF 2005)

10.14 The table below shows the proportion of (working) households in the HMA and other benchmark areas who are able to afford intermediate housing according to the JRF research. The table shows that the proportion in either the broad or narrow definition does not vary greatly across the HMA. Overall it is estimated that 61.8% could afford intermediate housing using the broad definition and 41.9% using the narrow definition. These figures are higher than those presented for both the South East of England and England as a whole.

Table 10.5 JRF intermediate housing affordability		
Area	Broad definition	Narrow definition
Guildford	63.3%	43.3%
Waverley	61.1%	40.9%
Woking	60.5%	41.2%
West Surrey HMA	61.8%	41.9%
South East England	52.9%	33.8%
England	43.3%	23.5%

Source: Affordability and the intermediate housing market (JRF 2005)

10.15 Having provided data from the JRF report it is of use to contrast this with the latest estimates found in each local authorities' Housing Needs and Market Assessment Survey report. Intermediate housing is split between intermediate rented and low cost market housing. The table below shows the figures from these reports. The table shows that the proportion of affordable housing need which can be met through a form of intermediate housing varies from 48% in Waverley to 39% in Woking. Overall it is estimated that the average across the whole HMA will be in the region of 42%. This is similar to the figures based on the narrow definition in the JRF report.

Table 10.6 Intermediate housing requirements from housing needs and market assessment survey reports		
Area	% of affordable need as	
	Intermediate rented	Discount housing for sale
Guildford	34%	7%
Waverley	34%	14%
Woking	29%	10%
West Surrey HMA	33%	9%

Source: West Surrey SHMA 2007 –figures are from Table 10.4 of the Housing Needs and Market Assessment Surveys

Homelessness and the Housing Register

10.16   Trends in homelessness and the Housing Register can provide some indication of the need and demand for social rented housing. The table and figure below show the number of homeless acceptances over the past five years. They also show that there has generally been a decrease in the number of homeless acceptances over the past few years, falling from 411 in 2000/01 to 58 in 2005/06.

10.17   It is difficult to know what to read into these figures as they only represent a small fraction of the population. In addition, it is quite possible that the most recent decrease in homelessness can be attributed to local authorities providing better preventative measures for potentially homeless households (as has been seen nationally). That said there are still a notable number of homelessness acceptances each year which will put pressure on the current affordable housing stock in the HMA.

Table 10.7 Number of homelessness acceptances in the HMA (2001/02-2005/06)						
Area	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Guildford	148	151	103	92	47	2
Waverley	65	92	86	81	75	32
Woking	198	192	118	138	80	24
West Surrey HMA	411	435	307	311	202	58

Source: HSSA data 2000/01-2005/06

Figure 10.3 Homelessness acceptances 2000/01 to 2005/06 in the HMA
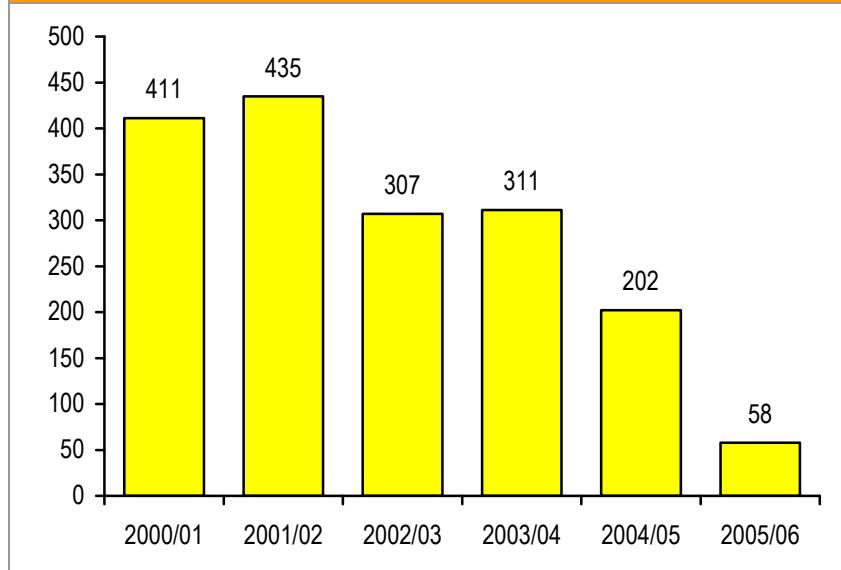

Source: HSSA data 2000/01-2005/06

10.18   The table and figure below show the number of households on the Housing Register. The data shows that the number of households on the Housing Register has increased over time. Across the whole HMA it is estimated that in 2000/01 there were 4,679 households registered, this had risen to 6,377 in 2005/06.

10.19   The number of households on the housing register in Guildford and Waverley has increased relatively steadily over recent years. The pattern does not appear to be as clear cut as this in Woking where numbers declined in 2003/04 and then increased sharply in the following years.

10.20   Overall the data suggests that it is hard to rely on the Housing Register as a serious source of information about either current housing needs or how those needs change over time. However the data does suggest that at any point in time there are a significant number of households seeking social rented housing and that demand for such housing remains high.

Table 10.8 Number of households on Housing Register (2001-2006)

Area	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Guildford	1,806	1,698	1,902	2,100	2,247	2,455
Waverley	1,201	1,269	1,389	1,569	1,680	1,719
Woking	1,672	1,813	1,983	1,647	2,173	2,203
West Surrey HMA	4,679	4,780	5,274	5,316	6,100	6,377
South East England	129,924	129,234	146,880	168,725	181,196	195,700
England	1,039,265	1,093,342	1,263,931	1,434,874	1,543,337	1,634,301

Source: HSSA data 2000/01-2005/06

10.21 The figure below shows the above figures standardised to a 2000/01 base. The figure illustrates the variation in Housing Register numbers in many of the constituent parts of the HMA.

Figure 10.4 Change in Housing Register numbers (2000/01-2005/06)

Source: HSSA data 2000/01-2005/06
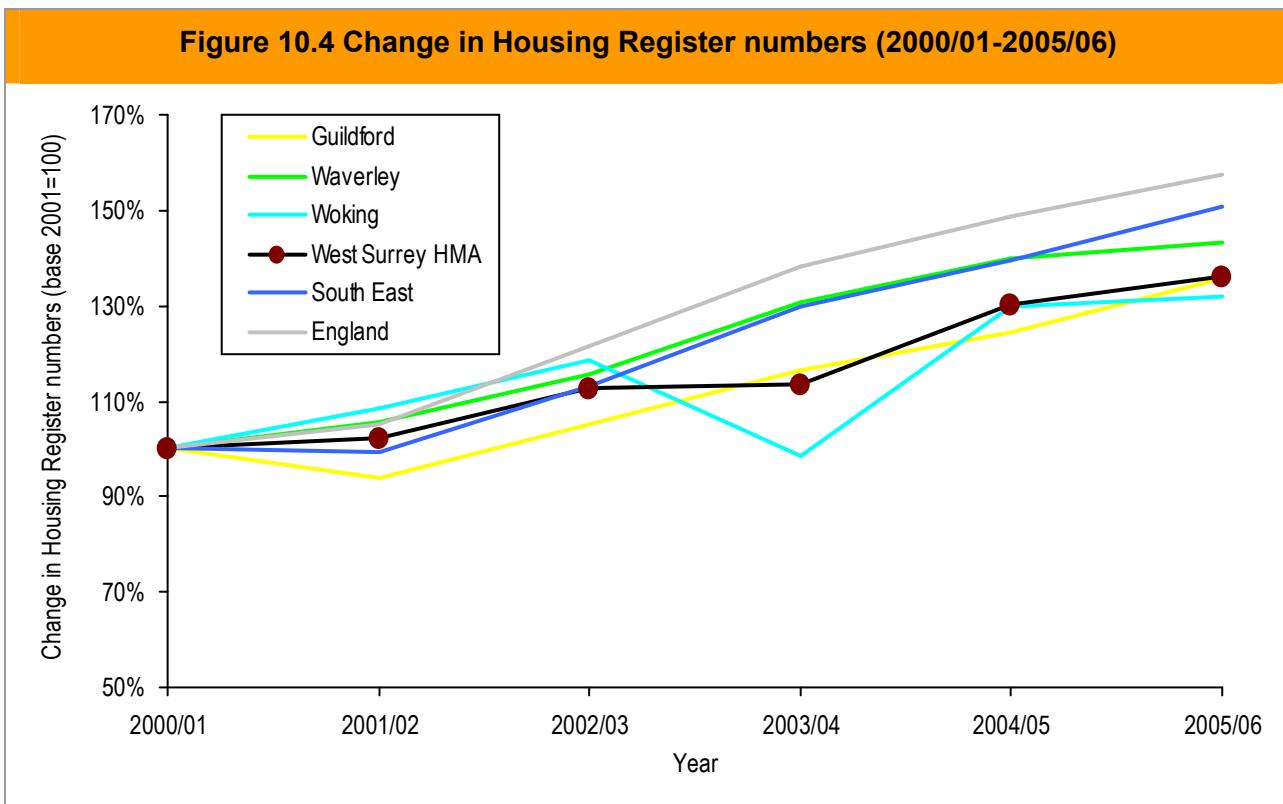
Summary

i) Various sources of information point towards an affordability issue in the HMA. As of 2006 the price/income ratio stood at 9.4 having risen from 7.9 in 2002. In addition, results from the Housing Needs and Market Assessment Survey reports show a high level of affordable need across the whole HMA.

ii) Both homelessness and Housing Register data also suggest an ongoing need and demand for social rented housing.

iii) Within the affordable spectrum there is a clear requirement for intermediate housing to be provided. Data from JRF suggests that intermediate housing would be affordable for 42% of households (based on a narrow definition) and 62% of households in the HMA (based on a broad definition), whilst results from the Housing Needs and Market Assessment Survey reports suggest the figure might be 42%.

11. Balancing Housing Markets

Introduction

11.1   A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. It works at the simplest level by establishing the likely demand for housing of particular types by the expected supply arising from vacancies in the existing stock so as to provide a broad indications of the shortages (and in some cases surpluses) of particular types of dwelling.

11.2   The BHM approach produces estimates for all tenures (market and affordable) and sizes of dwellings required, where 'market' refers to owner-occupied and private rented accommodation and 'affordable' to social rented and intermediate housing. Data used in this chapter has been drawn on information provided as part of the Housing Needs and Market Assessment Surveys.

11.3   This chapter is derived from the BHMs carried out in the three current HNS (Guildford, Waverley and Woking). The BHM figures are stated in annual terms, so as to be consistent with the CLG Needs model which is also stated in annual terms. Such figures can, of course, be added to produce totals for such things as plan periods.

11.4   The following section describes the relationship between the BHM process and the CLG Needs model analysis described in Chapter 10 above.

Relationship of BHM, CLG Needs Model and Policy implications

Key requirements of Guidance

11.5   PPS3: Housing, (Nov 2006) makes very specific requirements of Strategic Housing Market Assessments (SHMAs). It goes much further and into more detail than any previous guidance on the evidence base. For the reader's convenience the key requirements are repeated here:

- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).*
- *The size and type of affordable housing required'   [PPS3 para 22]*

11.6   The Practice Guidance issued by CLG to support PPS3 (August 2007) sets out a slightly revised method for estimating housing need (the original is in the 2000 *Guide to Local Housing Needs Assessment*), but is quite relaxed about the technical methods that may be used to achieve the PPS3 outputs:

'No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand' (Practice Guidance p 11)

The CLG Needs Model

11.7   The CLG Needs Model produces a number for the annual amount of extra affordable housing which would, after a period, mean that there is no further need for affordable housing in an area. The presence of households living in unsuitable housing, or in the private rented sector on housing benefit would stop. Since in most parts of Britain it is clear that housing need will exist for many decades (at the present rate of production of new affordable housing) it can be seen that this model is geared to an ideal state of affairs, not the day to day real world.

11.8   One particular assumption that affects the estimates is that no more than 25% of income should be spent on housing. However the reality is that many households will be spending more like 50% of their income on housing (whether low or high income), sometimes because they are forced to, but sometimes because they prefer to achieve a particular type or location of housing and are prepared to make sacrifices to achieve it

11.9   Many households will be found in the private rented sector who cannot afford market rents at 25% of income on housing. Of these a proportion will be on Housing Benefit, but a substantial proportion will not be. In both cases, shorthold tenancies within the private rented sector are not considered as affordable housing under the CLG definition, and do not provide long-term security for often vulnerable households.

11.10   The CLG model is an important part of Guidance and so the calculation must be done as part of any SHMA. In order to provide realistic outputs for the three key PPS3 requirements stated above, it is necessary to use a different and more pragmatic approach to analysing the housing market.

Balancing Housing Markets model (BHM)

11.11   Over the past four years Fordham Research has developed the BHM as a practical tool to show what sizes, tenures and types of housing are most needed to balance the housing market of an area. The following box summarises the way in which it works

Figure 11.1 Summary of the BHM process

The BHM process involves matching tenure and size of dwelling supply against the likely requirement for different types of housing. Information used includes survey data about households' future aspirations and expectations along with affordability (in the case of intermediate housing). In addition, information about a range of other factors such as household types (and likely priority) and minimum size requirements. The main area where this is not possible is net in-migration, since clearly future in-migrants are not surveyed. Hence data about likely future in-migration is estimated from recent in-migrant households.

The process of arriving at an allocation of sizes and tenures of housing, matching supply with demand, is complex and requires the data to be looked at very closely and carefully. A number of issues are considered when allocating households to their most likely housing solution. Examples include:

- Consideration of how households use the private rented sector. Survey data has shown that many households currently living in this sector want to move to either owner-occupation or affordable housing. The reality is that many will remain in this sector and the model will consider the likely supply (and affordability) of owner-occupied housing or the likely availability of affordable housing before allocating an appropriate tenure
- A household may want a four bedroom owner-occupied property but can only afford three bedrooms. If for example that household was already living in a three bedroom home and not overcrowded the model would consider whether a three bed market solution is more likely

Compiling the model may involve upwards of 20 iterations with the outputs being carefully considered at all stages. For example an initial output may suggest a surplus of three bedroom owner-occupied homes and shortages of two and four bedrooms. The information would then be considered in the light of whether or not some households allocated two and four bedroom homes might in reality be more likely to move to three bedroom homes (based for example on affordability, current housing circumstances and/or household type).

The combination of technical analysis and judgement involved is also informed by secondary data on the area (particularly discussions with local estate/letting agents) as well as detailed discussions with the project steering group. The process therefore cannot, if it is to be a reliable guide to that market, be based on a simple formula. The nature of the interactions between supply and demand across different sub-groups of tenures and sizes of dwelling cannot be made into a mechanical analysis without losing practical relevance to the market(s) in question.

The combination of quantitative and qualitative analysis in one calculation process is prompted by the complexity of the task. The final outputs are however carefully reasoned and will always reflect the general demands in both the affordable and market sectors as well as providing a workable distribution of different types of housing which can be worked into housing and planning policies.

Source: Fordham Research 2007

11.12   There are still difficulties: in particular although the overall tenure mix and type of dwelling can be forecast using the BHM, it is very hard to get the size mix right. That is because upwards of half of most populations can afford to buy more housing than their household size actually requires. The outcome does not match any logical size related requirements. Hence there is a problem about forecasting the size mix. This is not resolved by using household projections. The household projections do not contain any allowance for the housing market dynamics that, for example, control levels of in- and out-migration and also affect future household sizes.

11.13   The BHM model produces the three key outputs listed in PPS3. Its outputs produce policy relevant figures which can then be subject to wider policy debate. The CLG Guidance emphasises that SHMAs should not produce direct policy statements, but rather evidence which enables an informed policy debate and policy making.

11.14   Before the detailed methodology of the BHM approach is described and the results presented, it is useful to consider one of the by-products of the BHM analysis - the annual flow of moves, which helps summarise the movement of households within the housing market.

The annual flows of moves

11.15   A key element of the 'balance' in the housing market is an understanding of the flow of households within the housing system. We begin by looking at expected household change through both migratory changes (i.e. households moving into and out of the HMA) and natural change (i.e. the difference between the number of new households) and household dissolution (normally death).

11.16   The table and diagram below show estimated movement of households into, out of and within the HMA (based on annualised survey data over a two year period). The figures are distinguished according to the types of household, to match the requirements of PPS3 (para 22). Data for in-migration is based on past trends whilst information about out-migration is based on household's future expectations. Account is also taken of newly forming households and dissolutions (mainly through death).

11.17   The data suggests that 7,639 households are expected to move into the HMA per annum in the future with an estimated 6,644 moving out. This suggests that the HMA can expect an increase of 995 households per annum due to migration.

11.18   The profile of in and out-migration is also of interest with data suggesting that there will be net outflow of pensioner households with a net inflow of all other types of household. In particular the predicted inflow of households with children is particularly large.

11.19 The net change in households due to migration does not provide the necessary information for indications of the likely net change in the number of households in the HMA. This will also be influenced by the function between the number of new households and the number of household dissolutions (i.e. death). Figures for each of these components are also shown in the table below.

11.20 The table show that there are an estimated 2,231 households likely to form per annum (within the HMA and from households currently living in West Surrey). This figure is offset by an estimated 1,282 household dissolutions. Hence the net change in households due to 'natural change' is estimated to be 949 extra households per annum.

11.21 Overall therefore the data suggests that from both sources there will be **a net change in households in the HMA of 1,944 per annum** (995+949).

Table 11.1 Current annual flows of moves					
	Older person	Single (non-older)	Multi-adult (no children)	H'holds with children	Total
Moved into the HMA	680	1,472	3,326	2,162	7,640
Moving within the HMA	879	1,062	2,759	2,750	7,450
Moved out of the HMA	800	1,435	2,879	1,530	6,644
Net movement	-120	37	447	632	995
Household dissolution			1,282		
Newly forming households			2,231		
Natural change			+ 949		
Net overall change			1,944		

Source: West Surrey household survey data (2007)

Figure 11.2 Annual flow – overall situation
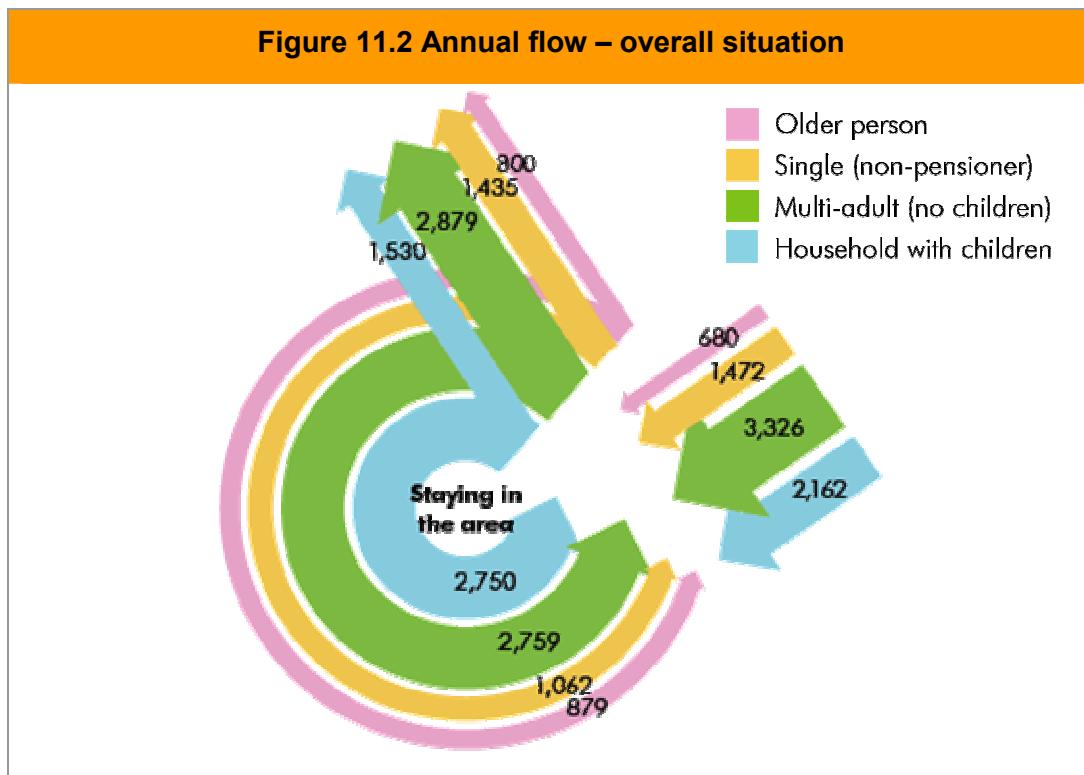
Source: West Surrey household survey data (2007)

Step 5.4.1: Choices within the existing affordable housing stock

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Step 5.4.2: Requirement for affordable housing of different sizes

(Housing Needs and Market Assessment Survey - Chapter 12 contains information for the individual local authorities)

Summary description of the BHM process

11.22   There are six stages of analysis in the Balancing Housing Markets Model (three for supply and three related to demand). All of these are based upon information derived from primary data except where stated. The six stages in detail are:

- **Stage 1. Supply from household dissolution:** Assessing the size, type and tenure of dwellings likely to become available from household dissolution (using national mortality rates in combination with information from primary data).

- **Stage 2. Supply from out-migrant households:** Assessing the size, type and tenure of dwellings existing households moving away from the HMA are going to make available.

- **Stage 3. Supply from existing households:** Assessing the size, type and tenure of housing that existing households moving within the HMA are going to make available.

- ***Stage 4. Demand from in-migrant households:*** Assessing the size, type and tenure of accommodation secured by households that recently moved into the HMA.
- ***Stage 5. Demand from newly forming households:*** Assessing the likely sizes, types and tenures of housing required by newly forming households moving to a property within the HMA.
- ***Stage 6. Demand from existing households:*** Assessing the likely sizes, types and tenure of accommodation required by existing households moving from one property in the HMA to another.

Model outputs

The sections below present the results of each of these stages of the model in turn.

Stage 1 – Supply from household dissolution

11.23   The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year. The vast majority of supply through household dissolution is expected to come from market housing (mainly older owner-occupiers) although a significant supply also arises in the affordable sector.

Table 11.2 Supply I: Supply from household dissolution					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	111	335	363	133	942
Affordable	219	82	34	4	340
TOTAL	330	417	398	137	1,282

Source: West Surrey household survey data (2007)

Stage 2 – Supply from out-migrant households

11.24   The table below shows an estimate of the supply of housing that would be released when households who expect to move from the HMA do so. For example, a household out-migrating from a four bedroom owner-occupied dwelling is assumed to free-up a four bedroom owner-occupied dwelling for use by another household. The data is annualised and based on moves that respondents stated they were likely to make over the next two years. The vast majority of the out-migrant supply is in the market sector with three bedroom homes the main size of accommodation released.

Table 11.3 Supply II: Supply from out-migrant households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	822	1,758	2,179	1,363	6,121
Affordable	188	215	121	0	524
TOTAL	1,010	1,973	2,299	1,363	6,645

Source: West Surrey household survey data (2007)

Stage 3 – Supply from existing households

11.25 The table below shows estimated future supply from existing households moving within the HMA. As with the above data figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation within the HMA. Figures are annualised from data for two years. Data includes transfers within the social rented sector.

11.26 Again there is a significant supply in the owner-occupied and private rented sectors (the market), although the figure for affordable housing is notably higher than the equivalent figures for dwellings released through out-migration or household dissolution. The main supply in the market sector is two bedroom homes.

Table 11.4 Supply III: Supply from existing households					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	716	2,663	1,579	1,088	6,047
Affordable	383	726	261	33	1,403
TOTAL	1,100	3,389	1,840	1,122	7,450

Source: West Surrey household survey data (2007)

Overall supply

11.27 The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and size group. The table shows that there is expected to be an annual supply of 15,377 dwellings from the current stock of housing. Of these around 85% are expected to be market dwellings with 15% in the affordable sector.

11.28 In terms of the sizes of accommodation likely to become available it is notable that there are relatively few one bedroom dwellings in the market sector (the main supply in this sector being two and three bedroom homes). The affordable housing sector is dominated by one and two bedroom homes. Overall, 49% of market supply is estimated to be one and two bedroom homes with a figure of 80% in the affordable sector.

Table 11.5 Supply IV: Total supply					
Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	1,649	4,756	4,122	2,584	13,110
Affordable	791	1,023	416	37	2,267
TOTAL	2,440	5,779	4,537	2,621	15,377

Source: West Surrey household survey data (2007)

Stage 4 – Demand from in-migrant households

11.29 The table below shows the estimated demand from in-migrant households. This is largely based on the profile of households who have moved into the HMA over the past two years (in terms of the size and type of accommodation secured). Figures are again annualised. The table shows that the vast majority of in-migrant households have secured some form of market housing. In total it is estimated that around 6% of in-migrant households have secured an affordable housing solution.

Table 11.6 Demand I: Demand from in-migrants by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	944	2,743	2,003	1,509	7,199
Affordable	234	165	42	0	441
TOTAL	1,178	2,908	2,045	1,509	7,640

Source: West Surrey household survey data (2007)

Stage 5 – Demand from newly forming households

11.30 The table shows an estimate of the housing requirements of newly forming households. The table is based on the number of newly forming households who need or expect to form over the next two years within the HMA. Figures are annualised. Approaching a third (29.0%) of the demand is expected to be for affordable accommodation. Compared with the sizes of accommodation secured by in-migrant households it is notable that newly forming household demand is more biased towards smaller dwellings.

Table 11.7 Demand II: Household formation by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	464	989	131	0	1,585
Affordable	366	211	65	4	646
TOTAL	830	1,201	197	4	2,231

Source: West Surrey household survey data (2007)

Stage 6 – Demand from existing households

11.31 The table below shows estimated future demand from existing households in the HMA. The figures are based on what tenure and size of accommodation households expect to move to in the future (next two years). Figures are annualised. The data suggests that around 28% of existing household demand is for affordable accommodation (this compares with 18% of dwellings released by existing households).

Table 11.8 Demand III: Demand from existing households by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	366	1,385	2,239	1,363	5,352
Affordable	381	1,018	612	87	2,098
TOTAL	747	2,403	2,851	1,450	7,450

Source: West Surrey household survey data (2007)

Overall demand

11.32 The table below is an overall summary of annual demand, calculated as the sum of the three previous tables. The table shows an estimated demand for 17,321 dwellings of all sizes and tenures. The majority of this demand is for market dwellings (82%). Therefore around 18% of the demand is for affordable dwellings.

11.33 The market demand is greatest for two and three bedroom homes with two-bed accommodation showing the highest figure in the affordable sector.

Table 11.9 Demand IV: Total demand by tenure and size required					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	1,774	5,117	4,373	2,872	14,135
Affordable	981	1,394	720	91	3,186
TOTAL	2,754	6,511	5,093	2,963	17,321

Source: West Surrey household survey data (2007)

Net housing demand

11.34 A table bringing together all of the demand and supply information is presented below. The table shows that overall there is expected to be a greater demand for housing than the current stock of housing can meet. Overall, across all tenures there is an apparent shortfall of 1,944 dwellings per annum (excess demand over supply).

Table 11.10 Balancing Housing Markets results for the HMA (per annum)

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	125	361	252	288	1,025
Affordable	190	371	304	54	919
TOTAL	315	732	555	342	1,944

Source: West Surrey household survey data (2007)

Figure 11.3 Estimated shortfalls and surpluses of housing by tenure and size
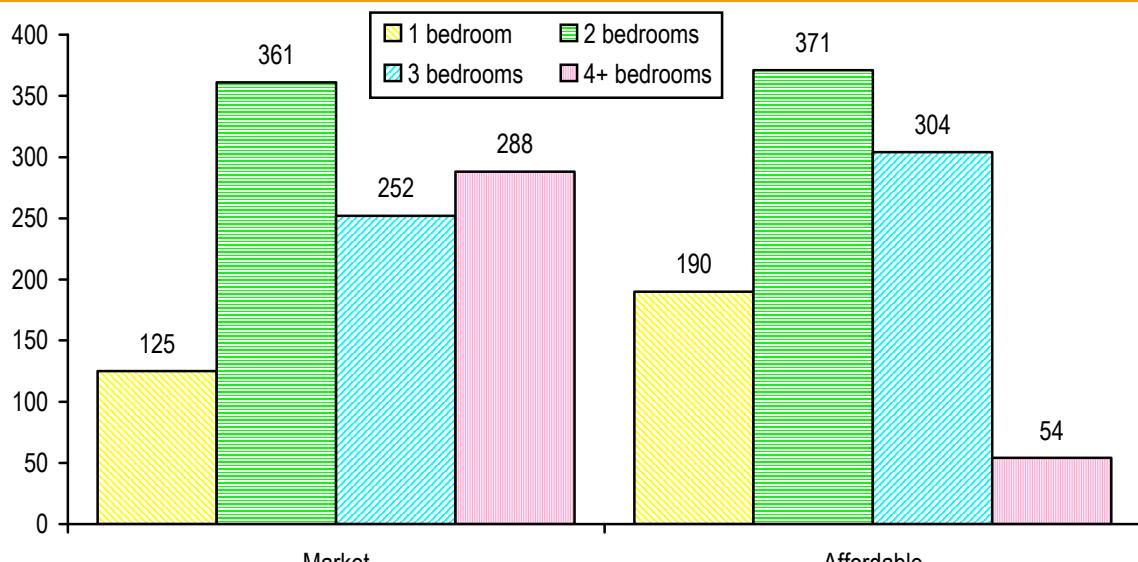
Source: West Surrey household survey data (2007)

11.35   The above table and figure have provided demand shortfalls and surpluses by tenure and it is worthwhile to briefly describe the findings in each of these groups.

Market housing

11.36   In the market sector there is an apparent shortfall of 1,025 units per annum (53% of the overall shortfall). The greatest shortfall is for two bedroom homes although all dwelling sizes record a shortfall.

Affordable housing

11.37   The requirement for affordable housing makes up around 47% of the net shortfall of housing in the HMA and there are shortages shown for all sizes of accommodation. The main shortfalls are for two and three bedroom homes.

Overall view on the BHM results

11.38   The results of the BHM analysis suggest a significant net demand for housing in the HMA with a total estimated excess of demand over supply equating to 1,944 units per annum. There is a clear demand for both market and affordable housing in the HMA.

11.39   The model shows that the largest shortfall in the market sector is for two bedroom homes, although the shortages of three and four bedroom accommodation are notable. Overall the model suggests that around 47% of the net demand for housing will be in the affordable sector. This figure is lower than would be found if the data from the affordable housing needs model (table 10.4 in the previous chapter) is used but confirms an ongoing requirement for more affordable housing to be provided.

Summary

i)   A 'Balancing Housing Markets' (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size.

ii)   This chapter contains the combined results of BHMs for each of the constituent Boroughs.

iii)   The analysis reveals that there is an ongoing net requirement for both market (owner-occupied and private rented) and affordable (intermediate and social rented) housing.

iv)   In terms of the size of property required, the model suggests that the main shortfall in the market sector is for two bedroom units; in the affordable sector the main requirement is for two and three bedroom homes.

v)   Overall it is estimated that there is a potential demand for 1,944 additional units of housing (of all tenures) per annum.

SECTION D: PARTICULAR HOUSEHOLD GROUPS

This section addresses particular groups of households. Some may have been disadvantaged, and some may not, but the additional detail upon them should be of value in considering policy options for them.

This section contains detailed analysis for the following particular groups:

Chapter 12 - Black and Minority Ethnic households (BME)

Chapter 13- Households with support needs

Chapter 14 - Key worker households

Chapter 15 - Households containing older people

Chapter 16 - Families

Chapter 17 - Students

Chapter 18 – Households living in rural areas

12. Black and Minority Ethnic households

Introduction

12.1   One key group which is of interest to study are households from a Black or Minority Ethnic (BME) background. Such households, as a group, are quite often found to have distinct characteristics or may be disadvantaged in some way. This chapter therefore briefly considers information about BME households. Much of the information collected has come from the 2001 Census which allows comparative information to be provided across the HMA and for benchmark areas.

12.2   Additional information has been drawn from the Housing Needs and Market Assessment Survey reports although this is mainly descriptive. For the purposes of analysis in a SHMA we are particularly interested in households, hence the majority of analysis uses information about the 'Household Reference Person' (HRP).

The BME household population

12.3   The table below shows the proportion of household reference persons who are from each of various BME groups. The data shows that the proportion of non-white (British/Irish) HRPs is lower in the HMA than found nationally, but slightly higher than found regionally. In total in 2001 it was estimated that around 7.3% of HRPs in the HMA were from a non-white (British/Irish) background. The HMA has a larger proportion of White-other HRPs than regionally and nationally, and a lower proportion of black HRPs than nationally.

12.4   In terms of the individual areas of the HMA, Woking appears to be the most ethnically diverse, with 11.2% of HRPs from a BME group, higher than regional and national figures. The largest BME groups in Woking were White-other and Asian. In Guildford, 6.8% of HRPs were from a BME group, similar to the regional figure. Waverley contained the lowest proportion of BME HRPs (4.9%).

Ethnic group	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
Table 12.1 Ethnic group of household reference person (2001)						
White (British/Irish)	93.2%	95.1%	88.8%	92.7%	93.9%	90.6%
White Other	4.0%	3.2%	5.3%	4.1%	2.6%	2.6%
Mixed	0.5%	0.4%	0.6%	0.5%	0.5%	0.7%
Asian	1.1%	0.5%	3.8%	1.7%	1.6%	3.0%
Black	0.5%	0.3%	0.5%	0.4%	0.7%	2.3%
Other	0.7%	0.4%	0.9%	0.7%	0.6%	0.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Office for National Statistics 2007)

12.5 The map below shows the spatial distribution of the non-white (British/Irish) population in the HMA at ward level. The data clearly shows a concentration of BME households within the most urban wards of West Surrey, particularly the larger settlements of Woking and Guildford. Looking broadly at the map a north/south divide can clearly be seen with very few wards to the south of the study area having significant proportions of BME households.

Figure 12.1 Spatial distribution of the BME population in the HMA
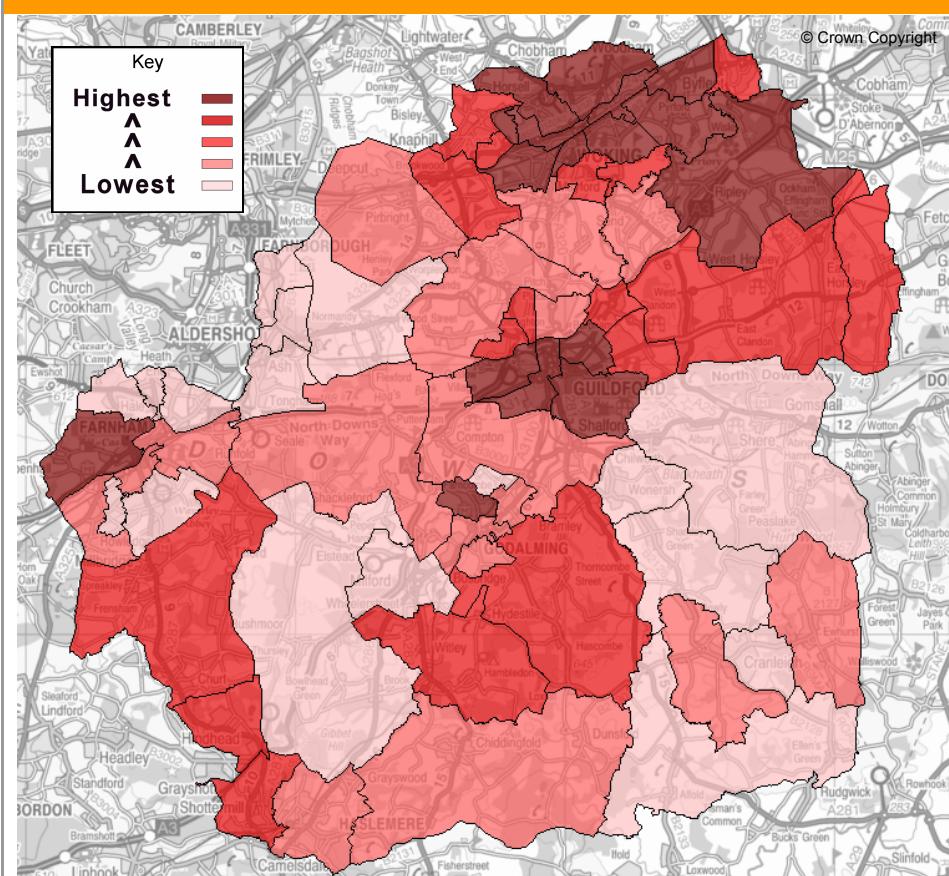
Source: 2001 Census data (from Office for National Statistics 2007)

Household characteristics

12.6   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the study area. The figure below looks at the household composition of five broad groups (Mixed and Black have been combined due to the small numbers of households in these groups) using data from the 2001 census.

12.7   The data clearly shows that there are notable differences between BME groups and the White (British/Irish) household population in terms of household composition as well as between the different BME groups. The data suggests that non-white households are less likely than White households to contain only people of pensionable age.

12.8   The Asian group is notable for the large proportion of households with dependent children (41.0%). BME groups have a proportionally larger 'Other' group than White (British/Irish) households. This 'other' group may contain extended families with several generations living together as one household. Mixed/Black households were the most likely to contain lone parents with dependent children (6.1%).

Figure 12.2 Household composition by ethnic group in the HMA
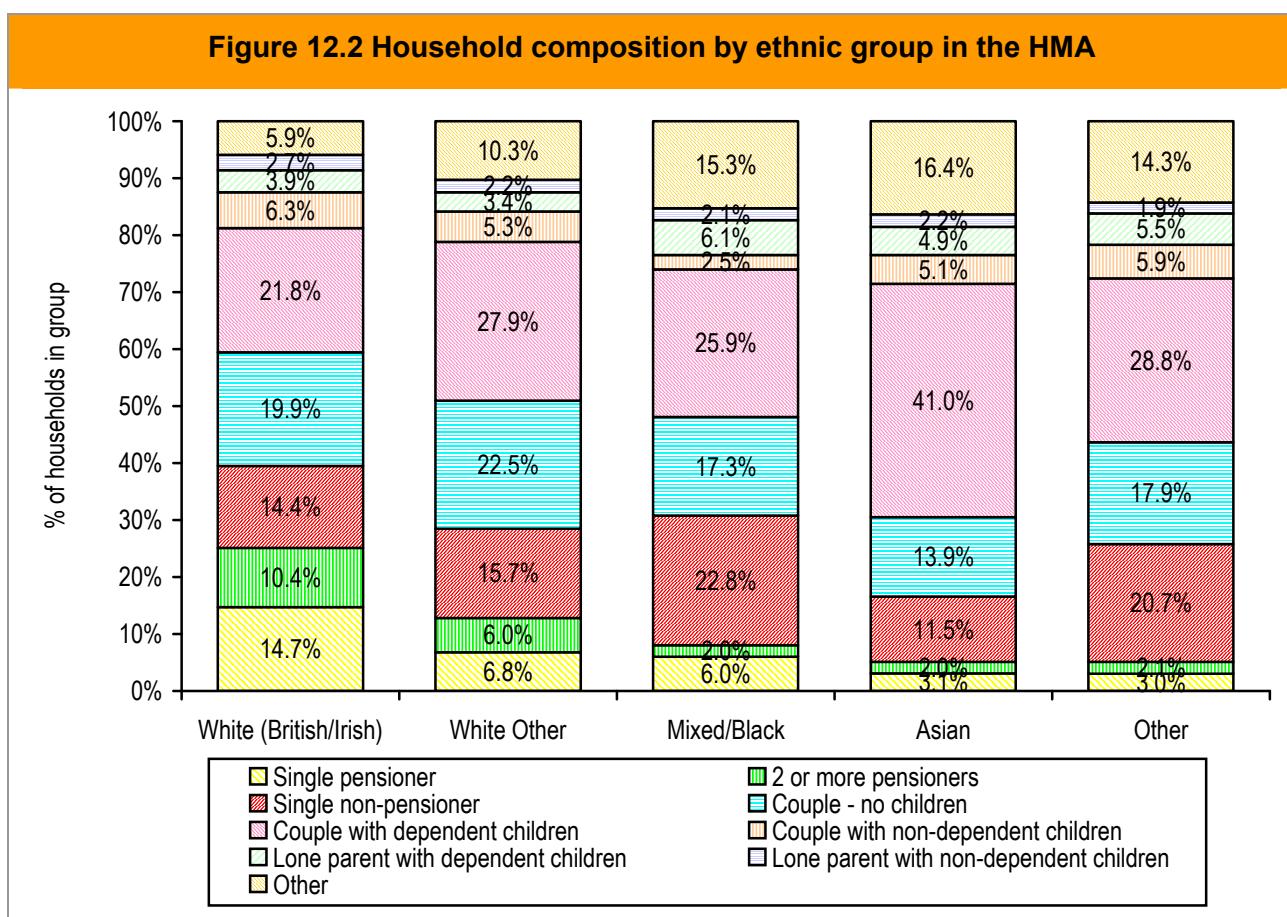
Source: 2001 Census data (from NOMIS)

12.9   The figure below shows the tenure split of households in each of five broad ethnic groups. The data shows that White (British/Irish) households are the most likely to be owner-occupiers. White-other households were the most likely to live in the private rented sector (almost a third), whilst White (British/Irish) were least likely. White-other and Other households were the least likely to live in social rented accommodation.

Figure 12.3 Tenure by ethnic group in the HMA

Source: 2001 Census data (from NOMIS)
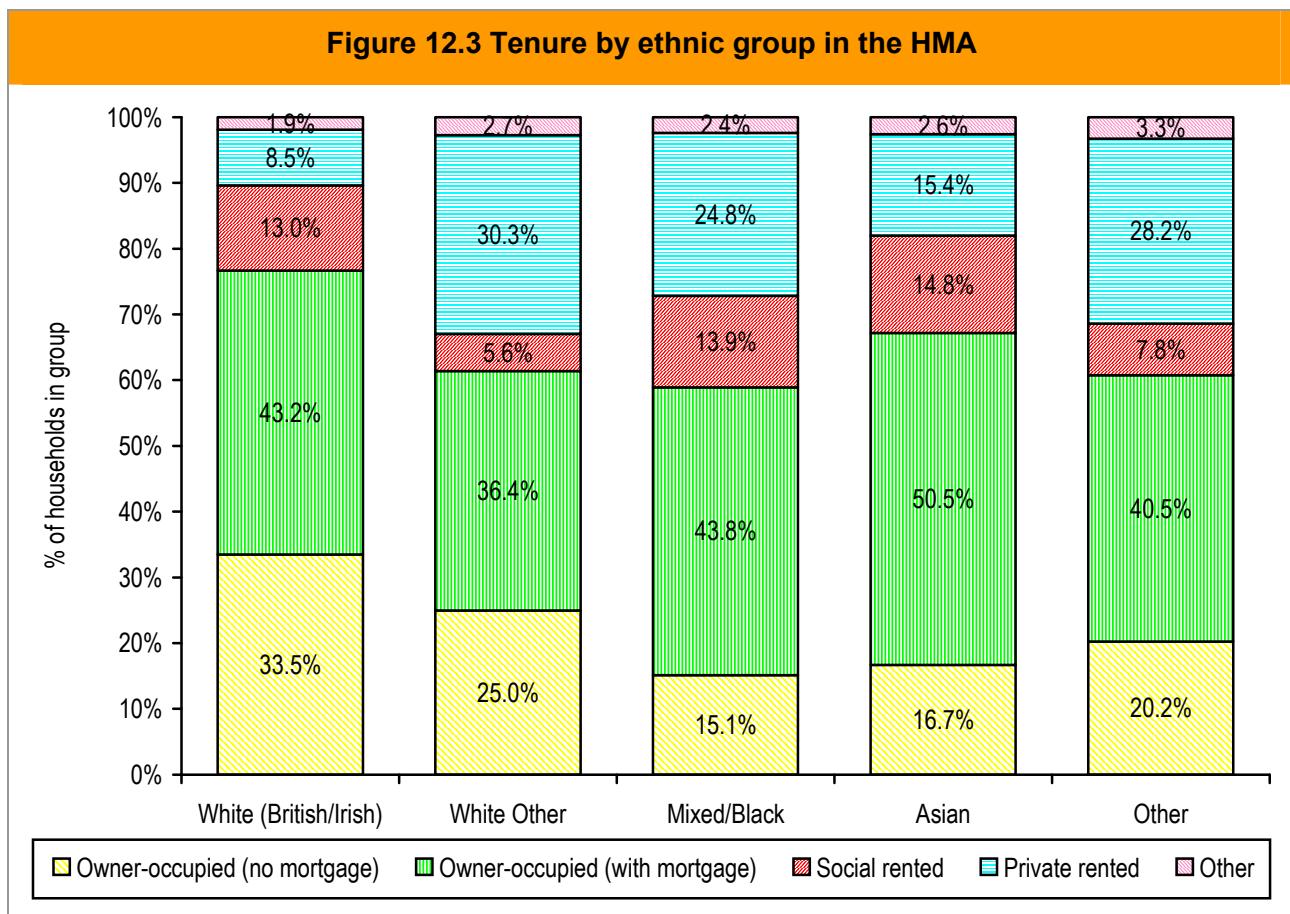
12.10   Car ownership is another useful variable when looking at the characteristics of BME households. The data shows Mixed/Black households are less likely to have access to a car or van than households from other ethnic groups and are less likely to have two or more cars/vans.

Figure 12.4 Car/van ownership/use by ethnic group in the HMA
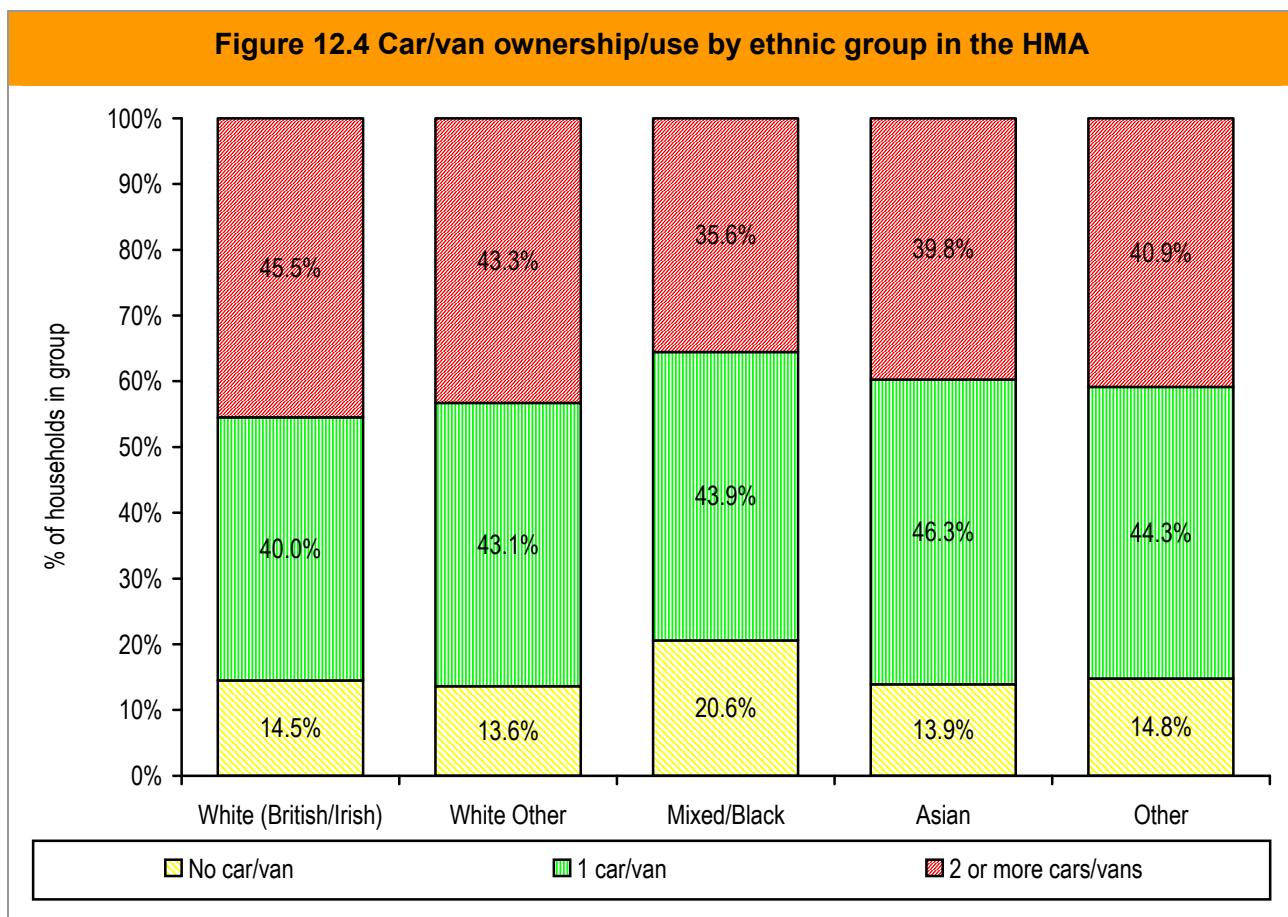
Source: 2001 Census data (from NOMIS)

12.11 Earlier in this report we looked at overcrowding and under-occupation (in Chapter 8) using the 'occupancy rating'. This information is also available by ethnic group and has been provided below. The data shows that all BME groups are more likely to be overcrowded than White (British/Irish) households (a negative occupancy rating). In particular the Census data suggests that Asian households are most likely to be overcrowded (22.5% with a negative occupancy rating). This figure compares with only 5.1% of the White (British/Irish) group. The opposite trend to overcrowding is found when looking at under-occupancy.

Figure 12.5 Occupancy rating by ethnic group in the HMA

Source: 2001 Census data (from NOMIS)
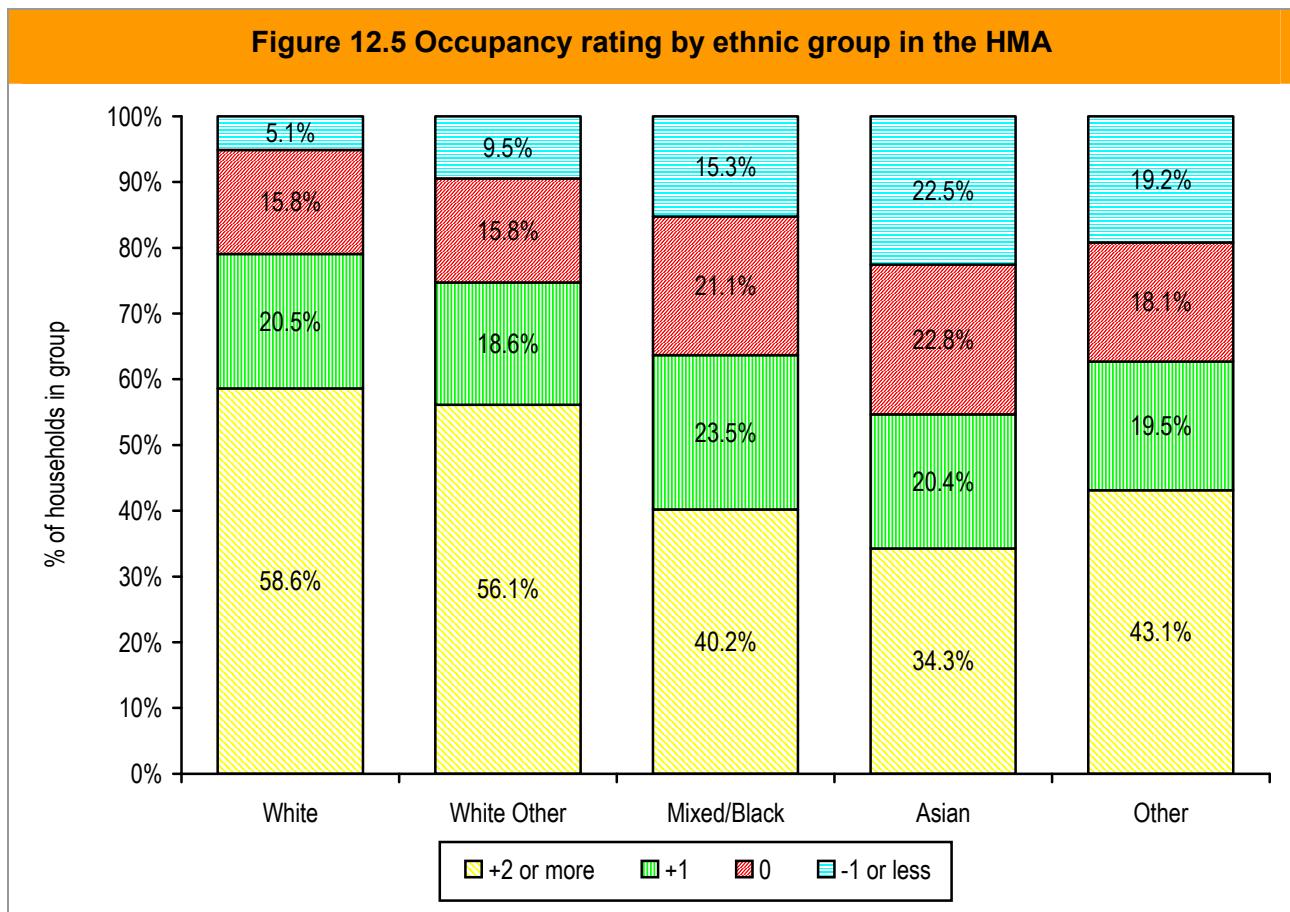
Change in BME population

12.12   ONS has as part of a series of 'experimental statistics' provided projections of the number of people in each ethnic group by local authority. The latest figures are estimates for 2005. The table below shows estimates of population in the HMA in each broad ethnic group in 2001 and 2005.

12.13   The data shows that in the four year period there is projected to have been a significant growth in all groups other than the white (British/Irish) group. Overall the population from this source is projected to decrease by 1.5% but the increase in the Mixed and Other group is 77.6% with other BME groups also showing increases well above the overall HMA average.

Table 12.2 Ethnic group of population in the HMA 2001-2005 (thousands)				
Ethnic group	2001	2005	Actual change	% change
White (British/Irish)	301.6	297.0	-4.6	-1.5%
White – Other	15.1	17.4	2.3	15.2%
Asian	3.5	4.6	1.1	31.4%
Black	7.9	10.2	2.3	29.1%
Mixed and other	4.9	8.7	3.8	77.6%
TOTAL	333.0	337.9	4.9	1.5%

Source: Office for National Statistics 2007 (from 2005 population projection data)

Survey data

12.14   The Housing Needs and Market Assessment Surveys contained questions aimed at finding out about the household's ethnic group. Due to the small proportion of such households in all areas other than Woking the results of an analysis of such data will have a large error margin attached. However it is still worth providing an overview of the survey findings for Boroughs in the HMA.

12.15   The reports tend to support the findings from Census data already presented in this chapter. Key findings from the household survey data include:

- BME households tend to have larger household sizes (particularly Asian households)
- There are relatively few older person only households in the BME groups with considerably more households with children amongst Asian and Other households and a large number of single non-pensioner households in the Black category
- Income levels are broadly in-line with households in general. However, with this finding it needs to be noted that more BME households are of working age and that levels of savings tend to be low
- BME households are more likely to reside in housing classified as unsuitable under the Practice Guidance definition

Summary

i) The BME population of the HMA is generally smaller than the national average (BME taken to be all groups other than white (British/Irish)) although slightly larger than the regional average, with Woking displaying the highest proportion of BME households.

ii) BME households show some distinct characteristics when compared with White (British/Irish) households. In general, BME households were found to be less likely to contain pensioners only, have a lower level of owner-occupation and a higher level of overcrowding. There were also found to be differences between individual ethnic groups.

iii) The BME population is projected to have increased significantly since 2001, whilst the White (British/Irish) group was projected to experience a slight decrease.

iv) Household survey data from the Housing Needs and Market Assessment Surveys conducted for the local authorities suggests that BME households are particularly likely to reside in unsuitable housing.

13. Households with specific needs

Introduction

13.1   This chapter concentrates on the housing situation of people/households that contain someone with some form of disability. Such disabilities include both those with medical needs (e.g. with a physical disability) and those with support needs (e.g. with a mental health problem).

13.2   In this chapter we have looked at Census data about households with a limiting long-term illness (LLTI) and also data from the Housing Needs and Market Assessment Surveys to provide a broad overview of the character of households with some sort of specific need and the spatial variation of such households.

Limiting long-term illness – Census data

13.3   The table below shows the proportion of people with a LLTI and the proportion of households where at least one person has a LLTI. The data suggests that across the HMA around 25.9% of households contain someone with a LLTI. This figure is lower than the average for both the South East region and England as a whole. The figures for the population with a LLTI show a similar trend when compared with regional and national figures (an estimated 13.3% of the population of the HMA have a LLTI).

Table 13.1 Households and people with limiting long-term illness (LLTI) (2001)				
Area	Households containing someone with LLTI		Population with LLTI	
	%	Number	%	Number
Guildford	25.6%	13,388	12.9%	16,690
Waverley	26.6%	12,557	14.1%	16,262
Woking	25.4%	9,380	13.0%	11,687
West Surrey HMA	25.9%	35,325	13.3%	44,639
South East England	29.4%	965,055	15.5%	1,237,399
England	33.6%	6,862,037	17.9%	8,809,194

Source: 2001 Census data (from Office for National Statistics 2007)

13.4   When we look at the individual parts of the HMA we see that there are some small differences. Waverley has the highest proportion of both households and population with a LLTI. Guildford and Woking have similar proportions of households/people with an LLTI. The difference between different parts of the HMA is further emphasised when we look at the following map which plots the locations of the population with a LLTI at ward level. The map shows a heavy concentration of LLTI near Woking and Farnham and the south of Waverley.

Figure 13.1 Spatial distribution of population with LLTI in the HMA
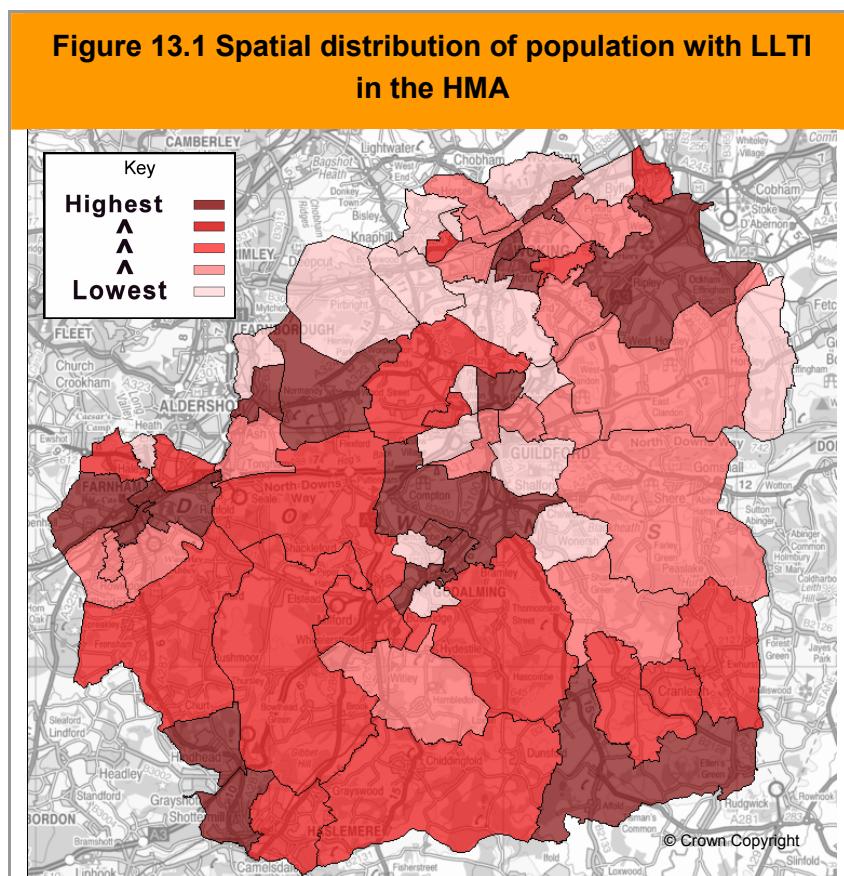
Source: 2001 Census data (from Office for National Statistics 2007)

Characteristics of population with LLTI

13.5   Below we look in some detail at the population with a LLTI. It should be noted that the figures are for population and not households and so will to a certain extent be influenced by different household sizes. The split between different groups (e.g. tenure or car ownership/use) will therefore not match the figures split for households (from the 2001 Census) provided at several points in this report.

13.6   The first of the tables below looks at the tenure profile of the population with a LLTI compared with that with no LLTI. The data shows that the population with a LLTI are particularly likely to live in social rented accommodation. Over a quarter of the population living in social rented accommodation has a LLTI, this compared with around 9%-12% in the owner-occupied and private rented sectors.

Table 13.2 Tenure of population with LLTI in the HMA				
Tenure group	With LLTI	No LLTI	Total population	% of tenure group with LLTI
Owned	28,692	222,201	250,893	11.4%
Social rented	9,806	28,535	38,341	25.6%
Private rented	3,210	32,233	35,443	9.1%
TOTAL	41,708	282,969	324,677	12.8%

Source: 2001 Census data (from NOMIS)

13.7   We have also used Census data to look at car ownership. The Census suggests that people with a LLTI are far less likely to have access to a car or van than other households. The data is shown in the figure below.

Figure 13.2 Car/van ownership/use by LLTI in the HMA
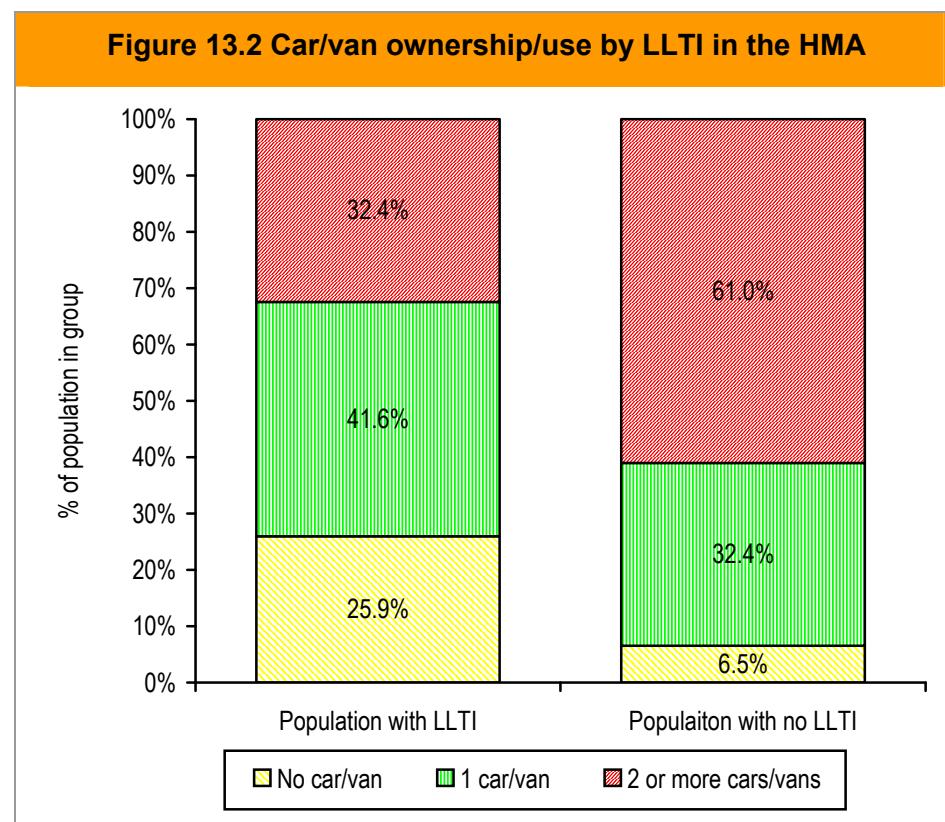
Source: 2001 Census data (from NOMIS)

Survey data

13.8   The Housing Needs and Market Assessment Surveys carried out for the individual local authorities in the area obtained information about households who said that one or more people suffered from one or more of the following disabilities/support needs (which were self-defined by households):

- Frail elderly
- Persons with a medical condition
- Persons with a physical disability
- A learning disability
- A mental health problem
- A severe sensory disability
- Other

13.9   Survey data again generally supports the findings above from secondary data and some of the key survey findings can be summarised as:

- The most common group were those with a medical condition with around half of households identifying a disability/support need having at least one member falling into this category.
- Households were generally older with pensioner only households showing particularly high proportions of people with some form of disability/support need
- Generally the housing situation of households with a disability/support need is worse than other households with such households being typically three to four times more likely to be living in unsuitable housing
- Income levels are universally low (although there will be some link here to the fact that older people are more likely to have a disability/support need)

13.10   Finally, those households with a member with a disability/support need were asked to indicate if there was a need for improvements to their current accommodation and/or services. In all cases a significant number of households indicated that improvements were required. In terms of physical adaptations the main requirements centred on improvements to bathrooms (e.g. shower units) whilst in all cases a significant number of households noted that they could benefit from more support services to help maintain their home.

Summary

i)   Data from the 2001 Census suggests that 25.9% of households in the HMA contain someone with a limiting long-term illness (LLTI) whilst 13.3% of the population have a LLTI. These figures are lower than regional and national averages. The proportion of households/population with a LLTI does vary slightly across the HMA with Waverley showing higher proportions with a LLTI than Guildford and Woking.

ii)   The population with a LLTI is concentrated within the social rented sector and appears to be somewhat disadvantaged (for example having a very low car/van ownership/use compared with other households).

iii)   Household survey data tends to support the finding of households containing a member with a disability/support need being disadvantaged, with survey data showing high levels of housing unsuitability and generally low incomes amongst such households.

14. Key worker households

Introduction

14.1   The Practice Guidance to Strategic Housing Market Assessments identifies an analysis of key worker households as potentially an important area of study. Unfortunately there is no recognised source of data about key workers against which we can draw information for the purposes of this study. However, it is generally agreed that key worker households are typically those working in the public sector and the Census does provide some information about the population whose employment falls into the category of 'Public administration, education & health'. We have therefore looked at information from this group of the population as well as drawing on information from each authority's Housing Needs and Market Assessment Survey report.

14.2   Information obtained from contacts within the three Boroughs regarding key worker housing in the HMA is presented towards the end of the chapter.

Census data

14.3   Census data suggests that across the whole HMA, around 23.0% of people who are working are employed in public administration, education or health. This proportion is not dissimilar to the equivalent figures for the region or for England as a whole (23.6% and 24.1% respectively). Within the HMA the proportion of people employed in administration, education or health varies from 20.1% in Woking to 24.7% in Guildford with 23.3% employed in administration, education or health in Waverley. The map below shows how this proportion varies by ward across the study area. There is no overall pattern to the location of key worker households in West Surrey.

Figure 14.1 Spatial distribution of key workers in the HMA
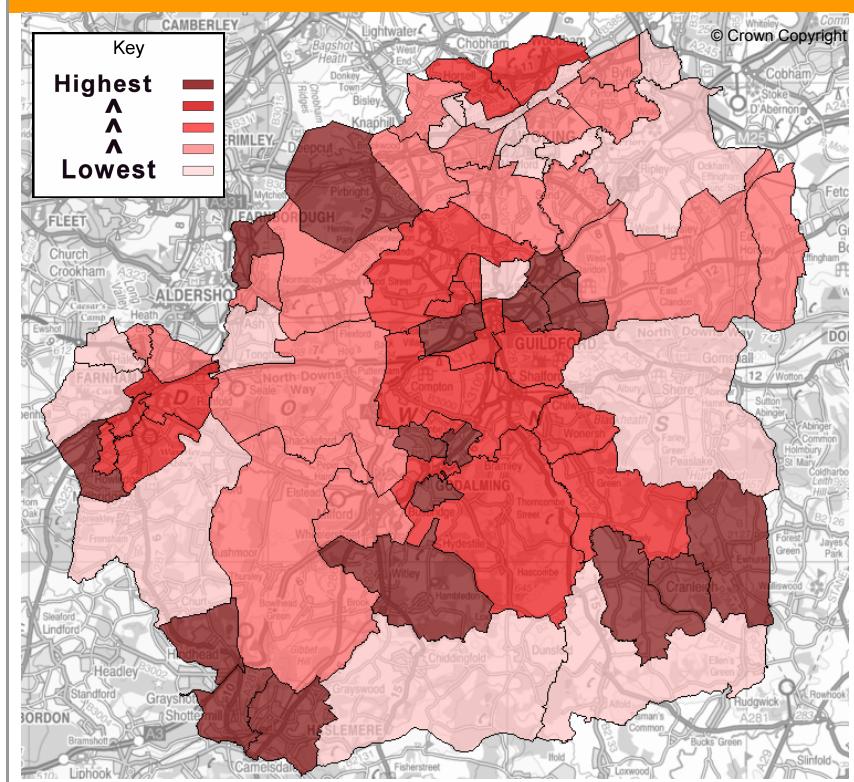
Source: 2001 Census data (from Office for National Statistics 2007)

Character of key workers

14.4   The Census provides some additional data about the group of people working in public administration, education and health and below we have tabulated data about the ages of such people and the social group in which their employment falls.

14.5   The first table below shows that 'key workers' are typically older than other people in employment. Overall it is estimated that 18.4% of key workers are aged under 30, this compares with 26.3% of other working people.

Table 14.1 Age of 'key workers' in the HMA			
Age group	Key worker	Non-key worker	All working people
Under 30	7,199	34,388	41,587
30 to 39	8,864	34,237	43,101
40-49	10,610	28,897	39,507
50 to 59	9,708	24,649	34,357
60 and over	2,654	8,532	11,186
TOTAL	39,035	130,703	169,738
Under 30	18.4%	26.3%	24.5%
30 to 39	22.7%	26.2%	25.4%
40-49	27.2%	22.1%	23.3%
50 to 59	24.9%	18.9%	20.2%
60 and over	6.8%	6.5%	6.6%
TOTAL	100.0%	100.0%	100.0%

Source: 2001 Census data (from NOMIS)

14.6   The table below shows the social group in which the key worker's employment falls (the definition of the different social groups can be viewed in table 5.5 earlier in this report). The data suggests that key workers are more likely to be within social groups 1-3 (professional occupations) than other working people. In total 59.2% of key worker employment is within groups 1-3 compared with just under half of other working people. That said there are an estimated 6.3% of key workers whose employment falls into groups 8-9 and for whom pay levels are likely to be lower.

Table 14.2 Social group of 'key workers' in the HMA			
Social group	Key worker	Non-key worker	All working people
1-3	23,128	65,099	88,227
4-5	6,808	32,283	39,091
6-7	6,652	14,874	21,526
8-9	2,452	18,467	20,919
TOTAL	39,040	130,723	169,763
1-3	59.2%	49.8%	52.0%
4-5	17.4%	24.7%	23.0%
6-7	17.0%	11.4%	12.7%
8-9	6.3%	14.1%	12.3%
TOTAL	100.0%	100.0%	100.0%

Source: 2001 Census data (from NOMIS)

Survey data

14.7   The survey form in each of the three Boroughs collected information on the employment group of each employed member of the household. There were four categories of employment that could be considered as key workers:

- Central and local government
- Defence
- Education
- Health and social work

14.8 The main findings from the survey regarding key workers are summarised below:

- Key workers are more likely than other households to live in owner-occupied accommodation, they are also less likely to live in the social rented sector
- Key worker incomes are generally slightly lower than for other households where someone is in employment and their savings are notably lower.
- A relatively large proportion of key worker households that are unable to afford market housing would potentially be suitable for intermediate housing products

Key Worker Housing Information

Guildford Borough

14.9 Key workers or essential workers to the local economy are able to secure both affordable rented units and shared ownership properties through the housing register. This is the preferred route for providing accommodation for this client group and accords with guidance and good practice on preventing social exclusion and fostering balanced communities.

14.10 On some larger schemes in Guildford such as the Queen Elizabeth Park development, a quota of key or essential workers was prescribed within the planning obligations to help promote a sustainable development.

14.11 There have been exceptions to this approach where Government funding allocations have been specifically targeted to key workers. One scheme of 26 one and two bedroom flats at Wodehouse Place was developed by Guildford Borough Council through the Starter Home Initiative, a precursor to Keyworker Living and HomeBuy initiatives. These properties were completed in 2004 and were reserved within two days of coming onto the market.

14.12 Barnwood Mews is a Rosebery Housing Association scheme has 21 units of one and two bed Shared Ownership flats, with 12 of these two bed flats initially allocated to key workers. While there were no problems nominating the properties to non-key workers, difficulties arose in filling the key worker properties. Nor did publicity assist in raising sufficient interest. This led to the case of there being at least one long-term void and the agreement of the Housing Corporation to change the tenure of at least some of these units to be filled by non-key worker nominations.

14.13 The equity shares and prices as well as rental streams were the same as those for the non-key worker units. It was considered that the limitation of having to retain a key worker occupation was problematic and off-putting for some prospective nominees. Other schemes at Ash Vale and Effingham also had slow take up as funding conditions became increasingly tighter and less favourable than earlier initiatives. The range of schemes closing and starting also led to confusion over the range of products available.

14.14 There are no plans for specific additional key worker housing projects and specific national funding for this group is limited to the Open Market HomeBuy Initiative. Additional rented and shared ownership schemes are underway, which will help meet key or essential workers' needs, but not exclusively.

Waverley Borough

14.15 Waverley has been successful in developing a number of schemes for local key workers, in partnership with a range of Registered Social Landlords including Downland Housing Association, Southern Housing Group and Pavilion Housing Group. A total of 14 x one, two and three-bed homes for key workers with a local connection to Cranleigh were completed on an exception to a planning policy site between 2005 and 2007.

14.16 At the former Institute of Oceanography site in Wormley 12 newbuild HomeBuy units were completed in 2006. However, as insufficient nominations to the properties could be identified, the properties were opened up to general needs nominations. Difficulties had arisen in finding sufficient demand from key workers coupled with the rural location and key workers being eligible to go through general needs open market and new build HomeBuy schemes without additional tie-in clauses around their career.

14.17 The price was also considered to be expensive, even with a reduction of a 40% equity share product from the original developer to a 25% equity share when transferred to a housing association for sale. This difficulty though in nominating key workers to the designated properties as a whole in the Borough has been more widespread, experienced by other housing associations on other sites, with some properties remaining empty for up to six months.

14.18 Twenty seven one and two bedroom flats are currently in development, which will be for Essential Workers; as defined by Guildford and Waverley Primary Care Trust. However, should it not prove possible to find suitable nominations for these properties, the nominations will defer to Waverley Borough Council's general needs nominations. Thames Valley Housing Association are also developing five HomeBuy and 22 general needs affordable rented properties at the same site which are not limited to key worker access.

Woking Borough

14.19   There are a number of shared ownership properties in Woking which key workers are eligible for; Thames Valley Housing Association are the main providers.

Research into key worker programmes

14.20   Research undertaken for Surrey County Council in 2003, *Project Key Worker: Qualitative Research into Issues Affecting Recruitment and Retention,* highlighted that the seeming inflexibility in shared ownership schemes for key workers led to rejection of the scheme by many teachers. In particular, the lack of flexibility in the type of housing and location offered, that the part-owners were unlikely to be able to afford to pay off the remainder of the property, and complicated tie-ins such as waiting lists contributed to rejection of these schemes. Key workers employed in Adult and Community Care, Children's Service and Youth Services especially "did not feel comfortable with the prospect of living directly in the community they serve. These issues may have continued to contribute to difficulties in finding nominations to key worker schemes more recently."

Summary

i)   Census information about people working in public administration, education or health has been used as a proxy for key workers. This data source suggests that 23.0% of employed people work in this industry across the HMA (with a variation from 20.1% in Woking to 24.7% in Guildford).

ii)   Key workers tend to be slightly older and are generally employed in jobs which fall into the highest social groups.

iii)   Information from household survey data generally confirms that key workers are relatively less disadvantaged than other people with a high proportion of owner-occupiers although household incomes are lower than those found for other households in employment.

15. Households containing older people

Introduction

15.1   Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. Indeed as population projections show earlier in this document the number of older people in the population is expected to increase significantly over the next few years. This chapter of the report therefore looks at the characteristics of the older person population. Data is largely drawn from Census information although this is supplemented by information provided by households in the Housing Needs and Market Assessment Surveys.

Number and distribution of older persons

15.2   The tables below show the number and proportion of older person households at the time of the 2001 Census. The data shows that overall the proportion of households in the HMA as a whole containing only pensioners is broadly in line with regional and national averages. At the time of the Census it was estimated that just under a quarter (24.0%) of households in the HMA were pensioner only. This figure is made up of 14.0% single pensioners and 10.0% of households with two or more pensioners.

15.3   Within the HMA there are some differences between the different areas. The lowest proportion of pensioner-only households is found in Woking (at 21.8%); this compares with 26.4% in Waverley.

Table 15.1 Pensioner households (Census 2001)						
Pensioner households	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
Single pensioner	7,154	7,199	4,776	19,129	473,161	2,939,465
2 or more pensioners	5,080	5,239	3,280	13,599	334,298	1,908,837
All households	52,350	47,176	36,941	136,467	3,287,489	20,451,427
Single pensioner	13.7%	15.3%	12.9%	14.0%	14.4%	14.4%
2 or more pensioners	9.7%	11.1%	8.9%	10.0%	10.2%	9.3%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	23.4%	26.4%	21.8%	24.0%	24.6%	23.7%

Source: 2001 Census data (from Office for National Statistics 2007)

15.4   The map below shows how the proportion of pensioner-only households varies by wards. The map shows that pensioner only households are spread around the HMA with particular concentrations evident in the east and the south west. It is also notable that the main urban areas of Guildford and Woking tend to have lower proportions of older person households than rural areas.

Figure 15.1 Spatial distribution of pensioner-only households in the HMA
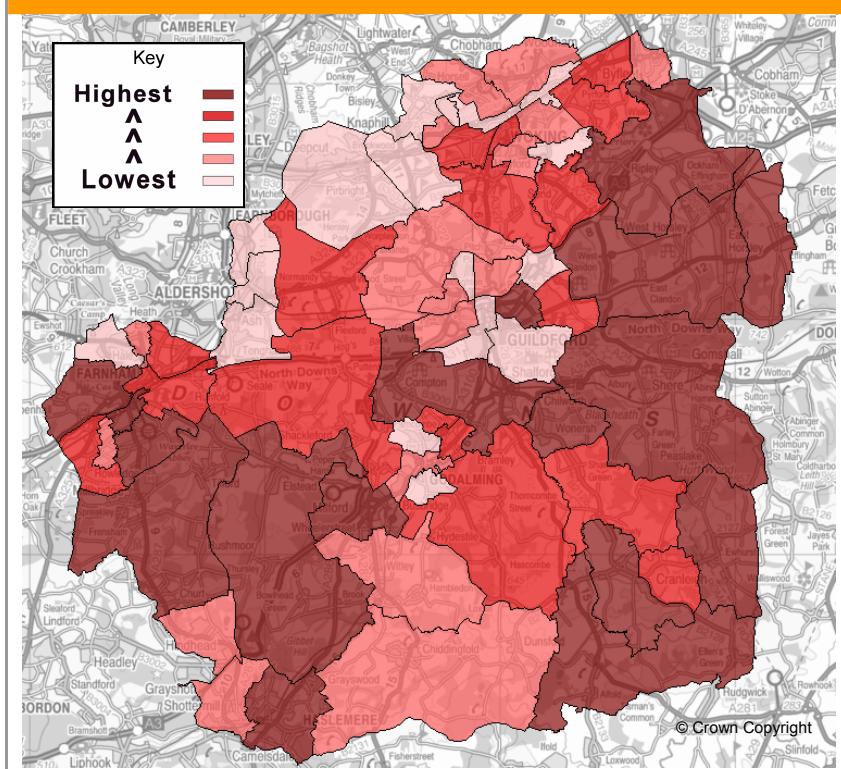
Source: 2001 Census data (from Office for National Statistics 2007)

15.5   Figure 4.5 earlier in the report illustrates the large increase projected in the older person population, with population projection data suggesting that the number of people aged 60 or over will increase by 29% between 2006 and 2026. It is likely that this increase will have an impact on local housing requirements as these households are more likely to require some form of specialist accommodation (particularly the 85+ age group which shows an increase of 60%).

Character of older person households

15.6   We have used Census data to explore in a bit more detail some characteristics of older person households. Where possible data has been split between single pensioner households and households with two or more pensioners (and no other people).

15.7   The figure below shows the broad tenure split of older person households in the HMA. The data shows that single pensioner households are more likely to live in social rented accommodation than other households. In total it is estimated that around a quarter (25.5%) of single pensioner households live in the social rented sector, this compares with only 11.3% of households with two or more pensioners and 12.7% of all households in the HMA.

15.8 Households with two or more pensioners are particularly likely to be owner-occupiers – over 85% of this group own their own home, this figure is notably higher than the equivalent figure for single pensioners (66.5%) and also higher than the figure for all households in the HMA (75.6%).

Figure 15.2 Tenure by older person households in the HMA

Source: 2001 Census data (from NOMIS)
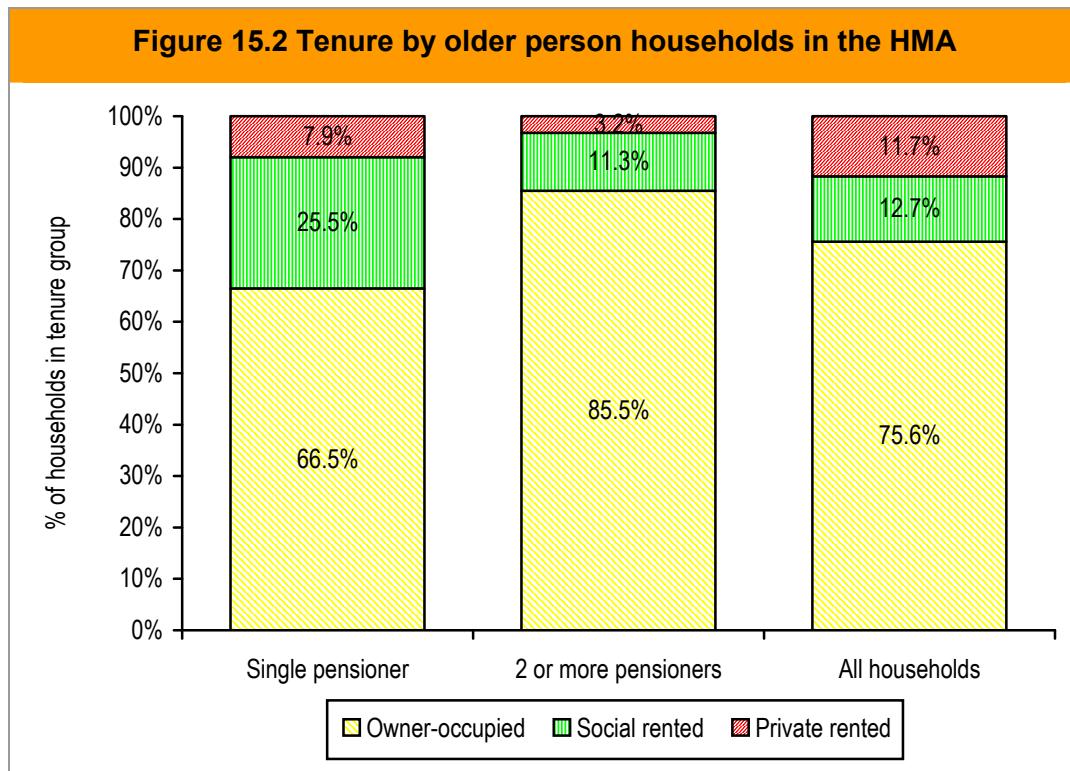
15.9 A key theme that is often brought out in SHMA work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the occupancy rating. The data is shown in the figure below. The data shows that pensioner households (particularly those with two or more pensioners) are particularly likely to be under-occupying their dwelling. In total it is estimated that nearly three-quarters (78.5%) of two or more pensioner households have an occupancy rating of +2 or more.

Figure 15.3 Occupancy rating by older person households in the HMA

Source: 2001 Census data (from NOMIS)
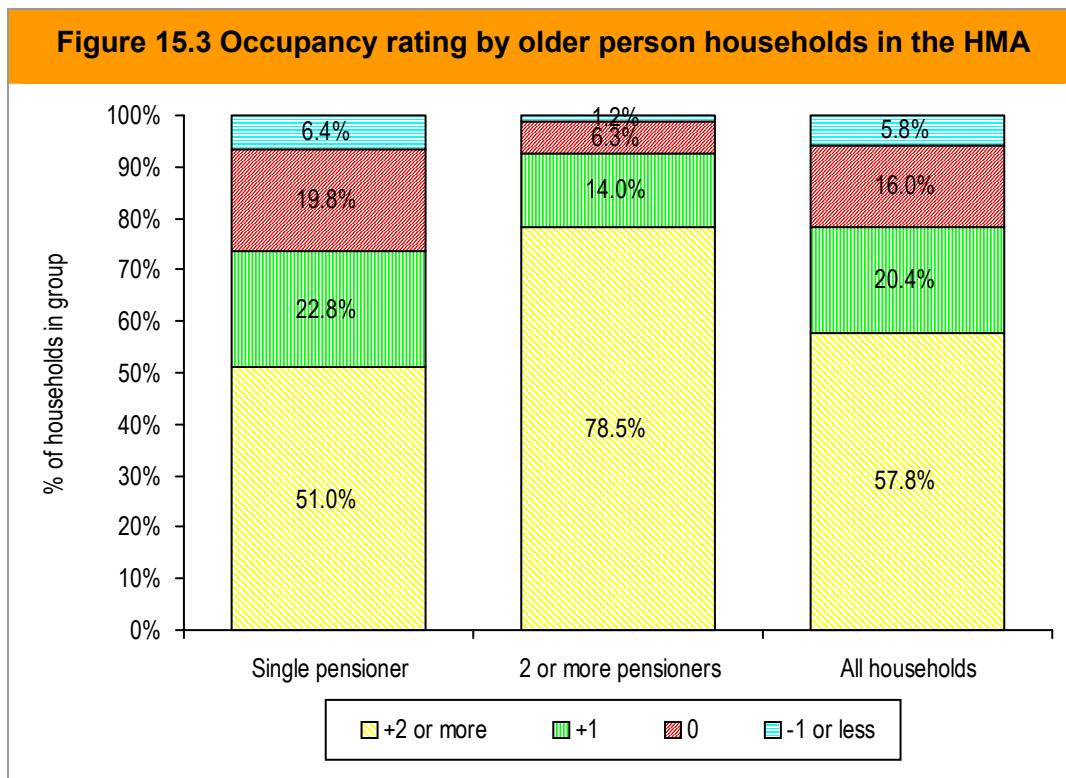
15.10 It is of interest to study the above information by tenure. The table below shows the number of pensioner households who have an occupancy rating of +2 or more in each of the three broad tenure groups. The table indicates that whilst the majority of older person households with an occupancy rating of +2 or more are in the owner-occupied sector there are 1,244 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more which may therefore present some opportunity to reduce under-occupation.

Table 15.2 Pensioner households with occupancy rating of +2 or more by tenure in the HMA (Census 2001)

Pensioner households	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	8,384	9,879	18,263
Social rented	744	500	1,244
Private rented	627	294	921
All tenures	9,755	10,673	20,428

Source: 2001 Census data (from NOMIS)

15.11 A number of stakeholders felt that the market needed to offer a larger choice of housing in order for older people to downsize, a view that was shared by a number of estate agents. Some stakeholders felt that there was a need for more specialist accommodation for older people, particularly Extra Care accommodation. Research is currently being undertaken into this by Deloitte on behalf of Surrey County Council.

15.12   The concept of 'lifetime homes' was discussed by stakeholders, in the light of the recently published strategy for housing in an ageing society '*Lifetime Homes, Lifetime Neighbourhoods'* (CLG 2008). 'Lifetime homes' are designed to be functional for families, older people and people with disabilities and include features such as a level approach to the property, entrance-level toilet, wide doorways and accessible electrical sockets. According to the Strategy, all public housing will be built to Lifetime Homes Standards by 2011 and all new housing by 2013. Some stakeholders viewed 'Lifetime Homes' as offering a holistic solution to meeting housing need. Other stakeholders raised concerns about the conflict between the need for more housing to be built and the issue of lifetime homes taking up larger plot sizes.

15.13   The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown on the figure below. The data clearly shows that single pensioner households are far less likely than other households to have access to a car or van.

Figure 15.4 Car/van ownership/use by pensioner households in the HMA

Source: 2001 Census data (from NOMIS)
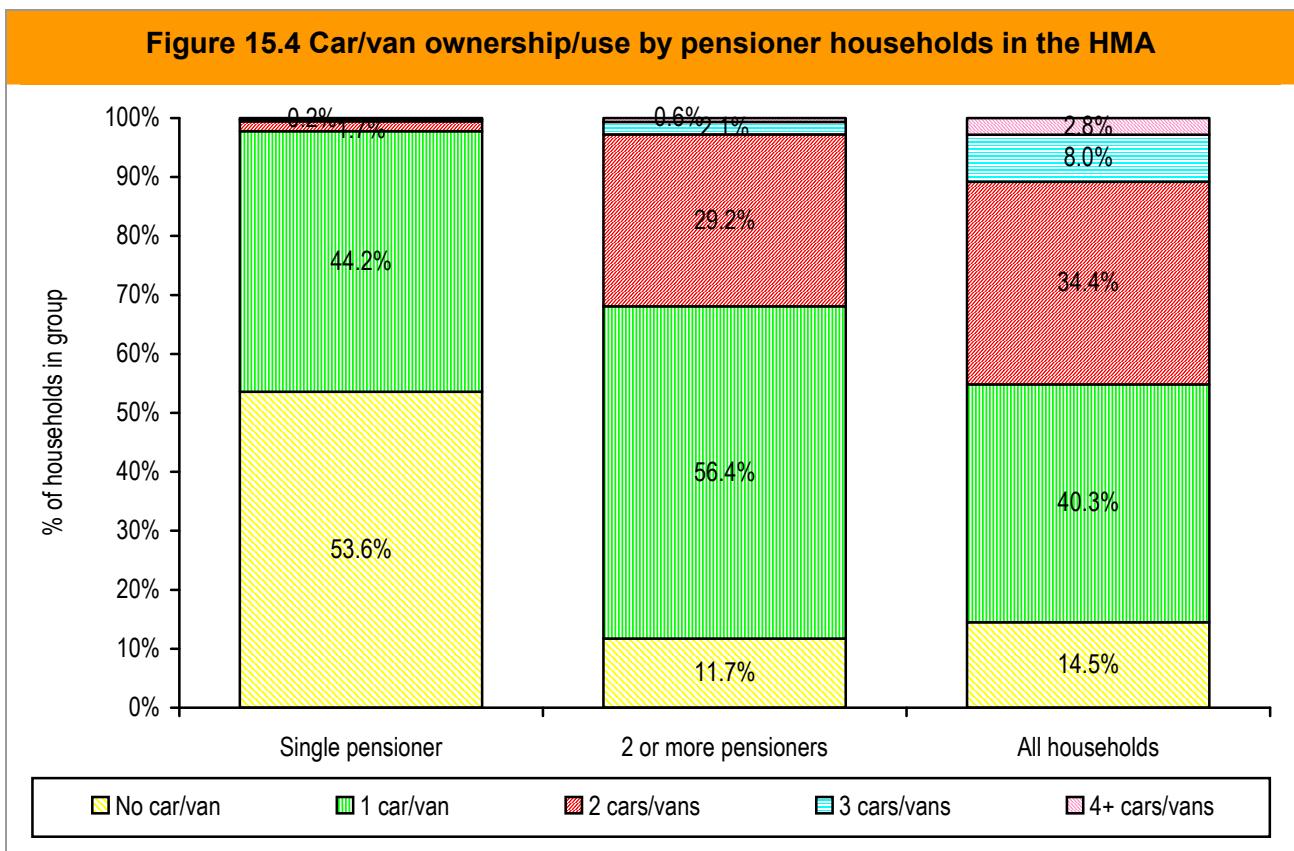
Survey data

15.14   The Housing Needs and Market Assessment Survey reports contained an analysis of the situation of older person households based on household survey data. The analysis in each report concentrated on households where all members were of pensionable age (60 and over for females and 65 and over for males). In general the results from the survey data supports the findings from Census information presented above. Some of the key findings from survey work across the sub-region include:

- Older person households were generally small with virtually all containing only one or two persons. Around half of all single person households were found to be pensioner-only
- Older person households appeared to be concentrated in the owner-occupied sector (and in particular owners with no mortgage). However the proportion of older person households living in social rented accommodation was generally higher than for other households
- Under-occupation appears to be a significant issue in older person households with a great many living in larger (three or more bedroom) accommodation whilst their requirements would be for smaller accommodation.

Summary

i)   Older person households make up a similar proportion of the household population in the HMA to equivalent regional and national figures, though there are variations within the HMA. Around 24.0% of all households in the HMA as of 2001 were comprised only of people of pensionable age. Waverley showed the highest proportion of households with older persons with Woking the lowest. Between 2006 and 2026, the number of people in the HMA aged 60 or over is projected to increase by 29%.

ii)   There is a significant difference in relative prosperity of single pensioner and multiple pensioner households. Single pensioners are over-represented within the social rented sector and tend to have limited use or ownership of a car or van whilst multiple older person households are more likely than average to be owner-occupiers and have a higher level of car/van availability.

iii)   Under-occupation is a key feature of the older person population and Census data suggests that a large proportion of older person households (particularly multiple older persons) have a high occupancy rating. Whilst much of the under-occupancy is in the owner-occupied sector there are also a number of households who are under-occupying social rented accommodation.

iv)   The results obtained from Census data are supported by information available from each Council's Housing Needs and Market Assessment Survey reports..

16. Families

Introduction

16.1   Guidance recognises the importance of providing housing for families to help create mixed communities. In this section of the report we have looked at Census data about the situation of households that contain children. For the purposes of analysis of Census data we have concentrated on households containing dependent children and have broadly split information into four groups:

- Married couples with dependent children
- Cohabiting couples with dependent children
- Lone parents with dependent children
- Other households with dependent children

Number of families

16.2   The tables below show the number of households with dependent children in the HMA and other associated areas. The data shows that across the HMA just under a third of households (28.2%) contained dependent children, similar to the proportion found regionally and nationally. The make up of these households is also broadly similar to the regional and national position although the proportion of lone parent households is slightly lower than the regional and national average.

16.3   Within the HMA we see some small differences between the different areas. Woking has a higher proportion of households with dependent children than Guildford and Waverley, at 30.6%.

Table 16.1 Households with dependent children (Census 2001)						
Household type	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
Married couples with dependent children	10,140	9,445	8,033	27,618	623,643	3,591,335
Cohabiting couples with dependent children	1,169	1,050	805	3,024	101,454	661,073
Lone parents with dependent children	1,885	1,738	1,705	5,328	171,549	1,311,974
Other households with dependent children	998	775	754	2,527	62,647	458,369
All households	52,350	47,176	36,941	136,467	3,287,489	20,451,427
Married couples with dependent children	19.4%	20.0%	21.7%	20.2%	19.0%	17.6%
Cohabiting couples with dependent children	2.2%	2.2%	2.2%	2.2%	3.1%	3.2%
Lone parents with dependent children	3.6%	3.7%	4.6%	3.9%	5.2%	6.4%
Other households with dependent children	1.9%	1.6%	2.0%	1.9%	1.9%	2.2%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % with dependent children	27.1%	27.6%	30.6%	28.2%	29.2%	29.4%

Source: 2001 Census data (from Office for National Statistics 2007)

16.4   The maps below show firstly the proportion of households with dependent children and secondly the distribution of lone parent households by ward. The data for the figures have been split into five broad categories (from highest proportion of households with dependent children to the lowest). The data for all households with dependent children does not show any clear cut trends although it is interesting to see a concentration of wards with a high proportion of such households at the north of the HMA.

Figure 16.1 Spatial distribution of households with dependent children in the HMA

Source: 2001 Census data (from Office for National Statistics 2007)

16.5   For lone parents a clear trend emerges with such households being concentrated in the main urban areas of West Surrey.

Source: 2001 Census data (from Office for National Statistics 2007)

Characteristics of households with children

16.6   Using Census data we are able to provide some characteristics of households with dependent children. The data shows that the tenure profile of all households with dependent children does not vary much from the profile of all households in the HMA. However, there are considerable differences between the different groups of households with dependent children. Particularly of note are the higher number of married couples living in owner-occupied accommodation (85.2%) and the large proportion of lone parents in the social rented sector (35.7%). The lone parent group also shows a relatively high proportion of households living in private rented housing and a relatively low proportion of owner-occupiers.

Tenure	Married couples with dependent children	Cohabiting couples with dependent children	Lone parents with dependent children	Other households with dependent children	All households with dependent children	All households
Table 16.2 Tenure of households with children in the HMA						
Owner-occupied	23,527	1,956	2,546	1,831	29,860	103,181
Social rented	1,987	777	1,901	425	5,090	17,266
Private rented	2,104	291	881	275	3,551	16,013
TOTAL	27,618	3,024	5,328	2,531	38,501	136,460
Owner-occupied	85.2%	64.7%	47.8%	72.3%	77.6%	75.6%
Social rented	7.2%	25.7%	35.7%	16.8%	13.2%	12.7%
Private rented	7.6%	9.6%	16.5%	10.9%	9.2%	11.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from Office for National Statistics 2007)

16.7   Overcrowding is a key theme when looking at the housing needs of households with children and again Census data can allow us to look at the numbers and proportions of households in each of the various groups who are overcrowded on the occupancy rating (having a negative occupancy rating). The figure below shows the occupancy rating for the various households groups and how this compares with all households in the HMA.

16.8   The data shows that households with dependent children are very slightly more likely than other households to be overcrowded (negative occupancy rating) although this varies tremendously for different household groups. The 'other' group of households contains a very high proportion of overcrowded households – this group is likely to be mainly larger households (and will often be extended family households). Other than this group, lone parents and co-habiting couples with dependent children are notably more likely to be overcrowded than married couples.

Figure 16.3 Occupancy rating by households with dependent children in the HMA

	Married couple	Cohabiting couple	Lone parent	Other households	All households with dependent children	All households
-1 or less	4.4%	10.0%	11.6%	21.4%	7.0%	5.8%
0	13.0%	28.9%	36.4%	20.9%	18.0%	16.0%
+1	19.1%	24.2%	23.2%	17.6%	20.0%	20.4%
+2 or more	63.4%	36.9%	28.8%	40.1%	55.0%	57.8%

% of households in group

Legend: +2 or more, +1, 0, -1 or less
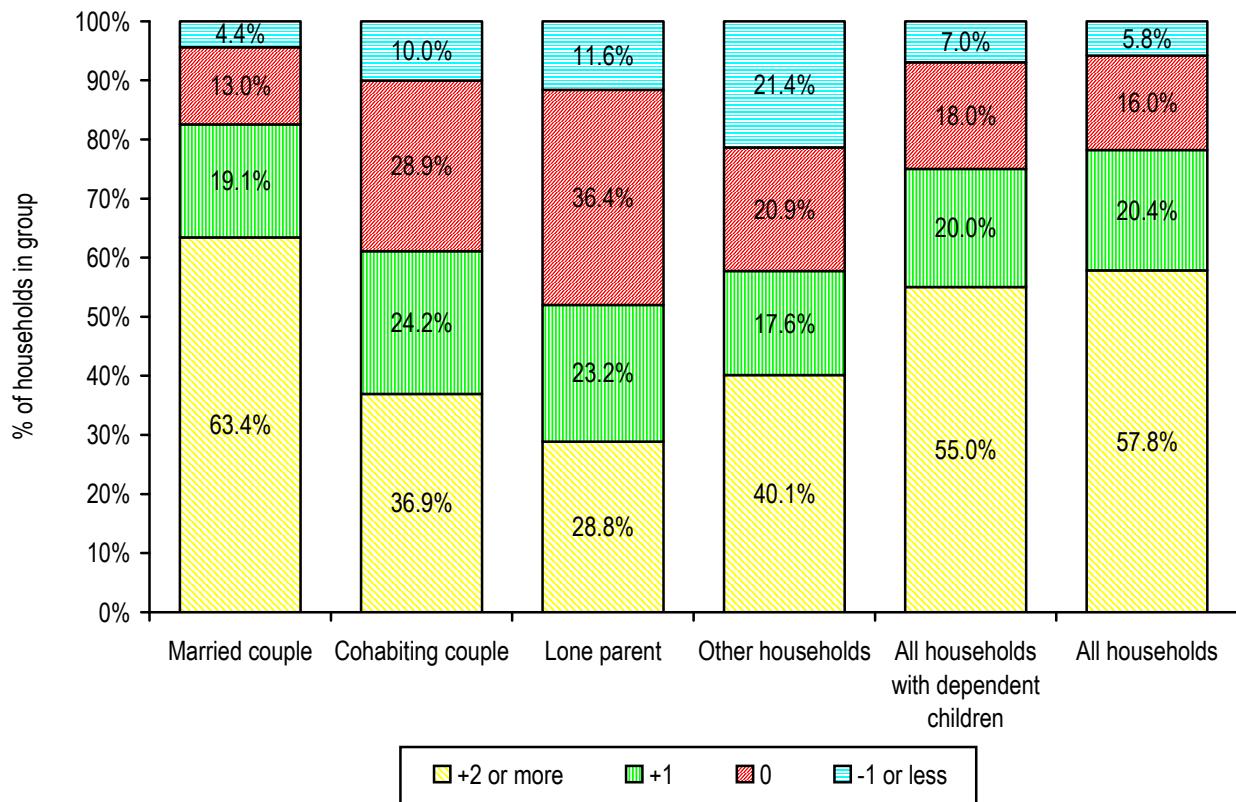
Source: 2001 Census data (from Office for National Statistics 2007)

16.9   The final piece of data from the Census that we have investigated is car/van ownership/use. This information is shown on the figure below. The data shows that overall households with dependent children are more likely to have access to a car or van than all households; however, the data also clearly shows that lone parent households are far less likely than other households to have access to a car or van. It should be noted that for the purposes of this (car ownership) analysis the Census outputs do not differentiate between married and cohabiting couples with dependent children.

Figure 16.4 Car/van ownership/use by households with dependent children in the HMA

	No car/van	1 car/van	2 cars/vans	3 cars/vans	4+ cars/vans
Couples	1.9%	24.1%	59.6%	10.9%	3.5%
Lone parents	23.0%	63.3%	11.0%	2.0%	0.7%
Other	7.5%	28.5%	37.2%	19.1%	7.7%
All households with dependent children	5.2%	29.8%	51.4%	10.2%	3.4%
All households	14.5%	40.3%	34.4%	8.0%	2.8%
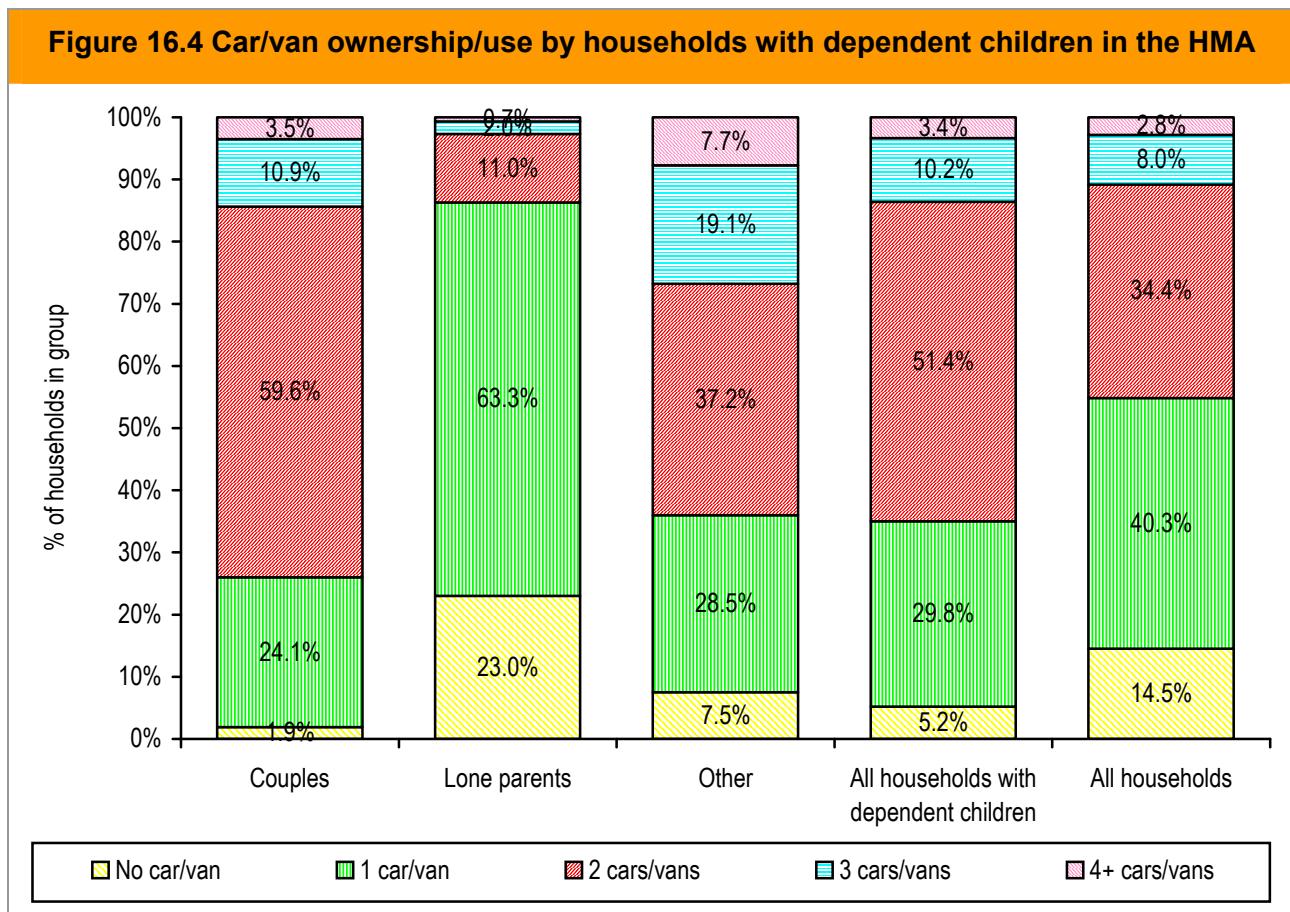
Source: 2001 Census data (from Office for National Statistics 2007)

Survey data

16.10   The individual Housing Needs and Market Assessment Survey reports profiled households with children split between lone parent households, households with young children and households with older children. Households with young children are those where the children's age is under eight or the average age of the children is under eight. Households with older children are those where the children's age is eight or over or the average age of the children is eight or over.

16.11   Some of the key findings from survey work across the HMA include:

- Lone parent families are particularly likely to reside in the social rented sector, however the other two family groups are more likely than average to be owner-occupiers
- Lone parent families are particularly likely to bein unsuitable housing
- Lone parent households are the most likely to state that they need and/or are likely to move within the next two years, but households with young children are the most likely to state that they will require a new home within five years.

Future changes in households with children

16.12   Population projection data provided in Chapter 4 of this report suggests that across the HMA there is expected to be little change in the number of children between 2006 and 2026. This would tend to imply that the increase in demand for additional family accommodation in the future may be limited. However, in the immediate future it is clear that there is a demand for housing for families. The results from the balancing housing markets exercise suggest that there is indeed a demand for larger sized accommodation (which would typically be aimed at families with children) in both the market and affordable sectors.

16.13   Households' projection data from CLG does however suggest that (nationally) there will be around a 20% increase in the number of lone parent households. Such households have been identified above as being particularly disadvantaged and if the national projection also applied locally then there would be some cause to consider what housing provision might be required to meet the needs of this group of households.

Summary

i)   Data from the Census suggests that around 28.2% of households in the HMA contain dependent children (in-line with regional and national averages). Woking shows the largest proportion of households with dependent children (30.6%).

ii)   Census data suggests that the overall characteristics of households with children are not much different to the household population as a whole. However, there are significant differences between the different groups. In particular, married couple households with dependent children show higher levels of owner-occupation and car/van ownership/use; lone parents are more likely to live in rented housing and have low car/van ownership/use.

17. Students

Introduction

17.1   During the last 10 or 15 years, following international trends, there has been significant growth in the number of students studying at further and higher educational establishments throughout the UK. In some areas, the growing student population has come to form a substantial housing sub-market.

17.2   West Surrey is no exception as the area contains a number of large and significant educational establishments. The growing student population over recent years has increased its impact on local housing markets especially, but not exclusively, in Guildford. As such, this Chapter examines existing research on the student housing market and describes the student accommodation provision of three major West Surrey educational establishments, drawing on interviews with student accommodation managers at two of these institutions. The chapter begins with a brief examination of background data from the 2001 Census.

Information from the Census

17.3   The table below is based on 2001 Census data, which has been compiled by NOMIS. It shows the type of student households in the HMA and related areas. In 2001 the Census suggests that there were 11,898 students in the West Surrey HMA accounting for 3.7% of the total household population of the HMA. This figure is higher than the equivalent figures for both the South East and England. Of the three Boroughs Guildford has the largest proportion of students with Woking the smallest.

17.4   Looking at the types of student households in the HMA we see that there are a large proportion of students living with their parents, particularly in Woking. In Guildford the largest proportion of students live in communal educational establishments. Across the HMA around a fifth of students live in all student households, with the majority of these being in Guildford.

Table 17.1 Student households						
	Guildford	Waverley	Woking	West Surrey HMA	South East	England
Household; Student living alone	180	68	33	281	8,609	79,543
Household; Living in parent(s) household	1,435	1,236	1,156	3,827	83,145	586,932
Household; All student group household	1,642	673	51	2,366	51,780	347,493
Household; Other household	1,130	523	340	1,993	43,328	321,406
Communal establishment; Educational establishment	2,571	679	0	3,250	39,713	178,483
Communal establishment; Other communal establishment	63	114	6	183	5,103	39,953
All students (over 18)	7,022	3,292	1,584	11,898	231,678	1,553,810
% of students of population	5.7%	3.0%	1.8%	3.7%	3.0%	3.2%
Household; Student living alone	2.6%	2.1%	2.1%	2.4%	3.7%	5.1%
Household; Living in parent(s) household	20.4%	37.5%	73.0%	32.2%	35.9%	37.8%
Household; All student group household	23.4%	20.4%	3.2%	19.9%	22.3%	22.4%
Household; Other household	16.1%	15.9%	21.5%	16.8%	18.7%	20.7%
Communal establishment; Educational establishment	36.6%	20.6%	0.0%	27.3%	17.1%	11.5%
Communal establishment; Other communal establishment	0.9%	3.5%	0.4%	1.5%	2.2%	2.6%
All students (over 18)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2001 Census data (from NOMIS website)

17.5   The map below illustrates the distribution of West Surrey's student population by ward. The areas surrounding Guildford town, Farnham and Cranleigh are shown to have the highest proportion of students.

Figure 17.1 Spatial distribution of students in the HMA
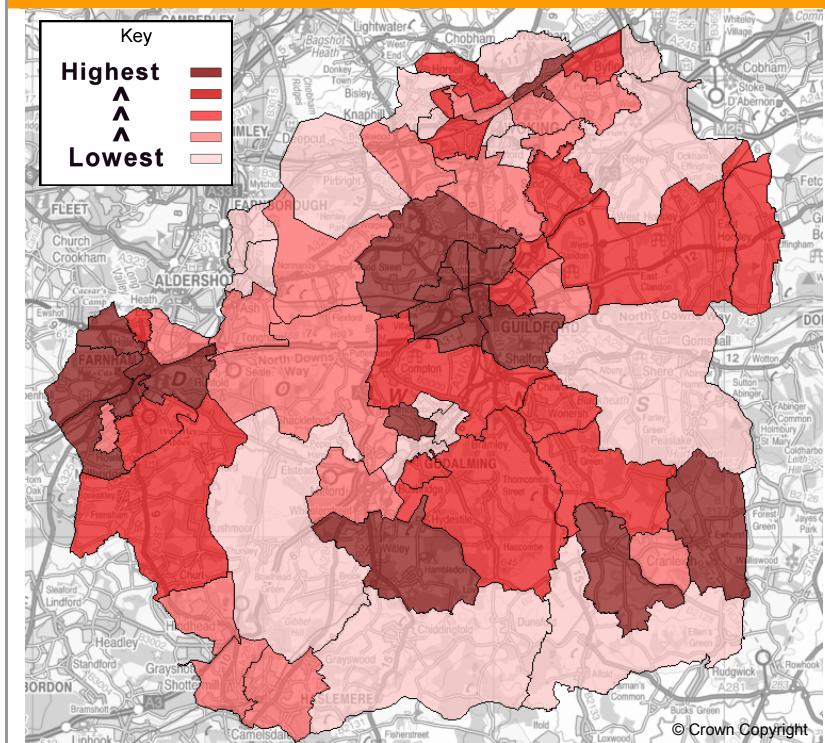
Source: 2001 Census data (from Office for National Statistics 2007)

Existing research on the student housing market

Private rented sector

17.6 Given the growing importance of the student housing market there has been surprisingly scant research on the subject. One important piece of research was undertaken by the Joseph Rowntree Foundation (JRF) (2000) which looked specifically at private rented provision for students around 20 higher education institutions in nine localities throughout the UK. None of the West Surrey institutions were covered by the research but nonetheless the research is helpful in providing contextual information on private rented provision for students.

17.7 Although some of its findings are now somewhat dated, i.e. that at a national level, accommodation provision by the higher education institutions (HEIs) had not grown commensurately with student numbers, other findings accord with statements made by interviewees below.

17.8 One such finding is that increased demand has resulted in the establishment of 'niche' student markets. In most of the locations in the JRF study (2000), students were living in particular types of property, in geographically specific neighbourhoods, and renting from landlords who would be unwilling to let to other groups. Although this is less of an issue than in larger university towns and cities, there is some evidence that niche student markets have been created in Guildford.

17.9 Similarly, according to the JRF there is some evidence that student markets can be subject to oversupply, leading to empty properties that are not readily available to other renting groups, either because of landlords' letting preferences or because other groups simply do not seek accommodation in the 'student areas'. However, unless the local housing market was pressurised because of a generally high demand, other groups such as young professionals and low-income households tend not to be in competition for the same properties as students.

17.10 The JRF study also suggested that intensive demand for investment properties from student market landlords in some locations has had knock-on effects for owner-occupiers. Households wishing to purchase, and first-time buyers in particular, could find themselves priced out of the market. More positively, the report states that competition between landlords for student households could push up standards of amenity.

17.11 At the initial stakeholder event for this SHMA, it was reported that based on information made available by University College for the Creative Arts, there appeared to be a shortage of reasonable quality residential accommodation available for students at affordable levels of rent in the West Surrey area.

Student halls of residence

17.12 Perhaps the most important research on student halls of residence is that undertaken by the National Union of Students (NUS) on student accommodation costs (2006/07). The survey was undertaken between August and September 2006 and the tables are based on returns from 96 institutions and 61 private providers across the UK. The total number of bed spaces covered by the survey is 270,141 (NUS, 2007: 4). Of the West Surrey institutions, returns were received from Guildford College and University of Surrey; information made available by University College for the Creative Arts has been used where relevant to supplement the findings presented in this section.

17.13 According to the NUS survey, the latest figures estimate that 23% of students live in either halls of residence provided by the university or purpose-built accommodation from corporate providers. More recently, there has been some growth in the number of universities entering partnership arrangements with private providers. In total, 8.5% of bed space is provided by educational establishments through formal partnership arrangements, and a further 18.6% is provided directly through private halls.

17.14 In terms of future provision, in 2007-2008, the number of bed spaces will increase by 3% (university halls and private halls). Of these, 55% will be supplied directly through private providers, 27% by the university or college directly, and 18% through nomination agreements. It can be predicted that by 2010 private providers and private sector partnership working will account for over 50% of what are thought of as "university halls of residence".

17.15 Over a third or 38% of rooms provided through institutions are self-catered single rooms and 35% of rooms are self-catered en-suite. Self-catered en-suite rooms are catching up on self-catered single rooms in terms of popularity, with a growth of 31% since 2003-2004. The report argues that private providers have a strikingly simplified range of accommodation categories, with 81% of their rooms being self-catered en-suite. Around one-in-ten or 9.3% of private providers' rooms are in the new growth area of studio flats (at an average rent of £114.48 per week, or £5,037.12 per year for an average-length let).

17.16 Importantly, according to the report there are three factors determining the price of student accommodation: the weekly rent level, the length of the letting period charged for, and the number of services included within the rent level. Rent levels in the student housing market have been affected by specific factors:

- the growth of luxury en-suite accommodation or studio flats and the impact of higher energy and water prices;
- the emergence of add-on services to the rent, such as broadband internet;
- the need to meet new regulatory standards.

17.17 According to the Student Income and Expenditure Survey 2004/05, housing costs are the second-largest category of expenditure after living costs for most students. In comparison with the 2001-2002 NUS Accommodation Costs Survey, rents have risen by 37%, indicating that rent rises each year since 2001 have been substantial and that the rate of rise each year is increasing.

17.18 The most important factor has been the rise in en-suite accommodation. In 2006-2007 the overall average weekly rent for a room in institutionally provided or allocated accommodation was £81.80, an increase from 2003-2004 of 23%. The report argues that this rate of rise is significant, well above the increase in the retail price index, and more than three times the percentage increase in the student loan over the same period. Since the 2001-2002 NUS survey rents have risen by 37%, indicating that rent rises each year since 2001 have been substantial, and that the rate of rise each year is increasing.

17.19 According to the NUS survey, the regional average cost of accommodation managed by educational establishments in the South East region stood at £86 per week during 2005/06, compared with a national average of £80 per week, an increase of 24% since 2003/04. By 2005/06, there were a total of 21,412 bed-spaces managed by educational establishments in the South East, an increase of 30% since 2003/04.

17.20 The survey indicates that the University of Surrey has the 51st (of 96) cheapest average rent at £78.58 per week and Guildford College the 90th (of 96) cheapest average rent at £105.00 per week. UCCA report that average rents for student accommodation on the University College Campus were £61.75 for a single bedroom and £71 per week for an en-suite bedroom. Figures relate to the academic year 2005/06; it should be noted that they may be not be strictly comparable as they have been taken from different sources.

17.21 The NUS survey suggests that poorer students remain at home because of the costs of studying away from home and taking up a place in a hall of residence - a third of working class students live with their parents, compared to one in five upper and middle class students. The main reason these students choose to live at home is to save money (56%). A third of these students say they could not afford to move away from home to study (32%).

17.22 Some poorer students are choosing their university and their course according to whether they will be able to commute from home to save money, rather than the university or course itself. This is of particular importance, because evidence also points to the fact that students living at home may be missing out on an important part of the student experience. A majority of students (62%) felt that those living at home were missing out on the full benefit of being a student (NUS, 2007: 16-17). There is some evidence that around a third of UCCA students remain at home, and it could be implied that at least some of these students do so for financial reasons.

Surrey institutions of Higher Education

17.23   This section provides details of West Surrey educational establishments providing student accommodation.

University College for the Creative Arts

Background

17.24   The University College for the Creative Arts[4] was formed in 2005 through the union of The Surrey Institute of Art & Design, University College and the Kent Institute of Art & Design. The University College specialises in art, design, architecture, media and communications and has around 6,500 students enrolled on more than 80 different courses. Campuses are located at Canterbury, Epsom, Maidstone, Rochester and Farnham.

Student accommodation policy

17.25   The University College gives priority to new students pursuing a full-time course at the University College who live the furthest distance from their respective University College Campus. However, it does not provide accommodation for families. Rent is paid annually or in termly instalments. College accommodation is offered for 41 weeks for Further and Higher Education students, and 53 weeks for Post-Graduate students. This includes the Christmas and Easter breaks, and also any period (work experience, field trips, illness etc) for which students might be absent from the halls.

17.26   The University College also helps students find accommodation in the private rented sector. More than 500 landlords are registered with the Accommodation Offices, and details of their properties are available on the Private Accommodation Register, which is available on the internet or on paper from the relevant Accommodation Office. The Private Accommodation Register is available to all current students and also prospective students who have formally accepted an offer of a place on a course.

Farnham campus

17.27   The Farnham campus is situated about 40 miles outside London on the Surrey/Hampshire border. It offers two student accommodation sites:

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[4] Renamed 'University for the Creative Arts' as of 1 September 2008

Main Hall

17.28   Farnham's Main Hall was built in 1976 and is situated on campus. It consists of eight flats containing 34 student spaces. The three different types of accommodation are: large single study bedrooms; small single study bedrooms; and shared study bedrooms for two people (of same gender only).

Student Village

17.29   Farnham's Student Village is located on the University College Campus. A total of 343 students are housed in houses and flats occupying up to eight students each in single study bedrooms.

17.30   The majority of students share toilet and bathroom facilities, but there are 14 en-suite (own shower and toilet) study bedrooms and these are usually allocated to students who have a supported special requirement. Also, some rooms are adapted for disabled use.

Future plans

17.31   The University for the Creative Arts' Strategic Plan 2007/08 to 2016/17 (published in October 2008) demonstrates the University's intention to increase student numbers to 9,000 and to reduce the total number of campuses from which it operates from five to three (with two being in Surrey and one in Kent). As a result, it is expected that there will be a greater number of students studying at Farnham, with the consequent increase in demand for student residential accommodation.

Guildford College

Background

17.32   Around 15,000 students study at the College. Vocational Higher Education courses on offer include HNCs, HNDs, degrees and foundation degrees, accredited or validated by institutions including the universities of Surrey, Kingston, London South Bank and Greenwich. The main campus, Stoke Park, is on the outskirts of Guildford, 30 miles outside London. The Merrist Wood Campus, which specialises in land-based programmes, is three miles away. The Campus at Stoke Park opened at the start of the Second World War in 1939. Merrist Wood dates back as early as 1318, although the first courses, in agriculture and horticulture, didn't start until 1945. The college in its current form emerged from the chrysalis of Guildford College of Technology about 11 years ago. The two campuses merged in August 2003.

Student accommodation policy

17.33   As most students are studying for further education qualifications, and are aged under 25, the College does not encourage students to rent accommodation away from home. However, some overseas students, higher education students and further education students may be eligible for on-campus accommodation.

17.34   The College gives priority to: full-time further education students studying at least three days a week, students who live outside a radius of 15 miles from College, those in receipt of a residential bursary and those whose courses require early routine duties are prioritised, and Higher Education students.

17.35   Most students who live in are first and second year further education students on level 2 or above courses. Their courses are usually a minimum of three days per week for 36 weeks. Higher education students may apply to stay in the Halls of Residence, but their courses may be less than three days per week and therefore they have a lower priority.

17.36   Charges are applicable for all the teaching weeks and half terms. A retainer is payable for work experience weeks. With the exception of half terms, students are not permitted to reside in the Halls of Residence outside of their normal teaching weeks.

17.37   Students (and parents/guardians of students under 18) must sign an agreement with the College before moving in. The agreement commits the student to paying accommodation charges for the whole academic year (or the length of the course, whichever is the shorter). If the student leaves the Halls of Residence for any reason before the end of the charging period, the student must continue to pay the fees until a new student moves into the Halls of Residence.

Student accommodation details

17.38   The accommodation consists of 108 single study bedrooms with shared shower, toilet and sitting room facilities. There are three Halls of Residence: Merrist Wood Annexe, Cobbetts (which comprises of three blocks) and Woodlands (which comprises of five blocks). 50 rooms are reserved for students under the age of 18 although these students must go home at weekends. Merrist Wood has a young living environment, with most residential students being under 25.

17.39   The Halls of Residence are managed by the Head of Service and Standards for Accommodation and the Domestic Manager, supported by a team of staff. There is always someone on duty to help, 24 hours a day.

Interview with Domestic Manager

17.40 According to the Domestic Manager, the accommodation facilities at Guildford College are currently not full – only 88 of the 108 accommodation units are currently occupied. Until recently, the college housed University of Surrey and University for the Creative Arts students. The development of additional accommodation units at these academic establishments mean that they no longer need to use Guildford College accommodation.

17.41 Also, as most students are aged under 18, the College does not encourage them to live away from home. There are some international students studying English Language, Arboricultural Studies and Garden Design although these tend to want to stay with host families. The College has a Local Lodgings Section which helps international students to find private accommodation in the local area.

17.42 Guildford College threrfore has no plans to expand its student accommodation base. However, it is planning to expand the number of international students studying at the college. As such, it is hoping to convert some study rooms to self-catering accommodation in the near future.

University of Surrey

Background

17.43 Over 12,000 undergraduate and postgraduate students (including over 3,000 students from 130 different countries), and almost 250 part-time undergraduate students are located at the University. The University of Surrey's main campus is on Stag Hill, in Guildford, adjacent to the cathedral. The new Manor Park campus, just under a mile away, is being developed and is nearing completion. The first phase opened in 2007. The university has a consistently high employment record and 80% of the student population study on courses that include a work-based professional training year.

Student accommodation policy

17.44 All first-year students are normally guaranteed a place in University accommodation. Most second-year UK/EU students find their own place to live in the Guildford area. Help and support can be provided by experienced Accommodation Office staff. The University also owns and rents property in the area. Overseas undergraduates are normally offered a place in University accommodation for the duration of their courses. All final-year students can apply for a place in a University residence. The numbers housed vary from year to year depending on the current allocation policy and demand for places. Preference is given to students who are away from Guildford on student placements during their third year.

Student accommodation details

Campus accommodation

17.45   The University has over 4,000 student rooms located around seven courts on the main university campus and on the newly built Manor Court. In total, about 60% of students reside in campus-based accommodation.

17.46   Rents vary according to the Court and type of accommodation. In the 2006/2007 NUS rent survey the Surrey average rent is £78.15 against a South East average student rent of £86 and a national average of £81.80.

17.47   The university's letting periods are shorter than average. Most first-year undergraduate students rent a room for 36 weeks, so the annual cost in 2007-08 ranges from £1,955 for the cheapest rooms to £3,384 for en suite rooms.

17.48   The university recently opened its new Manor Park site. Phase one of the project, involving £31m of investment, was completed in August 2006. Manor Park provides accommodation for 683 students and 50 staff, representing a 20 per cent increase in student residences at Surrey (University of Surrey Annual Report 2005/06, p.5).

Private sector housing

17.49   According to the University website[5], most UK/EU students live in private rented accommodation during their second year although the university normally guarantees overseas fee students University accommodation in their second year. Private sector student housing is available in Guildford and the University itself manages around 350 rooms in shared houses through its Property Management Scheme.

17.50   The university Accommodation Office provides a list of suitable properties and rooms available. According to the university, living costs in general are less expensive than may be assumed. Private sector housing in Guildford costs an average of £77.50 in 2007-08, excluding bills, per week.

17.51   The largest groups of students requiring private rented sector accommodation are second and third year undergraduates (aged 19-22 years). These students are familiar with University life and often form small groups to take on a property jointly. They also have postgraduates (aged 22-25 and older) looking for accommodation.

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[5] http://www.surrey.ac.uk/undergraduate/accommodation/

University managed housing

17.52 The University 'Property Management Scheme' helps students with reasonably priced housing in the local area. The houses are predominantly four-bedroom however there are some three, five and six bed houses.

17.53 The Accommodation Office rents houses from private sector landlords and then sublets to groups of students. The students enter into a fixed-term tenancy with the University.

17.54 The Accommodation Office collects rent and is responsible for the management of properties. This includes ensuring safety standards are adequate and that maintenance is carried out.

17.55 Rents in managed houses are lower than the wider private sector and average £72 per bedroom per week. Rents vary according to location and amenities provided. The rents include water charges but exclude heating and electricity. The standard tenancy length is 49 weeks, the deposit is £250. In 2008-2009 monthly rents for whole houses will be:

> 3 bedroom houses £900 to £1020 (£300 to 340 per student)
> 4 bedroom houses £1120 to £1360 (£280 to £340 per student)
> 5 bedroom houses £1500 to £1600 (£300 to £320 per student)
> 6 Bedroom houses £1800 to £1920 (£300 to £320 per student)

Interview with Accommodation Manager

17.56 There are around 10,000 students studying at the University of Surrey. At any one time:

- About half or 4,500 live in university accommodation
- Around 2,000 live in private rented accommodation
- Around 800 are away from the university on work placements
- 2,700 live at home

17.57 Most students would like to live close to the university although for those living at home, the costs of travelling to the university campus is cheaper than living in Guildford

17.58 The university owns a number of properties on various sites. The most recent accommodation development is Manor Park which has planning permission for 2,300 accommodation units for mainly students, but also some staff, of which 700 units were completed during 2007, and a further 300 units are currently being built.

17.59 There is insufficient room for further expansion of student accommodation on the main university campus.

17.60   Private rented accommodation in Guildford is expensive although most Surrey students tend to be middle class so, with parental support, they can afford local rents.

17.61   Students want to live as close as possible to the main university campus. However, due to lower housing costs, a few students prefer to live in cheaper areas such as Woking and Aldershot.

17.62   The university uses the online StudentPad website for those students who need to access private rented accommodation. This provides landlords with free advertising for rooms and apartments to rent. The only caveat is that landlords wanting to advertise apartments must prove that their properties are certified as safe. The university also administer the 'HeadLease' scheme whereby they manage and sublet around 90 accommodation units on behalf of private rented sector landlords.

17.63   There are few problems with students in the private rented sector. Some local people feel that a few areas of Guildford are becoming 'studentified' i.e. the housing is becoming dominated by students although, compared to some larger university towns and cities, there are only small pockets of these areas in Guildford. Indeed, apart from occasional problem with noise etc. there are few problems. In general, Guildford is an affluent area with local housing in good condition.

17.64   The university has good relationships with both the private sector and local councils and are frequently consulted regarding their opinion on local housing issues.

Summary

i) Data from the 2001 Census suggests that there were 11,898 students in the West Surrey HMA, accounting for 3.7% of the total household population. Of the three authorities, Guildford had the largest proportion of students and Woking the smallest. Major Higher Education providers in the HMA include the University of Surrey, University College of Creative Arts and Guildford College.

ii) According to an NUS survey, the regional average cost of accommodation managed by educational establishments in the South East region stood at £86 per week during 2005/06, compared with a national average of £80 per week, an increase of 24% since 2003/04. The University of Surrey has the 51st (of the 96 institutions surveyed) cheapest average rent at £78.58 per week and Guildford College the 90th cheapest average rent at £105.00 per week. UCCA report that during the same time period, average rents for student accommodation on the University College Campus were £61.75 for a single bedroom and £71 per week for an en-suite bedroom.

iii) The University of Surrey plans to increase the level of student accommodation at its Manor Park site by 1,600 student accommodation spaces in the near future. UCCA intends to increase student numbers and to reduce its total number of campuses between 2007/08 and 2016/17; as a result it is expected that there will be a greater number of students studying at Farnham, with the consequent increase in demand for student residential accommodation.

18. Households living in rural areas

Introduction

18.1   This chapter addresses the character of the housing in rural parts of the HMA. The discussion begins with background on the general rural issues, followed by information from the household survey which compares rural to urban households.

Background on rural issues

18.2   A major step in addressing rural issues was the Rural White Paper (*'Our Countryside: the future'* 2000). It reviews a wide range of matters that have led to problems for those living in rural areas. The following are some key comments:

Figure 18.1 Excerpt from Rural White Paper 2000
'The character vitality and beauty of our countryside are important to all of us. But many rural communities are going through difficult changes. Basic services have become over-stretched. In traditional industries such as farming incomes are falling and jobs are disappearing. There has been pressure for unwelcome development. Wildlife diversity has declined' (pp. 4) *'Change in the countryside is nothing new, but over the past 20 years, the pressures have become acute. Many rural areas are prosperous but elsewhere there is real loss….farm incomes have fallen 60% in the last five years, as a result of global competition, exchange rates and the effects of BSE'* (pp. 9) *'In rural counties monitored between 1965 and 1990 each year 1 or 2% of small settlements experienced closure of their last general store or food shop, representing a loss for around 15% of rural communities over this period. Between 1991 and 1997 a total of 4,000 food shops closed in rural areas. Closures of rural schools increased in the 1970's to reach a peak of 127 in 1983 continuing at around 30 a year up to 1997 and declining to 2 in 1999'* (pp.9)

Source: Rural White Paper: Our Countryside: the future (2000)

18.3   The White Paper went on to identify a number of areas of concern: the decline of incomes, of service infrastructure and of population. The White Paper addresses the issue of deprivation in rural communities: a problem often made worse by their isolated state, and exacerbated by ill-health.

18.4   The White Paper considers the vital services required by villages, and what is involved in improving the situation. Apart from grant aid where appropriate, measures would include more tourism and conservation, trying to balance the need for rural people to earn a living with the need to preserve an environment, landscape and culture that can both be enjoyed by rural people and by those who come from urban areas and elsewhere to enjoy it.

18.5   One of the key issues in rural areas is affordable housing. Not only is poverty more difficult to manage in a rural area, given the distance to other services (and in some cases simply the distance to other people) but also the Right to Buy policy effect has removed rural affordable housing supply on an even greater scale than in urban areas. As a result of this the Government set up the Affordable Rural Housing Commission, which published its final report in 2006.

18.6   In terms of need, the Commission states:

Figure 18.2 Excerpt from Affordable Rural Housing Commission's Final Report 2006
'The Commission's inquiry has revealed an acute shortage of affordable housing in rural areas of all regions of England' (pp.2)

Source: Affordable Rural Housing Commission: Final Report (2006)

18.7   It points out that prices are rising even faster in rural areas than urban: 73% over the period 2000 to 2005 compared with 68% in urban areas, and rural prices are themselves higher than urban ones. Although average earnings in rural areas are boosted by the effect of people commuting to well paid jobs elsewhere, workplace-based earnings figures (considered to be more representative of the local workforce) show that average earnings in 2004/5 in the most rural districts were only £17,400, compared to £22,300 in major urban districts (page 15). This highlights the rural housing problem. Clearly the disparity in house prices is due to an urban rather than rural 'driver', which identifies one of the underlying problems of the town dominating the country.

18.8   The Commission urges more consistency in the measurement of need:

Figure 18.3 Excerpt from Affordable Rural Housing Commission's Final Report 2006
Needs assessment should 'start from the bottom up through housing market and housing need assessments containing enough detail to identify what rural communities have and what they require. The Commission recommends that a consistent means of measuring need is developed which can be operated at local, regional and national levels. Progress will be hampered if the way need is assessed locally is inconsistent with Government's approach nationally' (pp.3)

Source: Affordable Rural Housing Commission: Final Report (2006)

18.9   This is powerful and significant for the methodology of a housing market assessment. To measure rural housing need in the sort of detail implied, it has to involve combining primary and secondary data. Only by using this can data be derived on the types of housing occupied by rural households, afforded by them, and where the gaps are in existing provision. No secondary source can provide the evidence on financial capacity allied to migration patterns and housing problem identification required to meet the stated requirement. But that also means that the regional and national estimates must be rooted in primary data. In turn this means that much more should be done to ensure consistent methods and quality of survey and analysis, as otherwise the regional and national figures will be a mixture of fact and error.

18.10   Despite the best efforts to follow the latest CLG Guidance, the recently produced 'Calculating housing requirements in rural England' (Commission for Rural Communities, 2006) is an example of this. Although the form of the calculation is like that of the housing needs model in the December 2005 Housing Market Assessment Guide from DCLG (then ODPM) the figures are from secondary sources. As a result, they cannot show the true affordability situation, as there is no way of connecting the income and any financial capacity information to the actual housing circumstances of particular households. The specific results are therefore not pursued further here.

18.11   Using its best estimates, the Affordable Rural Housing Commission judges that 11,000 new dwellings should be built in settlements of 10,000 or less. The aim is to achieve six new affordable dwellings per rural ward, whose population is typically about 5,000. The Commission recognises that there will be local hostility to any new development in many instances, and calls for a 'bottom up consensus' to ensure that their recommendations are fulfilled.

18.12   The Commission does not expect public funding to do the job, and sends a clear message:

Figure 18.4 Excerpt from Affordable Rural Housing Commission's Final Report 2006
'We believe that if local authorities use the tools they already have, particularly those relating to quotas and site thresholds, coupled with those we recommend, they may be able to secure considerably more affordable housing, even from current levels of market build.' (pp.18)

Source: Affordable Rural Housing Commission: Final Report (2006)

18.13   This is moderated by recognition that local authorities in rural areas have limited staff and budgets (page 28).

18.14 Second homes, which are one of the reasons for upward pressure on price, also have a damaging effect on community life. The homes in question are only occupied at weekends and by households that do not have any functional connection to the area. The Commission considers that the impact of the problem is, at national scale, only modest: 93,000 across all rural areas (page 62) though locally acute on coasts and in areas of high landscape value.

18.15 The Commission makes a number of suggestions for innovative funding of rural housing, and its management. These are not the main focus in the present context, where we are mainly concerned with establishing a reliable evidence base on the nature and extent of the housing needs and problems as a basis for policy analysis.

18.16 This brief review of two of the key documents on rural issues provides some general statistics and comment relevant to the housing problems that arise due to rurality itself. The following sections provide some information on parish level housing needs surveys previously conducted in West Surrey, and statistics from the household survey data on the rural parts of the West Surrey SHMA.

Parish level housing needs surveys

18.17 A number of parish level housing needs surveys have been carried out in Guildford and Waverley in recent years, mainly by the Rural Housing Trust. Their purpose is to identify the number of households in need within the locality, and also to give an indication of the level of support within the local community for the provision of affordable housing to meet local need. Parish housing needs surveys are sent to all households in a parish; due to the nature of the research, it's not possible to gross up the results to the entire population. It should be noted that the results cannot be collated with the borough-level household surveys which have been undertaken for this SHMA.

18.18 The parish housing needs surveys have revealed that there are a number of households considered to be 'in need' (according to the Borough definition) in every parish surveyed. Concealed households e.g. single young people and couples represent the majority of households in need: this is due to both high prices and the small supply of terraced housing and maisonettes in the local area. Typically, a greater need is shown for social rented accommodation than shared ownership housing since the latter is often unaffordable for households on lower incomes.

Survey data

18.19   An analysis of rural and urban households was undertaken based on household survey data. Each household was assigned an urban or rural classification, based on the National Statistics Rural and Urban Classification of Output Areas (May 2007). Households were assigned one of four categories based on their postcode. The postcode is considered to be 'Urban' when the majority of the Output Area live within settlements with a population of 10,000 or more. The remaining three categories comprise the rural area, which is divided into 'Towns and Fringes', 'Villages' and 'Hamlets'; the latter includes isolated dwellings.

18.20   The table below indicates the urban and rural classification that each household in the HMA is recorded in. The data shows that around three-quarters (75.2%) of households live in an urban area with the remaining 24.8% split between the other three categories (mainly village).

Table 18.1 Households in urban/rural areas (based on 4 categories)		
Classification	Number of households	Percentage of households
Urban	106,529	75.2%
Town and Fringe	10,790	7.6%
Village	17,082	12.1%
Hamlet	7,198	5.1%
Total	141,600	100.0%

Source: West Surrey household survey data (2007)

18.21   The National Statistics Rural and Urban Classification indicates that all classifications listed above other than urban can be considered rural. We will therefore consider the nature of urban households against those others, which we will term 'rural'. The proportion of households living in rural areas varies considerably by local authority. The table below shows the locations of rural households. The data shows that 40.4% of households in Waverley live in rural areas, this compares with only 1.9% in Woking. Overall, 56.2% of all rural households reside in the Waverley Borough.

Table 18.2 Locations of rural households by local authority				
Local authority	Households in rural areas			
	Rural households	Number of h'holds	% of total h'holds in rural areas	% of those in rural areas
Guildford	14,654	54,400	26.9%	41.8%
Waverley	19,695	48,700	40.4%	56.2%
Woking	722	38,500	1.9%	2.1%
TOTAL	35,071	141,600	24.8%	100.0%

Source: West Surrey household survey data (2007)

18.22   The table below shows the variation in the tenure profile of urban and rural households. The data indicates that rural households are more likely to owner-occupy, with urban households much more likely to privately rent. The rural area has a particularly high proportion of outright owners.

Table 18.3 Urban/rural households and tenure				
	Urban		Rural	
Tenure	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	34,535	32.4%	15,748	44.9%
Owner-occupied (with mortgage)	46,134	43.3%	12,476	35.6%
Council	10,378	9.7%	3,409	9.7%
RSL	3,730	3.5%	794	2.3%
Private rented	11,752	11.0%	2,644	7.5%
TOTAL	106,529	100.0%	35,071	100.0%

Source: West Surrey household survey data (2007)

18.23   When considering the differences between types of household we find that a higher proportion of single non-pensioners are based within the urban area. In rural areas we find significantly more pensioner households. Rural areas have a greater proportion of households with children although the proportion of lone parents in rural areas is slightly lower than for urban parts of the HMA.

Table 18.4 Urban/rural households and household types				
	Urban		Rural	
Household type	Number of households	% of households	Number of households	% of households
Single pensioners	14,643	13.7%	5,186	14.8%
2 or more pensioners	11,108	10.4%	5,862	16.7%
Single non-pensioners	16,696	15.7%	3,230	9.2%
2 or more adults - no children	38,284	35.9%	11,662	33.3%
Lone parent	3,026	2.8%	717	2.0%
2+ adults 1 child	10,458	9.8%	3,626	10.3%
2+ adults 2+ children	12,315	11.6%	4,786	13.6%
TOTAL	106,529	100.0%	35,071	100.0%

Source: West Surrey household survey data (2007)

18.24   The table below compares the incomes and savings levels of households in the two areas. The data clearly shows that households in rural areas are more affluent than those in the urban areas as they record both a higher annual household income and higher levels of savings. However, differences in the median income between the two areas are less marked, which suggests that the mean figure for rural households in particular may be inflated by the high incomes of a relatively small number of households.

Table 18.5 Income and savings levels of urban/rural households			
Categories	Annual gross household income (mean)	Annual gross household income (median)	Average household savings (median)
Urban	£50,825	£35,992	£7,256
Rural	£65,430	£39,429	£19,156
All households	£54,442	£36,739	£9,531

Source: West Surrey household survey data (2007)

18.25 A further question asked in the household survey was car ownership/availability. Although not directly linked to housing, it influences the ability of households to access necessary services.

18.26 In urban areas of the HMA we find that 14.9% of households have no access to a car, this compares with just 8.9% of households living in rural areas. Average car/van ownership/use varies from 1.35 for households in urban areas to 1.65 for more rural areas.

Table 18.6 Urban/rural households and car ownership				
	Urban		Rural	
Number of cars/vans available for use	Number of households	% of households	Number of households	% of households
0	15,859	14.9%	3,113	8.9%
1	45,901	43.1%	11,689	33.3%
2	36,254	34.0%	14,542	41.5%
3+	8,516	8.0%	5,727	16.3%
TOTAL	106,529	100.0%	35,071	100.0%
Average number of cars/vans	1.35		1.65	

Source: West Surrey household survey data (2007)

18.27 The survey asked households whether public transport provision near their home was adequate for the household's needs. The responses received are presented in the figure below. The figure indicates that households within rural areas were more likely to record public transport provision as being inadequate than households within urban areas. In both areas however the proportion that indicated that it was a problem was low (regardless of location around three-quarters of households stated no problems with public transport provision).

Figure 18.5 Opinions on adequacy of public transport provision near home

Source: West Surrey household survey data (2007)
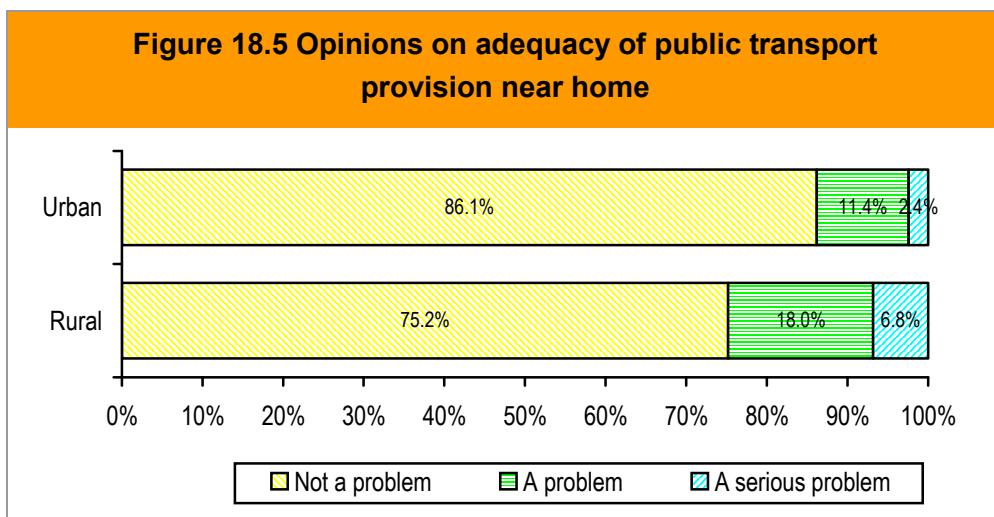
Linking the findings together

18.28 Although the supply of affordable housing in rural areas is of national concern, the overall figures for rural/urban households do not indicate that this is a significant issue within West Surrey: results suggest that the proportion of households living in social rented dwellings in rural areas is similar to the proportion in urban areas, at around 12%.

18.29 The primary data suggests that average levels of income and savings are higher for households in rural areas in West Surrey – the latter is likely to be due to the fact that the rural areas contain a notably higher proportion of pensioner households. However, the averages conceal a number of households with lower levels of income and savings and hence affordability problems, which are likely to be exacerbated by the national trend of more rapid prices rises in rural areas. The parish level housing needs surveys conducted in West Surrey do indeed suggest that a number of households living in rural areas are unable to afford housing.

18.30 Although rural deprivation is a national concern, this does not appear to be particularly apparent within the rural parts of West Surrey: the overall figures for rural/urban households suggest that rural households are more likely to own their own home, have higher incomes/savings levels and higher levels of car ownership. Accessing public transport was more of a problem for rural households however, which to an extent ties into the national concerns about service infrastructure in rural areas.

Summary

i)   The rural issue has been highlighted in Government Guidance ('*Our countryside: the future*, 2000) and in concern about the affordability problem (Rural Affordable Housing Commission 2006).

ii)   A number of parish level housing needs surveys have been carried out in West Surrey in recent years, with the aim of identifying the number of households in need within the locality. A number of households were found to be 'in need' in every parish surveyed; concealed households represented the majority of those in need.

iii)   The analysis of primary data reveals that around a quarter of households in the HMA live in an area classed as rural. Rural households in the HMA are more likely to owner-occupy, have higher incomes/savings levels on average and a higher level of car ownership. Rural households however were more likely to report that accessing public transport near their home was a problem, although this proportion was not significant.

SECTION E: POLICY IMPLICATIONS

The following chapters deal with the summary findings of the sub-regional SHMA, and also the issues of updating the results and showing that they conform to Guidance. The Guidance is quite clear that policies themselves must be the results of stakeholder discussion, but the sub-regional SHMA can reasonably suggest what policy implication may follow from the results.

This section is not intended to make definitive policy suggestions as this will be the role of the Steering Group and individual authorities (along with discussions with stakeholder) but to highlight areas where there is a case for some policy response.

The chapters cover the following topics:

Chapter 19 – Key themes and drivers

Chapter 20 - Housing market gaps and the housing ladder

Chapter 21 - Non-market policy implications

Chapter 22 - Overall housing targets

Chapter 23 - Compliance with guidance

Chapter 24 - Monitoring and updating

19. Key themes and drivers

Introduction

19.1 This chapter reviews the overall economic performance of the HMA as an introduction to a set of key themes related to housing. It is clear from even a brief review of the economic performance that there is ample pressure for growth, and the issues are more to do with both restraining growth in order to ensure sustainability, while addressing a range of more specific issues. The chapter therefore begins by reviewing the economic development situation and proceeds to a set of specific themes.

General economic position for the South East

Step 4.2: Future Economic Performance

Step 3.4.1: Mapping market characteristics and future growth

19.2 This subsection addresses general economic trends in the HMA and implications for future change. The mapping of these characteristics is provided in the substantive chapters which precede this one.

19.3 Following national trends, the shift towards a service-based economy is likely to continue in the HMA with service industries continuing to grow and manufacturing and primary industries declining gradually over the next ten years. The same trend is expected across all Boroughs.

19.4 As an example of the concerns involved, the South East Regional Economic Strategy (SERES) (2006-2016) is structured around three main economic objectives:

- Global Competitiveness: achieving it
- Smart Growth: spreading the benefits of competitiveness
- Sustainable Prosperity: ensuring that competitiveness is consistent with the principles of sustainable development

19.5   The Examination in Public of the South East Plan (Regional Spatial Strategy) included a range of wider strategic employment issues such as 'off-shoring' which refers to the tendency to relocate employment 'offshore'[6] (but this was not of major quantitative importance) as well as 'smart growth'[7] a term which the EiP Panel found to be too vague for precise policy making, but which has wide appeal. It refers to the ability of an area to accommodate skills shortages by reallocating resources to still produce growth.

19.6   Issues such as off-shoring and smart growth describe much of the economy of this HMA: highly qualified workforce and highly paid jobs. The issues concern control of the strong growth impulse that already exists.

19.7   The RSS Panel Report (August 2007) considered a sizeable part of the HMA as part of the overall 'London Fringe'. This sub-region is the nearest approximation that can be used when considering the future economic prospects, for which the RSS Panel report is the most recent comprehensive source. The Panel report said (para 20.20) that this was the only one of their 11 sub-regions over whose employment forecast the Regional Assembly and Development Agency disagree. The Assembly wishes to see less than half the job growth envisaged by the Development Agency. The latter argued that the restriction on jobs would take the sub-region below the regional average for growth.

19.8   The Panel noted that the assumptions about commuting flows could make significant differences to what would happen on the ground, and advised that there should be monitoring of what was happening (e.g. via the Surrey Planning Officers group (para 20.27)) so as to ensure that new homes were kept as far as possible synchronised with new jobs.

19.9   As can be seen from this brief description, the main theme is keeping the lid on the impulse for economic growth, not the need to stimulate it. The main issue is to keep economic growth as closely related as possible to house building so as to minimise increases in what, by the definition of the 'London Fringe', is an economy substantially driven by commuting flows.

Step 4.4: Bringing the evidence together

Key theme 1: The Housing Market Area

Key findings

- Evidence suggests varying degrees of self-containment within West Surrey in terms of both population/household moves and travel to work

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[6] para 6.55 of the Panel Report (Aug 2007)

[7] EiP report para 6.43 et seq

- There are strong links both within West Surrey and with adjoining local authorities, and with a number of London boroughs. Links appear to be less marked between Waverley and Woking since they do not share a geographical border
- The 'typical' level of 70% self-containment within an HMA suggested by CLG appears unrealistic in areas with such close proximity to London; West Surrey is considered to be a suitable basis for an SHMA despite not fulfilling this criteria

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Policy issues

19.10 Government Guidance urges that a Strategic Housing Market Assessment (SHMA) should be carried out for functioning housing market areas. A housing market area is broadly defined as an area within which the majority of people choose to live and work. In the case of West Surrey some of the statistics uncovered (from both Census and survey data) show differing levels of self-containment, although it is clear that a notable proportion of the population both live/work and choose to move within the area. There appears to be a reasonable basis for treating West Surrey as a single Housing Market Area; the proximity of London means that attaining the 70% self-containment threshold is unrealistic. The HMA is part of a relatively open economy, of which relatively long journeys to work are a feature.

Key theme 2: Demographics

Key findings

- Population increase of 25,200 over next 20 years
- Household increase of 24,000 over next 20 years
- Significant ageing population (particularly in the oldest age groups)
- Notable decrease in household sizes

Policy issues

19.11 The projected demographic change in the HMA over the next 20 years is likely to provoke considerable thought about the provision of additional dwellings. The household growth would suggest a requirement for around 1,200 additional homes to be provided per annum whilst the falling household size may well indicate that an increased proportion of this will be for smaller units. The ageing population brings with it some additional problems as the increase in older person households may well require some form of specialist housing to be provided. This segment of the population is typically more likely to have health and/or mobility issues which may well impact on the types of housing choices they are able to make.

Key theme 3: The economy

Key findings

- Large employment and business increases over past ten years
- Employee jobs across the three areas are mainly in finance, distribution and public administration
- HMA residents are generally in higher occupational groups, hence their relatively high incomes
- Generally a high level of qualifications
- Historically low unemployment

Policy issues

19.12 Data shows that employment growth across the HMA has been significant and that the increase in VAT registered businesses has been greater than that seen nationally. The message for the economy therefore continues to be positive. However there appears to be a disparity in terms of the incomes of those living in the area and those working in the area. This is particularly marked in Waverley where resident incomes are around 60% higher than workplace incomes. The implications of this are that many people commute to higher paid jobs outside the HMA, whilst at the same time a number of people working in the HMA will not be able to afford to reside there.

Key theme 4: The housing stock

Key findings

- Relatively small increase in housing stock across the whole HMA
- Large difference in profile of stock when compared with national position (significant detached stock in the HMA)
- Smaller proportion of social rented dwellings than nationally, with little variation between the three local authorities

Policy issues

19.13 The stock of housing in the HMA has increased slightly over the past ten years and household projection data would suggest that increases are likely to be required in the future. The key issue appears to be one of balance. Whilst it appears that different parts of the HMA have different functions and as a result we would expect different areas to provide a different residential 'offer', it is possible that the limited availability of certain types of stock in certain areas may be acting against the notion of mixed and balanced communities. Of particular note are the high proportions of detached homes across the HMA as a whole and particularly in Waverley, and the low proportion of social rented stock compared to regionally and nationally.

Key theme 5: The current housing market

Key findings

- Prices across the HMA are generally high
- Large price increases over the past five years
- Typical entry-level prices now require a household income in the region of £40,000-£45,000
- Private rented sector is slightly more affordable but varies in scale across the HMA

Policy issues

19.14 Increases in property prices and the added difficulty this brings for people (particularly first-time-buyers) to participate in the housing market is a national phenomenon and not specific to West Surrey. However, given that there is a clear gap between prices and incomes for many households and the clear lack of 'cheap' housing to buy, the Councils might consider mechanisms to try and secure some housing at below typical entry-level prices. Whilst such housing would be unlikely to be technically affordable (as it may well still require an income in excess of the income required to access private rented housing) it would certainly assist in helping to create and maintain 'mixed and balanced' communities.

Key theme 6: Affordability and housing need

Key findings

- Price:income ratio currently stands at 9.4
- Housing Needs and Market Assessment Survey data suggests large need for affordable housing
- Housing Register and homelessness data suggests an ongoing need and demand for social rented housing
- Clear requirement for intermediate housing

Policy issues

19.15 Affordability is a key issue facing the West Surrey HMA. At the time of reporting the average property price in the areas was around nine and a half times the average income. Results from various sources of information suggest a large need for both social rented and affordable housing. The main implication of these findings is that all Councils should attempt to provide as much additional affordable housing as possible. In setting targets it is important to balance the implications of the high levels of housing need with the viability situation and the views of the development industry so that policies are deliverable and will enable genuinely affordable housing to be provided for those in need. The affordable targets will, in accordance with PPS3, need to specify tenure of affordable housing. The main issue there is intermediate housing which will need to be properly defined in the local context, using the weekly cost data provided in the final chapter of this report.

Key theme 7: Housing demand and market balance

Key findings

- Potential demand for almost 2,000 additional units per annum (of all tenures)
- Over 50% of this demand for market housing
- Market demand mainly for two, three and four bedroom units

Policy issues

19.16 The study suggests that across the HMA there is potential annual demand for almost 2,000 additional units of housing. This figure is higher than the figure suggested by CLG household projections of around 1,200. The finding that almost 50% of the net demand for housing is in the affordable sector is also significant and whilst this might not translate automatically into an affordable housing target it does at least provide a good start point for discussions about what a reasonable target might be. The study also provides information about the profile of housing required (by size) to help balance the housing market. In the market sector it is suggested that there is notable shortages of two, three and four bedroom homes; it would be sensible therefore to suggest that all larger sites contain a reasonable mix of different sizes of accommodation.

Key theme 8: Black and Minority Ethnic Households

Key findings

- A relatively small BME population in Guildford and Waverley, although higher proportion than nationally in Woking; notable increase in BME population projected
- Significant concentrations of BME households in urban areas
- BME households more likely to live in unsuitable housing

Policy issues

19.17 The data in this report suggests that BME households are more likely to reside in unsuitable housing than White (British/Irish) households. Although it may be difficult to have specific policies to deal with groups which are a minority in the HMA it is clear that some assistance would be beneficial to many BME groups. In particular the dependence on the private rented sector would suggest some additional needs for larger and more secure accommodation to meet these households' requirements. Given that the BME population appears to be growing rapidly, this is a group which is likely to require more attention further in to the future.

Key theme 9: Households with specific needs

Key findings

- Notable proportion of the population have limiting long-term illnesses (LLTI), although lower than found regionally/nationally
- Difference between areas not marked although Waverley shows higher proportions of LLTI households

- The group with LLTI appear relatively disadvantaged
- A range of support and adaptations are required

Policy issues

19.18   There are two main issues with regard to households with disabilities or support needs and these relate to both new provision of housing as well as improvements to current accommodation. The Councils should consider both newbuild adapted housing as well as providing adaptations to peoples' current homes as a way of meeting such households' requirements. In addition the data strongly suggests the need for more support for such households and it would be sensible to suggest that the provision of such support is reviewed. As the population ages (see below), the number of people with disabilities/support needs is likely to increase and this may therefore increase the requirements for specialist housing, adaptations and support.

Key theme 10: Key worker households

Key findings

- Significant number of key workers in the HMA; proportion similar to regionally/nationally
- Differences in proportions of key workers across different parts of the HMA
- Key worker households are generally less disadvantaged than other households

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Policy issues

19.19   The findings of the study with regard to key workers suggest that the group are in general less disadvantaged than other households (e.g. higher proportion of owner-occupiers and employment tending to fall into higher social groups). However, household incomes are slightly lower than those found for other households in employment. Evidence from the survey suggests that a relatively large proportion of key worker households unable to afford market housing would potentially be suitable for intermediate housing products. Our findings have not been able to study if there are any recruitment and retention problems in any key worker industries in the HMA. As a result it would be sensible to suggest that if such problems arise for any particular group then consideration could be given to policies to meet these specific needs.

Key theme 11: Older person households

Key findings

- Around a quarter of households in the HMA are pensioner only
- Number of older people projected to increase significantly in the future

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- Large differences in profile of single and multiple pensioner households
- High levels of under-occupancy

Policy issues

19.20 Households containing pensioners make a significant proportion of all households in the HMA and this number is likely to rise significantly in the future. With the growing proportion of older person households there is likely to be an increased need for specialist accommodation. Support services are already in place but will clearly need to be expanded in future. Pensioner households show a high level of under-occupation and the opportunity should be taken (where possible) to reduce this by providing accommodation better suited to these households needs and in the process being able to free-up accommodation which might be better suited to families.

Key theme 12: Families

Key findings

- Around 28% of households contain dependent children
- Not much change in households with children expected in the future (although possible increase in lone parent households)
- Lone parents appear particularly disadvantaged

Policy issues

19.21 Family households (households with children) are seen as an important group in PPS3. Data in this assessment suggests that whilst married couples with children (the main group) are fairly advantaged, the lone parent group of households may well have significant needs. In particular data suggests that lone parents are concentrated in urban areas and also within the social and private rented sectors. Providing opportunities for lone parent households to move out of private rented housing (to housing with a more secure tenancy) should be promoted whilst providing housing opportunities across the whole HMA would help to improve the mix of households across the area. Although the number of households with children is not expected to rise in the future it does appear likely that the number of lone parent households will increase. This is likely to put additional pressure on the housing market, particularly in those areas where lone parents appear to currently be concentrated.

Key theme 13: Rural housing

Key findings

- About 25% of the HMA is classed as rural; Waverley contains the highest proportion of rural households and Woking the lowest
- The rural areas show much higher incomes and incidence of detached homes

Policy issues

19.22   Rural areas typically show a more polarised version of the urban situation. The West Surrey HMA is no exception. The high incomes and incidence of owner-occupation shows the much greater dominance of households at the higher end of the financial capacity spectrum. However, the implications of this are that more affordable housing may be required to enable less well-off households to reside in the area and thus contribute to the creation of 'mixed and balanced' communities. Infrastructure is a key consideration for the Councils when formulating such policies to encourage mix in rural areas; rural households were more likely to find accessing public transport problematic.

Trends and drivers

Step 3.4.2: Trends and drivers

19.23   This chapter has reviewed a wide range of evidence presented in the report so far and commented upon policy issues suggested by them. More specific policy implications are suggested in Chapters 21-22 (although as directed in PPS3 these do not specify actual policies, which is the process due to follow completion of the SHMA). Collecting the various issues and comments together allows a general view of the themes and drivers at work in this HMA:

Table 19.1: Summary of issues on key themes and drivers	
Theme/driver	Issues arising
1. The market area	A relatively open economy, consistent with location in the London commuter belt. Cannot be expected to show high level of self-containment.
2. Demography	Ageing population and questions of future dwelling mix to accord with it.
3. Economy	Strong, but divergence symbolised by much higher residence based as compared with workplace based pay: high paid commuters to jobs outside the HMA, and much lower paid workers within the HMA.
4. Housing stock	Unbalanced in terms of the national pattern, with high proportion of detached

	dwellings (especially in Waverley), as is consistent with the nature of the population and economy. Could be encouraged to move towards balance, but within strict limits given its character.
5. Current market	With affordability as a major issue, one feature is the scope for low cost market housing to fill the gap.
6. Affordability and need	There is a substantial level of housing need, and targets now must be specified as to affordable tenure, where intermediate housing is the major difficulty.
7. Demand and market balance	The analysis in this study shows a much higher latent demand than indicated in the draft RSS target, which is not surprising. The nature of the HMA means that demand is always likely to be higher than can reasonably be met within the existing constraints of preserving rural and urban character.
8. BME issues	The population is relatively small but rapidly growing. It is concentrated in Woking, and shows higher levels of unsuitable housing than are typical for the HMA. This combination of factors makes this an important policy issue.
9. Special needs	A very diverse range of issues is raised, as the range of special needs is large.
10. Key workers	As officially defined, this group is not disadvantaged. In terms of the service industries to support the existing population, the relatively low workplace based incomes suggest that there will be problems due to the high price of housing in the locality.
11. Older people	This is a growing proportion of the population, and apart from future newbuild mix, mentioned under (2) above, there are issues concerning support services, which are already in place but which will need expansion in future. Under-occupation is a major issue to be addressed for this group.
12. Families	Affordability of (market) housing is an increasing issue, particularly for lone parent households.
13. Rural communities	The situation is more polarised than for the urban one. The declining level of services which were provided at local level is causing national concern, and is clearly inimical to the encouragement of balanced communities.

Source: West Surrey SHMA 2007

19.24 The range of themes and drivers is consistent with a flourishing economy: the fundamental driver is proximity to London and its economy. The incidental drivers are associated with this central issue: high levels of price and hence issues of affordability and polarisation, set in the context of the national trends towards an ageing population and the decline in services in rural areas.

Summary

i)   This chapter sets out the broad economic character of the HMA. It is set within an area where economic growth pressure is the norm. One of the main issues for the HMA is to seek to balance job growth with new homes to minimise the additional commuting pressure. The RSS Panel report published in 2007 advised that close monitoring of the jobs/homes balance was required.

ii)   The chapter then focuses upon a series of key themes based on the findings of the SHMA. The themes are a combination of wider housing market issues and issues relevant to specific groups.

iii)   In general the themes and drivers are consistent with the flourishing economy of the HMA. This nevertheless raises many individual issues for consideration as detailed in Table 19.1.

20. Housing market gaps and the housing ladder

Introduction

20.1 It has been a concern of Government for at least two decades that there should be a well functioning 'housing ladder' so that newly forming households could enter the market, and 'climb' towards home ownership, and then move as appropriate up the size scale. This public concern has grown more acute as house prices have risen rapidly especially over the last decade.

20.2 This has led to many initiatives to encourage access to the market, and in particular the owner-occupied market. Some two decades of evolution of 'low cost' home ownership and partial ownership (where typically a Registered Social Landlord owns part of the equity in the property and the occupant owns the rest) have produced the present structure of tenures encouraged by the Housing Corporation (particularly Open Market HomeBuy and New Build HomeBuy).

20.3 This chapter examines the cost of different types and tenures of housing. This is done to provide an updateable benchmark for assessing the affordability of new housing schemes. In order to decide, for instance, whether a new shared ownership (HomeBuy) scheme is intermediate housing or low cost market housing, it is simply necessary to compare the weekly equivalent cost of the proposed scheme with a (suitably updated for inflation etc) figure from table 20.2 which appears later in this chapter.

Variations in prices/rents across the HMA

20.4 There are clearly variations in the housing markets within the HMA (particularly between urban and rural areas), and also between the Guildford urban area (the most expensive) and Woking urban area (the least expensive). For the purposes of this discussion average prices are assumed, which clearly do not represent all the sub-market variations that actually exist. The prices/rents used here are entry-level ones. That is because the general purpose of this analysis is to examine what housing ladder exists for households in West Surrey HMA to 'climb'. Since the underlying problem is one of inability to afford, the important point is the cheapest one at which a given type of housing (to rent, part buy or buy for instance) can be accessed.

20.5   This may seem unrealistic, as a household may be long established in a given area, particularly if that area is rural. A household may not therefore easily accept the idea of a move to any other place, let alone across the entire market area. That is not the main focus of the analysis here, however, and so that practical fact is not the main issue. The main issue is what households could in principle do.

20.6   Each local authority is the housing and planning authority for the whole borough, and the policy focus is affordability within that borough. It would be an impossible task to ensure that housing in all parts of the borough is equally affordable. It is necessary to assume that households who find affordability a problem, and who are the main focus of much of the policy attention, will move to wherever they can access a given type of housing within the borough.

Housing market gaps

20.7   Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

20.8   The following figures show a stylized graph designed to illustrate the nature of the housing market gaps in each sub-area. The figures are based on:

   i)   Plotting the weekly cost of housing for each tenure group (on the vertical y-axis, against the notional numbers of households (illustrated only figuratively by the orange curve) along the horizontal x-axis

   ii)   This is done for two-bed dwellings only (the weekly costs for the full range of dwelling sizes is shown in Table 20.2 below)

   iii)   The bars on the gap graphs show key tenure distinctions:

   - Newbuild to buy
   - Second-hand to buy
   - Private rental
   - Inferred mid-point of intermediate band
   - Social rent

   iv)   Between each of the bars is a gap. The main two gaps of interest are:

   - The Rent/Buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright. Hence they are potentially candidates for partial equity forms of housing: shared ownership

- The Intermediate gap: Intermediate housing is defined in PPS3 as housing at between a social rent and market rent. Although technically intermediate housing begins at £1 or so below market rent level, housing at such a weekly cost would clearly not be of much use to households in housing need. We put the mid-point on the graph and infer the weekly costs. This normally addresses the needs of rather less than half of those in intermediate housing need, but that is a difficult enough task, as it is difficult to produce newbuild housing at this level of weekly cost.

v)   To enable comparisons, the capital cost of buying new and second hand housing is expressed as a weekly cost (by analogy like a mortgage payment). The technicalities of doing this are shown in the final chapter which explains how to update the base data shown in Table 20.2.

vi)   Table 20.1 below then shows the key gaps: Intermediate and Rent/Buy in terms of their relative size.

Figure 20.1 Housing gaps graphs

Guildford
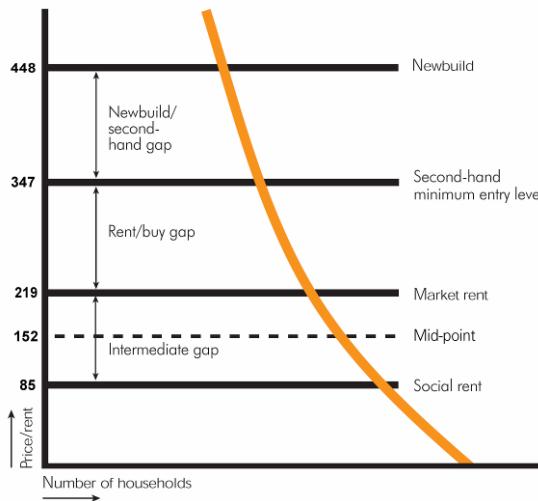
Waverley
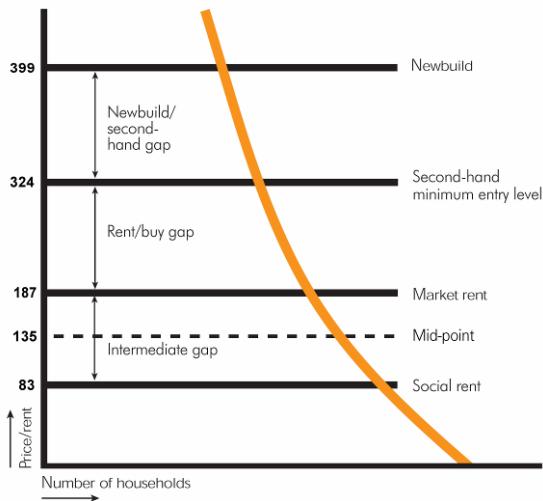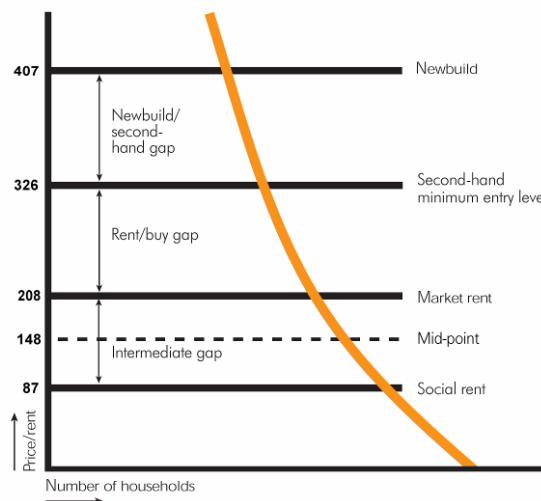
Woking

Source: Survey of Estate Agents in Guildford, Waverley and Woking Boroughs 2008

20.9　The figure shows the 'housing ladder' with social rents at the bottom and moving up through market rents, second-hand purchase and newbuild purchase. To this figure we have added a line called 'Mid-point', for the implied cost of intermediate housing. This is a line drawn at the mid-point between social rents and the market and is designed to provide a broad figure for the level of outgoings which might be required to provide 'intermediate housing' at a level which will be affordable to a reasonable proportion of households who are unable to access the private sector housing market (without subsidy).

20.10　The gaps shown in the figure above are large, and many households will struggle to climb the ladder implied by them.

Table 20.1 Scale of key housing market gaps in the HMA			
Area	Social rent/market entry private rent	Rent/buy gap	Social rent/newbuild gap
Guildford	258%	158%	527%
Waverley	225%	173%	481%
Woking	239%	157%	468%

Source: West Surrey SHMA 2007

Please note that these percentages are calculated from the table below for 2-bed dwellings

20.11　This puts extra pressure on the need to find newbuild housing variants which fill the gaps, rather than appear at each extreme, as discussed below. The overall gap between social rent and newbuild is one of the largest seen outside London: newbuild is about five times a social rent. In terms of the implied earnings to climb from a social rent to newbuild purchase, this represents a mountain rather than a few steps on a ladder.

20.12　The gap between a social rent and market entry private rent is more than 200%, which in itself is virtually impossible to surmount: it implies a more than doubled wage/salary, which in reality is not a common occurrence. The second main step, from private rent to second-hand purchase is nearer to 150%, but again more than most households are likely to be able to manage.

20.13　It would therefore be fair to say that there is little evidence that the housing ladder in West Surrey is functioning as a ladder; rather it is a barrier to moving from one tenure to the next.

Weekly costs of housing across all tenures in the HMA

20.14　The following table provides figures for the full range of sizes and tenures. This table is extremely important for two main reasons:

i)　　　It provides a test for any newbuild housing that might seek to provide housing in the intermediate or rent/buy gaps, as to whether it actually does.

ii)　　　It provides the basis for updating and monitoring, techniques for which are discussed later in this section.

Table 20.2 Weekly costs of housing in the HMA				
Guildford				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£307	£448	£573	£869
Resale Entry-level	£246	£347	£434	£643
Private Rent	£160	£219	£273	£369
Intermediate	£117	£152	£184	£237
Social Rent	£74	£85	£94	£105
Waverley				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£243	£399	£545	£747
Resale Entry-level	£204	£324	£429	£603
Private Rent	£140	£187	£223	£290
Intermediate	£106	£135	£158	£197
Social Rent	£71	£83	£93	£104
Woking				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£274	£407	£510	£863
Resale Entry-level	£216	£326	£390	£644
Private Rent	£156	£208	£266	£415
Intermediate	£115	£148	£184	£266
Social Rent	£74	£87	£102	£116

Source: Survey of Estate Agents in Guildford, Waverley and Woking Boroughs 2008

20.15   The vertical gaps are, therefore, very large. The differences between the prices in each Borough are not so large, but quite marked. They follow similar patterns in each: Guildford the most expensive, Woking somewhat lower and Waverley a bit lower again. However, the weekly costs for each Borough and each size/tenure are quite close compared with the other tenures and sizes, so that it can be seen to be fairly competitive: on the basis of these average figures nobody who can private rent in one Borough can go to one of the others and afford to buy second-hand.

Future Affordability

Step 4.3: Future Affordability

20.16   Future affordability could be modelled by projecting prices/rents and comparing them with incomes, but no reliable household income data is available. Moreover without data for equity and savings (for the same sample households) no meaningful projection of affordability is possible for the majority of the population. Thus any detailed projection for this measure is not likely to be very reliable. However it does not require modelling to see that the situation is at present very difficult for those without owned equity and a high overall financial capacity.

20.17   As a result the most reliable solution is to use the weekly costs table shown here and in the final chapter as a policy tool to establish what type of housing actually is affordable to a given household group. This is the most robust policy approach, and it can, with suitable updating mechanisms be included in S106 Agreements and therefore be used for a considerable future period with the tables provided as the basis.

How to fill the market gaps

20.18   The scale of the housing market gaps in West Surrey is large, as would be expected in a high priced part of the country. It is all the more so when it is considered that newbuild housing, on a significant scale, is provided mainly in the form of:

- Newbuild housing to buy
- Social rented housing

20.19   In other words newbuild tends to be concentrated at the top and the bottom of the ladder. This has long been the pattern, and clearly it does not help to reduce the significance of the gaps, as would provision of newbuild in the Intermediate or rent/buy gaps. The Barker Review of 2004 demonstrated that no feasible amount of newbuild is likely to reduce prices, i.e. to diminish the existing housing market gaps. Short of a market collapse, the main possibility is the production of newbuild housing in those two gaps.

20.20   The main source of housing between these extremes is shared equity as mentioned above (now known as New Build HomeBuy). Although this form of housing is often seen as filling the intermediate gap illustrated in the graph above, it is commonly too expensive for that, and lies instead in the rent/buy gap. This does not remove its value: it can be of great use in providing a step in equity ownership towards full scale home ownership.

20.21   The Government has, in PPS3, said that 'low cost market' housing is market housing not affordable housing. It is not yet clear, however, at what point in the market section of the above graph low cost market housing is intended by CLG to be located. However it is clear in West Surrey that low cost market housing, to be of practical value, would need to be located in the rent/buy gap to be of significant use.

20.22   Discount for sale housing would, based upon the information above, have to be about a 35% discount to be affordable housing (based on two-bed types). In practice the sorts of discount available are 20-30% at most, and so it is most unlikely that discount newbuild could be affordable housing in West Surrey.

20.23 The only housing product which is likely to be feasible in the Intermediate gap is, in our experience Intermediate Rented housing (IR). This is encouraged by the Housing Corporation in principle for key workers. However any Regional Housing Board can in principle (unless overridden by CLG direction) decide to allocate funding for IR. In West Surrey there is likely to be grounds for it, as it is not likely that any other housing variant will be made available in the intermediate gap.

Summary

i) There are substantial housing market gaps in West Surrey which mean that the local housing 'ladder' does not, at the broad scale, exist at all. To go from social renting to purchase of newbuild housing is a five times multiple of (inflation adjusted) income, which few households achieve in a career.

ii) Newbuild housing is mainly available as for sale and as social rent, in other words at the extreme ends of the range. There is little newbuild housing in between. Shared ownership (New Build HomeBuy in Housing Corporation terminology) is the main option. The problem is that this is normally more expensive than market rent due to the newbuild purchase element. Hence it is normally to be seen as 'low cost market' housing in the rent/buy gap, not intermediate housing.

iii) It is therefore the case that affordability is unlikely to improve in any major way in this HMA. There is no prospect of a substantial decrease in the present problem. For example there is at present little prospect of any newbuild discount sale housing being made available in the Intermediate band, and even less of its being at the halfway point of that range. If, however, the Regional Housing Board decides to allow it, intermediate rented housing (a Housing Corporation product) should be affordable within this gap.

iv) The Housing Market Gaps analysis provides a template which, suitably updated, provides a lasting basis for testing newbuild housing options in terms of their affordability to fill the various gaps. The most important are the Intermediate and rent/buy gaps.

21. Non-market policy implications

Introduction

21.1 The requirement for rigorous housing needs assessments to underpin affordable housing policies has been an important part of housing strategy and planning policy ever since 1991. The latest Practice Guidance (March and August 2007) for PPS3 has further emphasised the need for rigour, and the PPS itself emphasises the need to specify the tenure (intermediate or social rented) as well as the size mix required.

21.2 As pointed out in the previous chapter, it is not always easy to see what types and tenures of housing will fit into the various housing market gaps identified. The main point of this study is to identify the gaps and levels of demand and need, not to study the detailed types of housing that will meet the needs and demands. The policy process that follows the SHMA will help to do that, and the framework of weekly costs provided in this study provides the test for any new housing variants.

21.3 This chapter reviews the non-market housing policy evidence produced by this study and comments on its implications.

The CLG Needs model: scale of the housing needs problem

21.4 The table below shows the overall affordable housing requirement situation in the three local authorities (and combined). It indicates the overall index and requirement for affordable housing:

Table 21.1 Overall affordable housing requirements			
Area	Annual net affordable need	Need per 1,000 households	% of affordable need as intermediate housing
Guildford	1,194	22	41%
Waverley	515	11	48%
Woking	499	13	39%
West Surrey HMA	2,208	16	42%

Source: West Surrey SHMA 2007 – figures are from Tables 9.2 & 10.4 of the Housing Needs and Market Assessment Surveys

21.5 The index numbers in the middle column should be read in the context of the following regional and national data, drawn from the large number of housing needs assessments carried out by Fordham Research:

Figure 21.1 Fordham Housing Needs Index

Inner London	35
Outer London	27
Guildford	22
South West	17
England	16
South East	16
West Surrey HMA	16
Woking	13
East	12
Waverley	11
Scotland & Wales	9
West Midlands	9
North	8
East Midlands	8

Affordable housing requiremement/000 households
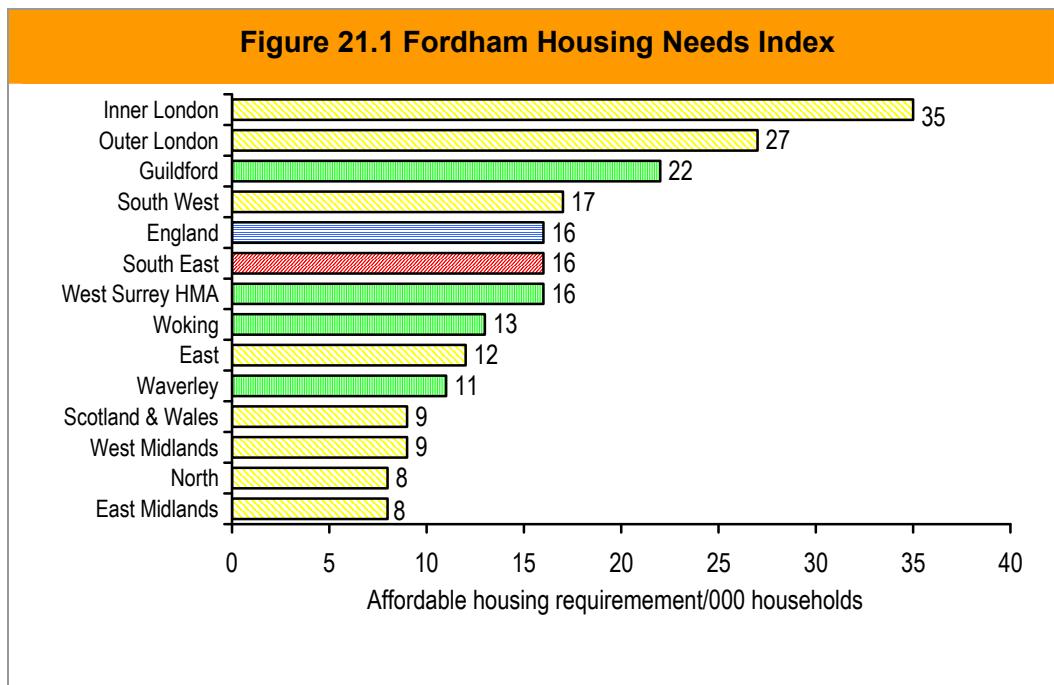
Source: West Surrey SHMA 2007

21.6   As can be seen, the situation in West Surrey is on average typical of the South East. However this conceals the lower need levels in Waverley and Woking, and the higher need levels in Guildford. The Guildford situation arises in part from its relatively large private rented sector. This sector, in its Housing Benefit subsidised element, is often the part of the housing market that shows the highest level of housing need.

Types of affordable housing required

21.7   From the Housing Needs and Market Assessment Survey reports the types and proportions of housing can be obtained, as shown in the three tables which follow. The Housing Needs and Market Assessment Survey reports for the three councils provide a detailed breakdown of the particular sources of the overall total of households in need shown below.

21.8   The assessment of need includes intermediate housing, as shown in Figure 20.1. The types of household in this category vary, at the extreme, between two general types:

i)   ***Capital rich but income poor***. Although they may (e.g. as divorced persons) have a capital sum, it does not generate enough income to pay a private rent, nor does it enable them to buy outright. Hence they fall into the intermediate gap, but they could access a different kind of subsidised housing: discount sale, from the other group noted below.

ii)   ***Income rich but capital poor***. This group have significant earned income, but not enough to private rent, but no substantial capital. They could access a housing type such as Intermediate Rent from the Housing Corporation (if available to non-key workers).

21.9   The proportions of each group in West Surrey are as follows. The types of housing they could access will often be between the two extremes identified above, though there may not be intermediate products available to suit their particular needs.

Table 21.2 Social rented and intermediate housing requirements in Guildford				
Net need calculation	Intermediate housing		Social rented housing	Total
	Discount sale types	Intermediate rent types		
Total gross annual need	88	467	1,212	1,766
Total gross annual supply	0	64	508	572
Net annual need	88	403	704	1,194
% of net shortfall	7%	34%	59%	100%

Source: West Surrey SHMA 2007 – household survey and secondary data
(Table 10.4 of the Housing Needs and Market Assessment Survey)

Table 21.3 Social rented and intermediate housing requirements in Waverley				
Net need calculation	Intermediate housing		Social rented housing	Total
	Discount sale types	Intermediate rent types		
Total gross annual need	72	228	701	1,001
Total gross annual supply	0	52	434	486
Net annual need	72	176	267	515
% of net shortfall	14%	34%	52%	100%

Source: West Surrey SHMA 2007– household survey and secondary data
(Table 10.4 of the Housing Needs and Market Assessment Survey)

Table 21.4 Social rented and intermediate housing requirements in Woking				
Net need calculation	Intermediate housing		Social rented housing	Total
	Discount sale types	Intermediate rent types		
Total gross annual need	49	189	820	1,058
Total gross annual supply	0	45	514	559
Net annual need	49	144	306	499
% of net shortfall	10%	29%	61%	100%

Source: West Surrey SHMA 2007 – household survey and secondary data
(Table 10.4 of the Housing Needs and Market Assessment Survey)

21.10 From these three tables it is clear that:

i)   Between 50-60% of households in housing need can afford only social rented housing

ii)   Correspondingly, 40-50% of those in need could afford some form of intermediate housing

iii)   Waverley shows the highest proportion of households which can afford some intermediate housing variant: about 10% more than either Guildford or Woking. This may be related to its less urban character.

iv)   In all cases the proportion of households that can afford capital intensive variants is about a quarter of the total of households who can afford intermediate housing.

21.11 In terms of the proportion of households that can afford intermediate housing, and the types of households found within the intermediate band, all three councils show considerable similarities.

21.12 It is also possible to provide an estimate of the size requirement for affordable accommodation for households in housing need; this is shown in table below. The findings, which consider gross need only and are based on a strict bedroom standard, indicate that there is a requirement for affordable accommodation of all sizes in all three authorities, particularly for smaller units. The findings also suggest a requirement for three-bed intermediate housing in Waverley and for three and four-bed social rented dwellings in Woking.

Table 21.5 Estimated size requirement for additional affordable housing (CLG needs assessment model-based)					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Guildford					
Intermediate	31.1%	56.0%	9.7%	3.2%	100.0%
Social rented	44.1%	46.0%	8.2%	1.7%	100.0%
Waverley					
Intermediate	23.1%	35.7%	35.4%	5.9%	100.0%
Social rented	42.4%	36.6%	17.3%	3.7%	100.0%
Woking					
Intermediate	27.9%	52.4%	14.2%	5.4%	100.0%
Social rented	33.8%	27.6%	19.3%	19.3%	100.0%

Source: West Surrey SHMA 2007 – figures are from Tables 9.4 of the Housing Needs and Market Assessment Surveys

The BHM perspective on affordable housing

21.13   As will be appreciated from the discussion at the beginning of Chapter 11, the CLG Needs analysis identifies the overall scope of the problem of housing need, whereas the BHM interactive analysis aims to produce a more practical estimate of what actually could be done to reduce the housing needs problem. The analysis just above, of the types of households in the intermediate gap, is based on the CLG needs approach. It measures the size of the problem, not of likely solutions to it.

21.14   It is already clear from the CLG Needs results cited above, and the index levels shown, that there is substantial housing need in the HMA, particularly in Guildford.

21.15   Using the respective BHM model outputs (Tables 12.12 of each of the three reports) the estimates of the expected net requirement for affordable housing can be seen:

Table 21.6 BHM estimates for affordable housing per annum					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Guildford					
Intermediate	90	49	16	0	155
Social rented	-15	103	80	19	186
Waverley					
Intermediate	-7	124	45	-1	161
Social rented	59	30	60	15	164
Woking					
Intermediate	51	39	21	0	110
Social rented	11	27	83	21	142

Source: West Surrey SHMA 2007 – figures are from Tables 12.12 of the Housing Needs and Market Assessment Surveys

21.16   In size terms, it is clear that although the requirement for social rented housing is always greater than for intermediate housing, the figures are almost the same for Waverley, which agrees with the CLG needs analysis in the tables just above this one.

21.17   As can be seen also from Table 21.5, there is a net overall requirement for affordable housing of all sizes in all three authorities.

21.18   Within that broad pattern there is a clear requirement for two-bed social rented housing in Guildford, and for two-bed intermediate housing in Waverley. In Woking the main requirement is for three-bed social rented housing.

21.19 Although not a requirement of PPS3, it is useful to consider the likely profile household types requiring affordable housing. The figures below, based on gross demand, show this for each authority. In all three authorities, the largest group of households requiring market housing are households containing children (this ranges from 34% in Waverley to 42% in Woking), with around a quarter of the demand from single non-pensioner households.

Figure 21.2 Household types requiring affordable housing

Household type	% of households
Single pensioner	6.5%
2+ pensioners	3.2%
Single non-pensioner	27.8%
Childless couple	12.4%
Other multi-adult	12.2%
Lone parent	8.0%
2+ adults, 1 child	23.2%
2+ adults, 2+ children	6.7%

Source: Guildford Borough Council household survey (2007)
(Figure 12.5 of the Housing Needs and Market Assessment Survey)

Figure 21.3 Household types requiring affordable housing

Household type	% of households
Single pensioner	10.0%
2+ pensioners	1.3%
Single non-pensioner	28.6%
Childless couple	12.7%
Other multi-adult	13.3%
Lone parent	17.2%
2+ adults, 1 child	7.9%
2+ adults, 2+ children	8.9%

Source: Waverley Borough Council household survey (2007)
(Figure 12.5 of the Housing Needs and Market Assessment Survey)

Figure 21.4 Household types requiring affordable housing

Household type	%
Single pensioner	5.9%
2+ pensioners	1.0%
Single non-pensioner	22.6%
Childless couple	11.8%
Other multi-adult	16.7%
Lone parent	11.1%
2+ adults, 1 child	19.0%
2+ adults, 2+ children	11.8%

Source: Woking Borough Council household survey (2007)
(Figure 12.5 of the Housing Needs and Market Assessment Survey)

Comparison of CLG Needs and BHM results

21.20 When comparing the overall figures from the CLG needs model with the BHM results, the following relationship is found:

Table 21.7 Comparison of affordable requirements CLG Needs vs. BHM per annum

Council	CLG Needs figure	BHM figure	BHM as a % of CLG
Guildford	1,194	341	29%
Waverley	515	325	63%
Woking	499	252	51%

Source: West Surrey SHMA 2007– figures are from Table 9.2 and Table 12.12 of the Housing Needs and Market Assessment Surveys

21.21 There is some variation between the three local authorities in the BHM estimate as a proportion of the CLG needs total. The BHM figure is in all cases lower than the CLG needs total. This is the usual result, since the BHM figures are based on expectations and the CLG figures are measurements of the scale of the problem. It is telling that in Guildford, which has by far the highest absolute level of need, the BHM estimate is by far the smallest proportion of it. In other words households in Guildford who need affordable housing have a much lower expectation of getting it.

Comments on affordable housing targets

21.22   The Guidance, whether in PPS3 or any previous version back to Circular 7/91, has always fought shy of any attempt to relate levels of housing need to targets (whether numerical or percentage).

21.23   What has evolved, through the process of planning inquiries combined with the evidence, has been a system essentially based on percentage targets. These have been attributed to council areas based on a subjective judgement of the level of housing need in the area, combined with a substantial dose of experience based on past findings at inquiry. Over the 15 year life of the process the levels of target (largely independent of levels of need) have risen from about 5-10% in the early 1990's, to around 30% at the end of that decade, and to 40% plus in the present decade.

21.24   That rise, monitored in a series of three biennial surveys by Fordham Research has been the result largely of experience. It has been clear that the actual yield of a target is much lower than its face value: many sites escape the target, many others claim non-viability (whether correctly or not) and so the outturn of a 40% target is likely to be 20-30% of affordable housing when averaged across all newbuild.

21.25   Based on the past history of targets and the index levels shown above (Table 21.1), it would be reasonable to assume that target levels of the following general size would be appropriate in West Surrey:

Table 21.8 Possible levels of affordable target		
Council	Target	Proportion of intermediate
Guildford	45-50%	41%
Waverley	40%	48%
Woking	40%	39%

Source: West Surrey SHMA 2007

21.26   The suggestion for Guildford is put as a range, since the level of need would probably justify 50% of affordable housing, but that is on the high end of the feasible range for such targets. It would therefore require some consideration by the Council (in common with the other suggestion). However 40% is quite a common target, while 50% is much less so. All such targets are subject to viability and deliverability, which are issues being dealt with outside the present study. This topic will be reviewed in the next chapter, in the light of discussion of the overall targets for newbuild.

21.27   In terms of the current affordable housing policies in place in the three Council areas, evidence would support an increase of Waverley's current affordable housing target - that a minimum of 30% of new dwellings provided are affordable (Waverley Borough Local Plan 2002) - if this was required by the Council.

21.28   Guildford and Woking's current affordable housing policies (from the 2003 and 1999 Local Plans respectively) do not specify a particular affordable housing target as such. Evidence from this study suggests that a target of up to 45-50% could be justified in the case of Guildford and up to 40% in Woking.

Site threshold

21.29   PPS3 states that the national minimum site threshold is now 15 (reduced from 25). This is a beneficial change. It also allows, if the profile of sites coming forward justifies it, a lower threshold such as ten if this would make a big difference to the amount of affordable housing produced. This depends on more detailed research by each council.

21.30   The threshold stated in Guildford's affordable housing policy (from the 2003 Local Plan) is 15 or more dwellings, or ten or more dwellings in rural areas with a population of 3,000 or fewer. The affordable housing policy in Waverley (from the 2002 Local Plan) has a threshold of 15 or more dwellings in settlements of over 3,000 population, although a lower threshold of five or more dwellings is in place in smaller settlements. Woking's current threshold (from the 1999 Local Plan) is 25 dwellings; evidence from this study would support a lower threshold, if this was required by the Council.

Target setting for low cost market housing

21.31   The Guidance (PPS3 para 26) suggests that councils should seek low cost market housing as part of the overall market housing total. However it does not suggest how this should be done, as market housing has its price set in the open market. Any newbuild that is not constrained in some way is likely to cost as much or more than existing second-hand housing, and hence be of no practical use.

21.32   In principle all three councils, as high priced ones, would benefit from newbuild low cost market housing, which is new build housing at a discount sufficient to be priced within the rent/buy gap. As CLG policy now stands, however, there is no mechanism by which it can be obtained. As and when CLG is more specific about this form of housing, it would be desirable to consider a small additional target, such as 10%, for such housing.

Other matters

21.33 PPS3 encourages the provision of 100% affordable housing sites, which might be particularly suitable in rural areas. PPS3 suggests that a Rural Exceptions Site Policy could be used, to enable small sites to be used specifically for affordable housing in small rural communities which would not usually be used for housing because, for example, they are subject to policies of restraint.

21.34 PPS3 also stresses the need for viability assessment, in suggesting that sites must be deliverable. The viability issues have been indirectly addressed in the choice of proposed target levels: such levels have been tested in similar situations and found to be viable, although each site is individual and circumstances will vary. On some sites there will be circumstances that make a given target infeasible. The problem is that the developers of each site have a strong incentive to minimise the cost of affordable housing, and thus to argue for a reduction of the target and a higher provision of intermediate (which is cheaper to provide) than social rented housing. This must be borne in mind in framing policy on the matter. As far as public subsidy is concerned, this is outside the scope of the present study.

Summary

i) The analysis suggests that there is substantial housing need in the HMA. It would warrant an affordable housing target of about 45-50% in Guildford, and 40% in Waverley and Woking.

ii) In terms of the type of affordable housing, about 50-60% of households (depending on borough) in housing need can only afford social rented housing, but 40-50% could afford intermediate housing if suitable variants of this type are made available.

iii) Within the intermediate band, there are different types of households, some of whom could afford equity based types such as discount sale; others could afford only rent based variants.

iv) There is some ambiguity over the meaning of low cost market housing in terms of CLG Guidance, and so it is not yet safe to set a policy target for this category.

22. Overall housing targets

Introduction

22.1 This chapter addresses the issue of overall demand for new housing in the HMA in relation to the RSS target. The situation has been changing across the South East with the publication of draft RSS targets and the EIP Report of March 2007 into them. For reference some extracts from the EIP report are incorporated where they refer to the HMA, and then the outcomes of the analysis are discussed in the context of the targets.

22.2 As background to this chapter, it is worth recalling the household projection figures provided earlier in this SHMA report. These show an overall rate of growth noticeably lower than both the regional and national averages. Within the HMA, though, the rate of increase in Woking is actually above the regional and national averages. It is the much lower rates in Guildford, and especially in more rural Waverley, which bring the average down.

Table 22.1 Household projections						
	Households (thousands)					
Date	Guildford	Waverley	Woking	West Surrey HMA	South East England	England
2006	54	48	38	140	3,435	21,519
2011	56	50	40	146	3,601	22,646
2016	59	51	42	152	3,783	23,837
2021	61	54	44	159	3,963	24,973
2026	63	55	46	164	4,125	25,975
Change 2006-26	9	7	8	24	690	4,456
% change 2006-26	16.7%	14.6%	21.1%	17.1%	20.1%	20.7%

Source: ONS mid-year population estimates (from Nomis website)

(This table also appears as Table 4.4)

22.3 There is not a direct link between extra households and extra dwellings, since dwellings can be subdivided. It is quite possible, given the high rates of increase of small older households (cf Figure 4.5) that this process will accelerate in future.

Regional planning process

22.4 The structure of regional planning has been changing quite rapidly, as has the national Government's attitude to house building. Generally both have been in favour of increased totals of building. The South East EIP report, into the draft plan for the South East, was published on 6th August 2007, and represents the latest view of the overall planning for housing in the region.

22.5   The draft Regional Plan of 2006 provides a contextual map showing relative levels of building, and evidently the West Surrey HMA is relatively low in terms of volume of newbuild.

Figure 22.1 Relative levels of building

MAP **H1**

Total Dwellings Completed by District, 2001-2002 to 2003-2004

Net Additional Dwellings Completed, 2001/02 to 2003/04

	150 to 600
	600 to 850
	850 to 1,200
	1,200 to 1,350
	1,350 to 1,900
	1,900 to 3,750

Source: Local Authorities data supplied to the Regional Assembly, 2004
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Source: Draft South East Plan 2006

22.6   The Panel report represents the latest view on the key issue of the overall likely targets for newbuild, and that is the main focus of this chapter.

22.7   Woking and parts of Guildford fall within the London Fringe zone for these purposes, and the EIP Panel has the following comments on this area:

Figure 22.2 Excerpts from the Housing Section of the EIP Panel report

'We consider that the draft Plan's housing provision of 37,360 (1,868 dpa) is significantly too low because demographic and economic factors have been given insufficient weight, while too much weight has been given to urban potential estimates and avoiding any adjustments to the Green Belt:

- It broadly continues RPG 9 levels (marginally down, 2% for the whole of the 10 districts), but with little policy justification.
- It does not even allow for natural change, hence there is no notional allowance to meet a backlog of unmet need, or any in-migration (the natural change element represents 118% of the draft RSS total for the 10 districts).
- The proposed figure is only about 50% of the Government's 2004-based projections. The 2004-based projections are about 5% higher than the 2003-based.
- 9 constituent districts have recent delivery rates that outperform the draft Plan levels. One is about the same.
- It gives insufficient weight to the economy which risks prejudicing the achievement of the regional GVA target. There is a considerable misalignment between the forecast number of new jobs and expected labour supply (more than 50,000 under the Regional Assembly's scenario 7, between 2006-26).
- 9 of the 10 districts have housing levels which could be met through nothing, or virtually nothing, more than urban potential. Additional greenfield options have been considered through previous structure plan work, including those requiring an adjustment to Green Belt boundaries.
- It recognises the importance of the North Downs and Surrey Hills AONB and other environmental designations, including the Thames Basin Heaths.
- It gives adequate weight to infrastructure, and recognises widespread congestion effects on the transport network. Solutions should be capable of being found for water shortages in South East Surrey.'

Source: EIP Panel Report 2007, para 7.77, pp.100

22.8   For these reasons the Panel considered the targets for the London Fringe too low in principle and so it states its conclusions as additions to the Draft Regional plan totals. In the extract from Table 7.2 of the Panel Report provides in the first column of figures the Draft Plan suggestion, and then the Panel's additional proposed numbers.

Table 22.2 Extract from EIP Panel Report on district level requirements (annual)					
Guildford	322	100	Tunbridge Wells	250	50
Hart	200	0	Vale of White Horse	575	3
Hastings	210	0	Waverley	230	20
Havant	315	0	Wealden	400	80
Horsham	620	30	West Berkshire	525	375
Isle of Wight	520	0	West Oxfordshire	335	30
Lewes	220	0	Windsor & Maidenhead	281	65
Maidstone	410	94	Winchester	522	90
Medway	815	0	Woking	242	50
Mid Sussex	705	50	Wokingham	523	100
Milton Keynes	2,440	-92**	Worthing	200	0
Mole Valley	171	17	Wycombe	330	60

Source: EIP Panel Report 2007, Table 7.2 (part), pp.110

22.9   As can be seen, the position is that the Panel suggests:

Guildford's total annual target should rise to   422
Waverley's total annual target should rise to   250
Woking's total annual target should rise to   292

22.10   These are not major changes in absolute terms, but they do, in the first and third cases, represent considerable proportionate increases. The process of setting targets is not, of course, yet complete, but this is the latest view.

22.11   On affordable housing the Panel says quite a lot in general terms but not in specific ones. The following is an extract from the chapter devoted to this topic.

Figure 22.3 Excerpt from the EIP Panel report on Affordable housing

'Housing affordability is stressed by all participants to be a key issue in the South East. Indeed it was a recurrent theme in examination debates on all of the sub-regions and other areas as well as during discussion of the regional housing policies. As the draft Plan makes clear, the cost of buying or renting a home in the region is second only to London. We agree with the draft Plan and those many participants who stress that the cost of housing is a major barrier to economic growth and has potentially serious social consequences.

The Regional Assembly's own research shows that the failure to deliver sufficient affordable housing in the past has resulted in a significant backlog of unmet need (see Chapter 7). In this respect there is a consensus among participants about the importance of meeting the backlog as well as the needs of households that will form over the next twenty years but who will not be able to afford market housing. We therefore strongly endorse the assertion in D3 para 5.3 of the draft Plan that, to address these problems, there needs to be a significant increase in affordable housing across the region.

However, as several participants point out, affordability is not the same as affordable housing. Affordability problems exist over virtually the whole of the South East and Map H3 shows that house price – earnings ratios range from around 6 to over 13. We note that when referring to 'affordable housing' the draft Plan relates specifically to that provided with a subsidy and which is subject to mechanisms that will ensure that the housing remains affordable for those who cannot afford market housing. We accept that this approach does not relate to affordability for owner-occupiers and we agree with the Regional Assembly that the best way to help those in genuine housing need is to increase substantially the level of investment in affordable housing.

We therefore consider that the definition of affordable housing following D3 para 5.6 provides a useful clarification of the term. We also agree that, although developed before PPS3 was published, the draft Plan's definition accords broadly with that set out in PPS3, which comprises both social-rented and intermediate housing. But to avoid confusion we recommend that the PPS3 definition1 be included in the text to replace the wording in the draft Plan.'

Source: EIP Panel Report 2007, paras 8.1-8.4, pp.115

22.12 As can be seen, a distinction is drawn between affordable housing need and affordability. Unfortunately this is done in terms of price/income ratios, and as discussed under Financial Capacity above, this approach does not really address the relevant issue in the present day housing market. However it is interesting in its conclusion that there should be substantially increased levels of (public) investment in affordable housing. Whether this will materialise, is quite another issue and not for this report.

22.13 The Panel Report goes on to consider some more detailed issues, which have relevance to the present HMA.

Figure 22.4 Further excerpt from the EIP Panel report on Affordable housing

Local Development Documents: the draft Plan relies on LDDs to deliver the increased affordable housing provision at local level. The evidence base for LDDs should include Strategic Housing Market Assessments (SHMAs) that estimate housing need and demand in terms of affordable as well as market housing. In addition to reinforcing the link between affordable and market housing in LDDs this places an obligation on local planning authorities to work together to prepare joint SHMAs. Although we were advised by DCSE and by Milton Keynes Council to 'tread carefully' when considering joint working on LDDs we are quite clear about the importance of relating the Assessments to broad housing market areas. The draft Plan should therefore include a much stronger reference to the necessity for jointly prepared SHMAs where administrative boundaries bear little relation to housing markets (D3, para 5.5). The need for jointness should also be more strongly reflected in the Implementation Plan.

Small Site Thresholds: the consultation draft Plan (January 2006) indicated in Policy H4 that the size of site on which an affordable housing contribution would be required would be set locally but this is omitted from the draft Plan. Some councils, including East Hants, object to this deletion. They consider that the ability to set lower site thresholds for negotiating affordable housing will be particularly important in towns and built-up areas reliant on small sites. Although reference is made to site thresholds at the end of D3 para 5.5 in the draft Plan we accept that there would be merit in its inclusion in the policy itself, particularly as authorities have apparently had mixed success with lowering size thresholds. We acknowledge that the Regional Assembly supports this amendment to Policy H4 and we recommend accordingly.

Rural Needs: the need for more affordable housing in rural communities is stressed by several participants. The NHF feels that rural areas have missed out and the S E Rural Affairs Forum says that villages are losing affordable housing units faster than they are being provided. The Housing Corporation also points out that recent bids for funding rural schemes were far in excess of the available budgets, and that it hopes to increase rural provision significantly in the next few years. The lack of affordable housing in villages is clearly a widely recognised issue in the South East, given the high house price/income differentials in rural areas, particularly for young people. However PPS3, paras 30 to 38 give a much fuller framework for addressing rural housing needs than the last part of Policy H4. Hence we conclude that there really is nothing that is regionally distinctive for the RSS to add about rural housing policy. Nevertheless given its psychological importance, we are content with a reference to rural affordable housing needs in the policy. A cross reference could be made in the text to PPS3, stressing the importance of LDDs promoting small scale affordable housing developments within or closely related to rural settlements.

Source: EIP Panel Report 2007, paras 8.11-8.13, pp.117-118

22.14 In the first place this extract emphasises the importance of joint working in SHMAs: and the present example conforms to that approach.

22.15   This section has reviewed the overall targets for newbuild. They are clearly likely to rise, although within limits, given the highly constrained environments across all three Boroughs. The next subsection examines the current situation in all three Boroughs using the latest Annual Monitoring Reports.

Current performance: Annual Monitoring Reports

22.16   The three Annual Monitoring Report sets of figures are as follows:

Figure 22.5 Guildford housing trajectory
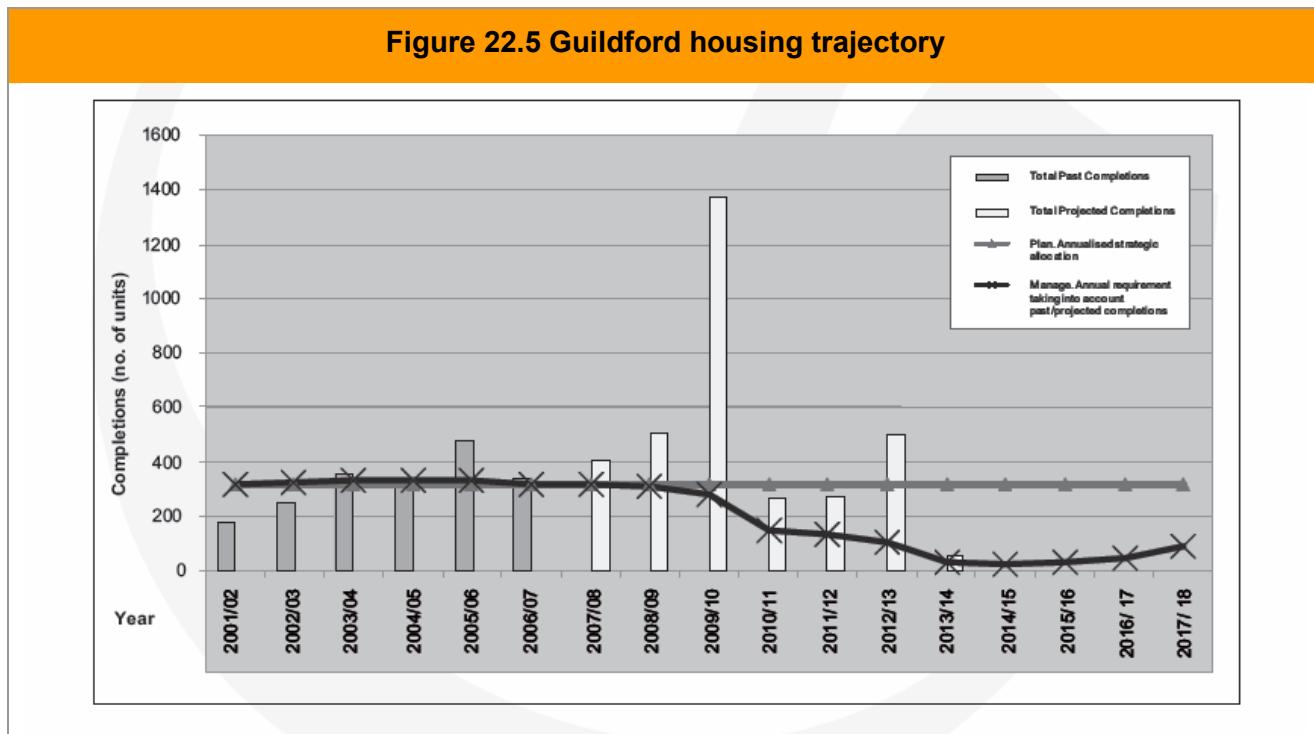
Source: Annual Monitoring Report for Guildford 2006/7 Figure 6

Figure 22.6 Waverley housing trajectory

Fig 7: (a) Waverley Borough Housing Trajectory 2000-2017.
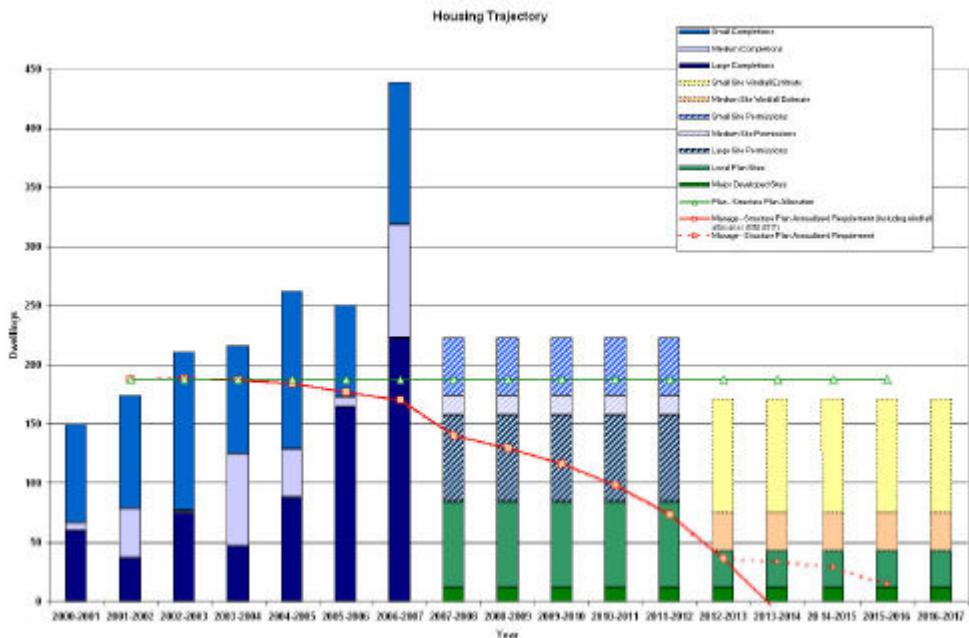
Source: Annual Monitoring Report for Waverley 2006/7 Figure 7

Figure 22.7 Woking housing trajectory
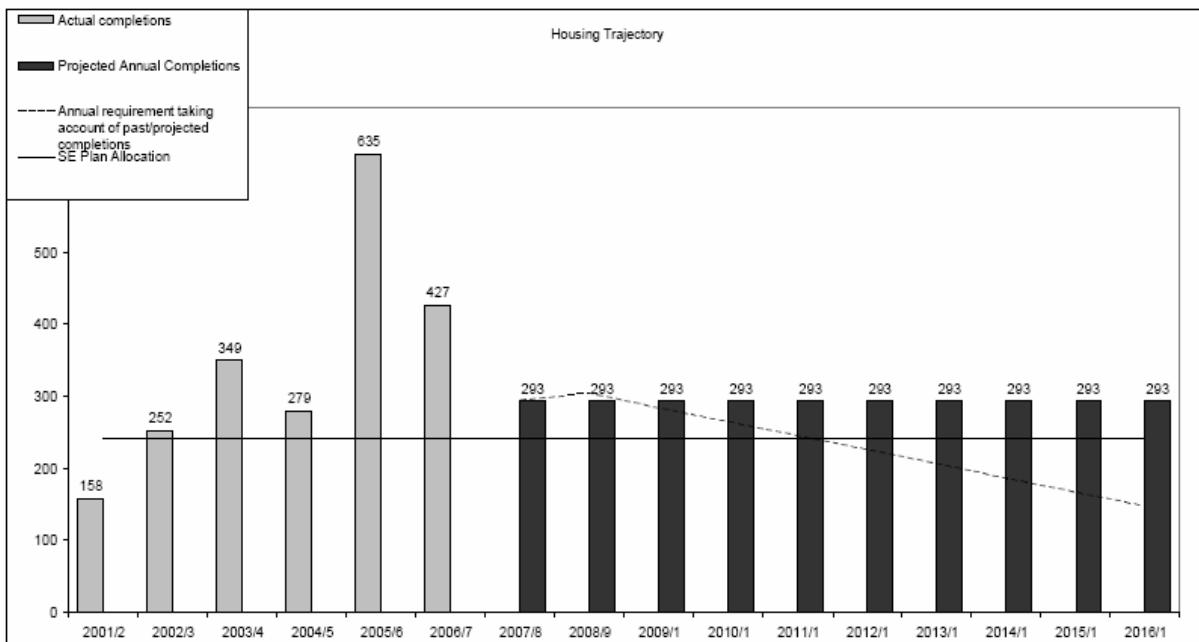
Chart 3: Housing Trajectory.

Source: Annual Monitoring Report for Woking 2007 Figure 3

22.17   The figures shown in this collage of recent history can be compared with the revised targets shown in the EIP Panel report. In the present climate of Government desire to increase house building, it is unlikely that these figures will be lowered in the final version.

Overall figures for newbuild

22.18   For reference the tabulations of the BHM are shown first for each Borough, taken from Tables 12.12 of each Council's Housing Needs and Market Assessment Survey report:

Table 22.3 Balancing Housing Markets results for Guildford (per annum)					
	Size requirement				
Tenure	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	TOTAL
Market	3	115	93	91	302
Intermediate	90	49	16	-0	155
Social rented	-15	103	80	19	186
TOTAL	78	267	189	110	644

Source: Guildford Borough Council household survey (2007)

(Table 12.12 of the Housing Needs and Market Assessment Survey)

Table 22.4 Balancing Housing Markets results for Waverley (per annum)					
	Size requirement				
Tenure	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	TOTAL
Market	71	146	31	134	381
Intermediate	-7	124	45	-1	161
Social rented	59	30	60	15	164
TOTAL	124	299	136	148	706

Source: Waverley Borough Council household survey (2007)

(Table 12.12 of the Housing Needs and Market Assessment Survey)

Table 22.5 Balancing Housing Markets results for Woking (per annum)					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market	51	101	127	63	343
Intermediate	51	39	21	0	110
Social rented	11	27	83	21	142
TOTAL	113	166	231	84	594

Source: Woking Borough Council household survey (2007)
(Table 12.12 of the Housing Needs and Market Assessment Survey)

22.19 The detail of these figures is discussed in the Housing Needs and Market Assessment Survey reports. The present purpose is to provide an overall view of the BHM results in the context of the official requirements for newbuild and the current performance of newbuild in each Borough.

Table 22.6 Comparison of annual requirements, performance and BHM results				
Council	EIP Panel annual requirement	Approximate build rates over the past few years	BHM overall newbuild	BHM market/affordable housing ratio
Guildford	422	c 350	644	47:53
Waverley	250	c 225	706	54:46
Woking	292	c 350	594	58:42
Total	964	Na	1,944	53:47

Source: Figures taken from EIP Panel report Table 7.2 (first column); estimated from the graphs shown above for Annual Monitoring (second column) and from the BHM tables above (third column).

22.20 A number of interesting features emerge from this comparison:

i) In all cases, and not surprisingly, the market expectations (via the BHM figures) are well above the targets. This is especially the case in Waverley, the area of highest restraint.

ii) Recent build rate levels are roughly in accordance with or above the RSS target for Waverley and Woking, but are noticeably lower than the target in the case of Guildford

iii) Current build levels are closer to the target than are the BHM results. The target figure is noticeably higher than the current performance in Guildford (especially) and Waverley, but the same in Woking.

iv)   The affordable housing proportions shown from the BHM are well above a realistic target in the case of Guildford, and slightly above the likely achievement in the other two cases.

v)   At the HMA level the target is about 1,000, somewhat above current newbuild rates, but about half the 2,000 which the BHM indicates to be the combined demand/need. It is normal for the RSS target to be fairly close to current build rates. The new information in this SHMA analysis is to quantify the high level of market demand.

vi)   The BHM is a modelling exercise which does not take into account the availability of land upon which to build new dwellings to meet the demand shown. In reality, land availability constraints including the Green Belt will influence the level of demand able to be met.

22.21   The suggested affordable housing targets (Table 21.7 above) average a bit above 40%, and are likely to be deliverable on most sites within the HMA. The only likely difficulty on some sites is likely to be where there is a high 'alternative use' value so that although the plan may seek housing on the site, if the plan-wide affordable housing target is achieved, the land value may be reduced so far that some alternative use is more profitable. This is clearly a concern which has to be met by consideration on a site by site basis.

Household types requiring market housing

22.22   PPS3 requires the likely profile household types requiring market housing to be considered. The figures below, based on gross demand, show this for each authority. In all three authorities, the largest group of households requiring market housing are childless couples (from 36% in Waverley to 42% in Woking), with around a quarter of all households containing children (from 23% in Woking to 30% in Waverley). Pensioner households make up around 14% of the total demand in Waverley, but only 7% in Woking.

Figure 22.8 Household types requiring market housing – Guildford

Household type	% of households
Single pensioner	4.5%
2+ pensioners	4.3%
Single non-pensioner	16.6%
Childless couple	39.7%
Other multi-adult	7.3%
Lone parent	0.7%
2+ adults, 1 child	15.4%
2+ adults, 2+ children	11.6%

Source: Guildford Borough Council household survey (2007)

(Figure 12.4 of the Housing Needs and Market Assessment Survey)

Figure 22.9 Household types requiring market housing – Waverley

Household type	% of households
Single pensioner	7.4%
2+ pensioners	6.1%
Single non-pensioner	12.7%
Childless couple	35.6%
Other multi-adult	7.8%
Lone parent	2.4%
2+ adults, 1 child	15.5%
2+ adults, 2+ children	12.4%

Source: Waverley Borough Council household survey (2007)

(Figure 12.4 of the Housing Needs and Market Assessment Survey)

Figure 22.10 Household types requiring market housing – Woking
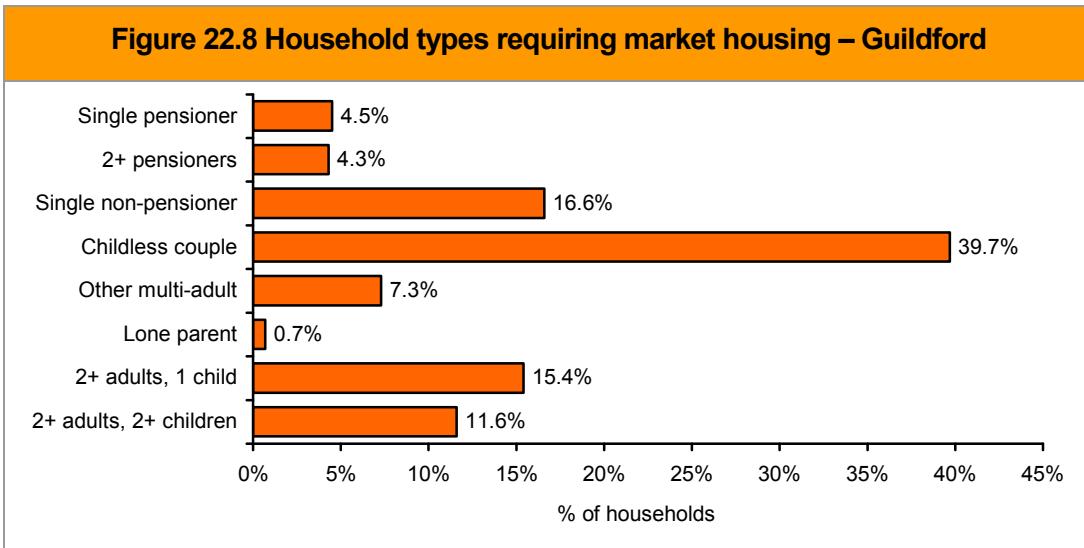
Household type	%
Single pensioner	3.5%
2+ pensioners	3.2%
Single non-pensioner	18.8%
Childless couple	42.2%
Other multi-adult	9.0%
Lone parent	0.3%
2+ adults, 1 child	14.3%
2+ adults, 2+ children	8.7%
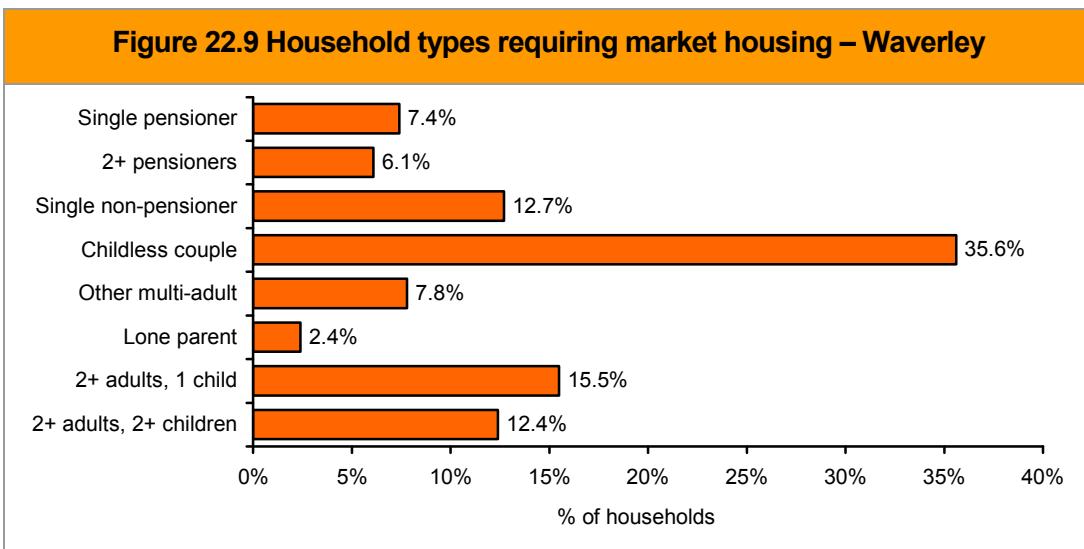
% of households

Source: Woking Borough Council household survey (2007)
(Figure 12.4 of the Housing Needs and Market Assessment Survey)

Implications for overall policy

Step 5.5.2: Key issues for future policy/strategy

Step 3.4.3: Issues for future policy/strategy

22.23 The first of the two Practice Guidance references is to housing need implications and the second to housing market implications. They are addressed together in this sub-section.

22.24 At one level, the implications of the SHMA for future policy are subordinate to the RSS targets, which will be, when the RSS is adopted, the final word on total numbers. However to understand the local housing market, as Guidance requires, it is important to consider the influences that lie behind the simple target figures. That is both because there is room to determine the mix and total of affordable housing within that RSS target (as considered in the previous chapter) and moreover there are housing management issues that arise from the existing housing stock, apart from the question of additions to it.

22.25 The Practice Guidance requires here a consideration of the meaning of the estimates, pointing out that:

'households in need may choose to share dwellings or choose market options that would be classified as 'unsuitable'. In addition, if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households 'move up' through the system into larger properties' (Practice Guidance page 52)

22.26 The Practice Guidance is partly correct in the statement quoted: two different comments are made:

- Households in need may (and often will) be obliged to find options other than social-rented housing, which do not meet their needs (i.e. lead to 'unsuitable housing' which by Government definition should be avoided (in PPS3: *'housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance'* (Annex B)). The problem is that many such households will move to the private-rented sector on Housing Benefit. We know that there are such households in West Surrey but do not know anything about what their movements are or what sort of help might best reduce the (likely) unsuitable nature of their housing.

- The second statement (about moving up through the system) appears to be based on the idea that the 'housing ladder' is working. A glance at Figure 20.1 (the housing ladders) will remove this impression. No such trend of movement is likely to be happening.

22.27 One of the features of the market that requires consideration in terms of future policy is the private rented sector, due to its ambiguous position, as discussed below.

The private rented sector: facing both ways

> **Step 5.4.3 The private rented sector**

22.28 The private rented sector (about 10% of all households in each of the three districts) is formally speaking, of course, part of the housing market, not affordable housing. However it is normal for there to be a section of the private rented sector which contains households who are only in the market due to support from Housing Benefit. This group is therefore to be seen as a sort of extension of the affordable housing sector.

22.29 The households in question may simply not be able to gain access to the affordable sector because of shortage of space, but may also be unable to do so for reasons such as citizenship issues or credit records and many other such reasons. In that sense the Housing Benefit sector of a private rented sector is often more like the 'housing of last resort' than the formal affordable housing sector. This may seem a little contradictory in principle, but in practice it is a fact of life.

22.30 In the case of West Surrey, the levels of Housing Benefit dependency are at the lower end of the typical range: around 15%. The usual range is 15-25% depending on many factors: the size of the tenure sectors and the nature of the households in an area.

22.31 Because of the relatively large difference between Housing Benefit levels and entry-level costs in the private rented sector in West Surrey, few households would be able to move to entry-level private rented housing without the need for subsidy.

Table 22.7 Percentage of households receiving housing benefit (income support) by tenure				
	Owner-occupied (with mortgage)	Council	RSL	Private rented	Total
Guildford	0.5%	54.2%	42.8%	16.0%	13.7%
Waverley	0.8%	55.9%	59.3%	15.1%	14.5%
Woking	1.1%	50.1%	30.8%	17.1%	11.5%

Source: Guildford, Waverley and Woking Borough Council household surveys (2007)
– figures are from Table 5.2 of the Housing Needs and Market Assessment Surveys

22.32   Taking the proportions on Housing Benefit in the context of the overall numbers reproduced in the table below, the total number of households in private rental but requiring this subsidy is just over 2,300. Nearly a thousand of these are in Guildford, and the rest roughly equally divided between Waverley and Working.

Table 22.8 Number of households in each tenure group								
	Guildford		Waverley		Woking		Total	
Tenure	No.	%	No.	%	No.	%	No.	%
Owner-occupied (no mortgage)	19,118	35.1%	18,574	38.1%	12,591	32.7%	50,283	35.5%
Owner-occupied (with mortgage)	22,040	40.5%	19,254	39.5%	17,316	45.0%	58,610	41.4%
Council	5,399	9.9%	4,903	10.1%	3,485	9.1%	13,787	9.7%
RSL	2,003	3.7%	1,310	2.7%	1,211	3.1%	4,524	3.2%
Private rented	5,840	10.7%	4,659	9.6%	3,897	10.1%	14,396	10.2%
TOTAL	54,400	100.0%	48,700	100.0%	38,500	100.0%	141,600	100.0%

Source: Guildford, Waverley and Woking Borough Council household surveys (2007) - figures are from
Table 2.1 of the Housing Needs and Market Assessment Surveys
(This appears as Table 1.1 above)

Step 5.5.3: Joining across the assessment

22.33   This part of the Practice Guidance asks for connections to be made between the housing need and overall market demand. This chapter generally, and the points below, are all concerned with fulfilling that requirement.

Conclusions on key issues for future policy

22.34   In the light of the discussion over the chapters in this section, the following issues can be identified as key ones for future policy:

i)   The affordability situation is clearly very serious. This could be said even without analysis, but such figures as 20.1 (market gaps) make it clear just how big the gaps are. There is no working housing ladder for most households. Although the main impact of this fact is upon non-owners, discussed below, it produces problems also for those who are already owners, as it is much more difficult to 'trade up' when the steps in the ladder are so large.

ii)   The situation puts a considerable focus on helping those households who do not come from an owner-occupier background (and who therefore are unlikely to have access to the 'bank of mum and dad') and as a consequence are unlikely to be able to access full owner-occupation, or even partial equity ownership in most cases.

iii) We have suggested quite high affordable housing targets and that about 40% of the total could be intermediate. However, the policy issue is that there is no practical form of newbuild intermediate housing in the HMA at present. It is a priority to seek it, but at the same time there are few if any working models available nationally. Intermediate rent from the Housing Corporation is the only one of which we are aware. This is clearly an important future issue.

iv)   The size of the rent/buy gap means that there is considerable scope for low cost market housing, which PPS3 para 26 advises councils to seek. However, the PPS provides no mechanism through which councils might obtain it. This is therefore also an issue for future policy.

v)   The private rented sector, especially the 2,000 plus households within it who are on housing benefit are a particular focus for future policy. The proportion of the private rented sector occupied by them is not exceptionally large, but the private rented on benefit is not a sustainable long-term solution (due not only to the commonly poorer quality of this part of the private rented sector, but also to the nature of shorthold tenancy in relation to family stability for what are often the more vulnerable households). Hence the more such households can be encouraged to move into the affordable sector, where possible, or assisted out of the situation of requiring benefit, the better.

Summary

i) The HMA is, not surprisingly, an area of relatively low newbuild within the context of the South East region. However the EIP Panel of 2007 decided that not enough newbuild was being produced even in this area of general restraint on newbuild, and has raised the draft targets.

ii) The increase in targets is most noticeable in Guildford. The overall revised newbuild requirement across the HMA is just under 1,000 dwellings per annum. This figure is somewhat above the current level of newbuild for the HMA, especially in Guildford again. However the most noticeable difference is that the overall demand/need for housing as shown by the BHM is about twice the RSS draft target. The BHM however does not take into account land availability constraints including the Green Belt, which will influence the level of demand able to be met.

iii) The EIP Panel Report does not contain quantified evidence of housing demand (the same is true of the draft Regional Plan). Hence although there are references to the high levels of both demand and need, this is the first time that both have been quantified for this HMA.

iv) The results of the discussion in the chapters preceding this one are summarised as issues for future policy consideration:

- The size of the housing market gaps: the effective absence of a housing ladder
- The pressure this puts even on owners (regarding the ability to trade up) but especially upon non-owners with no access to additional equity from family/friends
- The substantial affordable housing targets proposed contain about a third of intermediate housing, but there is no current practical likelihood of its being produced at the relevant weekly cost. This is a particularly key issue.
- There is scope for low cost market housing, but at present no mechanism whereby councils can seek it (as it is market housing)
- The Housing Benefit sector of the private rented sector (2,000 plus households across the HMA) are a group which particularly need help, whether to move into affordable housing or to move away from requiring subsidy

23. Conformity with Guidance

Introduction

23.1   As discussed in the second chapter of this report, Guidance is now much more demanding and much more specific about what the evidence base should yield. It is therefore appropriate to provide an account of the output of the study in terms of the requirements.

23.2   The Practice Guidance sets out requirements for the outputs and also for the process of an SHMA. The outputs are dealt with below in relation to the PPS3 requirements, since they are the dominant Guidance. First, however, this chapter comments on fulfilment of the process requirements.

Process requirements

23.3   The Practice Guidance (in its Figure 1.2) provides a checklist of process requirements. The following list of seven items paraphrases the requirement, and then summarises the response.

   i)   Approach to identifying the submarket: This work had already been carried out. However this report does check and confirm the validity of those findings.

   ii)   Housing market conditions to be assessed in the local context: the report contains local market information at many points

   iii)   Involves stakeholders. There has been a full involvement of stakeholders in the process, partly managed by the Councils and partly facilitated by Fordham Research.

   iv)   Full technical explanation. There are technical explanations at relevant points in the text and also the Appendices.

   v)   Assumptions and judgements fully justified and transparent: A Glossary of key terms is provided, and where assumptions and judgements have been made, they are explained as clearly as possible

   vi)   Uses and reports on quality control mechanisms. This is reported on in the Appendices as regards the survey work, and via the transparent explanation of such processes as the BHM and the CLG Needs model in the text.

vii)   Explains about monitoring and updating: the preceding chapter sets out the approach which is suggested.

Output requirements of guidance

23.4   The Practice Guidance (in its Figure 1.1) provides a checklist of core outputs. The following table list the 8 outputs and the part of the report in which they are dealt with.

Table 23.1 West Surrey: meeting the Practice Guidance core outputs	
Item	*Source*
1) Estimates of current dwellings in terms of size, type, condition and tenure	Chapter 6 (Chapter 4 of the Housing Needs and Market Assessment Surveys)
2) Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the market.	Chapters 7 & 9-11
3) Estimate of the total future number of households, broken down by age and type where possible	Chapter 4
4) Estimate of current number of households in housing need	Chapter 10 (Chapters 7-9 of the Housing Needs and Market Assessment Surveys)
5) Estimate of future households that will require affordable housing	Chapters 10 & 11 (Chapters 7-9 & 12 of the Housing Needs and Market Assessment Surveys)
6) Estimate of future households requiring market housing	Chapter 11 (Chapter 12 of the Housing Needs and Market Assessment Surveys)
7) Estimate of size of affordable housing required	Chapter 11 (Chapters 9 & 12 of the Housing Needs and Market Assessment Surveys)
8) Estimate of household groups who have particular housing requirements e.g. families, older people, key workers black and ethnic minority groups, disabled people, young people etc	Chapters 12-18 (Chapter 13 of the Housing Needs and Market Assessment Surveys)

Source: West Surrey SHMA 2007

Output requirements of PPS3

23.5   For ease of reference the following are the key outputs of a SHMA as required by PPS3:

- *The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).*
- *The size and type of affordable housing required'*

23.6   These can be derived from the preceding material. The following distinguishes between the local authorities as the outputs are somewhat different in each case, and an average would not be meaningful in a context where borough level policies such as the Local Development Framework are important.

Table 23.2 West Surrey: meeting the PPS3 Requirements		
Item	*Source*	*Comment*
a) Proportion of market and affordable housing	Tables 22.3 – 22.6	The overall HMA requirement is 53% market and 47% affordable. There are small variations between the three Boroughs (Guildford: 53% affordable; Waverley: 46% affordable and Woking: 42% affordable).
b) Profile of households requiring market housing	Figure 22.8 - 22.10	In all three authorities, the largest group of households requiring market housing are childless couples (between 36% and 42%), with around a quarter of all households containing children (from 23% in Woking to 30% in Waverley). Pensioner households make up around 14% of the total demand in Waverley but only 7% in Woking.
c) Size and type of affordable housing required	Table 21.8	Just under half of the affordable housing could be intermediate (41% in Guildford, 48% in Waverley and 39% in Woking). Since there are few viable forms of intermediate housing, however, any intermediate requirement that cannot be met should be replaced by social rented housing.
	Table 21.6	In terms of size, most sizes of both intermediate and social rented housing are required. The main requirement in Guildford is for two-bed social rented housing; in Waverley, for two-bed intermediate housing and in Woking the main requirement is for three-bed social rented housing.
	Table 21.5	Analysis suggests that households in (CLG-defined) housing need require affordable accommodation of all sizes particularly smaller units, although the findings also suggest a need for three-bed intermediate housing in Waverley and for three and four-bed social rented dwellings in Woking. It should be noted that these findings are based on a strict bedroom standard (and are for gross need only).

Source: West Surrey SHMA 2007: sources as shown in the middle column

Implications of these figures

23.7   Clearly the dwelling stock in the HMA is not 'balanced' in the sense of being like the overall English one and, particularly due to the high financial capacity of resident households and also the rural dimension, has more detached housing. In summary, when compared with the English average (using Figure 6.2 above) there is in West Surrey:

i)   About 10% less terraced housing
ii)   About 5% less semi-detached property
iii)   About 15% more detached property

23.8   The South East average is mid-way between the West Surrey and England figures, so it is more weighted towards detached property but not nearly so much as West Surrey.

23.9   This could be seen as an 'imbalance' in national or regional terms, but a more relevant local question is: whether the stock is in balance with the present and future types of household resident in the HMA? It is clear (Figure 5.8) that the HMA average income, particularly of residents who do not work locally, is greatly above the national or regional average. Incomes of both kinds are much higher than in the South East or England (though there are sharp variations within the HMA, with Waverley's resident non-workers showing more than 150% of the income of their national counterparts, though in Woking the two types of earner (resident/workplace) are about the same). Clearly, and not surprisingly, the profile of households is relatively in balance with the type of area: expensive.

23.10   It is clear from the RSS consideration and the BHM results that market demand, as well as housing need, indicates far more newbuild than is considered sensible in the context of the various constraints (rural and urban) affecting the HMA. The practical question is therefore: what forms and tenures of newbuild deserve the highest priority? This is clearly a policy question outside the scope of an SHMA. The evidence on housing need is that the levels are high in absolute terms, though averaging about the same as the South East as a whole (Guildford being very high, and Waverly relatively lower with Woking near the average).

23.11   These figures justify a proportion of affordable housing of about 40%, rising nearer 50% in Guildford (about 45% for the HMA overall). These figures are somewhat below what the BHM produced (in row 1 of Table 27.1 above) but are more likely to be deliverable than the somewhat higher proportions suggested by the BHM. Of this around 40% could be intermediate, but much depends on its weekly cost, as shown in the last table of this report, which provides the relevant tests.

23.12   In considering the character of newbuild market housing, which PPS3 requires local authorities, with due discussion with house builders and other stakeholders, to do, there are a complex set of issues:

Table 23.3 Factors affecting future newbuild dwelling size

- A substantial fraction of housing is under-occupied (43%: para 8.12); with the ageing population this proportion is likely to rise
- Households consider that they need extra rooms to accommodate guests, carers, study, hobbies, and work from home
- In high priced housing markets existing home owners will enlarge and convert their home rather than move
- The role of the dwelling is of considerable importance. It represents financial security for the household and future generations
- Investors play a key role in meeting demand for rented housing of an appropriate size according to the market. This is especially apparent in student areas and areas of multi-occupancy housing

Source: West Surrey SHMA 2007

23.13 Newbuild housing normally commands a premium over second-hand. It is therefore, whatever its particular profile, a luxury product in relation to second-hand equivalents. This in turn affects the section of the market that is likely to buy it.

23.14 The Annual Flows analysis (Figure 11.2) shows a substantial net inflow into the HMA even before considering internal growth. There is normally an excess of newly forming households over dissolutions (mainly through death). That is about 1,000 in West Surrey. But there is often a net outflow of existing households, but in West Surrey there is a large net inflow, also of about 1,000 pa, mostly couples with and without children. The net inflow is nearly 2,000 pa (1,947). This represents a growth of 1.4% pa in an area which does not have any major growth zones in it. This is testimony to the strength of the market and its advantageous location.

23.15 The implications for the size mix of newbuild housing are largely a matter of policy. As Table 23.1 summarises from the BHM analyses: all sizes of dwelling are required. The emphasis varies from place to place, but it is clear that a substantial part of the additional market demand is for three to four bed dwellings, but with significant demand also for two-beds in most areas. The area where policy is likely to lead the market is in the direction of smaller units designed to attract older owner-occupiers from their under-occupation.

23.16 Although there are niche builders in this market, they tend to operate at the specialist end of it: high value complexes of quasi-sheltered housing. There is also likely to be a future market for smaller but not one-bed flats and smaller units for households 'downsizing' to locations that are readily accessible to services. It is by no means clear, at national or local level, how far and how fast the process of 'downsizing' will go, as the ability to do so, backed with substantial equity, has only been available to a wider population for the past decade or less.

23.17   There is scope for the public authorities to influence this agenda, though there is no direct policy message in the data. There is widespread under-occupation but that may well be what the households concerned would prefer. There does not exist, on a large scale, *a* selection of 'move on' property of the kind that would attract them out of their current dwellings. There is therefore scope to encourage the market to build some stock of that type, if the house builders themselves see a market for it. However there is obviously limited scope to change the balance of the stock in a place like West Surrey. The issue is one for policy debate.

23.18   If affordable targets of 45% or so are applied, to sites qualifying under the thresholds, perhaps 35% of newbuild overall will be affordable housing. If the Panel report into the RSS draft figures are confirmed by the Secretary of State and 964 is the total number of new dwellings built across the HMA, perhaps 600 of them (technically 627) will be market dwellings. This is not going to change the overall balance of the stock by much, whatever its mix. Thus this consideration emphasises the importance of public authorities' influence in helping the existing stock to meet the changing requirements of its households. The ageing population will not depart en masse for newbuild flats, whether in the HMA or elsewhere, but will need enhanced support services to 'stay put'. The marginal change due to newbuild is an important policy focus, but by no means the only one.

23.19   The past rate of newbuild (Table 6.1) is 760 pa. The RSS proposal is substantially greater. However the proportion of affordable housing in recent newbuild has been much smaller than it will be if the implications of the present study are followed. In that sense additions to the market stock may remain at much the past levels.

23.20   However this discussion is intended to set out the range of issues which deserve to be considered for policy debate once the SHMA is finished, and so it has focussed on ranges of possible outcomes rather than singling out particular ones. It is helpful to bear in mind the overall magnitudes, though, as that will help to focus policy on areas where it can have the most effect.

Summary

i)   This chapter summarises the way in which the process and output requirements of Guidance have been met. The sub-regional SHMA is robust both in terms of process and outputs.

ii)   The most noticeable features of the overall findings are the high level of overall demand and the large percentage of this which should be affordable. Also notable is the high level of intermediate housing required as a proportion of the overall affordable housing estimate.

iii)   The latter is largely untested in practice, since most shared ownership (the only notable form of 'intermediate' housing) is normally low cost market housing in practice, as it costs more than entry-level private rented housing.

iv)   In the case of new market housing, the substantial net inflow of couples with and without children suggests more larger dwellings are needed. However there is substantial under-occupation of the existing stock, and an ageing population, so that there may be value in focussing newbuild at least partly on stock which would encourage some of these households out of under-occupation.

v)   There are therefore a number of policy issues for debate after the conclusion of this SHMA.

24. Monitoring and updating

Introduction

24.1   One of the central features of the Guidance is that SHMAs are collaborative and continuing processes, not just production of a report. This requirement is implied by the Local Development Framework approach and the strong emphasis on flexibility in the response to changing housing market demands (e.g. para 60 of PPS3). This emphasis is mirrored in the Practice Guidance, where Figure 1.1 gives the key outputs but is matched by Figure 1.2 which provides a checklist of the key processes within the overall SHMA. The last of these process requirements is:

CLG Practice Guidance	'Explain how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken'.
	[SHMA Practice Guidance, Figure 1.2 (pp. 10)]

24.2   The rapid movement of prices and rents, and the key importance of the checklist of (weekly) costs of different tenures/sizes of dwellings provided in this sub-regional SHMA, makes it evident that monitoring and updating is an essential part of the process.

24.3   The key thing is to update the weekly housing costs: they are the key to most practical policy decisions on both planning and housing issues. This issue is dealt with last, after discussing the more general types of updating.

Scope of this discussion

24.4   Monitoring and updating occurs at all levels from national to local. This sub-regional SHMA is designed to apply at sub-borough, borough and HMA level, and so the comments in this chapter are directed to that level. However the principles involved apply generally.

24.5   This section focuses upon updating rather than monitoring. Monitoring refers largely to the administrative issue of keeping change under review and developing a strategy for reviewing the sub-regional SHMA and updating it, and considering what policy implications may flow from such updates. This is a matter which the sub-regional SHMA Partnership will want to discuss, but it does not raise technical issues and is therefore not addressed further here.

Guidance context

24.6   The sub-regional SHMA exists to support a wide policy spectrum: both at the local authority and higher level (particularly the Regional Spatial Strategy and Regional Housing Strategy). In the past these strategies have tended to be almost entirely top down. However the emerging sub-regional SHMAs have meant that RSSs are now taking aboard the local housing market results and being amended to respond to them. This process requires an updating procedure to be in place due to the periodic reviews that such policies undergo. At the same time the cycle of revision of such policies provides a key reference point for the updating of key SHMA information.

24.7   Apart from the major policy documents such as the RSS, there are regular productions such as Annual Monitoring reports and statistical returns to CLG which will require updated key statistics from the sub-regional SHMA.

Updating the general findings

24.8   There are a wide range of data sources from which the general (secondary data) findings of this sub-regional SHMA can be updated. A useful list will be found in Annex B of the Strategic Housing Market Assessment Practice Guidance. That list is very comprehensive as to sources. The following table takes it a stage further by outlining the strengths and weaknesses of the key sources. This is something which the non-professional user may not know, and so it may be useful to provide some guidance.

Table 24.1 Secondary data sources: strengths and weaknesses		
Topic and source	*Frequency/scale*	*Strengths and Weaknesses*
(1) Survey of English Housing: a wide range of socio-economic data on housing	Annual; national and regional (sample c 20,000)	Excellent contextual source on all aspects of housing. Its weakness is that no further cross-tabulation is possible and supply and demand issues are not covered. In addition its scale does not permit accurate analysis at SHMA scale
(**2) English House Condition Survey.** Mainly useful for housing stock evidence. Due to be combined with (1).	Annual; national and regional (sample 10,000)	Very good for provision of housing stock numbers at regional scale; also provides much detail on the 'decency' and general state of housing. Not as directly relevant to housing market analysis as (1) but valuable for the overall evidence base

(3) 2001 Census	10 years; available at very local areas	The best source for many background purposes: e.g. migration as it shows everyone moving to and from everywhere. It is now somewhat out of date. The main weaknesses for SHMA purposes are that it contains neither financial capacity information (not even income) nor indications of movement intentions. It is therefore of little use in producing plausible modelling of a housing market
(4) General Household Survey (GHS).	Annual; down to regional scale	Excellent descriptive source. Of little practical use in SHMA analysis for similar reasons to the Census. It does not provide data for individual households containing housing and financial data, essential for modelling housing market behaviour
(5) NOMIS website [contains many other general data sources]	Available all the time and at many scales	The best ready source for most secondary data; weaknesses are as per the above sources. It does not provide the analytical inputs to a SHMA process, but much valuable background
(6) Population projections (ONS)	Annually updated; regional and borough level	They are conveniently detailed, but are not of much direct use in SHMA analysis, since they are not based on households (see below) and contain no information which can be correlated with the bare numbers of people
(7) Household projections (CLG)	Due to be updated every 2 years; regional and usually borough level availability; annual mid-year estimates are produced for boroughs	Much more useful than population, and a vital background series. The only commonly available projections for 15-20 year horizons. The price of this long view is that the data does not reflect housing markets. Although sometimes wrongly referred to as a 'demand' forecast, it is not. It is based on assumptions about household formation drawn from the current socio-economic situation. This may change, both nationally and locally, if socio-economic situations change (as they normally do. Hence these projections must be treated as 'guesses' or 'policy led' (i.e. what it is hoped may happen, not as any guide to what the housing market may do
(8) English Longitudinal Survey of Ageing (NCSR)	Bi-annual; national	Valuable background source. Useful for health; general economic situation and quality of life. Not of practical value for SHMA analysis due to scope and sample size
(9) National Health Service (NHS) Central Register	Quarterly or annual; national, regional and borough	Extremely useful as it is the best source for migration in between the 10 year censuses. Of very limited use for checking primary data, unfortunately, as it is biased by the fact that younger men and more mobile people are less likely to register. As it is collected at an individual rather than household level there are further limitations to its use in SHMA analysis

(10) Inland Revenue income data	Annual; regional and borough	Valuable as background; very limited usefulness in SHMA work as it is personal (not family) and cannot be correlated with other information (such as equity, household characteristics
(11) Annual Survey of Hours and Earnings (ASHE)	Annual; regional and some borough level data	The best source for individual income, but it is employment and individual, not home and household based. Moreover it is not possible to relate the data to housing and other financial data for SHMA analysis
(12) CORE (U of St Andrews	Annual; borough	The best source for social rents
(13) Rightmove (and other similar websites)	Continuous; very local	By far the best source for both local house prices and rents. It is quicker to scan this than to look at other secondary sources and much more up to date
(14) Land Registry Sales of all housing	Quarterly; postcode sector	By far the best background source on value of dwellings. It does not contain information on size of property nor on repairs costs, and so it cannot be directly used in SHMA analysis. However it provides the only reliable dynamic source for past price changes
(15) Housing Strategy Statistical Annex (HSSA) CLG	Annual; borough	A good source for current housing at borough level, especially figures for the Housing Register and newbuild affordable housing. It is dependent on forms returned by borough, and is of very variable accuracy. Many boroughs, when approached directly, produce different statistics to the HSSA
(16) Annual survey of mortgage lenders	Annual; regional	The most comprehensive source for overall mortgage amounts and types. It does not (and nor do those of particular lenders) provide the full range of financial capacity for the households concerned, and so it cannot be used in SHMA analysis
(17) Valuation Office Agency: value of properties sold	Quarterly; postcode sector	Excellent source, now subject to a charge though; it simply provides valuation for the stock of housing and again cannot be cross-tabulated reliably with other data
(18) Council Tax Band data (from boroughs)	Annual; borough	The best source for value of properties in a borough; can be rendered of little value if there are wide areas of for example low priced housing, all in Band A
(19) Labour Force Survey ONS	Quarterly; borough	The best source for employment trends; cannot be related usefully to housing market statistics

(20) Index of multiple deprivation CLG	4-5 years; borough or lower	Key reference as a general description of the circumstance of the population, with obvious focus on deprivation (income, health, education, disabilities, barriers to housing
(21) Economic forecasts Treasury and commercial sources	Regular; regional and borough	Forecasts exist (e.g. Oxford Economic Forecasting) in considerable detail at borough level showing changes in types of employment, and migration for decades ahead. They cannot be regarded as much better than straws in the wind, but do provide useful background to an SHMA

Source: Annex B to the CLG Practice Guidance (August 2007); and Fordham Research 2007

24.9   There are many other possible sources, and the list in the Annex is longer than this one. However the other sources are more minor, and are more readily accessed through such sites as NOMIS (by topic).

Primary dataset

24.10   The key primary update for a sub-regional SHMA is the weekly costs aspect, addressed via the tables below. However local information on, for example, new variants of intermediate housing will no doubt be sought, and should be brought into the process. Similarly with new ideas from the press that seems capable of local application. Thus there are a wide range of informal updating processes which simply require initiative, rather than detailed analysis.

24.11   At the more formal level, a reliable sub-regional SHMA requires a combination of secondary (existing) and primary (specifically gather local survey) data. The sources listed above will help to update the secondary data. It is not readily possible to update the primary data without specialist analysis. That is because the dataset is very large (requiring an analytical programme called SPSS) and because the process of (re) analysing it involves a complex expertise which is not widely available.

24.12   In practice this is not a serious drawback. Market behaviour and expectations change all the time. Some of this behaviour is simply a response to changing costs of types of housing. That element of market behaviour can be readily updated using the procedure detailed in the table above. That, and a general updating using the secondary sources listed in the tables below, is probably the limit of what can readily be done by stakeholders without specialist support.

24.13   However that is all that is reasonably required for a number of years after the primary data is gathered. Short term market responses will be catered for by the procedures listed in this chapter. Longer term structural changes are likely to required monitoring only at much longer intervals such as 5 yearly. In that longer perspective it is not unreasonable to expect to have to do further primary survey. Many of the households in the original survey will have changed by the time of a second one, and only new survey work can find out about them.

Triggers for updating

24.14   As discussed, there are data requirements which act as triggers for updating key figures at, for instance, annual intervals. There are also regular publications such as the ONS series on economic growth, and the Land Registry, which provide context for alerting sub-regional SHMA Steering Groups to the need for more frequent updating.

24.15   We would recommend fairly frequent (at least quarterly) updating of the key tabulation of weekly costs. The rate of change in this will serve as a key indicator of how frequently the core data needs to be updated.

Updating weekly costs

24.16   It has been emphasised through this report that the old focus on price/income ratios is not relevant to SHMA work. Financial capacity is the appropriate measure for the ability to afford. However it has been emphasised that the main focus should be upon comparative prices and rents: what are the housing market gaps and how are they changing? That is what governs the issue of how fast people can 'climb the housing ladder'.

24.17   The most fundamental set of data for monitoring and updating is therefore the tabulation of weekly cost equivalents for purchase and rental. That is the main focus of the updating suggestions here, as it is both (relatively) simple and central. As a first step a couple of related issues will be addressed, followed by specific instruction on the updating process.

Why not update incomes as well as the weekly costs of housing?

24.18   The short answer is: because it is not relevant. There is no problem with updating incomes (indices exist for doing so) but it will not help with the question of affordability and policy for newbuild housing generally.

24.19   The key point to emphasise is that the issue of affordability is about the different costs to types (and tenures) of housing. Whether a household can afford social rent or outright purchase is a financial matter, but as emphasised in this report, income is only part of the answer to that question: financial capacity is the key measure.

24.20   But from the point of view of planning and housing policy and practice the key updating issue is the relative costs of types/tenures of housing. The sub-regional SHMA has indicated the ability to afford housing in general. The policy issues which will arise from day to day are of a different type, for example:

i) A house builder offers what is stated to be affordable housing of 2 bedrooms at a cost of £X per week. Is it affordable? All that needs to be done is to ensure that the costs are on a comparable and complete weekly basis, and the answer takes a few moments when comparing it with the cost table below.

ii) An RSL proposes shared ownership homes at a given price. Again when reduced to an overall weekly cost (including management/service charges) by making the purchase element into a weekly cost, the comparison with the table will soon show if the product is indeed intermediate or low cost market.

iii) When negotiating S106 Agreements reference to updated versions of this table will serve the purpose of ensuring that what is agreed to be housing of a given affordability really is

24.21 As can be seen, all this important operational policy information can be derived directly from the table: no need for any elaborate calculation.

How to calculate the updated prices

24.22 Before putting the purchase and weekly rent costs on a common basis, as discussed in the next subsection, it is necessary to set out some points on the way in which a reasonable set of updated prices can be derived for a given (probably district) area. The following table sets out general principles.

Table 24.2 Establishing new minimum prices/rents

1. Prices for each size of dwelling will vary across a district, often within short distances. There is no easy way to average such prices to produce a 'district average'.

2. Nor is that the sensible approach. The purpose is to allow calculation of the access threshold costs of different tenures/sizes of dwelling. Therefore the focus is upon the cheapest place for a given size of dwelling in the district involved. That should make the searching of websites (or agent inquiries) quite simple. There is not very much question about where the cheapest place in the district lies.

3. It should therefore not take too long, using one or both of websites like Rightmove and local agents to identify the current cost of purchase/rent in the 4 main size categories (and types i.e. flats/houses as well if desired).

4. The choice of the cheapest place is to ensure that the cost of accessing housing is not exaggerated. It may be unrealistic, in that a household might refuse to go from one end to the other of larger districts to find the cheapest dwelling. On the other hand, when the issue is public or private (land) subsidy, it is important not to exaggerate the threshold cost.

5. Use of these minimum costs may on the other hand make it difficult for those producing new housing (whether affordable or low cost market) to meet the implied threshold costs. That may be true, but it is realistic, in the sense that households who are finding it difficult to access housing will normally be obliged to search for the cheapest areas. If, for example, they can buy in the cheap area, there is no point in producing shared ownership that costs more than that, as it will not assist any/many households that are unable to buy.

6. Thus the minimum price approach seems the right one, and makes it much easier to find and agree on revised information in the future.

Source: Fordham Research 2008

24.23 The figures can, in the case of weekly costs like rents, be inserted straight into the table. In the case of prices and shared ownership (combination of price and rent) it is necessary to process the information further.

24.24 The following table summarises the procedure for obtaining new prices from website sources:

Table 24.3 Obtaining new price data from website sources

Data for entry-level prices is obtained from online services (e.g. rightmove.co.uk) which are used by a wide range of estate agents nationwide to advertise properties, using the following method.

First the large postcode areas within the study area are listed, since the data is typically held by postcode rather than by local authority or ward. The number of properties of each size (by number of bedrooms) is found for each postcode, excluding any commercial or shared ownership properties. The resulting figures are then divided by four, to determine the position of the lower quartile.

If there is insufficient data available from the website used for the purposes of the study, typically 50 residential dwellings in total, additional websites may be searched in the same way, or the results of more than one search on different days can be averaged to increase the robustness of the findings.

The property marking the lower quartile is found by sorting the properties of the required size (number of bedrooms) in ascending order by price. The prices are then tabulated and checked for any obvious errors or anomalies. The results are then discounted by 5% to allow for the typical difference between advertised prices and true sale prices. These are the final prices used for the analysis.

Groups of these prices for individual postcodes can be aggregated into larger sub-areas, by multiplying each price by the base size used to produce it, and then dividing by the sum of the base sizes for the whole group.

Source: Fordham Research 2008

24.25 This approach will enable updating of the prices/rents, which in turn can be put into the last table below. It will first be necessary to put all the figures onto the same basis, normally a weekly one as discussed below.

Putting purchase prices on a weekly cost basis

24.26 The following table explains how to put purchase prices, which are normally expressed as capital costs, onto a weekly basis, for insertion into the table of weekly costs.

Table 24.4 Turning the purchase price for a house into a weekly cost		
Issue for calculation	*Formula*	*Calculation*
*For interest only mortgage (which is preferable because it represents the cheapest method of entering the sector and therefore the entry-level) Cost (price) of home = C (assumed here to be £125,500 for a 2-bed) Interest rate = I (currently 6.5%: Halifax Standard Variable Rate March 2008) Interest to be on mortgage to be paid per year = P Weekly Interest payment = W		
Interest only mortgage: calculation of interest	C*I = P	£125,500 x 0.065 = £8,164 pa
Make the annual figure into a weekly one	P/52 = W	£8,164/52: £157 per week

Source: Fordham Research 2008

24.27   The figure of £157 is then inserted into the relevant cell for 2-bed entry-level purchase cost.

Basic table for future updating

24.28   For convenience the weekly costs table is reproduced here. It is the template for successive revisions as market conditions change. It represents the testing framework for a wide range of new housing. It can be inserted, together with the updating procedure, into S106 Agreements and the like, in order to ensure that the housing (especially affordable housing) does indeed meet the necessary criteria to address the relevant need.

Table 24.5 Weekly costs of housing in the HMA				
Guildford				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£307	£448	£573	£869
Resale Entry-level	£246	£347	£434	£643
Private Rent	£160	£219	£273	£369
Intermediate	£117	£152	£184	£237
Social Rent	£74	£85	£94	£105
Waverley				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£243	£399	£545	£747
Resale Entry-level	£204	£324	£429	£603
Private Rent	£140	£187	£223	£290
Intermediate	£106	£135	£158	£197
Social Rent	£71	£83	£93	£104
Woking				
	1 bed	2 bed	3 bed	4 bed
Newbuild Sale	£274	£407	£510	£863
Resale Entry-level	£216	£326	£390	£644
Private Rent	£156	£208	£266	£415
Intermediate	£115	£148	£184	£266
Social Rent	£74	£87	£102	£116

Source: Survey of Estate Agents in Guildford, Waverley and Woking Boroughs 2008
(This table also appears as Table 20.2 above)

Policy use of the information

24.29 The revised table can be referred to in policy documents as a basic tool for assessing affordability. As emphasised above, it is not necessary to add income or financial capacity information. If the housing is cheaper than a given threshold, then it is affordable to the groups in question (those who can afford intermediate housing, or low cost market housing for example).

24.30 The revised table will, like that in this sub-regional SHMA, represent a central policy tool both for the local authority to check the affordability of different types of housing (e.g. Intermediate or low cost market) and for private sector bodies to check the affordability of what they are offering. This tabulation should provide a neutral basis for comparison of alternative packages whether of market or affordable housing.

Glossary

[This Glossary aims to define terms used in the report. Where there is an existing definition (e.g. in Government Guidance) references is made to it. Otherwise the terms are defined simply in the way used in the report]

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on conditions set by mortgage lenders – using standard lending multipliers (2.9 times joint income or 3.5 times single income (whichever the higher)). Rental affordability is defined as the rent being less than a proportion of a household's gross income (in this case 25% of gross income).

Affordable housing

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a sub-market price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

Annual need

The combination of the net future need plus an allowance to deal progressively with part of the net current need.

Average

The term 'average' when used in this report is taken to be a mean value unless otherwise stated.

Balanced Housing Market model

A model developed by Fordham Research which examines the supply and demand for different types and sizes of housing across different areas and for specific groups.

Bedroom standard

The bedroom standard is that used by the General Household Survey, and is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents even though they may not be in use as such.

Concealed household

A household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

Current need

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Demand

This refers to market demand. In principle anyone who has any financial capacity at all can 'demand' something, in other words want to acquire it and be prepared to pay for it. The question is whether they can pay enough actually to obtain it. Thus many households who are unable fully to afford market housing to buy do aspire to buy it. The word 'demand' is therefore used in two senses in this report:

> 'demand' when used in the general text refers to the ordinary understand of 'wanting' something that has a market price

> 'demand' when associated with numbers (as in the Balancing Housing Markets model) refers to expressed demand: the numbers of people who can actually afford the type of housing in question

In relation to (expressed) demand mention should be made of the private rented sector where typically there are not only households who can afford to rent at market prices, but also others who are unable to access affordable housing but who are able to access the private rented sector due to the subsidy of Housing Benefit. Such households do not have a demand in the sense used here, as they can only access the private rented sector with a subsidy.

Disaggregation

Breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the Borough.

Entry-level market housing.

The survey of prices and rents is focussed on 'entry-level' prices/rents. That is to say the price/rent at which there is a reasonable supply of dwellings in reasonable condition. The purpose of this approach is to ensure that when assessments are made of say first time buyers, that the prices are the appropriate ones for the typical members of this group. Thus it would in many areas involve second-hand terraced housing, rather than newbuild, which would be much more expensive. Testing affordability against newbuild would clearly produce an underestimate of those who could afford to buy.

Financial capacity

This is defined as household income+savings+equity (the value of the property owned by owner-occupiers, typically the family home, net of mortgage. This provides an indication, when put on a capital basis, of the amount which the household could afford to pay for housing. Since equity is now a substantial part of the overall financial capacity of the large fraction of owner-occupiers it is essential to use this measure rather than the old price/income ratio to measure the activity of a housing market.

Forecast

Either of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Grossing-up

Converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves dividing the expected number in a group by the number of responses in the survey.

Headship rates

Measures the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs).

(A) household living within another household

Is a household living as part of another household of which they are neither the head or the partner of the head.

Households sharing

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this constitute 5 one-person households).

Housing demand

The quantity of housing that households are willing and able to buy or rent.

Housing Market Area

The geographical area in which a substantial majority of the employed population both live and work, and where most of those changing home without changing employment choose to stay.

Housing need

Housing need is defined as 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.

Housing Register

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may include not only people with general needs but people with support needs or requiring access because of special circumstances, including homelessness.

Housing size

Measured in terms of the number of bedrooms, habitable rooms or floorspace. This guidance uses the number of bedrooms.

Housing type

Refers to the type of dwelling, for example, flat, house, specialist accommodation.

Income

Income means gross household income unless otherwise qualified

Intermediate Housing

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

Lending multiplier

The number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Lower quartile

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Market housing/low cost market housing

This is defined by CLG as anything not affordable. In the Housing Gaps Figure: anything above market entry. CLG has not defined 'low cost market' other than that it falls within the market range. Since this is very wide, it is not very helpful. The most useful kind of low cost market would be that which falls into the rent/buy gap on the Housing Gaps Figure. Shared ownership would provide a partial equity solution for those unable to afford second hand entry-level purchase, for example.

Mean

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

Median

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

Migration

The movement of people between geographical areas primarily defined in this context as local authority Boroughs. The rate of migration is usually measured as an annual number of households, living in the Borough at a point in time, who are not resident in that Borough one year earlier.

Net need

The difference between need and the expected supply of available affordable housing units (e.g. from the re-letting of existing social rented dwellings).

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Non-self-contained accommodation

Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard. (See 'Bedroom Standard' above).

Primary data

Information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

Potential households

Adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head and who need to live in their own separate accommodation, and/or are intending to move to separate accommodation rather than continuing to live with their 'host' household.

Projection

Either of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Random sample

A sample in which each member of the population has an equal chance of selection.

Relets

Social rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Rounding error

Totals in tables may differ by small amounts (typically one) due to the fact that fractions have been added together differently. Thus a table total may say 2011, and if the individual cell figures are added the total may come to 2012. This is quite normal and is a result of the computer additions made. Figures should never be taken to be absolutely accurate. No such state exists. The figures in this document are robust estimates not absolutely precise ones. The usual practice is to use the stated total (in the above case 2011) rather than the figure of 2012 to which the individual figures sum. That is because the total will have resulted from a rounding <u>after</u> all the fractions are taken fully into account.

Sample survey

Collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling frame

The complete list of addresses or other population units within the survey area which are the subject of the survey.

Secondary data

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared equity schemes

Provide housing that is available part to buy (usually at market value) and part to rent.

SHMA (Strategic Housing Market Assessment)

SHMA drives from government guidance suggesting that the 'evidence base' required for the good planning of an area should be the product of a process rather than a technical exercise.

Social rented housing

PPS3 defines social rented housing as 'rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'

Special Needs

Relating to people who have specific needs: such as those associated with a disability.

Stratified sample

A sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics based, for example, on sub-areas and applying a different sampling fraction to each sub-sector.

Specialised housing

Refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Supporting People

This term refers to a programme launched in 2003 which aims to provide a better quality of life for vulnerable people by aiding them to live independently and maintain their tenancies/current home life. The programme covers a wide variety of vulnerable people from travellers, to young people at risk, to those with HIV or AIDS. Supporting People provide housing related support in many different forms but include enabling individuals to access their correct benefits entitlement, ensuring they have the correct skills to manage their tenancy and providing advice on property adaptations.

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason

Definitions

ABI - Annual Business Inquiry
BME - Black and Minority Ethnic
CBL - Choice Based Lettings
CORE - The Continuous Recording System (Housing association and local authority lettings/new tenants)
DETR - Department of the Environment, Transport and the Regions
GIS - Geographical Information Systems
HMO - Households in Multiple Occupation
HSSA - The Housing Strategy Statistical Appendix
IMD - Indices of Multiple Deprivation
LA - Local Authority
LCHO - Low Cost Home Ownership
LDF - Local Development Framework
NeSS - Neighbourhood Statistics Service
NHSCR - National Health Service Central Register
NOMIS - National On-line Manpower Information System
NROSH - National Register of Social Housing
ODPM - Office of the Deputy Prime Minister
ONS - Office for National Statistics
PPS - Planning Policy Statement
RSL - Registered Social Landlord
RSR - Regulatory and Statistical Return (Housing Corporation)
RTB - Right to Buy
SEH - Survey of English Housing
TTWA - Travel to Work Area

Detailed Chapter Listing

Appendix A1 Economic factors and housing market trends

Introduction

A1.1   Economic factors such as interest rates affect the supply and demand for housing. This chapter will discuss the impact of economic policy on the housing market cycle.

A1.2   The chapter will conclude with a discussion of national trends in the housing market and specifically how the role of the different tenures has changed.

Step 3.1.2: National and Regional Economic Policy

Economic policy

A1.3   Historically, there has been a direct link between interest rates and house price growth. The very high interest rates of the early 1990s led to many home owners falling into negative equity i.e. the value of their home was less than the value of their mortgage commitment.

A1.4   When the interest rate started to fall during the early 2000s, house prices increased significantly. When the interest rate increased between 2004 and 2005, house price growth also slowed.

A1.5   Whether the current credit squeeze is a short or a long term issue remains to be seen. There is a large degree of uncertainty regarding the future behaviour of the housing market. The table below is taken from the website 'housepricecrash.co.uk' and illustrates the range of opinions regarding the future of the wider housing market, from a number of different sources.

Table A1.1 House price predictions						
Source website	**Analyst**	**Date prediction made**	**Amount predicted**	**Region**	**Time Period**	**Notes**
Knight Frank	Liam Bailey	Dec 2007	⬆3%	London Prime	2008	Knight Frank's view is that prime London will cease to lead the UK market for the first time for two years.
Savills	Lucian Cook	Nov 2007	⬇3%	UK	2008	Savills have revised down their 2008 forecast from 5% to 3% growth.
Council of Mortgage Lenders	N/A	Oct 2007	⬆1%	UK	2008	CML predicts house prices will increase by one per cent during 2008, compared to seven per cent in 2007.
Hometrack	Richard Donnell	Aug 2007	⬆1-2 %	UK	2008	Hometrack sees near stagnation in the UK housing market for 2008.

Nationwide	Fionnuala Earley	Dec 2007	▲1%	London	2008	Nationwide is forecasting 1 per cent growth in London house prices this year.
Halifax	Martin Ellis	Dec 2007	●0%	UK	2008	Halifax said its forecast of zero percent house price inflation next year factors in two interest rate cuts.
Lombard Street Research	Diana Choyleva	Oct 2007	●0%	UK	2008	Ms Choyleva believes that the recent Northern Rock crisis will be the final straw for the UK housing market.
Nationwide	Fionnuala Earley	Nov 2007	●0%	UK	2008	Britain's biggest building society predicts stagnation and says that economic tailwinds will turn into headwinds.
RICS	Simon Rubinsohn	Sep 2007	●0%	UK	2008	RICS have revised down their forecast to a flattening of prices for 2008.
Rightmove.co.uk	Miles Shipside	Dec 2007	●0%	UK	2008	Miles Shipside expects a "period of stagnation" for prices in 2008, with most sellers still able to decide whether or not to drop their asking price.
United Trust Bank	Roger Tidyman	Jan 2008	●0%	UK	2008	Roger Tidyman expects modest price falls in the first half of the year with some recovery in the second half of 2008 resulting in flat overall growth for 2008.
Charcol.co.uk	Ray Boulger	Dec 2007	▼2%	UK	2008	Mortgage broker John Charcol predicts that property transactions will fall by 15 per cent in 2008, gross mortgage lending will fall from £360bn to £320bn but house prices will only fall by 2%.
CEBR	N/A	Jan 2008	▼3%	UK	2008	The Centre for Economics and Business Research (CEBR), forecast that average property prices will drop by 2.5% during 2008.
Global Insight	Howard Archer	Dec 2007	▼3%	UK	2008	Howard Archer has revised his predictions for next year down from no growth to a 3% fall in prices.
UBS	Amit Kara & Sunil Kapadia	Jan 2008	▼3%	UK	2008	UBS Economists say that the key issue for the housing market is "whether there will be a slow burn in house prices or whether there is scope for a hard landing.
BBC	Evan Davis	Dec 2007	▼5-10 %	UK	2008	Evan Davis expects that house prices will continue to fall, by 5-10% over the year. He also doesn't rule out the possibility of the falls being much bigger.
Capital Economics	Roger Bootle	Oct 2007	▼5%	UK	2008	Capital Economics see the economy slowing in 2008 and have cut their forecast yet again.
Deloitte	Roger Bootle	Jan 2008	▼5%	UK	2008	Deloitte's quarterly economic review predicts that house prices will slump by 5% this year.
Capital Economics	Roger Bootle	Oct 2007	▼8%	UK	2009	A forward forecast for 2009 stating that Capital Economics expect prices to fall by a further 8%.
Deloitte	Roger Bootle	Jan 2008	▼8%	UK	2009	Deloitte's quarterly economic review predicts that house prices will slump by 8% next year.
Invesco Perpetual	Neil Woodford	Jan 2008	▼8-10 %	UK	2008	Neil Woodford goes further than his prediction to say that areas which have seen a concentration of speculative development and buying, such as regional metropolitan centres, could be subject to much sharper falls.
Institute of Economic Affairs	Philip Booth	Jan 2008	▼10%	UK	2008	Mr Booth says that more falls are possible after 2008 but also says that this should not affect the economy greatly as long as monetary policy is conducted appropriately.

Morgan Stanley	David Miles	Dec 2007	↓10%	UK	2008	David Miles, one of the country's leading experts warns that the housing market is on the bring of a record slump.
FirstRung.co.uk	Paul Holmes	Nov 2007	↓12%	UK	2008	The mortgage broker, firstrung said that predictions of gentle slowdowns were off the mark.
MarketOracle.co.uk	Nadeem Walayat	Aug 2007	↓15%	UK	2007-2009	Market Oracle believes that the crash will be led by the buy to let sector jumping ship.
Fool.co.uk	David Kuo	Dec 2007	↓20%	UK	2008	David Kuo believes that the average price of a house could fall by up to a fifth to £157,290 in 2008.
London School of Economics	John Van Reenen	Jan 2008	↓20%	UK	Not stated	John Van Reenen, expected prices to fall 20% before bouncing back but he doesn't state a time period for this prediction.
Boom Bust	Fred Harrison	Jan 2008	↓30%	UK	2008-2012	Fred Harrison predicted a drop of 20% in his book Boom Bust (2005) but he now believes the drop will be around 30%.
London School of Economics	Willem Buiter	Jan 2008	↓30%	UK	2008-2009	Mr Buiter says that on average, lower house prices don't make UK consumers worse off. They lose as owners but gain as renters.
Houseprice crash.co.uk	Jonathan Davis	Sep 2007	↓35%	UK	2008-2012	In our view, history and economics leads us to believe that the boom is over and there will be a gradual and cumulative fall annually from this point forward.

Source: House Price Predictions as cited on 'housepricecrash.co.uk', accessed 12/3/2008

Interest and base rates

A1.6   The figures below show the trends in the UK base rate and mortgage rates since 1990. As would be expected the charts largely mirror each other.

Figure A1.1 UK Base Rates 1990-2007

Source: Bank of England, 2007

Figure A1.2 UK mortgage rates 1990-2007
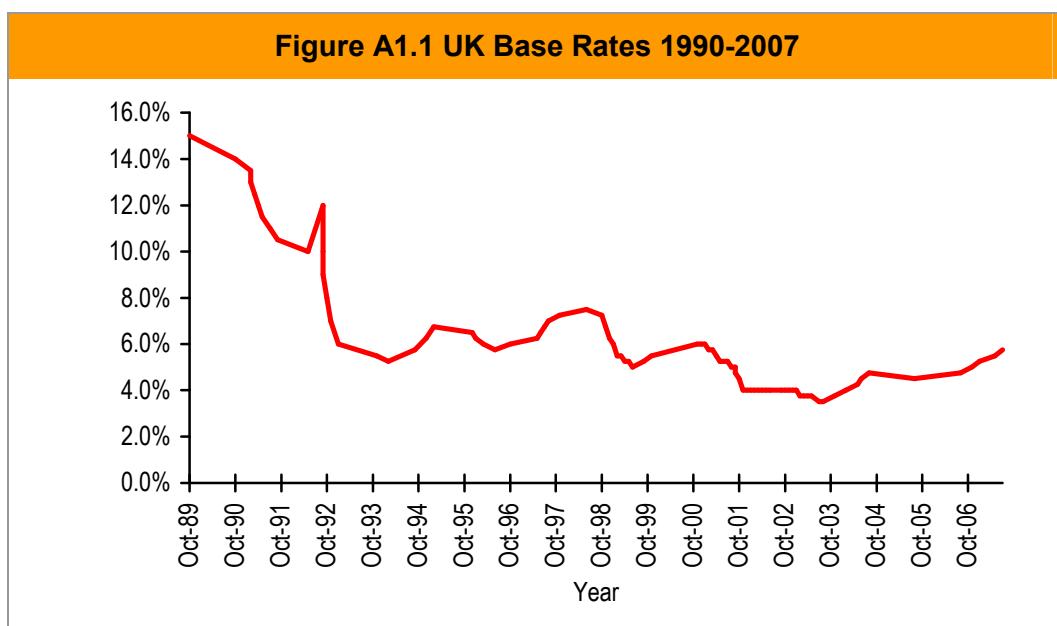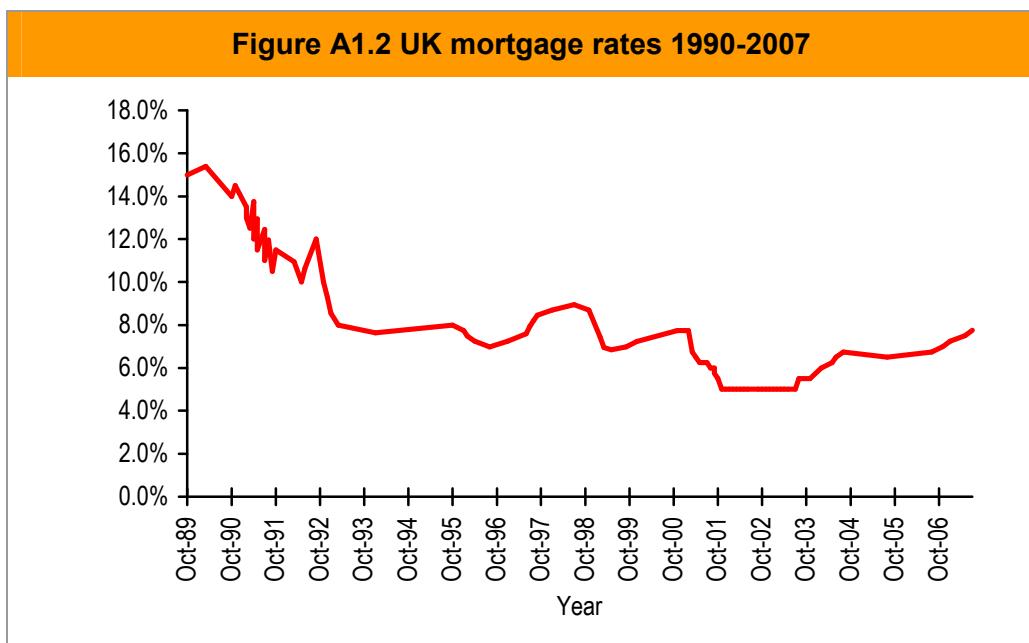
Source: Bank of England, 2007

Background trends in housing

A1.7   In addition to examining economic policy it is useful at this stage to describe the national housing market trends that have been recorded, as they also provide context for understanding the housing market in West Surrey. This subsection is broken down into various parts, explaining different aspects of housing. The material can be linked to the detailed chapters on aspects of the housing market in section B of this report.

National tenure trends

A1.8   The evolution of tenure patterns is shown below (from the Survey of English Housing (SEH) 2005/6):

Figure A1.3 Trends in tenure: England 1953 to 2006
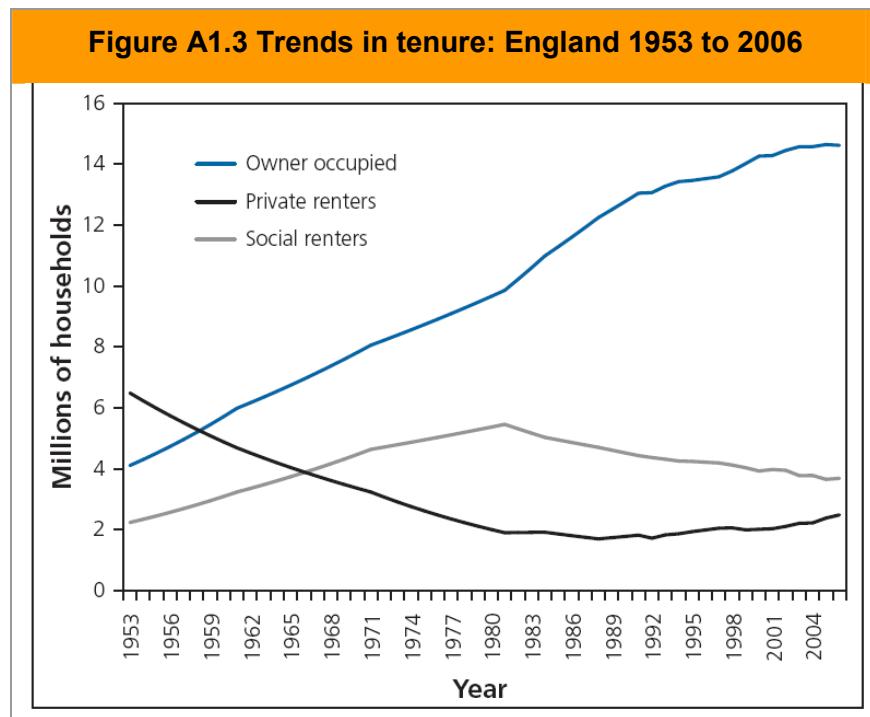
Source: Chart 1a Survey of English Housing 2005/2006

A1.9   This vividly shows the radical changes that have occurred since the middle of the last century, when only a third of households were owner-occupiers, as compared with 70% today. When this is taken in conjunction with the price rises discussed in Chapter 7, the revolutionary nature of the change in financial circumstances of the average household can be seen.

National statistics on each major tenure

A1.10   The three main tenures are owner-occupation, social renting and private renting, as shown in the diagram above. For entirely understandable reasons the Government has sought to encourage various 'intermediate' tenures as well as 'low cost market' housing to fill the major gaps in the pattern of provision by price. However the main numbers are still in the three categories shown in the diagram above.

Owner-occupation

A1.11   For as long as measurements exist (about 25 years) the proportion of owners with a mortgage has been somewhat over half (currently 57%) and the proportion (normally older households) without mortgages has been somewhat below half.

A1.12 During that time, however, the proportion of all households who are owner-occupiers has risen from 57% in 1982 to 70% in 2006. It is worth noting, however, that the rate of increase in the proportion of owner-occupiers has essentially stopped: it reached 68% in 1991 and has hardly risen since. This is a strong indication that upwards of 30% of the population is quite a long way from being able to buy: the owner-occupation growth curve hit a ceiling in the early 1990's and the economy has not altered for the excluded 30% since then.

A1.13 At the same time, the high rate of price increase has meant that owners have acquired large amounts of equity. Despite this, the proportion of mortgage holders has hardly changed since 1991 (8.2 million in both 1991 and 2006) though the numbers without a mortgage has increased (from 4.8 to 6.4 million households). Even though totals may remain similar, for the mortgage holders, the actual households involved turn over continuously as they go through the family cycle. The proportions with a mortgage are quite high, given the stability of the overall owner-occupation total (13 million in 1991 and 14.6 million in 2006).

A1.14 Combined with the rise in prices, this shows that significant equity has been removed over the years. The SEH provides some useful data on the amounts and where it went:

Figure A1.4 How households used the proceeds from equity release

Property owning households			2005/06
	amount withdrawn		all h/holds that withdrew equity
What the withdrawn equity was used for	<£20k	£20k+	
			percent
To pay off debts	31	28	29
To invest or save	8	17	13
Home improvements/renovations	59	54	56
Buy new goods for the property e.g. carpets/furniture	14	17	15
Help finance another property for self (in UK)	2	10	6
Help finance purchase of another property for self (abroad)	1	4	2
Help finance purchase of property for other family member	1	3	2
Buy a car or other vehicle	12	12	12
Pay for a holiday	7	8	7
Pay for school fees	0	1	1
Pay for university costs	1	2	2
Pay for medical fees/nursing home	0	0	0
To help finance a business	1	5	3
Other	9	11	10

Source: Communities and Local Government Survey of English Housing (SEH)

Note that people often spent the "withdrawn equity" in more than one way. Therefore the percent of households reporting each reason sums to more than 100.

Source: Table 17 Survey of English Housing 2005/2006

A1.15   Some 5% of homeowners (nearly 700,000) remove equity from their property each year. On average they remove £33k. Most of this equity release was for some form of repeat mortgage, which makes sense as newly mortgaged households in general have least equity. About half of the money was used for home improvement. Most of the rest was used for other reasons such as paying off other debt or lifestyle improvements. It is noteworthy that helping other family members to buy is now a noticeable part of the total: about 2% of all withdrawals of equity, and 3% of all those above £20k.

A1.16   The proportion of equity released to assist other family members, normally children, is likely to rise as the costs of entry to the housing market become greater. Our surveys of estate agents commonly show that younger households require some form of equity assistance to buy. This topic is discussed in more detail in Chapter 10, on first time buyers.

Social renting

A1.17   Social tenure has fallen from a peak of nearly 5.5 million households in 1981 to about 3.7 million in 2006 (SEH Table 1). A good deal of this reduction is explained by Right To Buy transfers of ownership. There have been less favourable trends for those remaining in social tenure, which are reviewed in the recent study by John Hills (*Ends and Means: the future role of social housing in England,* 2007). One of the most telling is that the proportion of social tenants in employment fell from about half in 1981 to 32% in 2006.

A1.18   Other key features of this report include:

- 80% of those in social tenure were in that sector 10 years ago
- 27% of all BME households in England are in social tenure, but only 17% of white households
- 40% of social tenants said that this was their preferred tenure (true of only 8% of private tenants)
- 34% of social tenants were from the poorest fifth of the population, and only 20% are in the top half of the income earning population

A1.19   The following table, from the Hills Report, succinctly summarises the sharp differences between household types in the three main tenures.

Figure A1.5 Household type by tenure, 2006

Source: Labour Force Survey.
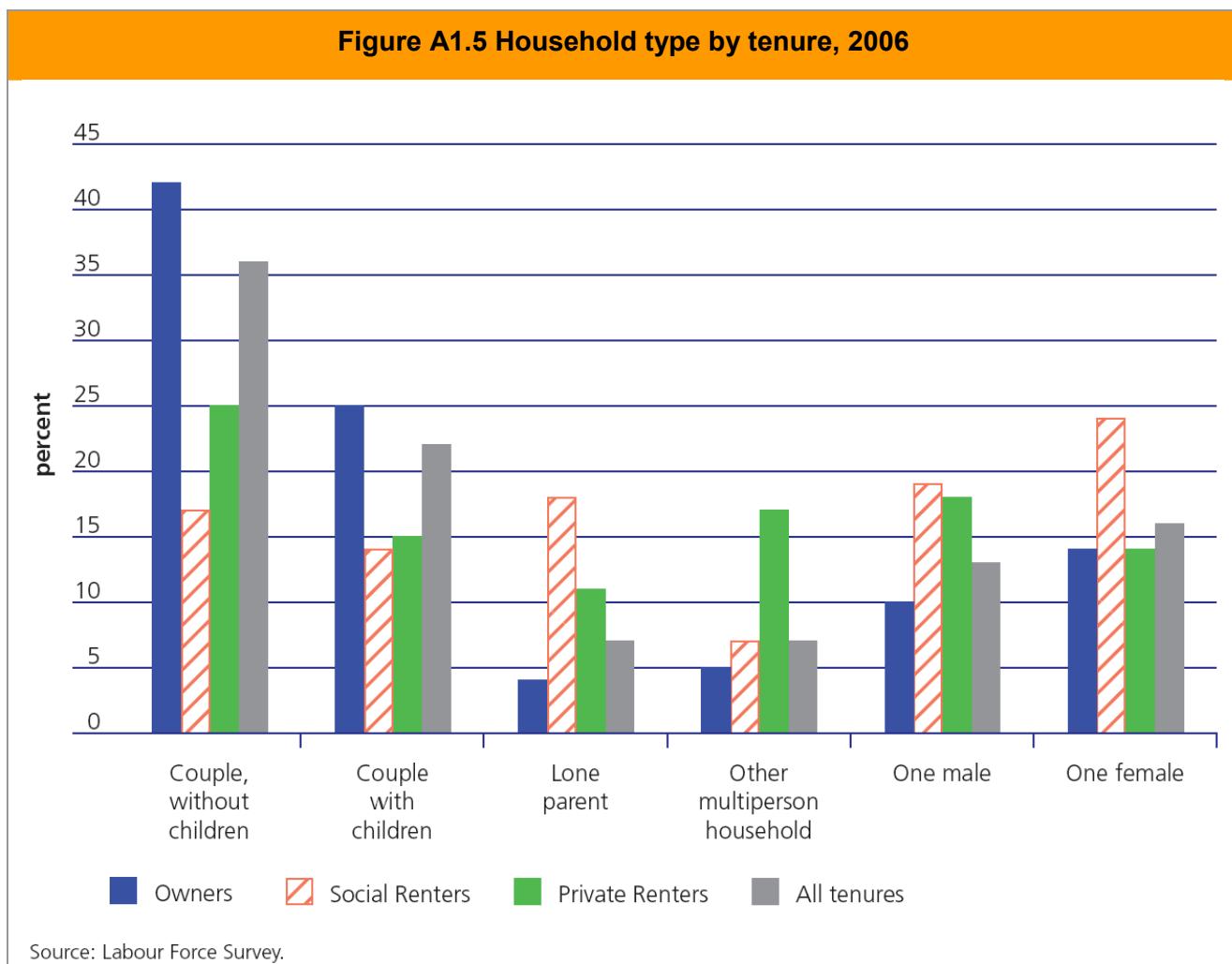
Source: Figure 5.6 Labour Force Survey

A1.20 In some respects, as demonstrated above, social tenure has become 'residualised' for households with the lowest earning capacity. Lone parents are clearly much over represented. But it is also the case that it has become a place for older households: far more than the average of older persons are found in social tenure:

Figure A1.6 Age of householder in each tenure, 2006 (000s)

Owner-occupied

Private rented sector

Social rented sector
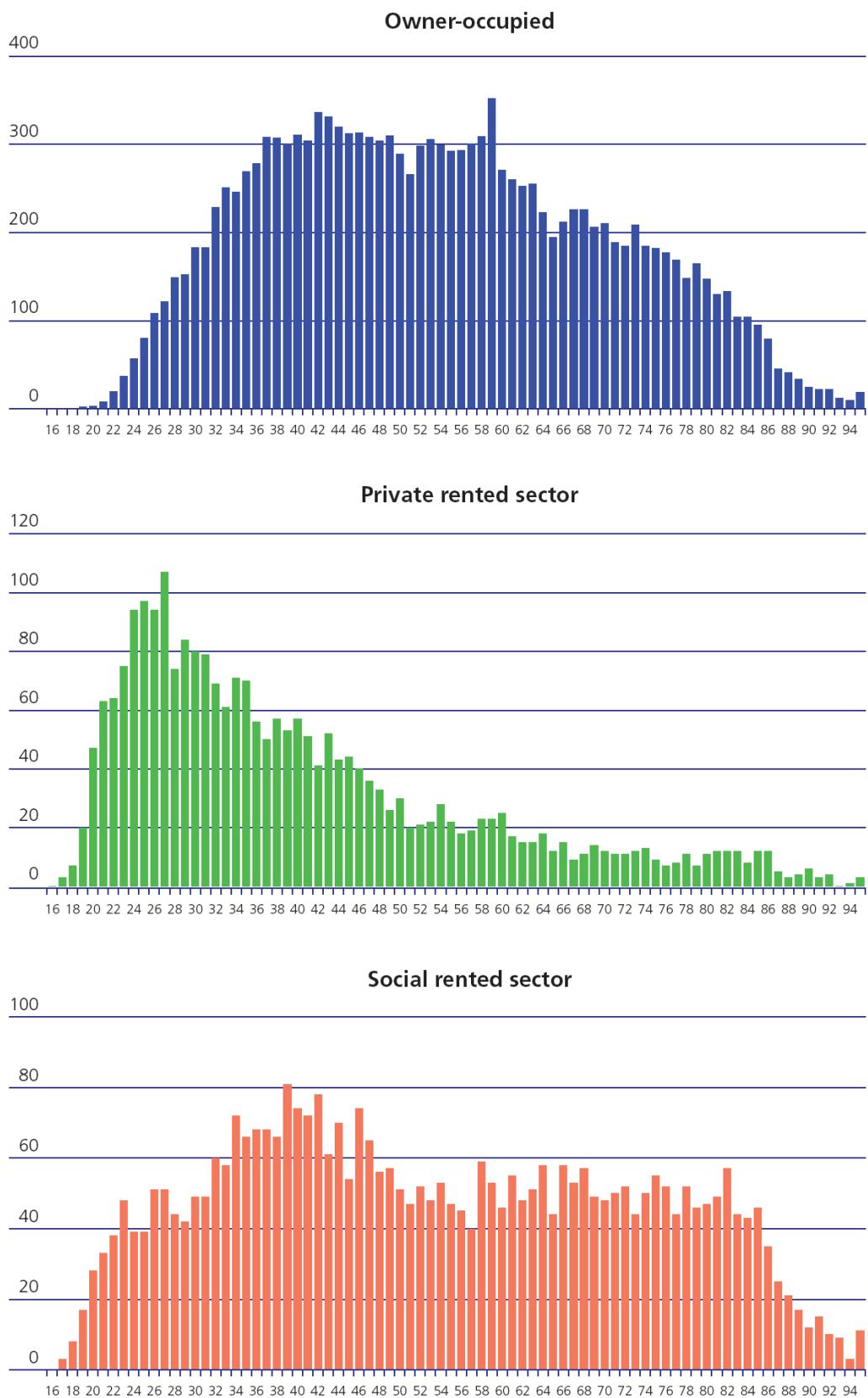
Source: Figure 5.7 Labour Force Survey

A1.21 As can be seen from these age pyramids, the social rented sector has by far the flattest 'pyramid' and one which therefore shows the lowest introduction of younger households at the beginning of the age sequence. It is in fact 'bimodal' showing two peaks, the second around retirement age. This is unlike the other two profiles and shows the much higher emphasis on older households typically found in the modern social rented sector.

A1.22 As well as having an older age profile (as noted when comparing tenure profiles above), the social rented sector has a much higher proportion of households with a serious medical condition or disability: over 40%, which is about twice the overall average (Hills Report Figure 5.5). The combined effects of these characteristics, plus the effect of low mobility, are summarised in the employment characteristics of the social rented sector (from the Hills Report again):

Figure A1.7 Employment trends 1981-2005: Employment circumstances of social rented sector household heads (000s)						
	Full-time work	Part-time work	Unemployed	Retired	Other inactive	Total
1977-78	2710	190	300	1990		5200
1981	2330	220	420	1550	870	5390
1984	1560	230	540	1350	1340	5020
1988	1220	270	470	1810	930	4710
1991	1120	220	430	1790	880	4440
1996	890	260	430	1590	1050	4220
2000-01	970	360	160	2620		4220
2006	810	350	210	1200	1080	3650

Source: *Labour Force Survey*, revised from table 5.5, S. Monk, et al., *The demand for social rented housing – a review of data services and supporting case study evidence* (Cambridge Centre for Housing and Planning Research, forthcoming).

Source: Table 10.1 Labour Force Survey

A1.23 As can be seen, there is an overall substantial fall in the full time employed, from over half to less than a quarter, a substantial rise in part time employment and great proportionate increase in the retired and the workless.

A1.24 There has been a steady decline in social lettings over recent years, much more than proportionate to the decline in the total number of dwellings: social rented dwellings have fallen from about 4.2 million to 3.7 million over the period 1998 to 2006, but the annual social re-lets has fallen from about 370,000 to 250,000 over that period. There are complex reasons for this: both good and bad, but the overall effect is to substantially reduce the scope for access to the sector.

Figure A1.8 National trend in social re-lets
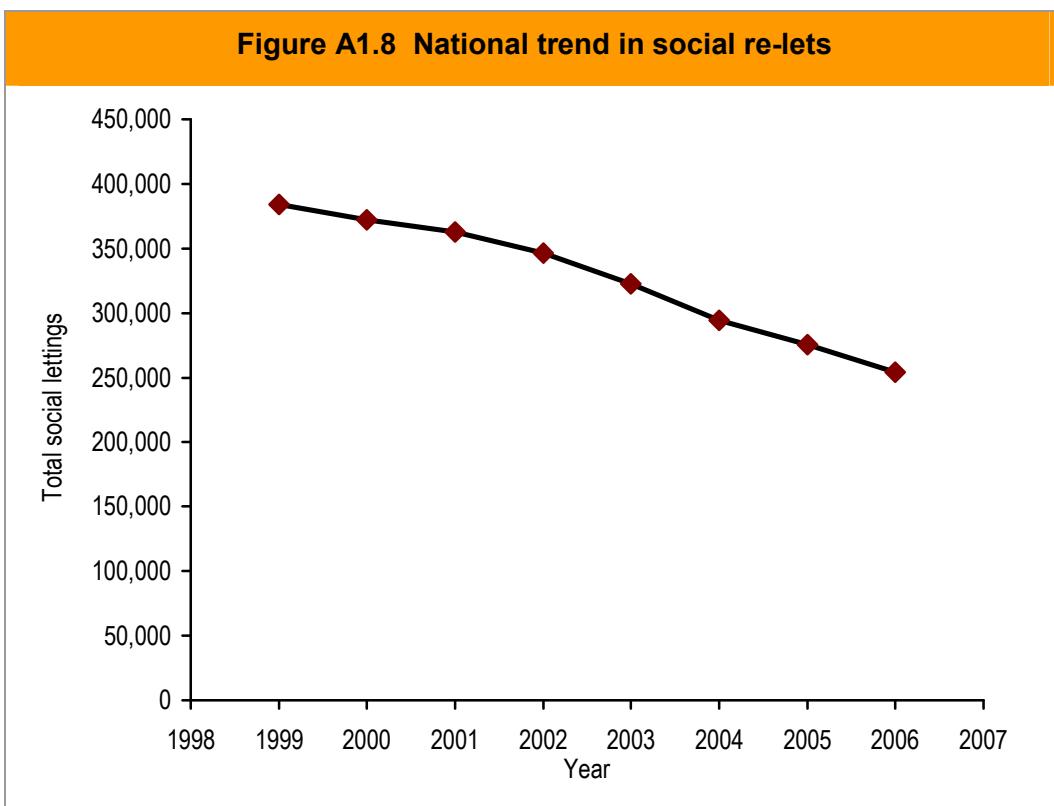
Source: HSSA 2007

A1.25   Despite these problems, the Hills report sees a continuing role for social tenure, but makes the point that substantial changes need to be made in it. The level of employment is below what it should be, even after allowing for relevant factors. One of the main reasons for this is low mobility of those in social tenure and another is the steeply rising tax rates that accompany increased earning. The report also argues, plausibly, that the latest changes, which give social tenants more initiative, are a productive direction for development. It would be helpful to social tenants if they had more mobility in every sense.

Private renting

A1.26   This tenure is well recognised to be a varied one, as the quotation implies, but its importance in the market is often overlooked. It plays a pivotal role, as the following evidence will suggest.

CLG Guide	*'… the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long term accommodation of a reasonable standard.'* [2000 Guide Section 7.3 (page 96)]

A1.27   In recent times the private rented sector has shown the most surprising trend of all three main tenures: as the SEH diagram shown above (Fig 4.7) demonstrates, it has increased in numbers during the present century, after a century long decline in the face of the growth of owner-occupation.

A1.28 In recent times the proportion of private tenants has fallen from about 11% (2 million) in 1981 to 9% (1.7 million) in the early 1990's. In the late 1990's it rose to 2 million again (10%) but has risen much more strongly in the present century: from 2 million to nearly 2.5 million in 2006 (over 20%). It is noteworthy that in the period 2001 to 2006:

- The national household total grew by 0.5 million
- The private rented total grew by almost the same (453,000)

A1.29 This, combined with the strikingly young age profile shown in the three tables from the Hills report in the previous subsection, demonstrates the importance of this sector for the future housing market. This is reinforced by the statistic quoted just above that only 8% of private tenants (compared with 40% of social tenants) are content with their current tenure. There is a strong incentive to move through what is still seen as a transitional tenure.

A1.30 A striking feature of the private rented sector in general is that private rents have increased at almost exactly the same rate as household incomes:

Source: Survey of English Housing and Annual Survey of Hours and Earnings
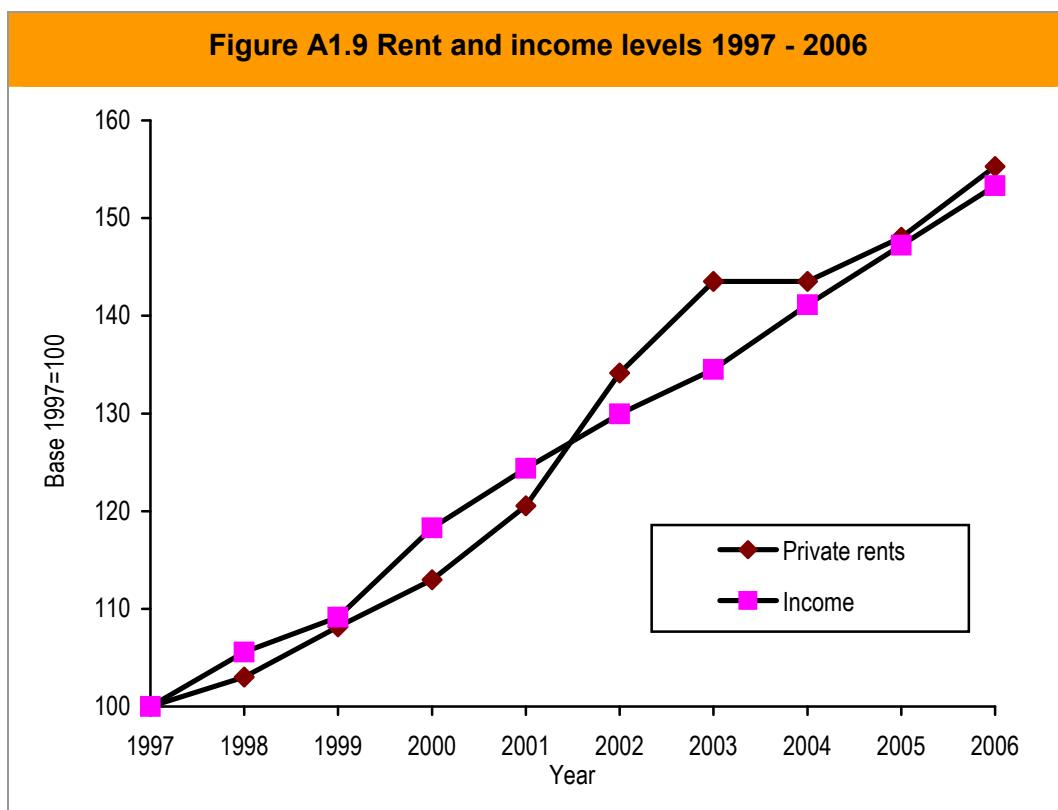
A1.31 So private rents have remained approximately as affordable as they are now for a long time. Since private rental is, by Government definition, the access point to the market, this leads to the important point that:

- ***Affordability measured as the threshold of the market has not changed during the present century***

A1.32   This is contrary to the general perception, which is driven by the rapid increase in prices rather than rents. This statistic must be moderated by the fact that 60% of private tenants aspire to own. Private renting is mainly a transitional tenure, although the rise in housing market gaps means that it may well become more of a final destination for many households.

A1.33   The SEH statistics suggest (Table 3 of the 2005/6 edition) that 69% of all private tenants have been in their current home for 2 years or less, compared with 25% of all tenures. The proportion for both owners and social tenants is about 20%.

A1.34   The same source shows that for recent movers about half of the moves (932 out of 1,965, from Table 4) involved the private rented sector. About half of those private rented sector moves were from one private rented dwelling to another: testimony to the insecurity provided by the shorthold system. The poorer private tenants are supported by various forms of subsidy, of which the most relevant for present purposes is Housing Benefit. The following SEH table shows the net weekly payment made by private as opposed to social tenants:

Figure A1.10 Trends in rents paid before and after deduction of Housing Benefit

tenancies receiving Housing Benefit

Year	Social renters						Private renters	
	Council		Housing Association		All			
	mean	median	mean	median	mean	median	mean	median
Rent[1] before deduction of Housing Benefit								
1993/94	35	33	43	38	36	33	59	50
2002/03	54	50	68	62	58	54	86	75
2003-04	56	52	71	65	61	55	89	78
2004-05	61	54	70	63	64	58	95	85
2005/06[2]	63	56	75	69	68	61	104	87
Rent[1] after deduction of Housing Benefit								
1993/94	6	3	8	0	7	3	9	1
2002/03	9	0	12	0	10	0	17	5
2003-04	9	0	10	0	9	0	18	5
2004-05	9	0	11	0	10	0	23	7
2005/06[2]	9	0	12	0	10	0	22	5

Source: Communities and Local Government Survey of English Housing (SEH)
[1] The rents are based on tenancies receiving Housing Benefit.
[2] Data for 2005-06 are provisional

Source: Table 12 Survey of English Housing and Annual Survey of Hours and Earnings

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A1.35   It is clear that social tenants are often given a full subsidy for housing, but that private tenants still have to find other sources of payment for part of their rent.

A1.36 From the Hills Report (Table 11.3) some 721,000 private renters received HB during 2004/5 which, according to the SEH was made up of some 457 thousand households (bearing in mind that houses in multiple occupation count as one), which is, from Table 1 of the SEH about 19% of all private tenants in 2005. The collected statistics on this sector can be summarised as:

- 60% would like to buy
- 8% are content with the private rented sector as a place to live
- 19% are on HB (and therefore could in some ways be seen as more suitably social tenants: they cannot live in market housing without a subsidy). The same may be true if they moved to social rented housing, but that tenure provides security which the private rented sector on shorthold lacks. This is an important factor for more vulnerable (because poorer) households.

A1.37 Of the 40% who have no clear aim of buying, therefore, about half could be viewed as households who qualify for affordable housing and a fraction (8%) are content where they are.

A1.38 It is fairly clear from these statistics that the comment quoted at the start of this subsection is true: the private rented sector is very varied and highly stratified. The tenure is crucial to the dynamics of the housing market, and has historically been somewhat overlooked.

Summary

The national context for housing includes a number of key features:
- The rise of owner-occupation to total dominance (70% of the total stock) but flattening out the past decade
- The consequent rise in the importance of owned equity, and hence of financial capacity rather than income alone in assessing the ability to afford the housing market
- The residualisation of the social renting tenure, with a strikingly older profile that the other main tenures. It also contains many more part time and workless households
- The equally marked young profile of most market renters, and the strong growth of this tenure (alone of all three main tenures) in the present century. Unlike owner-occupation, the affordability of private rented housing has remained in line with household income growth during the present century. Just under 20% of all private renters rely upon Housing Benefit subsidy to pay at least part of their rent

Appendix A2 Ward level data

Introduction

A2.1   This appendix provides the data behind the ward-level maps which appear throughout the report. In most cases, data is taken from the 2001 Census.

Guildford data

Figure A2.1 Guildford wards

1	Ash South and Tongham
2	Ash Vale
3	Ash Wharf
4	Burpham
5	Christchurch
6	Clandon and Horsley
7	Effingham
8	Friary and St. Nicolas
9	Holy Trinity
10	Lovelace
11	Merrow
12	Normandy
13	Onslow
14	Pilgrims
15	Pirbright
16	Send
17	Shalford
18	Stoke
19	Stoughton
20	Tillingbourne
21	Westborough
22	Worplesdon
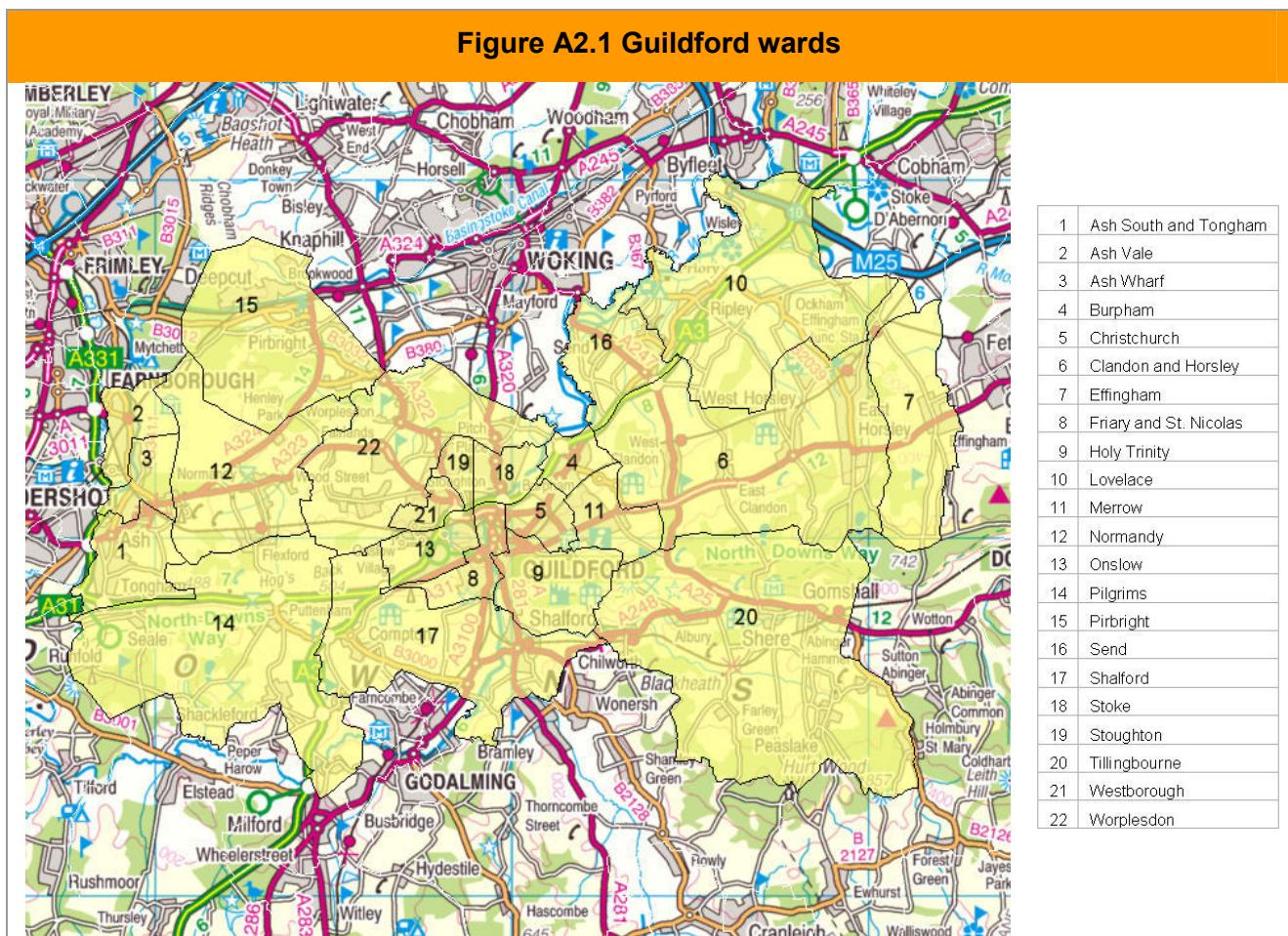
Table A2.1 Guildford ward maps – data			
Ward	% people - SOC 2000 major groups 1-3 (Figure 5.4)	% people – long-term Unemployed (Figure 5.6)	% households - detached/semi-detached (Figure 6.3)	% households - terraced/flats (Figure 6.3)
Ash South and Tongham	44.0%	0.30%	62.8%	37.2%
Ash Vale	52.2%	0.36%	60.1%	39.9%
Ash Wharf	41.5%	0.51%	65.8%	34.2%
Burpham	59.1%	0.21%	66.6%	33.4%
Christchurch	65.9%	0.41%	62.8%	37.2%
Clandon and Horsley	64.6%	0.22%	88.5%	11.5%
Effingham	57.7%	0.28%	84.7%	15.3%
Friary and St Nicolas	60.9%	0.57%	47.9%	52.1%
Holy Trinity	67.0%	0.38%	44.7%	55.3%
Lovelace	46.3%	0.46%	73.0%	27.0%
Merrow	57.3%	0.54%	68.9%	31.1%
Normandy	48.4%	0.30%	91.7%	8.3%
Onslow	49.8%	0.16%	79.5%	20.5%
Pilgrims	58.6%	0.17%	84.7%	15.3%
Pirbright	73.8%	0.12%	69.9%	30.1%
Send	55.5%	0.27%	89.2%	10.8%
Shalford	52.9%	0.47%	69.5%	30.5%
Stoke	34.1%	0.44%	58.4%	41.6%
Stoughton	47.8%	0.23%	62.5%	37.5%
Tillingbourne	56.0%	0.29%	81.2%	18.8%
Westborough	34.3%	0.57%	76.5%	23.5%
Worplesdon	46.1%	0.31%	74.4%	25.6%

Source: 2001 Census data (from Office for National Statistics 2007)

Table A2.2 Guildford ward maps – data (II)			
Ward	% households - owner-occupied (Figure 6.4)	% households – private rented (Figure 6.4)	% households – social rented (Figure 6.4)	Average dwelling size (Figure 6.6)
Ash South and Tongham	79.4%	13.8%	5.5%	5.34
Ash Vale	82.6%	6.9%	9.8%	5.22
Ash Wharf	77.0%	16.0%	5.7%	5.38
Burpham	81.6%	2.9%	12.9%	5.48
Christchurch	82.2%	5.7%	11.2%	6.38
Clandon and Horsley	84.2%	7.5%	6.2%	7.09
Effingham	88.1%	4.7%	5.3%	6.57
Friary and St Nicolas	63.2%	13.3%	21.4%	5.19
Holy Trinity	66.0%	8.0%	24.0%	5.39
Lovelace	67.1%	16.2%	12.7%	5.92
Merrow	75.6%	14.3%	9.1%	5.88
Normandy	84.9%	8.4%	5.1%	5.87
Onslow	76.8%	7.9%	12.9%	5.92
Pilgrims	74.4%	7.1%	12.1%	7.08
Pirbright	47.1%	7.0%	43.7%	6.22
Send	84.6%	8.4%	5.1%	6.37
Shalford	75.4%	13.6%	8.2%	5.93
Stoke	54.0%	35.2%	8.5%	5.24
Stoughton	79.0%	7.8%	12.2%	5.3
Tillingbourne	71.7%	10.9%	12.9%	6.53
Westborough	55.8%	33.2%	8.5%	5.1
Worplesdon	81.6%	10.3%	6.2%	5.66

Source: 2001 Census data (from Office for National Statistics 2007)

	Table A2.3 Guildford ward maps – data (III)			
Ward	Property prices* (Figure 7.5)	% households – overcrowded (Figure 8.1)	% people – BME (Figure 12.1)	% people - LLTI (Figure 13.1)
Ash South and Tongham	£178,298	5.4%	4.1%	13.1%
Ash Vale	£161,608	4.2%	5.1%	11.2%
Ash Wharf	£166,093	5.6%	3.8%	16.0%
Burpham	£203,335	6.7%	9.0%	11.0%
Christchurch	£307,172	4.2%	11.5%	13.2%
Clandon and Horsley	£465,268	2.1%	7.5%	12.3%
Effingham	£341,528	3.1%	7.2%	11.9%
Friary and St Nicolas	£248,867	10.6%	12.9%	12.6%
Holy Trinity	£279,305	13.9%	13.4%	11.8%
Lovelace	£396,578	7.3%	10.6%	15.7%
Merrow	£253,603	6.2%	7.9%	12.5%
Normandy	£305,275	2.7%	4.0%	16.6%
Onslow	£229,192	6.3%	23.5%	9.0%
Pilgrims	£522,774	2.8%	5.8%	13.4%
Pirbright	£412,879	2.2%	6.8%	6.3%
Send	£306,543	2.5%	5.4%	13.2%
Shalford	£305,361	3.7%	5.5%	16.5%
Stoke	£162,788	7.9%	5.9%	17.8%
Stoughton	£200,255	7.9%	9.3%	10.7%
Tillingbourne	£416,795	4.3%	5.0%	13.0%
Westborough	£162,716	9.6%	7.7%	15.0%
Worplesdon	£232,715	3.7%	6.3%	13.5%

Source: Office for National Statistics 2007 (from 2001 Census data except *: 'Changes of Ownership by Dwelling Price, Price Indicators for All Dwellings' 2002)

Table A2.4 Guildford ward maps – data (IV)				
Ward	% people – key workers (Figure 14.1)	% h'holds – pensioner-only (Figure 15.1)	% h'holds – dependant children (Figure 16.1)	% h'holds – lone parents (Figure 16.2)	% people – students (Figure 17.1)
Ash South and Tongham	20.6%	20.6%	29.9%	7.2%	5.0%
Ash Vale	26.3%	15.0%	26.3%	5.5%	3.8%
Ash Wharf	22.4%	21.2%	27.3%	8.6%	4.4%
Burpham	23.8%	21.0%	27.1%	4.7%	7.1%
Christchurch	26.5%	32.4%	25.2%	3.9%	6.8%
Clandon and Horsley	21.6%	29.6%	31.5%	4.6%	5.8%
Effingham	22.3%	29.9%	29.7%	3.6%	6.4%
Friary and St Nicolas	23.2%	19.4%	18.0%	5.2%	11.5%
Holy Trinity	23.5%	20.9%	18.6%	4.6%	8.7%
Lovelace	20.9%	29.7%	26.3%	5.0%	3.9%
Merrow	24.5%	25.0%	28.5%	5.6%	5.3%
Normandy	21.7%	27.0%	23.4%	5.1%	5.0%
Onslow	28.7%	23.0%	29.1%	6.1%	45.4%
Pilgrims	21.2%	26.3%	26.9%	4.5%	5.5%
Pirbright	66.1%	13.5%	45.6%	4.1%	3.4%
Send	21.1%	25.1%	30.7%	6.7%	5.6%
Shalford	23.8%	29.3%	25.4%	5.6%	6.0%
Stoke	19.7%	24.4%	26.0%	8.5%	9.0%
Stoughton	22.6%	17.7%	29.3%	5.2%	11.0%
Tillingbourne	20.3%	29.4%	24.0%	5.5%	4.3%
Westborough	22.4%	21.4%	32.2%	12.4%	10.6%
Worplesdon	22.7%	24.6%	27.4%	7.0%	7.1%

Source: 2001 Census data (from Office for National Statistics 2007)

Waverley data

Figure A2.2 Waverley wards

1	Alfold, Cranleigh Rural and Ellens Green
2	Blackheath and Wonersh
3	Bramley, Busbridge and Hascombe
4	Chiddingfold and Dunsfold
5	Cranleigh East
6	Cranleigh West
7	Elstead and Thursley
8	Ewhurst
9	Farnham Bourne
10	Farnham Castle
11	Farnham Firgrove
12	Farnham Hale and Heath End
13	Farnham Moor Park
14	Farnham Shortheath and Boundstone
15	Farnham Upper Hale
16	Farnham Weybourne and Badshot Lea
17	Farnham Wrecclesham and Rowledge
18	Frensham, Dockenfield and Tilford
19	Godalming Binscombe
20	Godalming Central and Ockford
21	Godalming Charterhouse
22	Godalming Farncombe and Catteshall
23	Godalming Holloway
24	Haslemere Critchmere and Shottermill
25	Haslemere East and Grayswood
26	Hindhead
27	Milford
28	Shamley Green and Cranleigh North
29	Witley and Hambledon

Table A2.5 Waverley ward maps – data				
Ward	% people - SOC 2000 major groups 1-3 (Figure 5.4)	% people – long-term Unemployed (Figure 5.6)	% households - detached/ semi-detached (Figure 6.3)	% households - terraced/flats (Figure 6.3)
Alfold, Cranleigh Rural and Ellens Green	48.6%	0.34%	66.4%	33.6%
Blackheath and Wonersh	61.7%	0.30%	83.6%	16.4%
Bramley, Busbridge and Hascombe	54.6%	0.26%	76.5%	23.5%
Chiddingfold and Dunsfold	52.9%	0.40%	84.0%	16.0%
Cranleigh East	44.7%	0.42%	67.7%	32.3%
Cranleigh West	50.8%	0.21%	73.7%	26.3%
Elstead and Thursley	54.1%	0.19%	83.0%	17.0%
Ewhurst	55.5%	0.19%	85.7%	14.3%
Farnham Bourne	64.7%	0.44%	89.2%	10.8%
Farnham Castle	52.2%	0.43%	43.2%	56.8%
Farnham Firgrove	55.8%	0.42%	70.3%	29.7%
Farnham Hale and Heath End	51.7%	0.09%	72.6%	27.4%
Farnham Moor Park	58.8%	0.57%	64.2%	35.8%
Farnham Shortheath and Boundstone	54.1%	0.47%	77.4%	22.6%
Farnham Upper Hale	42.7%	0.41%	67.6%	32.4%
Farnham Weybourne and Badshot Lea	46.9%	0.32%	74.2%	25.8%
Farnham Wrecclesham and Rowledge	54.6%	0.34%	71.8%	28.2%
Frensham, Dockenfield and Tilford	60.3%	0.29%	86.6%	13.4%
Godalming Binscombe	32.2%	0.59%	72.9%	27.1%
Godalming Central and Ockford	47.6%	0.45%	55.2%	44.8%
Godalming Charterhouse	62.1%	0.39%	53.5%	46.5%
Godalming Farncombe and Catteshall	47.9%	0.31%	53.8%	46.2%
Godalming Holloway	65.9%	0.31%	84.4%	15.6%
Haslemere Critchmere and Shottermill	50.3%	0.25%	58.7%	41.3%
Haslemere East and Grayswood	57.7%	0.54%	65.9%	34.1%
Hindhead	55.3%	0.48%	71.7%	28.3%
Milford	46.7%	0.41%	64.5%	35.5%
Shamley Green and Cranleigh North	54.2%	0.00%	85.8%	14.2%
Witley and Hambledon	51.7%	0.32%	74.7%	25.3%

Source: 2001 Census data (from Office for National Statistics 2007)

Table A2.6 Waverley ward maps – data (II)			
Ward	% households - owner-occupied (Figure 6.4)	% households – private rented (Figure 6.4)	% households – social rented (Figure 6.4)	Average dwelling size (Figure 6.6)
Alfold, Cranleigh Rural and Ellens Green	78.2%	9.7%	8.8%	5.55
Blackheath and Wonersh	85.0%	5.6%	6.4%	6.86
Bramley, Busbridge and Hascombe	72.5%	12.6%	11.0%	6.6
Chiddingfold and Dunsfold	78.2%	11.9%	6.5%	6.69
Cranleigh East	76.5%	16.2%	5.9%	5.9
Cranleigh West	80.3%	6.4%	9.6%	6.07
Elstead and Thursley	77.4%	11.3%	7.4%	6.5
Ewhurst	80.8%	9.0%	4.8%	6.73
Farnham Bourne	90.4%	4.0%	4.5%	7.34
Farnham Castle	66.3%	17.8%	13.3%	5.15
Farnham Firgrove	73.8%	16.1%	8.4%	5.82
Farnham Hale and Heath End	86.2%	6.9%	6.2%	5.9
Farnham Moor Park	71.3%	15.9%	10.2%	6.2
Farnham Shortheath and Boundstone	79.8%	14.1%	4.8%	6.16
Farnham Upper Hale	75.9%	16.5%	6.2%	5.96
Farnham Weybourne and Badshot Lea	81.8%	10.5%	6.4%	5.58
Farnham Wrecclesham and Rowledge	81.9%	8.9%	7.2%	6.2
Frensham, Dockenfield and Tilford	78.3%	10.1%	6.3%	7.19
Godalming Binscombe	61.1%	32.5%	5.1%	5.33
Godalming Central and Ockford	64.4%	21.3%	12.6%	5.09
Godalming Charterhouse	73.2%	6.6%	16.4%	5.95
Godalming Farncombe and Catteshall	71.0%	14.8%	12.2%	5.09
Godalming Holloway	93.1%	0.7%	5.6%	6.82
Haslemere Critchmere and Shottermill	74.1%	14.3%	9.8%	5.67
Haslemere East and Grayswood	75.3%	15.0%	7.7%	6.42
Hindhead	79.9%	9.0%	8.3%	6.41
Milford	74.7%	16.6%	6.8%	5.64
Shamley Green and Cranleigh North	76.0%	12.6%	8.8%	6.89
Witley and Hambledon	74.9%	14.4%	6.0%	6.53

Source: 2001 Census data (from Office for National Statistics 2007)

Ward	Property prices* (Figure 7.5)	% households – overcrowded (Figure 8.1)	% people – BME (Figure 12.1)	% people - LLTI (Figure 13.1)
Alfold, Cranleigh Rural and Ellens Green	£197,973	3.3%	3.5%	19.9%
Blackheath and Wonersh	£481,063	2.2%	5.0%	11.4%
Bramley, Busbridge and Hascombe	£361,382	4.3%	7.1%	13.9%
Chiddingfold and Dunsfold	£431,471	2.0%	5.8%	13.5%
Cranleigh East	£221,749	3.5%	4.0%	13.5%
Cranleigh West	£231,699	4.0%	6.0%	14.3%
Elstead and Thursley	£338,402	3.6%	4.6%	15.2%
Ewhurst	£377,183	2.4%	6.9%	13.4%
Farnham Bourne	£378,883	1.5%	5.1%	13.1%
Farnham Castle	£243,887	8.1%	10.2%	16.7%
Farnham Firgrove	£239,176	6.8%	6.5%	16.6%
Farnham Hale and Heath End	£193,578	3.4%	4.4%	11.5%
Farnham Moor Park	£283,388	6.6%	6.2%	16.5%
Farnham Shortheath and Boundstone	£236,365	3.1%	4.1%	12.9%
Farnham Upper Hale	£188,016	3.3%	4.3%	13.5%
Farnham Weybourne and Badshot Lea	£186,510	2.8%	4.3%	14.3%
Farnham Wrecclesham and Rowledge	£224,532	4.9%	6.3%	12.4%
Frensham, Dockenfield and Tilford	£407,220	2.8%	9.5%	13.6%
Godalming Binscombe	£174,993	6.5%	4.4%	15.6%
Godalming Central and Ockford	£183,805	7.9%	6.8%	15.7%
Godalming Charterhouse	£227,126	4.2%	10.8%	9.4%
Godalming Farncombe and Catteshall	£173,546	7.3%	5.7%	15.4%
Godalming Holloway	£302,289	2.0%	6.1%	9.1%
Haslemere Critchmere and Shottermill	£219,146	6.6%	7.0%	15.3%
Haslemere East and Grayswood	£279,173	5.5%	6.3%	13.7%
Hindhead	£218,859	5.6%	7.5%	17.2%
Milford	£220,179	4.2%	4.8%	14.7%
Shamley Green and Cranleigh North	£379,310	2.6%	4.9%	12.9%
Witley and Hambledon	£326,770	4.3%	7.9%	13.1%

Table A2.7 Waverley ward maps – data (III)

Source: Office for National Statistics 2007 (from 2001 Census data except *: 'Changes of Ownership by Dwelling Price, Price Indicators for All Dwellings' 2002)

Table A2.8 Waverley ward maps – data (IV)				
Ward	% people – key workers (Figure 14.1)	% h'holds – pensioner- only (Figure 15.1)	% h'holds – dependant children (Figure 16.1)	% h'holds – lone parents (Figure 16.2)	% people – students (Figure 17.1)
Alfold, Cranleigh Rural and Ellens Green	19.0%	41.4%	20.3%	4.6%	4.5%
Blackheath and Wonersh	22.4%	29.2%	26.5%	4.4%	5.9%
Bramley, Busbridge and Hascombe	23.2%	27.3%	27.0%	6.2%	6.9%
Chiddingfold and Dunsfold	20.6%	22.9%	31.0%	5.3%	4.7%
Cranleigh East	26.1%	27.4%	30.1%	7.8%	5.3%
Cranleigh West	27.4%	27.9%	23.1%	4.8%	10.7%
Elstead and Thursley	21.1%	31.1%	25.7%	4.8%	4.0%
Ewhurst	26.9%	28.2%	22.6%	5.6%	15.6%
Farnham Bourne	23.3%	33.7%	27.9%	4.1%	5.8%
Farnham Castle	20.1%	32.4%	18.5%	5.4%	19.2%
Farnham Firgrove	23.3%	29.8%	26.2%	7.3%	8.1%
Farnham Hale and Heath End	21.3%	21.6%	29.6%	6.7%	6.2%
Farnham Moor Park	22.5%	26.9%	26.2%	6.3%	9.6%
Farnham Shortheath and Boundstone	22.5%	22.4%	32.3%	7.1%	5.3%
Farnham Upper Hale	20.5%	16.6%	32.5%	9.1%	8.1%
Farnham Weybourne and Badshot Lea	22.2%	24.9%	25.9%	5.6%	4.9%
Farnham Wrecclesham and Rowledge	23.9%	25.4%	28.7%	6.5%	9.1%
Frensham, Dockenfield and Tilford	20.7%	27.6%	29.9%	4.8%	6.3%
Godalming Binscombe	22.8%	24.9%	31.5%	10.1%	4.8%
Godalming Central and Ockford	22.5%	22.3%	26.4%	10.2%	4.1%
Godalming Charterhouse	27.3%	19.3%	22.7%	4.4%	17.8%
Godalming Farncombe and Catteshall	23.8%	25.8%	22.7%	6.2%	4.6%
Godalming Holloway	25.9%	20.0%	35.6%	4.3%	6.8%
Haslemere Critchmere and Shottermill	24.0%	23.2%	28.7%	6.8%	5.0%
Haslemere East and Grayswood	24.0%	34.9%	27.0%	6.2%	5.3%
Hindhead	24.1%	24.0%	26.6%	5.1%	5.1%
Milford	22.0%	27.9%	29.9%	6.9%	4.9%
Shamley Green and Cranleigh North	23.2%	27.3%	29.2%	8.3%	5.7%
Witley and Hambledon	25.4%	24.0%	31.3%	6.9%	10.1%

Source: 2001 Census data (from Office for National Statistics 2007)

Woking data

Figure A2.3 Woking wards

1	Brookwood
2	Byfleet
3	Goldsworth East
4	Goldsworth West
5	Hermitage and Knaphill South
6	Horsell East and Woodham
7	Horsell West
8	Kingfield and Westfield
9	Knaphill
10	Maybury and Sheerwater
11	Mayford and Sutton Green
12	Mount Hermon East
13	Mount Hermon West
14	Old Woking
15	Pyrford
16	St. John's and Hook Heath
17	West Byfleet
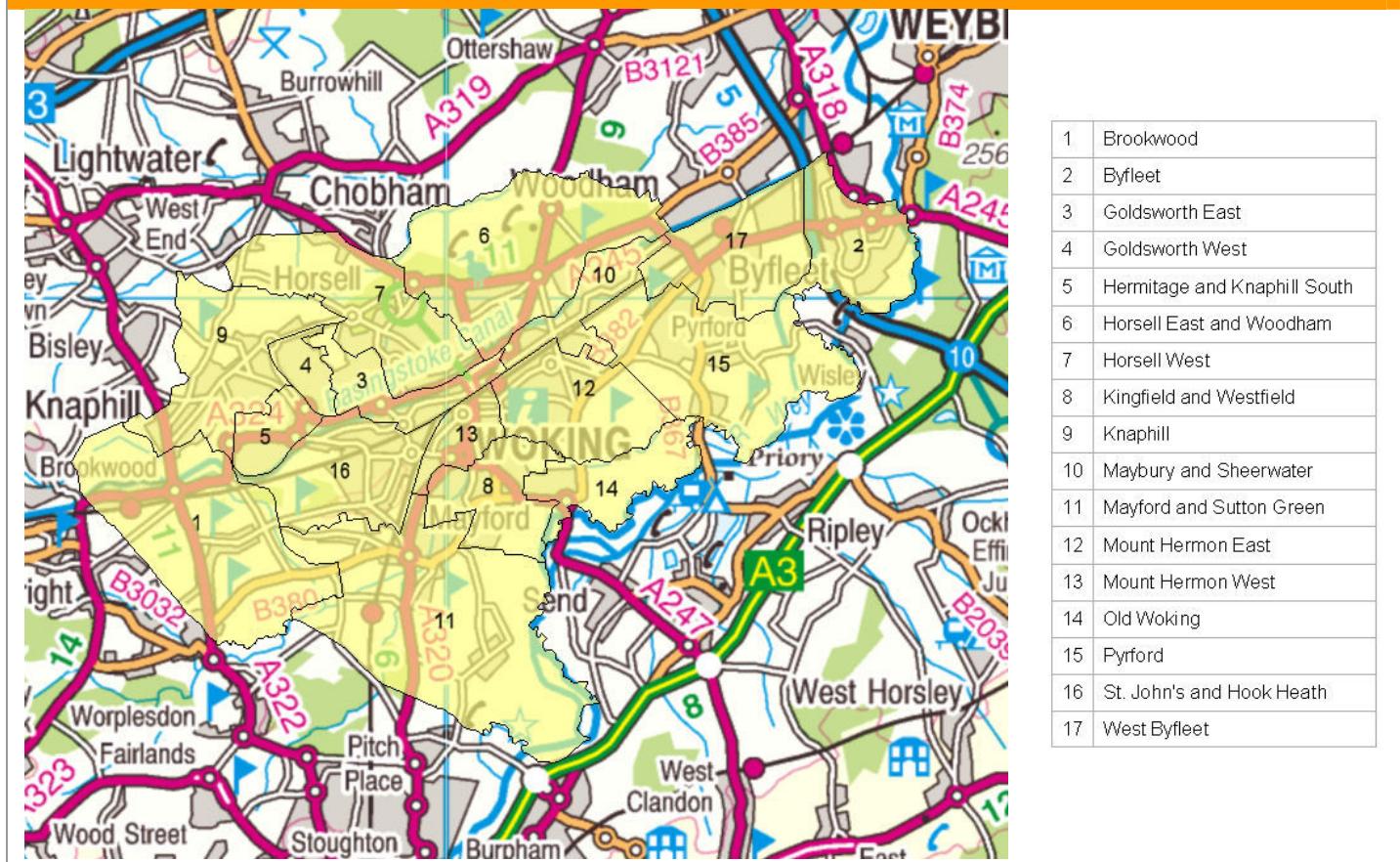
Table A2.9 Woking ward maps – data				
Ward	% people - SOC 2000 major groups 1-3 (Figure 5.4)	% people – long-term Unemployed (Figure 5.6)	% households - detached/semi-detached (Figure 6.3)	% households - terraced/flats (Figure 6.3)
Brookwood	59.9%	0.34%	75.0%	25.0%
Byfleet	42.3%	0.25%	55.9%	44.1%
Goldsworth East	47.9%	0.35%	40.1%	59.9%
Goldsworth West	42.8%	0.39%	36.6%	63.4%
Hermitage and Knaphill South	40.9%	0.44%	47.7%	52.3%
Horsell East and Woodham	65.0%	0.13%	85.7%	14.3%
Horsell West	55.0%	0.29%	73.1%	26.9%
Kingfield and Westfield	38.0%	0.56%	71.4%	28.6%
Knaphill	49.8%	0.30%	60.0%	40.0%
Maybury and Sheerwater	33.5%	0.55%	37.0%	63.0%
Mayford and Sutton Green	56.7%	0.17%	94.0%	6.0%
Mount Hermon East	64.5%	0.09%	68.5%	31.5%
Mount Hermon West	63.7%	0.20%	23.1%	76.9%
Old Woking	38.2%	0.37%	73.1%	26.9%
Pyrford	63.9%	0.19%	90.3%	9.7%
St John's and Hook Heath	64.3%	0.31%	68.6%	31.4%
West Byfleet	59.4%	0.17%	68.3%	31.7%

Source: 2001 Census data (from Office for National Statistics 2007)

Table A2.10 Woking ward maps – data (II)				
Ward	% households - owner-occupied (Figure 6.4)	% households – private rented (Figure 6.4)	% households – social rented (Figure 6.4)	Average dwelling size (Figure 6.6)
Brookwood	87.3%	0.8%	9.5%	6.66
Byfleet	79.4%	13.8%	5.5%	5.27
Goldsworth East	69.4%	17.9%	11.4%	4.78
Goldsworth West	79.9%	12.8%	6.5%	4.89
Hermitage and Knaphill South	74.8%	18.2%	5.6%	5
Horsell East and Woodham	87.7%	3.0%	8.2%	7.25
Horsell West	78.6%	11.9%	8.2%	5.89
Kingfield and Westfield	72.6%	21.0%	5.0%	5.44
Knaphill	82.6%	9.9%	6.6%	5.61
Maybury and Sheerwater	57.2%	30.6%	10.1%	4.79
Mayford and Sutton Green	92.7%	1.1%	4.6%	7.06
Mount Hermon East	75.4%	4.4%	17.8%	6.48
Mount Hermon West	69.8%	3.8%	25.0%	4.6
Old Woking	73.4%	19.5%	6.2%	5.24
Pyrford	91.0%	1.9%	6.1%	7.15
St John's and Hook Heath	83.7%	7.6%	7.3%	6.69
West Byfleet	79.3%	5.6%	14.0%	6.61

Source: 2001 Census data (from Office for National Statistics 2007)

Table A2.11 Woking ward maps – data (III)				
Ward	Property prices* (Figure 7.5)	% households – overcrowded (Figure 8.1)	% people – BME (Figure 12.1)	% people - LLTI (Figure 13.1)
Brookwood	£296,452	2.5%	9.7%	9.8%
Byfleet	£184,610	6.7%	7.0%	13.7%
Goldsworth East	£163,637	10.2%	18.0%	12.5%
Goldsworth West	£154,225	5.8%	10.9%	10.3%
Hermitage and Knaphill South	£159,141	6.6%	7.5%	13.8%
Horsell East and Woodham	£388,029	1.9%	11.5%	12.1%
Horsell West	£250,455	5.2%	10.7%	12.7%
Kingfield and Westfield	£201,316	5.5%	9.0%	16.2%
Knaphill	£215,495	4.4%	10.1%	11.4%
Maybury and Sheerwater	£140,893	15.4%	39.3%	15.3%
Mayford and Sutton Green	£332,048	1.7%	6.5%	11.1%
Mount Hermon East	£270,122	9.7%	21.1%	13.3%
Mount Hermon West	£187,198	13.1%	19.0%	15.2%
Old Woking	£155,478	6.2%	7.2%	13.9%
Pyrford	£400,832	1.1%	12.7%	12.5%
St John's and Hook Heath	£322,059	4.6%	11.6%	12.8%
West Byfleet	£301,013	2.7%	11.2%	11.8%

Source: Office for National Statistics 2007 (from 2001 Census data except *: 'Changes of Ownership by Dwelling Price, Price Indicators for All Dwellings' 2002)

Table A2.12 Woking ward maps – data (IV)					
Ward	% people – key workers (Figure 14.1)	% h'holds – pensioner-only (Figure 15.1)	% h'holds – dependant children (Figure 16.1)	% h'holds – lone parents (Figure 16.2)	% people – students (Figure 17.1)
Brookwood	22.1%	19.4%	36.4%	4.9%	5.5%
Byfleet	19.1%	24.3%	28.9%	8.5%	4.2%
Goldsworth East	19.2%	17.3%	31.8%	10.1%	5.1%
Goldsworth West	19.0%	12.2%	36.8%	9.3%	5.6%
Hermitage and Knaphill South	20.6%	22.7%	30.3%	8.6%	4.1%
Horsell East and Woodham	22.8%	23.9%	31.4%	3.7%	4.8%
Horsell West	22.5%	24.6%	32.5%	6.3%	5.5%
Kingfield and Westfield	19.2%	24.3%	29.8%	11.2%	4.4%
Knaphill	20.9%	14.8%	33.6%	7.3%	4.2%
Maybury and Sheerwater	16.2%	20.4%	35.8%	11.2%	7.5%
Mayford and Sutton Green	21.3%	24.7%	29.0%	3.5%	5.1%
Mount Hermon East	21.0%	21.5%	28.2%	4.5%	5.2%
Mount Hermon West	19.5%	26.6%	14.4%	4.5%	3.9%
Old Woking	17.8%	18.7%	33.3%	11.4%	5.1%
Pyrford	21.3%	27.2%	30.8%	3.9%	4.9%
St John's and Hook Heath	21.6%	27.5%	26.9%	3.6%	5.8%
West Byfleet	21.3%	26.0%	29.8%	5.8%	5.5%

Source: 2001 Census data (from Office for National Statistics 2007)

Appendix A3 Responses to key findings

A4.1   This section provides a summary of responses from stakeholders in relation to the main findings of the SHMA. Key messages from the community consultation appear at the end of the section.

Table A3.1 Responses from stakeholders (1)

Table 1 contained delegates from the following organisations:

- Planning Issues Ltd
- Adams Integra
- SEEDA
- Crownhall Estates Ltd
- Accent Peerless
- Godalming CAB
- Waverley BC
- Waverley BC

1. Do the figures match experiences or expectation locally?
   - Housing shortages and surpluses
   - Household and employment projections
   - Migration and travel to work

- With 2,500+ on each Local Authority register, is the overall annual requirement of 2,000 units pa enough? – Sarah and Justin (Fordham Research) indicated that this figure is enough as it is a per year basis rather than an overall figure.

- Are the figures weighted for higher levels of development in growth hubs? I.e. Waverley would be likely to receive a lower figure as it is not a hub and the housing requirement is generally lower.

- Issue of the majority of development falling below the affordable housing threshold
  - How could this best be addressed?

- Is what is needed being produced?

- Will there be an assessment of how effective each Local Authority's planning policies have been before making recommendations for future direction? Did levels of affordable housing increase with the introduction of the affordable housing threshold / percentages policy or has this in fact stifled development? Could Fordham's gather this data and assess what has / has not worked historically in the final report?

- Need for/ success of retirement villages.

- Implications of lifetime homes; conflict between need for more housing and housing taking up larger plot sizes (downstairs bathroom, wide stairs etc).

- Operating in an area with many restrictive planning policies; SPA, AONB etc.

- Mismatch of type of housing being produced i.e. high density flats in town centres, whereas the demand is moving towards more family housing.

Table A3.1 Responses from stakeholders (1)

2. Sustainability and infrastructure
  - Development
  - Transport
  - Health and education services
  - Local economy and employment

- Frustration expressed at s.106 tariff
  - How is it monitored?
  - How are the costs justified?
  - How will it be reviewed?

- Rural exceptions approach in bringing forward land, which generates a higher land price then just agricultural, but not as high as open market.

- Should infrastructure funding come from development or should there be a central government pot for such things as they are putting more weight onto increasing housing.

3. Implications for the future:
  - Key messages for the local authorities
  - Key messages for the Regional Assembly

- Create an intermediary form of Greenfield land release but release specifically for affordable housing – driven by land economics. This raises the issue of the government wanting integrated sites and not 100% affordable, however there was a general consensus that integrated affordable housing is suitable for housing developments but not flatted developments.

General discussion points

- High levels of under-occupation:
  - Implications for downsizing, importance of location, lack of opportunities
  - How many people would like to move if they had the opportunity?

- Existing SCC Supporting People research:
  - Extra Care Housing for Older People
  - People with multiple support needs e.g. older people with learning difficulties

- Existing research into need for extra care in the private sector.

- What are the housing needs of Immigrants/ Students?

Table A3.2 Responses from stakeholders (2)

Table 2 contained delegates from the following organisations:

- Cala Homes (South) Ltd
- Surrey Supporting People Team
- Adults & Community Care, SCC
- Guildford Citizens Advice Bureau
- GOSE
- Woking BC
- Guildford BC

1. Do the figures match experiences or expectation locally?

  - Housing shortages and surpluses

  - Household and employment projections

  - Migration and travel to work

- View that demand higher than shown in report.
- Hidden households – has this issue been addressed – considered that the number of both young and older adults living with parents is high.
- Surprised at low level of lone parent households revealed.
- Key worker housing demand should be recognised as more complicated than a borough or HMA-wide issue – it is locational – demand will be higher nearer schools and hospitals, for example.
- Not surprised at high levels of under-occupancy. Market needs to offer bigger choice for older people to downsize (e.g. larger living rooms).
- Fordhams should note the newly published national strategy 'Housing for an ageing society' and cross-reference their findings with this.
- Planning departments should put together planning briefs for sites to ensue that the appropriate mix of size type and tenure is secured on a site by site basis.
- The impact of students on private market rents should be acknowledged.
- SCC has offered to feed in to the Extra Care housing section of the report before it is published.
- It should be acknowledged that there is a high demand for private sector family housing. Building at the top of the market relieves pressure at the bottom.
- No surprises re. income and employment data due to proximity to London.

2. Sustainability and infrastructure

   - Development

   - Transport

   - Health and education services

   - Local economy and employment

- There is high demand for sustainable/ energy efficient homes.
- Can key workers afford key worker housing? How successful have schemes been?
- The solution to meeting housing need should be an holistic one (including

Table A3.2 Responses from stakeholders (2)

design considerations, for example, lifetime homes).

- Will increase in housing relive or exacerbate traffic congestion?
- Impact on health services – smaller room sizes can make it difficult to provide care in the home (for example if two carers cannot fit in a small bathroom for washing patient, wheelchair access).
- Funding – how is all the infrastructure going to be paid for? Developers have no incentive to build certain types of housing due to high level of s106 and affordable housing contributions.
- With population changes, can we keep up with current demand let alone that created by 'new' population?
- Where will these new houses go? NIMBY reactions. People do not want Green Belt but it may be inevitable.
- Decent homes standard. Quality not just quantity!

3. Implications for the future:

   - Key messages for the local authorities

   - Key messages for the Regional Assembly

- Imbalance between supply and demand – will fear that this will lead to planning by appeal.
- It is for the people to make the choice – how do we want to deliver this housing? High rise or Green Belt release.

Table A3.3 Responses from stakeholders (3)

Table 3 contained delegates from the following organisations:

- Surrey Community Development Trust
- John Sharkey & Co. Ltd (Unit College for Creative Arts)
- South East England Regional Assembly
- Guildford Borough Council
- Woking Borough Council

1. Do the figures match experiences or expectation locally?

- **Housing shortages and surpluses**

- **Household and employment projections**

- **Migration and travel to work**

- SEERA have information on employment projections on their website as well as travel to work statistics.
- A new way of working through section 106 agreements could be used which states 'number of habitable rooms' rather than unit/bedroom size in order to get more family sized accommodation.
- More in-depth behavioural research – why do people stay or go?

2. Sustainability and infrastructure

- **Development**

- **Transport**

- **Health and education services**

- **Local economy and employment**

- Local Authorities need to look outward and work together with regards to affordable housing.
- It was felt the local PCT had gone through lots of changes and was unsure of the way forward.

3. Implications for the future:

- **Key messages for the local authorities**

- **Key messages for the Regional Assembly**

- SPA issues were discussed with regards to mitigation and reducing the distances.
- Make the whole process for developing smoother.
- More data is required regarding Eastern European migration.
- Regional policy is a target.
- Sustainability issues with historic stock.
- Housing Corporation constraints.

Table A3.4 Responses from stakeholders (4)

Table 4 contained delegates from the following organisations:

- Home Group
- Barton Willmore
- Persimmon Homes
- Community Mental Health Team, (Woking)
- Kier Partnership Homes Ltd
- Woking BC

1. Do the figures match experiences or expectation locally?

  - Housing shortages and surpluses

  - Household and employment projections

  - Migration and travel to work

- The affordable housing data was considered to be right – especially in clearly highlighting the need for intermediate housing. The affordability of shared ownership schemes is a problem; equity entry-level should be 25% rather than 50%. Easy to see the need for intermediate housing in an affluent area, but would be creating a problem if not addressing the core need of people at the bottom of the ladder. Many people in social rented housing could afford intermediate rents.
- Clear statement of need welcomed.
- Total housing numbers – supply is never going to be enough to meet need and demand.
- Economic growth can happen without growth in dwelling numbers.
- If there is a mismatch in supply and demand for all groups in the community, the economy will not remain buoyant and this will not help with the aim to achieve sustainable communities.
- High proportion of flats to houses. How many of the flats in Woking are buy to let? This is partly a result of the drive to build on brownfield rather than greenfield sites.
- Difficult to get right in planning terms – ultimately planning policy cannot constrain the market, it can only shape it.
- Under-occupation – what will help to address this? Need for behavioural research.
- Accommodation for the elderly tends to be built on sites not of interest to the volume house builder.
- Stagnation of one housing market sector will have an impact on other sectors – lack of dynamics.
- Recent Eastern European immigration has had an impact on private rented sector for larger, family houses (several / many sharing one house) – evidence for this? Still needs to be addressed by report.

Table A3.4 Responses from stakeholders (4)

2. Sustainability and infrastructure
- **Development**
- **Transport**
- **Health and education services**
- **Local economy and employment**

- There is a rural issue – rural communities need to be allowed to grow dynamically in the interest of achieving sustainable communities. Scale needs to be appropriate to location.
- Sustainable urban extensions can fund the infrastructure required.
- House builders support funding infrastructure and the CIL, but not to the extent where it kills development by making it unviable. There will be a cost in implementing the Code for Sustainable Homes – a difference between achieving level 3 or level 4.
- Regulatory framework for services – costs of connections.
- House builders and developers can sign up to the agenda and are willing players but there are many actors in the process, and many impediments to development from many of them, particularly the QUANGOs (ransom strips etc).

3. Implications for the future:
- **Key messages for the local authorities**
- **Key messages for the Regional Assembly**

- Supported housing – for the most vulnerable in society. This needs mentioning and addressing.
- The only 'cash cow' is the development industry – money is not going to come from the Government. Message for the Regional Assembly – Government money is required for infrastructure.
- The LDF is an opportunity to turn other strategies into reality. Need to plan more specifically, identify the need and plan for it, use enabling policies. May need to relax some locational criteria – not all forms of housing have the same locational needs.
- Policy has the ability to change public behaviour, particularly in terms of public transport – carrot and stick.

General discussion points
- As far as it is possible, considered that this area is an HMA – with a caveat, as it has a low degree of self-containment. The observation that Waverley is very different from Woking and Guildford was made.

A4.2   Key messages from the community consultations held to discuss the report findings in each of the three Boroughs were as follows:

Guildford

- Although SHMA focuses on the three Boroughs of Guildford, Woking and Waverley, the 'London effect' has a huge influence and should be emphasised.
- Infrastructure needs to be improved with proposed new housing.
- Concerns about quality of life, environmental factors with onset of new housing.
- Discussion about pressure on green belt; emotive issue for locals and Londoners.

Waverley

- More social housing is needed, partly a problem of the Right-to-Buy.
- Future development must have the proper infrastructure in place, and also needs to be improved for current development.
- Waverley needs to retain its current employment land rather than convert it to residential use and focus on commercial development of the Borough.
- Build a small number of homes in more different areas, including villages, rather than urban extension.
- Debate as to whether West Surrey authorities could work together more closely. While this was thought to be beneficial, it was suggested that they have their own focus and interests.
- Older people do want to downsize, but the right type of housing needs to be available. Smaller homes, not necessarily bungalows, with a small garden, perhaps terraced housing. It is also difficult to downsize in villages. More assistance is required to do this.
- Affordable housing needs to be truly affordable.
- Do not build on flood plains.

Woking

- There should be a regional spread of housing development, so West Surrey local authorities should work together on this.
- Change the mix of housing developed – flats may provide density of housing but might be of short-term use.
- Debate over use of the greenbelt – retention versus lack of use and access with a preference for developing family sized housing with gardens.
- Infrastructure must be improved to support housing and household growth.
- Housing for key workers must be addressed to retain, for example, teachers.
- Make better use of redundant buildings and land for residential use.

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