ASSESSMENT OF LOCAL HOUSING NEEDS

ELMBRIDGE BOROUGH COUNCIL

Cobweb Consulting

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CONTENTS

EXECUTIVE SUMMARY

Policy context

1. Over the last several years national planning policy has undergone major changes, with the development of a revised National Planning Policy Framework (NPPF). Most recent changes require local authorities to base their planning policies on assessed housing need, calculated using a new standardised national methodology, together with an assessment of affordable housing need.

2. The NPPF and planning practice guidance no longer refer to an objective assessment of need (OAN) or to the preparation of a strategic housing market assessment (SHMA).

3. The NPPF and Planning Practice Guidance (PPG) have been revised to include a requirement to use the 2014-based official household projections (not the most recent household projections) as the starting point for the standardised national methodology.

4. National Planning Practice Guidance sets out this standardised national methodology for identifying housing need which should be followed unless there are strong local circumstances which suggest an alternative approach. A higher figure than that suggested by the standard methodology will be deemed sound by an Inspector, but a lower figure will need to be supported by robust evidence.

5. Constraints on provision such as land availability or infrastructure should not be taken into account when estimating need, although they are of course relevant in developing policies.

6. Total housing need should be broken down by age group, type of household, size of household, tenure, and any special requirements (such as those of disabled people).

7. A separate and detailed approach to assessing the need for affordable housing is also set out in PPG. This has not changed substantially from previous guidance.

Housing need

8. The new Standard Assessment Methodology for housing need is described in detail in PPG. The starting point is the 2014-based MHCLG household projections. **Applying the formula set out in PPG to this household projection, together with the applicable capping arrangements, produces a minimum household need of 626 dwellings per annum.**

9. Following the approach set out in previous PPG produces an estimate of the Objective Need for Housing (OAN) of 448 households per annum. This includes an estimate of the annual backlog of housing need, the average annual level of new household formation over the 2019-2039 period, allowances for vacancies and second homes in the additional housing stock, and an addition of 20% need to take account of market signals. This is significantly lower than the estimate of need produced using current guidance.

10. The current level of housing completions in the authority is well below the need of 474 dwellings per annum identified in the 2016 SHMA, and even further below the higher level of need produced using the standard methodology.

11. The NPPF and revised PPG specify unequivocally that local authorities should use the new standardised need assessment methodology[1] to calculate the level of housing need in their areas to inform the setting of a level of provision for new housing in their local plans, unless there are exceptional circumstances for using another estimate. Whilst a case can be made that both the 2014-based MHCLG household projections and the more recent 2016-based ONS household projections diverge from the picture of static population since 2016 revealed by mid-year estimates, a longer period is needed to assess whether this is a firm trend. There are thus no exceptional circumstances for diverging from the requirement in NPPF and PPG to use the 2014 based projections.

12. The housing figure (as calculated by the standard method) is an important consideration, but a range of other matters, including the requirement for affordable housing and the availability of sites for housing will need to be taken into account by the Council in arriving at a decision about the level of new housing provision to be included in its new Local Plan.

13. Taking into account the existing pattern of occupation of the private housing stock which includes a substantial element of under-occupation, the impact of deteriorating affordability, and the need to make the most effective use of limited land supply, it is recommended that **the market element of new construction should be broken down by size as follows: one-bedroomed units 20%; two-bedroomed units 50%; three-bedroomed units 20%; and units with four or more bedrooms 10%.**

Affordable housing need

14. The need for affordable housing differs from total housing need. Assessed need, whether calculated through the new standardised methodology, or the former OAN process, is an assessment of the amount of *additional* housing stock required to cater for future household growth. The affordable housing requirement estimates the total amount of *affordable* housing required, which could be met in a variety of ways in addition to building more homes (for example, by acquiring private stock for use as affordable housing).

15. To assess gross affordable need, and following Planning Practice Guidance, estimates were made of the backlog of households in need at 2019, the additional numbers expected to fall into need, and the numbers of newly-forming households.

16. The need among this combined group for affordable housing was then assessed, based on the distribution of household incomes and market entry costs.

17. The projected supply of relet affordable homes was then deducted from the total needing affordable housing.

18. In line with previous practice and because of the high level of affordable need, it was assumed that backlog housing need would be met over a twenty-year period

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[1] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

19. **An estimated 399 households per annum could not afford to pay the market entry threshold cost and therefore needed affordable housing. After taking account of the supply of affordable housing from relets (130 dwellings per annum), the net level of affordable need is 269 units.**

Figure E.1 Affordable housing needs calculation
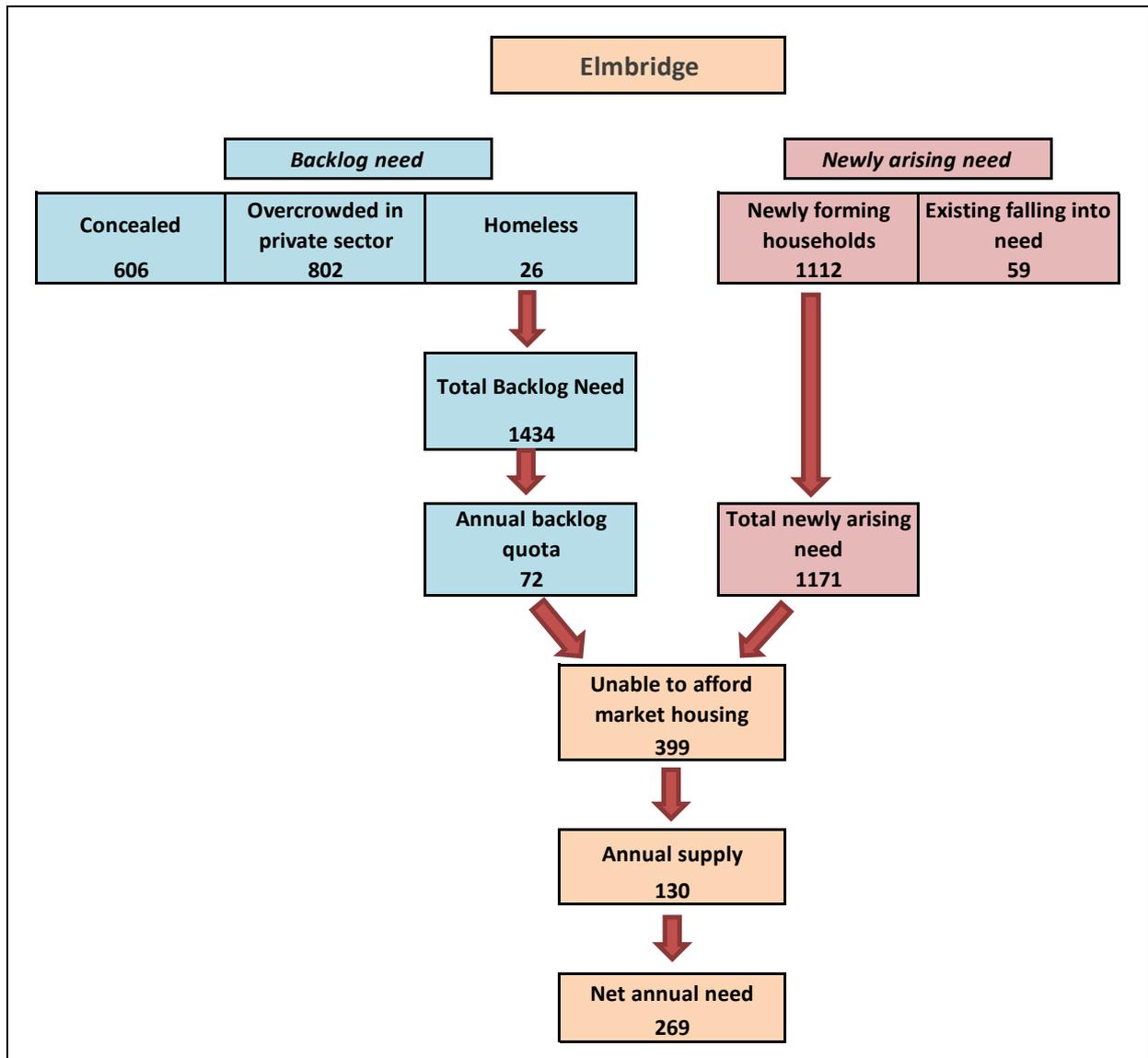
20. 5% of need is from households which cannot afford even a social rent without increasing the share of their income which they devote to housing costs above 25%. A further 12% can only afford a rent up to 49% of the private sector lower quartile rent. 54% of households in need could afford a rent between 50% and 75% of the lower quartile private sector rent. The remaining 29% of affordable need is from people who could afford higher costs and would probably therefore be able to access intermediate tenure housing of various types.

Hence 71% of affordable housing need is for rented affordable tenures and 29% is for intermediate tenures which could include elements of home ownership.

21. **In total, 15% of need is for one-bedroomed units, 34% for two-bedrooms; 11% for three bedrooms; and 40% for four or more bedrooms.**

22. The overall breakdown of dwelling requirements by size depends on various factors. Assuming that the target is to meet all overall need identified by the Standardised Assessment Methodology (626 dwellings per annum), Table E.1 below shows how size requirements differ, depending on the proportion of affordable need met by new construction. In all the example illustrated the greatest need is for two-bedroomed units.

Table E.1 Net annual need for market and affordable dwellings by size

			1 bed	2 bed	3 bed	4+ bed
Target size breakdown	Affordable housing		15%	34%	11%	40%
	Market housing		20%	50%	20%	10%
Dwellings per annum		Total	1 bed	2 bed	3 bed	4+ bed
Affordable need met in full by new construction	Standardised housing need	626	112	270	101	143
	Affordable housing	269	40	91	30	108
	Market housing	357	71	179	71	36
200 out of 269 dpa met by new construction	Standardised housing need	626	115	281	107	123
	Affordable housing	200	30	68	22	80
	Market housing	426	85	213	85	43
100 out of 269 dpa met by new construction	Standardised housing need	626	120	297	116	93
	Affordable housing	100	15	34	11	40
	Market housing	526	105	263	105	53

Housing requirements of specific groups

Older people

23. By 2035 the number of those aged 65 or over in Elmbridge is projected to be 35,500. This represents a 37% increase on 2020 figures.

24. The rate of increase of the 75 or over and 85 or over groups in the population is projected to be higher, at 46% and 80% respectively.

25. There is projected to be a 29% increase in the number of households containing those aged 65 or over, and significantly higher rates for older seniors (40% for 75+, 68% for 85+).

26. 72% of single older people and 90% of older couples own their own homes outright, implying there is considerable equity available to meet housing needs.
27. Substantial numbers of older people tend to under-occupy housing, implying that if they downsize this would free up more family-sized accommodation in all sectors.
28. **At the moment proportionately, the greatest requirement is for Extra Care accommodation.**
29. **Looking ahead to 2035 there will need to be a 41% increase in the need for affordable rented sheltered homes and a similar 41% increase in in the need for market / leased sheltered homes.**
30. **There will be a need for an additional 133 units of Extra Care accommodation between 2020 and 2035, 73% of which should be leasehold and 27% rented.**

Households with disabled members including wheelchair users

31. A gradual increase in the number of people with mobility disabilities is forecast between now and 2035, particularly of those aged 65 plus, where a 41% increase is expected, as well as a 4% increase among working age people.
32. **Demographic modelling suggests that 260 households have an unmet need for wheelchair accessible accommodation.**
33. There is some mismatch between the numbers needing social/affordable wheelchair accessible stock, and the allocations to that stock when it becomes available.
34. We suggest further work is undertaken to look more deeply into the economic circumstances of those potential 260 requiring such accommodation, to determine how many or what proportion could access market products.
35. **But in the interim it is clear that more effective use of the social housing wheelchair assets that become available should be made.**

Students

36. There are over 6,000 students resident in the borough during term time, including older school students.
37. 83% live with their parents. Around 12% live in the private rented sector.
38. There are currently no plans to build any purpose built student accommodation in the borough. The prime HE establishment in the borough only has 85 undergraduate students
39. The borough is a 'net exporter' of students – that is, the number of residents that leave the authority for elsewhere during term time is greater than the numbers that come in.
40. **In view of the above there does not seem to be a strong case for purpose-built student accommodation to be prioritised against other demands.**

Private rented sector (PRS)

41. The PRS has expanded in Elmbridge by 43% between the last two Censuses and is now likely to be providing homes for nearly 20% of households

42. Mature adults (age 25-49) comprise the largest group, and a high proportion of households have dependent children (42%).

43. Groups categorised as other than White are more reliant on the sector than White groups.

44. Private renters, including those with children, tended to live in smaller properties than owners, and to be more overcrowded.

45. Although private renters are more economically active than average, they are slightly more likely to be in lower-paid and less responsible jobs than average.

46. Rents have increased by between 18% and 56% since 2010 (depending on bedsize); there are signs that the increase rate is slowing.

47. Assuming up to a third of household incomes should go on housing costs, half of renters cannot afford a median rent two bedroom home.

48. The number of PRS tenancies let to those claiming Housing Benefit has reduced sharply, by 34%, since 2011; some of the reduction will be because of transfer to Universal Credit. However, if it is becoming less of an option for those on lower incomes, this must be of concern to the authority, particularly given the high proportion of households with dependent children that rely upon it.

49. In spite of the reduction in claims, new claimants represent 50% of newly-arising housing need every year.

50. Loss of a PRS tenancy is accounting for 17% of initial assessments under the Homelessness Reduction Act 2017.

51. **Looking to the future, it seems likely that landlords will continue to exit the Housing Benefit / Universal Credit sub-sector and 'upmarket' their offers, to the detriment of those on lower incomes. There must be concern about access for those on the lower end of the income spectrum, and the knock-on effects on homelessness services if this scenario arises.** We understand that the authority is engaging with landlords, to encourage them to stay in this market, with initiatives such as the Rental Support Scheme, and further measures should be considered where possible

Those wishing to build their own homes

52. As of January 2020, 206 individuals were on the register set up under the Self-Build and Custom Housing Building Act 2015 to monitor those interested in acquiring land for self / custom-build projects.

53. Of these, 29% did not live in the Borough, 70% were already owner-occupiers and only four were social housing residents. Only eight were on the housing register.

54. The Act expects an authority to make provision in certain circumstances for suitable serviced plots to meet demand as evidenced by the register.

55. The authority may wish to set up a two-part register, to ensure that only those meeting the appropriate criteria be considered for serviced plots.

56. **In the context of other priorities for scarce land resources, including the 1,835 on the housing register, and the annual deficit of 269 affordable homes, we suggest that there is little evidence that self-build should be prioritised above other demands.**

Chapter 1

Introduction

Background

1.1   In April 2019 Cobweb Consulting were commissioned by Elmbridge Borough Council to undertake an update of the Elmbridge section of the 2016 Strategic Housing Market Assessment that had been produced for the Housing Market Area covering Kingston on Thames and North East Surrey.

1.2   The commission is in the context of the authority preparing a new Local Plan and updating its evidence base to support this.

1.3   Since the last SHMA, there have been significant changes to the [National Planning Policy Framework (NPPF)](#) and [Planning Practice Guidance](#). The key element is a new standard method for assessing future housing requirements, to replace the previous approach for assessing the Objectively Assessed of Housing Needs.

1.4   Most of the material in the 2016 study was still relevant: this commission is an update rather than a full SHMA, and we are now referring to this study as an Assessment of Local Housing Needs, rather than an SHMA. This update focusses on the assessment of housing needs, affordable housing requirements, and housing requirements for specific groups.

1.5   All the data we use is the most up to date available at the date of writing. However, readers should be aware that some data sets – especially the 2011 Census – will be less than contemporary. Where possible we have tried to update – for example, by using the English Housing Survey to update concealed households and the proportion of Private Rented Sector homes

Methodology

1.6   The methodology adopted was primarily desk-based analysis of secondary data from standard sources, as well as analysis of administrative data held by Elmbridge. To give this data context, and to conform to the Duty to Co-operate, a series of interviews were also conducted with representatives of neighbouring authorities. Our methodology is described in more detail in the individual chapters.

Report structure

1.7   The rest of this report is structured as follows:

- Chapter 2   The policy context
- Chapter 3   Housing needs assessment
- Chapter 4   Affordable housing needs
- Chapter 5   The housing requirements of specific groups.

Acknowledgements and authorship

1.8   First and foremost, we would like to thank our able project client, Zoe Belton, Principal Planning Policy Officer at Elmbridge Borough Council. Among the many staff at Elmbridge who have helped, we would particularly thank Robert Johnson, Suzanne Parkes, Rachael Thorold and Colin Waters. Additionally, we would thank John Woodroffe of Surrey County Council for his input on older persons housing needs, and the representatives of Elmbridge's neighbouring authorities, who we interviewed as part of the Duty to Co-operate and for their knowledge of housing market interactions.

1.9   This report was researched and written by Danny Friedman, Ros Grimes and Philip Leather, of Cobweb Consulting.

Chapter 2

The policy context

Key messages

- National planning policy has recently undergone major revision with a revised National Planning Policy Framework. This requires local authorities to base their planning policies on assessed housing need, calculated using a new standardised national methodology, together with an assessment of affordable housing need.

- NPPF and planning practice guidance no longer refer to an objective assessment of need (OAN) or to the preparation of a strategic housing market assessment.

- The NPPF and PPG have been revised to include a requirement to use the 2014-based official household projections as the starting point for the standardised national methodology.

- Our examination of mid-year population estimates for years since the 2014-based households' projections (produced by MHCLG) shows that the assumptions underlying those projections are out of line with actual rates of population change.

- National Planning Practice Guidance (PPG) sets out a standardised national methodology for identifying housing need which should be followed unless there are strong local circumstances which suggest an alternative approach. A higher figure than that suggested by the standard methodology will be deemed sound by an Inspector, but a lower figure will need to be supported by robust evidence.

- Constraints on provision such as land availability or infrastructure should not be taken into account when estimating need, although they are of course relevant in developing policies.

- Total housing need should be broken down by age group, type of household, size of household, tenure, and any special requirements (such as needs for people with disabilities or wheelchair users).

- A separate and detailed approach to assessing the need for affordable housing is also set out in PPG. This has not changed substantially from previous guidance.

Introduction

2.1   This chapter highlights the key aspects of planning policy and guidance which this Strategic Housing Market Assessment (SHMA) Update for Elmbridge has taken into account.

2.2   The National Planning Policy Framework (NPPF), originally published in 2012, sets out the government's principles and policies relating to planning. After remaining unchanged since its initial publication, the NPPF was revised after consultation in July 2018 and revised again in February 2019.

The previous National Planning Policy Framework (2012)

2.3   The first NPPF published in 2012, introduced a presumption in favour of sustainable development as the underlying feature of planning policy, and set out an intention on the part of the government to secure a significant increase in the supply of housing through the planning system.

2.4   The NPPF and planning practice guidance formally required in each area, local planning authorities to prepare a Strategic Housing Market Assessment (SHMA). The purpose of an SHMA was to develop a clear understanding of housing needs in an area, with neighbouring planning authorities working together where Housing Market Areas (HMAs) crossed their boundaries. The SHMA was required to provide a full assessment of the need for both market housing and affordable housing, which would provide the basis for local plan policies relating to future housing supply and to the proportion of affordable housing in new developments. Where it was not practicable to meet need, local authorities were required to work in partnership with neighbouring authorities to ensure that their need was met elsewhere. This requirement replaced strategic planning for housing left by the abolition in 2010 of the system of Regional Spatial Strategies, except in London where the London Plan fulfilled this function.

2.5   Online Official Planning Practice Guidance (PPG) followed in 2014, replacing previous published guidance. The new guidance was intended to be lighter touch. It specified that an SHMA should cover the relevant Housing Market Area (HMA), 'a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work'. HMA boundaries were not set by the government or in PPG, so their identification formed an important part of any SHMA.

2.6   The SHMA was required to include an objective assessment of housing need (OAN) based on robust evidence. The OAN was not to take account of constraints such as land availability, as these would be addressed when developing policies to meet need, at a subsequent stage. SHMAs were required to be thorough but proportionate, and to build where possible on secondary information sources rather than primary surveys. Local planning authorities were recommended to use the method set out in PPG to calculate OAN, with any departures fully explained and justified.

2.7   PPG was updated at intervals but few changes were made to the guidance on housing need. However, there was considerable volume of additional practice on Examination in Public of Local Plans; Appeals against the refusal of individual planning applications; and the development of Neighbourhood Plans. In addition, a body of case law emerged where applicants, local authorities or the Secretary of State sought clarification through the Courts of the definition of OAN, and the process of its calculation.

2.8   As a result, by 2017, the assessment of the OAN within an SHMA had become a complex and time-consuming process. The starting point was projected future household growth, but PPG, EIP

Inspectors' reports, and legal judgments created a series of adjustments to OAN to take account of factors such as suppressed household formation, the contribution of housing to economic growth, the need to provide affordable housing, and the need to take account of market signals. Taking 'market signals' as one example, there was no precise guidance in PPG over the calculation of an appropriate adjustment to OAN. Reports were prepared by practitioner groups suggesting percentage adjustments to demographic growth, but these were not necessarily supported by clear evidence, and were interpreted in different ways by local authorities, developers and planning inspectors.

2.9   Planning Practice Guidance also included details of the required approach to the assessment of affordable housing need, but this had changed only slightly from the well-established approach used in pre-2014 circulars and guidance. The requirement for local authorities to consider the viability of their policies for affordable housing provision by private developers reduced the importance of the assessment of affordable housing.

The revised NPPF 2018 - 2019

2.10   The increasing concern at the cost of preparation and the extended timetable for public examination of planning policies setting out future housing requirements was one of the factors which led the government to make revisions to the NPPF, published in 2018. The government considered, rightly or wrongly, that delays in the preparation and revision of development plans were partly caused by the complexity of the process of deriving OAN had a significant negative impact on the level of new supply and delivery. In addition, the government considered that some local authorities were arriving at policies for future housing provision which did not meet their needs fully, and that, in aggregate, local authority assessments did not provide for the level of housing which the government considered was necessary.

2.11   To address this concern, in 2017 the government published a standard methodology for the assessment of housing need that they sought to introduce. The existing term, OAN, was not employed to describe the assessment. After consultation, a new NPPF, published in July 2018, included the requirement for local authorities to use this approach to calculate housing need in all cases, other than in exceptional circumstances. The detail of the standard methodology was set out in a subsequent amended version of PPG in September 2018.

2.12   The NPPF was then revised again in February 2019, accompanied by a revised version of PPG. The main purpose of this revision was to specify that the standard methodology should be based on the MHCLG 2014-based household projections for each local authority, rather than on the most up to date official 2016-based household projections.

2.13   The NPPF no longer refers to Housing Market Areas, or even to the need to carry out a strategic housing market assessment (SHMA), although it still expects that local authorities will develop a good understanding of their local housing market or markets as the basis for developing

policy. In response to government concerns about the lack of collaboration between local authorities in cases where needs could not be fully met within the areas, the NPPF stressed that local authorities were expected to take into account any needs from neighbouring areas which could not be met in those areas. The new guidance also re-emphasised that the size, type and tenure of housing needed for a variety of specific groups should be assessed and reflected in planning policies.

Planning Practice Guidance

2.14   The NPPF sets the requirement for planning authorities to prepare assessments of housing need. Planning Practice Guidance provides the detail on how to carry these out:

>   1   An assessment of housing need, based on the standard methodology set out in the PPG, unless there are clear reasons for adopting an alternative (NPPF para 60 and PPG *Housing and economic needs assessment*[2] para 001 Reference ID: 2a-001-20190220); and

>   2   An assessment of the current number of households and projected number of households who lack their own housing and who cannot afford to meet their housing needs in the market (NPPF paras 61-64 and PPG guidance paras 018 Reference ID: 2a-018-20190220 to 024 Reference ID: 2a-024-20190220).

2.15   The steps to derive the minimum annual local housing need are set out in Paragraph: 004 Reference ID: 2a-004-20190220 of the PPG. Step 1 is to derive the annual average number of net additional households expected to form over a ten-year period starting at the current year from the relevant official projections. In Step 2, this figure is adjusted using a formula based on the level of affordability of housing in each area. In Step 3, the resulting figure is assessed to see whether it may be subject to capping.

2.16   The guidance indicates that the standard assessment should be made at the start of the plan-making process and that it should be revised when appropriate. The Office for National Statistics (ONS) publishes revised affordability data annually, and updates of household projections every two years.

2.17   The guidance stresses that the standard assessment is an estimate of the minimum level of need in an area, and it refers to circumstances when there may be a higher level of need (Paragraph: 010 Reference ID: 2a-010-20190220), for example:

-   when economic growth strategies are in place requiring additional housing to support them;
-   where strategic infrastructure improvements, especially to transport infrastructure, are planned which provide the opportunity for higher growth or require higher growth to make them viable;

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[2] All subsequent references to paragraphs from PPG relate to the *Housing and economic needs assessment* section of the guidance so the title of the section is omitted in these references. The guidance is published online and is subject to continuous amendment. Paragraph references are correct at 14-07-2019.

- or where one authority has agreed to take on unmet need from other areas.

The needs of specific groups of households

2.18   The guidance on the needs of specific groups of households has been expanded beyond that in the previous version. The guidance now notes that the need for housing for particular groups of people may exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, because the needs of particular groups may be calculated having consideration to the whole population of an area as a baseline, as distinct from projected new households which form the baseline for the standard method. Hence, when producing policies to address the need of specific groups, authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established. The need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should also be considered separately from overall need (Paragraph: 017 Reference ID: 2a-017-20190220).

Affordable housing

2.19   The guidance on the need for affordable housing (PPG guidance paras 018 Reference ID: 2a-018-20190220 to 024 Reference ID: 2a-024-20190220) has remained largely unchanged. This need should be calculated by estimating the backlog of need from people who currently occupy unsuitable housing (or who cannot form separate households) and are unable to afford market housing, together with an estimate of the future numbers in affordable need, both new households and existing households falling into need. From this should be deducted the current and future supply of affordable housing. Affordable housing need may be disaggregated into categories based on the ability to afford different types of housing such as social rented housing or intermediate housing, but not, at least at present, housing provided by the private rented sector.

Further changes to NPPF and PPG

2.20   The standard method for assessing housing need as set out in the 2010 versions of NPPF and PPG required the use of the most up to date official household projections for each area. Until September 2018, these were the 2014-based household projections prepared by MHCLG. In 2018, the Office of National Statistics took over responsibility for the preparation of official projections of households and introduced a number of changes to the methodology which are shown in the table below.

Table 2.1 Changes to household projections methodology

Element of method	2014-based household projections	2016-based household projections	Rationale for methodological changes
Calculating base household representative rates (HRRs)[1]	Used data from the 1971, 1981, 1991, 2001 and 2011 Censuses, supplemented by Labour Force Survey (LFS) data.	Uses data from the 2001 and 2011 Censuses only. HRRs broken down by age and sex are smoothed across age groups.	Census years prior to 2001 define household reference person (HRP)[2] used in the calculation of HRRs based on the oldest male, whereas the 2001 and the 2011 definition is based primarily on economic activity, which makes these historical data less comparable. Using only 2001 and 2011 Census data requires fewer complex adjustments to the methodology to account for the different definitions.
Projecting HRRs	HRRs were projected forward using a combination of two fitted trends, combined using assumptions based on Labour Force Survey (LFS) data.	HRRs are projected forward using a two-point exponential model.	A combination of two trends were needed in the 2014-based projection to smooth out irregularities with historical census points (prior to 2001). As the 2016-based projection used the 2001 and 2011 censuses, a two-point exponential trend was considered appropriate. The exponential model was already used in stage two[3] of the 2014-based methodology and in the production of household projections for Wales, Scotland and Northern Ireland.
Number of years HRRs are projected for	Projected for the entirety of the projection period.	Projected 2001-2021, then held constant for the remainder of the projection.	Given we are using a shorter trend for projecting HRRs because of the changing HRP definition, limiting the use of this projected trend to a maximum of 10 years forward mitigates the risks of projecting forward a potentially more uncertain trend for the entire projection period. Therefore, the 2016-based household projections method assumes that these trends continue for a maximum of another 10 years (that is, from 2011 to 2021).
Marital status projections	Included in model and breakdowns of numbers of households.	Excluded from model and breakdowns of numbers of households.	Marital status projections were excluded from the 2016-based household projections because the most recent marital status projections are 2008-based. These are unlikely to reflect more recent trends in marital and relationship status. There are currently no plans to recommence production of official marital status projections.
Age groups used in projection	Stage one used quinary age bands from ages 15 to 19 years through to 85 years and over. Stage two used the following age bands: 15-24, 25-34, 35-44, 45-54, 55-59, 60-64, 65-74, 75-84, 85+.	Uses 16 to 19 years age band instead of 15 to 19 years, after which quinary age bands are used for 20 to 24 years through to 90 years and over.	The age groups were changed in response to consultation feedback that the age groups used in 2014-based method were not appropriate for young adults, students and the elderly population. Those consulted felt there is greater variation in how households were formed for these age groups. The change to the older age groups also provides consistency with the age breakdowns used in the mid-year estimates and SNPPs, which include breakdowns for 85 to 89-year-olds and those aged 90 years and over.

Element of method	2014-based household projections	2016-based household projections	Rationale for methodological changes
Survey data	LFS data used to determine the weights to combine the HRRs using two fitted trends.	The Annual Population Survey (APS) is used in the checks to ensure that the minimum number of adults and children implied by the projected household type breakdown for each geography and year does not exceed the number of adults and children in the projected household population.	The APS was used instead of the LFS in the 2016-based household projections to provide data used in the minimum adults and children checks because it has a larger sample size and therefore is considered more reliable when broken down to smaller population subgroups. The LFS was not needed to combine the two trends of HRRs in the 2016-based method as they were projected using a two-point exponential model.
Prison population adjustments	In previous sets of household projections for England, one-off adjustments have been made to the prison population (which are excluded from the household population), using MYEs components of change, to better reflect the growth of the prison population (for example, for young males in the years 2002 to 2008 for the 2008-based household projections).	Data about the prison population from the Ministry of Justice has been used to update the number of prisoners in the population for the years 2012 to 2016.	As a high proportion of change in the prison population is because of legislative change concerning custody, sentence lengths and prison openings and closures, rather than demographic patterns, it was considered impractical to build this into the model for projecting the prison population. Instead efforts have been made to update the prisoner numbers until the base year of the projection, to better reflect changes in the prison population.

Source: Office for National Statistics and Ministry of Housing, Communities and Local Government. Notes 1. The household representative rate (HRR) is the proportion of people in a particular demographic group who were the household reference person (HRP). 2. The HRP is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household. The 2016-based household projections use the 2011 Census definition of HRP; that is, the eldest economically active person in the household, then the eldest inactive person if there was no economically active person. 3. Stage 2 of the household projections methodology provides breakdowns of the projected number of households by household type.

2.21   In September 2018 ONS published a new set of official household projections, based on population projections using 2016 as the base date. The updated projections showed a significant reduction in the projected annual average level of household growth in many areas across the

country. Therefore the application of the data to the standard method would have resulted in a reduction in the national aggregate level of housing need.

2.22   In October 2018 the government issued a consultation paper ([Technical consultation on updates to national planning policy and guidance](#)) under which it proposed that NPPF and PPG should be amended to require local authorities to continue to use of the 2014 projections. The government also announced its intention to review the methodology used in the production of official household projections. The NPPF and PPG were updated with the changes in February 2019.

Implications

2.23   The objective of this study is to produce estimates of future housing need. NPPF clearly requires that these should be based on the standard methodology, unless exceptional circumstances apply. This study complies with this requirement outlining full explanation of the components of the estimate and the sources used. However, to ensure that the study provides a full understanding of the demographic and other factors influencing housing need, and the factors influencing affordability, we have undertaken a detailed review of these factors and considered the impact of alternative scenarios. By doing so, it also puts the housing need figure from the standard methodology in context and ensures that decisions made on housing provision within the local plan are as fully informed and future-proofed as possible.

National housing policy context

2.24   Government housing policy in the period since 2013 has been set in the wider context of continuing restrictions on public expenditure driven by 'austerity'. Interventions have focused on methods of influencing demand and supply in the private market, rather than on direct social sector provision. Wider reforms, seeking to reduce or contain public expenditure on the welfare benefits system have also had, or in future will have, major impacts on housing.

2.25   The recovery in house prices and market transactions in the housing market after the global financial crisis in 2008 was encouraged by a gradual easing of mortgage lending terms such as deposit requirements and loan to income ratios. Government interventions also sought to support the market, notably through the Help to Buy scheme, which has to date received over £10 billion of government equity loan funding. Many commentators argue that the Help to Buy scheme has simply stimulated price increases in the new build sector rather than increased supply. An [independent evaluation of Help to Buy for MCHLG](#) reported limited levels of additionality in both demand and supply. Comments in the press and from some professional bodies have been far more critical[3].

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[3] Ministry of Housing, Communities and Local Government (2018) *Evaluation of the Help to Buy Equity Loan Scheme 2017,* Christine Whitehead, Peter Williams, Ipsos MORI and the London School of Economics. A report by Morgan Stanley, *The help to buy premium – and its unintended consequences*, is also widely cited in press and other commentary.
and Wilcox S and Williams P (2018) *Dreams and Reality: Government finance, taxation and the private housing market,* London, Chartered Institute of Housing.

2.26   On the supply side, the emphasis of government policy has been on changes to the planning system which the government believes will boost supply. These include measures to secure the allocation of more land for housing and the granting of more planning permissions in areas of higher demand; the requirement to have a five year land supply; the Housing Delivery Test, the national housing need assessment methodology; and changes to the Town and Country Planning (General Permitted Development) Order to allow certain offices to be converted into residential units without planning consent.

2.27   The White Paper, *Fixing Our Broken Housing Market* published in February 2017 made the issue of increasing the overall supply of new housing a key objective of government policy, and its proposals to secure higher allocations of land, higher levels of planning permissions for housing, and higher levels of build out from these permissions represented a significant step up in the scale and range of interventions. The White Paper also included proposals for expanding the private rented sector by attracting more institutional providers or investors. However, changes to the taxation arrangements for private landlords are argued by some to be likely to reduce future growth in the private rented sector, and to change the structure of the sector. The White Paper also included proposals to make renting fairer for tenants.

The social rented sector

2.28   The social rented sector has experienced increasing challenges over the period since 2013. Welfare reforms have sought to reduce or contain the costs to government of housing benefit payments to social rented tenants, and to reduce levels of under-occupation in the sector. Support for the Right to Buy has also continued to reduce the social rented stock. At the same time grant or loan finance for new development has remained generally restricted, and increasingly targeted on areas where affordability ratios suggest that need is highest. At the same time, restrictions on the freedom of social landlords to increase rents, which have provided a further way to contain housing benefit costs, have posed potential future challenges to the viability of some organisations in the sector, or to their ability to develop new housing, leading to mergers and restructuring. The net result has been a more or less static number of social rented dwellings nationally, which in the context of overall housing growth has led to a declining overall share. Proposals for changes to the funding of supported housing also led to uncertainties which affected development, and some of these remain a concern for the longer term.

2.29   Following the tragedy at Grenfell Tower, the government issued [A New Deal for Social Housing,](#) in August 2018. The Green Paper set out a series of objectives and proposals and seeks comments on reforms to social rented housing to achieve these objectives, including the creation of safe and decent homes, a sense of security, improved and speedier measures to deal with complaints, measures to empower residents and to ensure that their voices are heard, the tackling of stigma associated with the sector, and measures to ensure that social rented homes can act as a springboard to home ownership. The main elements of the paper are (some though not all of which

have now been introduced) include:

- Proposals for 'League tables' of housing providers based on key performance indicators, possibly issues about hospital admissions and 'bed-blocking'[4.]
- Potential introduction of a stock transfer programme, from councils to community-led housing associations
- New home ownership options, including incremental Shared Ownership
- Reforms to the use of Right to Buy receipts to enable local authorities to use them alongside enhanced borrowing ability to build more social rent and affordable homes
- Return of guaranteed debt funding to encourage affordable homes supply, and longer term strategic partnerships for housing association
- Scrapping plans to force social landlords to offer fixed term tenancies, and plans to force local authorities to sell off their most valuable housing

2.30   Into 2020, and the legacy of Grenfell Tower continues to dominate housing policy and practice, as landlords, tenants and freeholders face up to the implications of and costs associated with non-compliance with fire safety standards, security, and panel replacement. Part two of the Grenfell Tower Inquiry has commenced but at the date of writing was delayed because of legal arguments.

Homelessness and rough sleeping

2.31   Concerns over homelessness have continued to feature in the media and in government policy over the 2012-2018 period, with a recent increased emphasis arising from the rapid growth of rough sleeping in many areas, argued by some commentators to be a result of longer term welfare reforms. In August 2018 the government published a Rough Sleeping Strategy seeking to halve this phenomenon by 2022 and end it by 2027. In December 2018 this was followed by a delivery plan. Elmbridge has been allocated £180,100 for 2020-21 under the initiative.[5]

2.32   Also in 2018 the Homelessness Reduction Act 2017 placed new duties on local authorities (and referral agencies) to help prevent homelessness and 'relieve' homelessness if it does occur. These duties apply to all those in need, regardless of status or whether intentional or if they have a local connection. They cover, for example, rough sleepers and younger single people. The measures do not go as far as placing a full rehousing duty for these applicants on the authority – that remains within the criteria set by the 1996 Housing Act. However, it does require authorities to thoroughly assess all applicants and provide a personalised response.

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[4] *Five big issues for health and social care after the referendum*, Kings Fund, 2016
https://www.kingsfund.org.uk/publications/articles/brexit-and-nhs
[5] https://www.gov.uk/government/publications/rough-sleeping-initiative-2020-to-2021-funding-allocations

Leaving the European Union

2.33   Any discussion of policy context needs to have regard to leaving the European Union and its impact on housing markets. The House of Commons Library original briefing paper[6] suggested caution when looking at market changes since the vote to leave the European Union, citing global political uncertainty and the broader UK economy as other significant factors. Nonetheless, it noted that though initial fears of a major drop in consumer confidence and house prices were not realised, there were concerns about the longer term, after exit from the European Union, and beyond.

2.34   After the initial referendum vote in 2016, house prices in the South East continued to rise, but for once at a lower rate than in the North and Midlands. Prices in London have reduced. Transactions across the country have plateaued.

2.35   Now that Brexit has happened there is some expectation among commentators that the market will 'bounce' back. But this is tempered by concern that the full details of the withdrawal agreement are still to be worked out over the next year, and only then will the full implications we more apparent.

2.36   And even then, looking ahead, the longer-term housing market impact of leaving the European Union will be intrinsically tied into the economic as well as the political impact. The variables here are substantial: the relationship between the pound and the Euro and the cost of building materials; changes to interest rates affecting mortgages; the ability of London to retain its international financial role which will undoubtedly impact on areas outside but close to Greater London; the results of single or bilateral market trade negotiations; and the wider impact of migration policy including access to construction workers are among other factors are as yet unknowns.

Coronavirus and housing markets

2.37   Finally, at the date of writing, it is impossible to ignore the shock of the coronavirus Covid-19 pandemic on housing markets, policy and practice. Savills have summarised the broad-brush impact on housing markets as follows:

In general, we can expect the pandemic to affect the housing market in a number of ways:

- *General uncertainty will weigh on consumer sentiment;*
- *Restrictions on people's ability to go about their day-to-day business will impede normal estate agency, mortgage and conveyancing processes;*

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[6] *Brexit: implications for the housing market and constructio*n, Briefing Paper 07666, House of Commons Library October 2016

- *Stock market falls will make people feel less secure about their personal financial situation; and*
- *A negative impact on earnings, employment and wealth generation[7].*

2.38   There are a number of steps that the government and housing providers are taking, or will be taking to ameliorate the situation as far as possible. These include:

- A three-month buffer period before private and social landlords can begin to take possession action
- A three-month mortgage payment 'holiday' for home-owners and Buy to Let landlords
- Guidance on delaying or slowing house-moves
- The Government has written to local authorities in England asking them to house all people sleeping rough, and those in hostels and night shelters.

2.39   Clearly, Elmbridge, like all local authorities will need to put in place plans to support and protect all tenures, and to deal with potentially increased housing need and insecurity. This will involve safely adapting its housing services, and working with housing association and private sector partners to ensure that as full as possible a service is provided to residents in these difficult times.

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[7] https://www.savills.co.uk/research_articles/229130/298265-0/coronavirus-and-the-uk-housing-market

Chapter 3

Housing Need Assessment

Key messages

- This chapter provides an assessment of the level of housing need in Elmbridge using the standard national methodology
- **The new Standardised Need Methodology produces minimum household need of 778 dwellings per annum, which is reduced to 626 dwellings per annum, after application of a cap on the increase in need over that set out in the Council's existing Core Strategy.**
- For information only, the approach set out in previous PPG, updated to the latest data sources, produces an estimate of the Objective Need for Housing (OAN) of 448 households per annum.
- NPPF and revised PPG require that local authorities should use the new Standardised Need Assessment Methodology to calculate the level of housing need in their areas unless there are exceptional circumstances. No exceptional circumstances have been identified.
- The average level of recent housing completions in the authority is well below the former OAN of 474 dwellings per annum, and even further below the level of need produced using the standard methodology. Constraints on undeveloped land in the authority, such as Green Belt, are likely to make it difficult to increase completions to the target level.
- The assessment of need figure is an important consideration in local planning, but a range of other matters, including the requirement for affordable housing and the availability of sites for housing will need to be taken into account by the Council in arriving at a decision about the target level of new housing provision to be included in its local plan.
- **The recommended breakdown of dwellings by size in the new build stock, other than that being provided to meet the need for affordable housing, is 20% one-bedroomed units, 50% two-bedroomed units, 20% three-bedroomed units, and 10% four-bedroomed units.**

Introduction

3.1   Local authorities were required by the new NPPF issued in July 2018 to assess need using a standard national methodology which is set out in detail in official guidance, unless there were exceptional circumstances for using an alternative. In February 2019, the government published further changes to NPPF and PPG.

3.2   The frequency of these changes after a long period of stability introduces an element of uncertainty into estimates of housing need. To address this, this chapter firstly sets out the results of using the most recent version of the standard national methodology for assessing housing need at the time of writing. As well as using the 2014 household projections required by NPPF, the chapter also shows the assessed need using the more recent 2016 projections produced by the Office of

National Statistics. It then goes on to compare the results of these assessments with the objective assessment of need (OAN) which would have been produced had the previous guidance still been operative. It also examines recent completion levels, although the latter are not evidence of housing need. We consider that having this range of estimates available will provide the Council with the best advice on how to proceed in setting future targets for housing provision in the area.

The Standard Assessment of Need: Step 1

3.3   The approach to be followed is set out in revised PPG published in February 2019. Step 1 is to 'set the baseline using national household growth projections, for the area of the local authority'. PPG specifies that local authorities should use the 2014-based household projections published by the MHCLG unless exceptional circumstances apply. To provide a full picture, this step was carried out for both the MCHLG 2014-based projections and the 2016-based ONS projections. **Table 3.1** below shows the calculation, with the baseline of annual growth set out in the final column.

Table 3.1 Household projections and annual average growth

	2019	2029	Annual Average Growth
ONS 2016-based	54,991	58,611	362
MHCLG 2014-based	55,542	60,012	447

Sources: ONS, 2016-based household projections; MHCLG 2014-based household projections. Household numbers are not rounded until the final stage of the calculation.

3.4   The 2014-based projections show a baseline need of 447 households per annum whilst the new 2016-based projections show a lower level of need, 362 per annum, a reduction of 51 households per annum. This is accounted for by both differences in the underlying population between the two sets of projections and by differences in the assumptions made about the propensity of the population to form separate households, which is determined through a series of estimated household formation rates. The differences in methodology between the two sets of household projections are set out in a paper by ONS[8] and summarised in **Chapter 2, Table 2.1**. The 2014-based household projections produced by MHCLG take as their starting point ONS mid-year estimates up to 2013 and the ONS 2014-based population projections. Household formation rates were projected using data from the 1971, 1981, 1991, 2001 and 2011 Censuses, supplemented by Labour Force Survey (LFS) data. The 2016 household projections produced by ONS took as their starting point mid-year estimates up to 2016 and the ONS 2016-based population projections. However the household representative rates were derived from the 2001 and 2011 Censuses only. As a result, the rising rates of household formation shown in the 1971-1991 Censuses were not taken into account, because they were no longer apparent, especially by 2011.

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[8] See Methodology used to produce household projections for England: 2016-based, User guidance about uses, methodology, assumptions and input data for household projections for England, Table 8, at https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/methodologyusedtoproducehouseholdprojectionsforengland2016based#toc

3.5   Taking population first, the most recent ONS population projections (the 2016-based projections) generally suggest lower population growth in the longer term than the previous (2014-based) ONS population projections. The 2016-based projections are slightly higher than the 2014-based projections in the period up to 2022, after which the 2014-based projections are higher. By 2039, the last year for which data is available from both sets of projections, the population of Elmbridge is projected to be 5,800 less in the 2016-based projections than it was in the previous 2014-based projections, a reduction of 3.8%.

3.6   Official population projections are based on assumptions about births, deaths and migration and revisions in the assumptions made about these lead to differences between projections over time. More recent projections are more accurate than older ones as they use more recent data on trends. As well as publishing projections of recent and future population, ONS produces estimates (referred to as mid-year estimates or MYEs) of the population in recent years. These are more accurate than the projections, as they are based on recorded trends rather than projected trends. Taking the year 2014, the mid-year estimate of the population of Elmbridge was some 2,000 persons higher than the ONS-2014 based population projection. At the time when the projection was prepared, the mid-year estimate and the base population would probably have been the same, but the mid-year estimate has been subsequently adjusted. This difference has gradually narrowed and the projection has almost caught up with the mid-year estimates by 2018, because in practice, population growth in Elmbridge has been at a very low level since 2016. The ONS 2016-based population projection has the same population as the mid-year estimate in its base year of 2016, but by 2018 it was 800 persons higher than the mid-year estimate because of the low level of actual growth in the meantime. Paradoxically, therefore, the 2014-based projection is presently the more accurate for 2018. But on the basis of this comparison, the low growth identified in the mid-year estimates for 2016-2018 means that both sets of projections are likely to over-estimate the population going forward.

Table 3.2 Comparison of population estimates and projections

	2014	2015	2016	2017	2018
Mid Year estimates	134,800	135,400	136,100	136,400	136,600
ONS 2014-based SNPP	132,800	133,500	134,400	135,300	136,200
ONS 2016-based SNPP			136,100	136,700	137,400

Sources: ONS 2014 and 2016 based sub-national population projections; ONS mid-year population estimates, via NOMIS

3.7   The second set of differences between the projections relates to household formation rates. Household projections apply a range of estimated household formation rates to the population to calculate the number of households which will be formed from that population. The 2016-based projections, for example, have formation rates for 16 age groups, broken down by gender, and by year – a total of 800 rates, which may also be further broken down by marital status and household type. **Table 3.3** below compares some of the rates used in the 2014 and 2016 based official projections. It shows that the differences are very substantial for people in the 35-64 age groups.

Table 3.3 Comparison of household formation rates

		2016-based		2014-based		Percentage Point Difference	
		2019	2039	2019	2039	2019	2039
Male	20-24	12%	11%	16%	16%	4pp	5pp
	25-29	32%	31%	49%	47%	17pp	16pp
	30-34	54%	53%	76%	65%	22pp	12pp
	35-39	71%	70%	92%	92%	21pp	22pp
	40-44	77%	76%	94%	95%	18pp	19pp
	45-49	81%	80%	95%	94%	14pp	14pp
	50-54	81%	81%	95%	94%	14pp	14pp
	55-59	80%	79%	96%	96%	16pp	17pp
	60-64	76%	76%	96%	95%	20pp	20pp
	65-69	73%	73%	97%	96%	24pp	23pp
	70-74	82%	83%	98%	96%	16pp	13pp
	75-79	87%	88%	99%	99%	12pp	11pp
	80-84	90%	91%	99%	100%	9pp	9pp
Female	20-24	12%	12%	9%	10%	-3pp	-2pp
	25-29	21%	21%	18%	20%	-3pp	-1pp
	30-34	27%	27%	16%	18%	-11pp	-9pp
	35-39	31%	31%	17%	19%	-13pp	-12pp
	40-44	34%	35%	18%	20%	-16pp	-15pp
	45-49	38%	39%	19%	19%	-19pp	-19pp
	50-54	42%	43%	25%	26%	-17pp	-16pp
	55-59	45%	46%	28%	28%	-17pp	-18pp
	60-64	45%	45%	30%	32%	-15pp	-13pp
	65-69	42%	40%	33%	37%	-9pp	-4pp
	70-74	46%	44%	39%	45%	-7pp	1pp
	75-79	53%	51%	44%	46%	-9pp	-5pp
	80-84	66%	65%	55%	52%	-11pp	-14pp

Source: MHCLG, 2014-based household projections and ONS, 2016-based household projections

3.8   A key issue in assessing housing need relates to the cause of the decline in household formation rates, or putting it another way, the higher projected average household size. Is this a result of changing household preferences, such as sharing by groups of unrelated individuals, or the result of increasing affordability problems? Or is it simply a lack of supply, making it harder for individuals wishing to live on their own or to afford to do so? The latter explanation might be termed suppressed household formation.

3.9   Defining, measuring and tackling suppressed household formation raises many difficulties. Affordability is inevitably a constraint on household formation in any housing market – the question

is at what stage do affordability problems become problematic, and lead to overcrowding, or levels of dwelling occupancy which cause other problems?

3.10   These are complex issues. In its 2017 White *Paper Fixing our broken housing market,* the government decided that it wished to increase supply with the aim of improving affordability, and through this to permit more households to form. It did so through introducing a national supply target above that which would be derived from household projections alone. This is a pragmatic policy response which recognised the difficulty of precise calculations of suppressed household formation but which determined and set a definitive target.

3.11   In that sense the government's requirement that local planning authorities should set aside the most up to date projections and use outdated projections is mistaken, as it relies on both inaccurate population projections and household formation trends which are out of date. To meet the objective of compensating for household formation which has been suppressed by affordability problems (if this has occurred) it would have been more appropriate to have simply increased the size of the 'adjustment factor' to be applied to the base projections in Step 2 (covered below).

3.12   The difference in average household growth 2019-2019 between the MHCLG 2014-based household projections and the ONS 2016-based projections is relatively small in Elmbridge. The 2016-based ONS projections are likely to be more accurate, but the population projections underlying both sets of projections are already divergent from the mid-year estimates. **There are no exceptional reasons for making use of the 2016-based projections** and for compliance with NPPF and PPG the projected average annual household growth over a 10 year period from 2019 derived from the MHCLG 2014-based household projections is 413.

The Standard Assessment of Need: Step 2

3.13   Step 2 of the standard assessment of need requires the calculation of a median workplace based affordability ratio, which is then used to calculate an **adjustment factor.** This is applied to the average annual projected household growth figure calculated in step 1 to produce a **minimum annual housing need estimate**.

3.14   PPG specifies that the most recent median workplace-based affordability ratio, published by the Office for National Statistics a local authority level, should be used. Data for 2018, published in March 2019, is the most recent available[9]. The 2018 ratio is 15.80, a reduction from the 2017 peak of 16.53. This compares to a ratio of 13.17 for Surrey as a whole, 10.81 for the South East region, and 7.18 for England and Wales.

3.15   The formula for calculating the adjustment factor is:

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[9] The data may be found at
https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian, Table 5c.

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio - 4}}{4} \right) \times 0.25 + 1$$

3.16   The first stage in calculating the adjustment factor is to subtract 4.0 from the workplace-based affordability ratio, leading to a figure of 11.80. In stage 2 this is divided by 4, giving a result of 2.95. The third stage is to multiply this by 0.25, giving a result of 0.74. The fourth and final stage is to add 1.0 to this result to give a final adjustment factor of 1.74.

3.17   If applied to baseline household growth, the adjustment factor gives minimum annual household need of 777.8, based on the MHCLG 2014-based household projection. Using the 2016-based ONS household projections would produce a lower minimum annual household need figure of 629.9.

The Standard Assessment of Need: Step 3

3.18   Step 3 of the standard method is to apply capping to the minimum annual household need figures calculated in Step 2. In Elmbridge the capped figure is the higher of (a) 140% of the figure calculated in Step 1, namely 447 x 1.4 = 625.8, which rounds to 626; or (b) the figure set out in the most recent adopted local plan, 225 per annum[10]. **The capped estimate of need is therefore 626 dwellings per annum.**

3.19   On the basis of the ONS 2016-based household projections, minimum annual household need was 629.9, which is also above the figure of 225 in current policies, so (a) again would apply. The use of the 2016-based projections would, however, require exceptional circumstances to justify it.

3.20   **Using the methodology for the standard assessment of need set out in NPPF and PPG, we advise that minimum annual new household need is 626 per annum.** This assessment follows the approach set out in NPPF and in more detail in PPG.

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[10] Elmbridge Borough Council, *Core Strategy,* July 2011, Policy CS2, p.23.

Objective Assessment of Need (Previous approach)

3.21   The previous version of PPG, replaced in September 2018, set out an approach to housing need which required the calculation of an Objective Assessment of Need (OAN). For illustrative purposes, **Table 3.4** below sets out the OAN calculation in the 2016 SHMA covering Elmbridge[11], together with an updated calculation using the same methodology. The SHMA used MCHLG 2012-based latest household projections, which have now been succeeded by both the MCHLG 2014-based projections and the ONS 2016-based projections. The latest projections are those published by ONS, so these have been used in the update. Using the 2014-based MHCLG projections produces a higher estimate of OAN of 588 per annum.

Table 3.4 Objective Assessment of Need

		Per annum	
		From 2016 SHMA	Revised with latest data sources
Step 1: Backlog need	Homeless	5	8[12]
	Concealed	606	606
	Total backlog	611	614
	Annual backlog	31	31
Step 2: New household formation 2019-2039	Net new households per annum	428	333[13]
Backlog plus new household formation		459	364
Step 3: Allowances	Allowance for vacancies	12 (2.84%)	7 (1.91%)[14]
	Allowance for second homes	3 (0.71%)	2 (0.53%)
Basic demographic OAN	Households per annum	474	373
Step 4: OAN after adjustment to take account of market signals[15]	Households per annum	569	448

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[11] See Cobweb Consulting (2016) *Strategic Housing Market Assessment for Kingston-upon-Thames and North East Surrey Authorities,* page 3.

[12] See MHCLG, *Statutory Homelessness, January - March 2018 (Revised) Detailed Local Authority Level Responses*, 13 December 2018, section 6.

[13] See ONS (2018) 2016-based household projections for local authorities and higher administrative areas in England, Table 406, available at https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland.

[14] See MHCLG (2019) *Council Taxbase Statistics,* Revised January 2019 available at https://www.gov.uk/government/collections/council-taxbase-statistics.

[15] The 2016 SHMA did not consider an addition to OAN to take account of market signals was required, but in 2018, the Inspector who conducted the Town and Country Planning Act 1990 – Section 78 Appeal made by Bonnar Allan Limited relating to Land East of Weylands House and Molesey Road and south of Field Common Lane, Walton-on-Thames, Surrey (Application ref: 2016/2217) considered that an addition of 20% was appropriate, so this has been added to the updated figure for basic demographic OAN.

3.22   This indicates that the overall OAN for Elmbridge using 2016 data was 569 (after the addition of a 20% uplift for market signals), reducing to 448 dwellings per annum on the basis of more recent data. The use of the most recent 2016-based ONS projections is the main factor leading to the reduction in OAN from previous estimates. The level of annual need indicated by the updated OAN calculation using the latest population and household forecasts (448) is 178 dwellings below the level of need indicated by the Standard Assessment of Need set out in PPG (626), 26 dwellings per annum below the estimate of need in the 2016 SHMA, and 121 dwellings per annum below the figure produced if the 2016 SHMA estimate of need is increased by 20% to take account of market signals. But Planning Practice Guidance has replaced the calculation of OAN by a new Standard Assessment of Need and in addition specified that the 2014-based MHCLG household projections should be used in this calculation unless there are exceptional circumstances. No such circumstances apply and the estimate of need produced by OAN should not therefore be used as the basis for developing housing policies.

Other considerations when determining the future level of housing provision

3.23   In an authority such as Elmbridge, largely built up and with the majority of undeveloped land covered by special protection such as Green Belt or SSI status, finding sites for new housing is a considerable challenge. But the number of housing completions in the authority over the 2009-2015 period was consistently higher than the target of 225 dwellings per annum contained in the current Core Strategy, and over the whole period 2009-18, completions were 79% of the aggregate of the targets shown in Table 3.5. From 2015 the authority worked on the basis of higher housing targets, and completion levels were well below these, the equivalent of 50% delivery against the targets over the four years 2015-2019. It was clearly a challenge to adjust completions to higher levels. The target established by the new Standard Assessment of Need set out in PPG has raised the bar even higher, to more than 2.5 times the level set out in the Core Strategy. It is unsurprising that such a sharp increase in need has proved challenging.

3.24   The Council recognised this as an issue in its 2019 *Housing Action Delivery Plan*[16]. The measures being taken are underlaid by the preparation of a new Local Plan, an updated Infrastructure Delivery Plan, a new Highways Assessment, a continuation of policies to secure affordable housing on sites coming forward, a Development Management Advice Note seeking to inform developers of the high level of need in the authority for smaller units, other measures to secure higher densities on sites being brought forward by developers, and measures to build relationships with developers to ensure that sites with permission are speedily built out.

Table 3.5 Housing supply and housing targets

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[16] Elmbridge Borough Council, *Housing Action Delivery Action Plan*, Feb 2019, available at www.elmbridge.gov.uk

	Open market	Affordable	% affordable	Total	Target
2009-10	173	28	14%	201	225
2010-11	224	183	45%	407	225
2011-12	230	70	23%	300	225
2012-13	228	36	14%	264	225
2013-14	190	67	26%	257	225
2014-15	169	104	38%	273	225
2015-16	162	78	33%	240	474
2016-17	263	4	1%	267	474
2017-18	158	73	32%	231	612
2018-19	296	57	16%	353	623
Total	2093	700	26%	2793	3533

Source: Elmbridge Borough Council, AMRs for various years, and Housing Delivery Action Plan, Feb 2019, available from the Council's website.

3.25   Amongst the seven authorities interviewed under Duty To Consult, three are working to London Plan targets, two are using the new standardised approach and two the 'old' method. Whatever the source, all have seen significant increases in their targets. Most see the current targets as 'difficult' or 'challenging'. Only one authority seems genuinely confident of meeting their targets over the lifetime of their Plan and has even built in some 'headroom' to allow for changes. One will only meet targets with assistance from the other two authorities within the same Housing Market Area and another is hoping for help from other authorities.

3.26   The challenge facing most is simply the availability of sites; all describe severe limitations on space for development. Generally, it is thought that maximum use has already been made of urban and town centre options which is going to necessitate the release of Green Belt or Metropolitan Open Land. This is clearly going to be unpopular with residents and there have already been some challenges to proposals. Green Belt tends to be regarded as 'sacrosanct', as one authority described it.

3.27   Two of the authorities are finding partial solutions in building higher than has previously been seen in their area. But this is not only altering the character of their boroughs, it is also limiting the types of new property which can be delivered

3.28   **Chapter 4** below considers the need for affordable housing. Not surprisingly given the high prices and rents in the authority, there is a significant need for affordable housing. The Council has a track record of securing affordable housing, with 643 affordable completions over the 2009-2018 period. In addition to setting targets for the proportion of new homes which take the form of affordable housing, the Council may wish to consider boosting overall housing supply targets specifically in order to increase the supply of affordable housing, though in practice this may be infeasible given the constraints on land in the authority. The Council's Housing Delivery Action Plan

recognises the difficulties facing housing associations in competing with developers for high value sites in the area, and calls on them to maximise the provision of affordable housing in cases where they redevelop existing affordable housing.

3.29   The increasing affordability crisis, for the young in particular, is one of the main policy drivers for neighbouring authorities. Several specifically mentioned an objective of maximising the delivery of affordable housing wherever it is viable.

Required size of market housing

3.30   The NPPF, supported by PPG, requires a breakdown of the size requirement for new market housing. If actual occupancy levels within the existing market sector stock are compared to a measure such as the bedroom standard[17], it is clear that the existing stock is significantly under-occupied, especially in the owner occupied sector (**Table 3.6**), and that within social rented housing there is significant overcrowding. This would suggest that a concentration on smaller dwellings in future market provision would lead in the long run to a better overall match with the bedroom standard.

Table 3.6 Occupancy rating by tenure

	2+ bedrooms more than BS	1 bedroom more than BS	Matching BS	1+ bedrooms less than BS
Social tenants	10%	22%	61%	8%
Private tenants	22%	34%	39%	6%
Owner occupiers	55%	32%	12%	1%
All households	45%	31%	21%	3%

Source: ONS, 2011 Census, Table DC4105EWla - Tenure by occupancy rating (bedrooms) by household composition

3.31   In practice, the bedroom standard plays no part in determining actual occupancy patterns in the private sector. These are determined by the operation of the market, with households consuming the amount of space which they can obtain and afford. The Housing Delivery Action Plan mentions the strong preference by private developers for the provision of units with four or more bedrooms in response to demand. However, affordability pressures have already exerted an influence on household space consumption decisions in London and the South East, for example through the conversion of housing built for single family occupation into smaller flats. Worsening affordability might in future increase the demand for smaller units. An increase in private renting would increase the demand for smaller units as occupancy levels in the sector tend to match household size more closely than in the owner occupied sector. In the owner occupied sector, households generally might wish to occupy dwellings with more bedrooms, more bathrooms and other facilities, and spaces for home working or other leisure activities, if they can afford to. Conversely, more old people might seek to downsize to smaller units if purpose built private housing

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[17] The minimum standards set under Part 10, Housing Act 1985 to determine the numbers of bedrooms required by different types of households, below which they are categorised as overcrowded.

for older people were to become more popular than at present. The need to make the most effective use of land to meet housing need could require the provision of a higher proportion of small units than current demand suggests, as a deliberate policy decision. These conflicting trends are further constrained by the fact that the overall size profile of the dwelling stock can change only slowly over time as a result of new additions and conversions. On balance, however, they suggest that a concentration on smaller dwelling units would be the most likely to contribute to reducing under-occupation, increasing affordable supply, and thereby improving the affordability of housing in the private sector.

3.32   **Table 3.7** shows the size breakdown of the occupied stock by tenure in 2011. Relatively few households occupy one-bedroomed units (7%), but the demand may be constrained by limited supply. Experience in the private rented sector suggests that there is unfulfilled demand from potential home owners, and one-bedroomed units would have the greatest potential for helping lower income and new households take the first step into home ownership. This suggests that an increase in the proportion of the new build private sector stock in the form of one bedroomed units would be appropriate, with a target that 20% of new units. Two bedroomed units currently make up 23% of the existing private stock, and 40% of the private rented sector. An increase in the proportion of new units with two bedrooms would contribute to both the reduction of under-occupation and the improvement of affordability. It is recommended that 50% of new build stock should be of two bedrooms. Three-bedroomed dwellings currently form the largest proportion of the dwelling stock (32%). There is clearly a strong demand for these dwellings but a reduction in the proportion in the new build stock to 20% would provide more scope for smaller homes. The proportion of stock in the authority with four and five or more bedrooms is exceptionally high (48%). This element of the stock probably contains a high proportion of under-occupying households, some of whom may be older people looking to downsize if attractive smaller units were available. This process would not only ensure better use of the stock, but also ensure that there was adequate provision for those seeking larger units without much additional new build. This suggests that the target for dwellings with four bedrooms or more should be small, at most 10% of the total new build. This would need to be subject to the viability of individual sites.

Table 3.7 Number of bedrooms in existing stock

	1	2	3	4	5
Owner occupier	4%	20%	35%	25%	16%
Private tenant	20%	40%	21%	11%	9%
All private	7%	23%	32%	23%	15%

Source: ONS, 2011 Census Table DC4405EW - Tenure by household size by number of bedrooms

3.33   The breakdown of housing requirement by size set out in para 3.29 applies to that element of annual housing need in the borough which is not met through the provision of affordable housing, rather than to the whole annual housing requirement.

3.34   Most of the neighbouring authorities are encouraging the provision of smaller units with three bedrooms or less. It is intended that changing the balance to include a higher proportion of smaller

homes will both provide scope for older people to downsize and begin to address the issues of affordability in a more general sense.

Dwelling type

3.35   The current mix of dwellings by *size* provides some guidance on the required mix in the future, because there is an obvious link between household size/type and dwelling size, albeit one which is overlain and blurred by incomes, aspirations and allocation policies. There is no similar determinant of the demand for dwellings of different *types*. Pressures on land are reflected in the proportion of purpose built flats and apartments in the new build sector, and this pressure is likely to continue. There is a projected reduction in the proportion of households with dependent children up to 2038, and a growth in multi-adult households, which might also contribute to the demand for flats and apartments.

Conclusion

3.36   **NPPF and revised PPG specify that local authorities should use the new standardised need assessment methodology to calculate the level of housing need in their areas in order to inform the setting of a level of provision for new housing in their local plans, unless there are exceptional circumstances. This leads to an annual housing need level of 626 dwellings in Elmbridge.** Councils are required to use the 2014-based household projections prepared by MHCLG rather than the up to date 2016-based projections prepared by the Office of National Statistics.

3.37   The Standardised Assessment leads to a higher estimate of housing need than that produced using the 2016-based official projections, but NPPF is clear that the 2014-based projections should be used. The estimate is 22% higher than that produced by an updated assessment of OAN using the methodology set out in previous (pre-September 2018) PPG, but of the same order as that produced for the 2016 SHMA, provided that a 20% uplift is applied to demographic need to take account of market signals.

3.38   The recommended breakdown of dwellings by size in the new build stock, other than that being provided to meet the need for affordable housing, **is 20% one-bedroomed units, 50% two-bedroomed units, 20% three-bedroomed units, and 10% four-bedroomed units.** Although this does not match the current pattern of stock, it will contribute to a reduction in under occupation in the authority, to the improvement of affordability by creating more lower cost dwellings, and higher densities, especially if a higher proportion is also provided in the form of flats and apartments. The constraints on development in the authority, and the high level of affordable need, suggest that a shift to the provision of smaller units is essential to meet the challenge of tackling housing need.
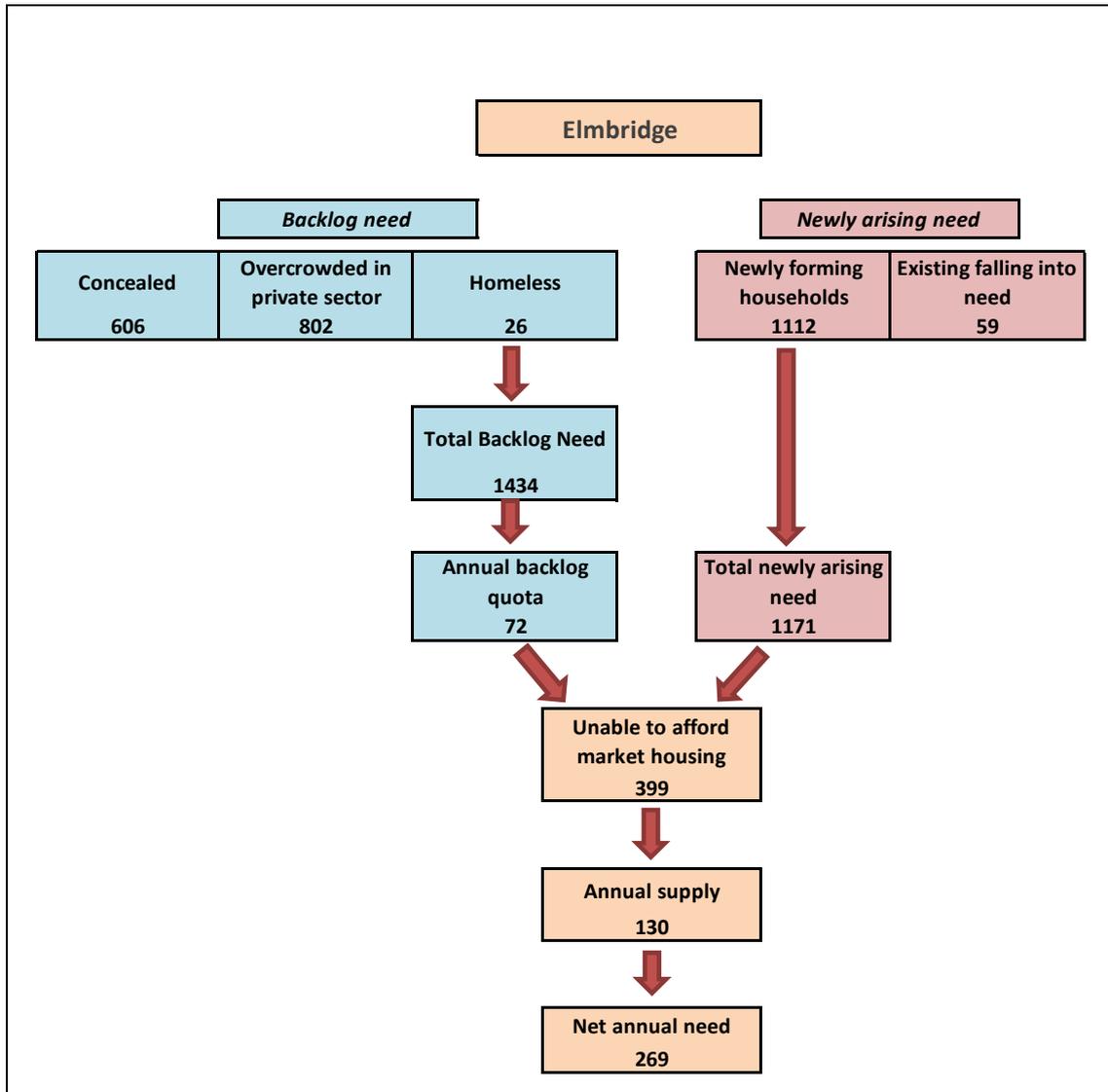

Chapter 4

Affordable housing need

Key messages

- This chapter estimates the requirement for affordable dwellings in Elmbridge using a spreadsheet model based on official Planning Practice Guidance.
- The need for affordable housing differs from total housing need. Assessed need, whether calculated through the new standardised methodology, or the former OAN process, is an assessment of the amount of *additional* housing stock required to cater for future household growth. The affordable housing requirement estimates the total amount of *affordable* housing required, which could be met in a variety of ways in addition to building more homes (for example, by acquiring private stock for use as affordable housing).
- Backlog housing need was assessed to be 1,434 households. It was assumed that backlog housing need would be met over a twenty-year period, leading to an annual quota of backlog need of 72 households.
- Backlog housing need was added to the number of newly forming households (1,112 per annum) and the number of existing households falling into need (59 per annum).
- This indicated a potential annual need for housing of 1,243 households, before taking account of the ability of these households to afford market housing.
- To assess the number of these households unable to afford market housing, estimates were obtained of the distribution of household incomes in the authority, and of the incomes of the specific groups defined in Guidance as potentially in need. Household incomes were compared with the threshold entry cost for market housing, to give an estimate of the number of households in need of affordable housing, broken down by bedroom requirements.
- **An estimated 399 households per annum could not afford to pay the market entry threshold cost and therefore needed affordable housing.**
- Three other affordable housing thresholds were also identified. The lowest cost threshold was based on current actual average rent levels in the social rented sector. 20 households per annum could not even afford these rents (the estimates of incomes include housing benefits) suggesting that the housing benefit system is not helping all households to fully meet their housing costs, and that some low income households will need to spend a higher proportion of their income on housing than assumed.
- 48 households could afford a social rent, and a rent up to 49% of the lower quartile private rent. They would therefore require social rented housing at around current average rent levels.
- The next threshold was set at 75% of the lower quartile market rent. 216 households could afford a rent at 50-74% of the lower quartile market rent.
- This leaves another 115 households who could afford 75-99% of the market threshold rent.
- These numbers should not be treated as exact, because a household near any one of the thresholds might shift its demand by devoting more of its income towards housing.

- **The annual supply of affordable housing units is estimated at 130 units, and deducting this from gross need of 399 provides a net annual requirement for affordable housing of 269 units**.
- **40% of net affordable need is for four-bedroomed units; 11% is for three-bedroomed units; 34% is for units with two bedrooms; and 15% is for one-bedroomed units. Affordable need for 4-bedroomed units is high because the cost of such dwellings in the market is very high in comparison to the incomes of those in need and the current affordable supply is very limited.**
- The chart below summarises the process of calculating affordable need.

Elmbridge

Backlog need			**Newly arising need**	
Concealed 606	**Overcrowded in private sector** 802	**Homeless** 26	**Newly forming households** 1112	**Existing falling into need** 59

Total Backlog Need
1434

Annual backlog quota
72

Total newly arising need
1171

Unable to afford market housing
399

Annual supply
130

Net annual need
269

Introduction

4.1   This chapter concerns the requirement for affordable dwellings as distinct from the overall need for housing set out in **Chapter 3**. Official Planning Practice Guidance sets out a well-established framework for calculating the need for affordable housing. This has not changed significantly in recent (2018-19) revisions to Planning Practice Guidance. The process of calculating affordable housing need involves adding together the current backlog of unmet need for affordable housing and the projected future need for affordable housing; and subtracting the current supply of affordable housing stock. Cobweb Consulting has developed a spreadsheet-based model which follows the steps set out in official guidance to produce an assessment of affordable housing need. The spreadsheet is transparent and set up to facilitate changes in a range of basic input assumptions and the updating of input sources. Unless otherwise stated, this model is the source for all the figures and tables in this chapter.

4.2   The need for affordable housing differs from the overall need for housing. Overall housing need is an assessment of the amount of additional housing stock required to cater for future household growth. It is a net addition to the dwelling stock of all tenures. The affordable housing requirement estimates the total amount of affordable housing required to meet the needs of households which cannot afford to access market housing. It assesses the ability to afford housing across all newly-forming households, not simply the net addition to household numbers, adds in any current backlog, and offsets this against the supply of affordable housing in the current stock to produce an estimate of how much additional affordable housing is needed. The two estimates are not directly related, and the need for affordable housing could in theory be met by the transfer of existing dwellings from the market (for example, through purchase by the local authority or an RP) to the affordable sector. However, building is an important source of affordable housing supply.

4.3   The model assumes that all households who cannot afford market housing require some form of affordable housing. The types of affordable housing provision available and the costs associated with these have evolved rapidly in recent years, so the model is set up to be independent of the exact type of provision. It requires as an input the monthly or annual cost of each type of affordable provision in order to estimate the number of households in need who cannot afford higher costs.

4.4   The supply of private rented dwellings is not included within the model as there is no guarantee that this supply will be allocated to those in affordable need or indeed that it will continue within the supply, as this is subject to the decisions of individual private landlords. However, the potential contribution of this sector is important as a source of provision for those in affordable housing need, especially with the assistance of Local Housing Allowance and support through the benefit system, although this assistance is of course subject to reform at the present time. This is discussed further at a later stage in this chapter and also in chapter 5.

Household incomes and the ability to afford housing

4.5 The main requirement for estimates of affordable housing need is data on household incomes. Local data on household incomes is not readily available in the form required to produce estimates of the ability of households to afford different types of housing. Several commercial companies produce local estimates of the distribution of household incomes, and incomes produced by one company, CACI Paycheck, have been used in this SHMA to produce estimates of the distribution of incomes for various groups in 2019. The methodology for the CACI estimates is not published in detail by the company which supplies them, but the estimates are modelled using a variety of information sources and indirect indicators rather than being fully based on a survey of incomes.

4.6 The CACI estimates cover all households, whereas we require income data for different groups in need (concealed households, overcrowded households, homeless households, newly forming households and existing households falling into need). These have therefore been estimated using data from the English Housing Survey (EHS). The English Housing Survey also includes banded data on household savings and data on housing equity. For each group, the ratio of their income to that of all households was calculated from the English Housing Survey. This exercise was carried out for each decile point on the income spectrum. These ratios were then applied to the CACI Paycheck data for all households to produce estimates of the incomes of each need group.

4.7 **Table 4.1** below shows each decile point in the income distribution, together with the quartiles and the median. 50% of households in the authority have an estimated income in excess of £50,242 per annum so Elmbridge is undoubtedly a high income area. However some households have very low incomes and 10% have an income of less than £16,903 per annum.

4.8 Household incomes are translated in the model into an estimate of the housing costs which they could pay for – a gross income of £X per annum will enable a household to afford a mortgage of £Y, or monthly rental of £Z. Several assumptions, all changeable within the model to test alternatives, are required to produce these estimates, as follows:

- *The maximum percentage of income to be spent on housing costs, whether mortgage payments, monthly rent, or a combination of these*: In practice the model assumes this to be the actual percentage spent, in order to minimise the demand for affordable housing. The maximum percentages assumed were 25% for households with a gross income of up to £24,000 per annum; and 30% for those with an income above this level.

- *The maximum percentage of house value represented by a mortgage loan:* This was assumed to be 90%.

- *The mortgage interest rate:* This was assumed to be 5%.

- *The mortgage repayment period:* This was assumed to be 25 years.

4.9   The results of these assumptions for the ten decile points of the income distribution, including the median and the lower and upper quartiles are shown for reference in **Table 4.1.** Together with the maximum annual housing cost which they are deemed to be able to afford, the house purchasing power which this translates into and the monthly rent which each income level could sustain.

Backlog need

4.10   The next stage in the calculation of affordable housing need calculates the currently unmet need for affordable housing, or backlog need, as distinct from need which will arise in the future. Official guidance (in Planning Practice Guidance) does not prescribe in detail which types of need should be included, but the following were included in the 2016 SHMA and the same categories have been used in this update:

- *Concealed households*

- *Overcrowded households*

- *Homeless households*

4.11   In order to provide an assessment of the size breakdown of affordable housing need, the assessment of backlog need must also be broken down by bedroom requirements.

Total backlog need

4.12   Adding the backlog of concealed, overcrowded and homeless households together produces a gross backlog need for affordable housing of 1,434, after the deduction of all those in need currently living in social rented housing, and a reduction of 19% in the number of overcrowded households to allow for some overlap with concealed households.

4.13   Ideally, backlog need would be met as quickly as possible, but official guidance recognises that it must be dealt with over a period of several years. The appropriate period is not specified, but in a context of high demand such as Elmbridge, an extended period is likely to be necessary. A period of twenty years is increasingly used, so this has been assumed in the model. On this assumption the backlog of affordable need is 72 dwellings per annum.

4.14   **Table 4.2** shows the breakdown of backlog need by bedroom requirement, assuming that the need in each size category is met at the same rate.

Table 4.2 Minimum estimate of backlog need in households per annum by bedroom requirement

No. of beds	Number	Percent
1 bed	17	24%
2 bed	21	29%
3 bed	16	22%
4+ bed	18	25%
Total	72	100%

Note: numbers may not exactly sum to total because of rounding

Newly arising need

4.15   The second component of affordable housing need identified in Planning Practice Guidance is newly arising need. This will be generated in the future by newly forming households unable to afford access to market housing, and by some existing households whose needs change. The first element of need arising from newly forming households is estimated from the household projections examined in Chapter 3. However, unlike the estimate of overall need, which is based on *net* new household formation, the estimate of affordable housing need must be derived from *gross* new household formation (that is all new household formation, without the deduction of households which dissolve). Affordable housing released by households which dissolve is taken into account later in the calculation as part of affordable supply. Household projections do not provide the required data directly, but the model uses an approach to estimating gross new household formation from published data on future household numbers set out in previous official guidance. The estimated gross number of newly forming households in Elmbridge over the period 2019-2039 is 1,112 per annum.

4.16   This projection is broken down by household type, which provides a basis for the estimation of the dwelling size requirement breakdown. **Table 4.3** shows newly arising need per annum broken down by bedroom requirement. 48% of need from newly arising households is for smaller units as such households are typically formed of one or two persons, but 43% require three bedroomed units compared to only 22% of those in backlog need.

4.17   The income distribution of newly forming households was estimated from English Housing Survey data for the South East averaged over the period 2012-15. The incomes of this group were generally close to or slightly above the average for households as a whole, with those requiring three bedrooms having the highest incomes.

Table 4.3 Newly arising need per annum in households by bedroom requirement

No. of beds	Number	Percent
1 bed	269	24%
2 bed	267	24%
3 bed	439	40%
4+ bed	136	12%
Total	1,112	100%

Note: numbers do not exactly sum to total because of rounding

Existing households falling into need

4.18   In the future, as well as newly forming households, some households currently in existence may fall into need as a result of a change in circumstances. This is the most difficult category of need to estimate and official guidance does not specify an approach to use. The approach adopted in the model is based on CORE[18] data on lettings in the social rented sector. It identifies new lettings to existing households falling into need as a result of a change in circumstances such as eviction, inability to afford mortgage payments or rent. To smooth out annual fluctuations in need, the number of households affected has been derived from an average of three years CORE data. To allow for the possibility that local authorities and their partners cannot house all those experiencing such problems in any one year, numbers in need have been increased by 25%. The model estimates that 59 existing households will fall into need annually.

4.19   This excludes all households falling into need who were previously living in the social rented sector, as meeting their needs would release the dwelling which they were previously occupying. Existing households falling into need are more likely to resemble those in backlog need than newly forming households, so their bedroom requirement split has been assumed to be similar to that for all households in backlog need (**Table 4.4**).

Table 4.4 Existing households falling into need per annum by bedroom requirement

No. of beds	Number	Percent
1 bed	7	12%
2 bed	21	36%
3 bed	18	30%
4+ bed	13	22%
Total	59	100%

Note: numbers do not exactly sum to total because of rounding

4.20   The model assumes that the income profile of existing households falling into need matches

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[18] CORE (Continuous Recording of Social Lettings) is a national database which records details of new social tenants and the properties which are let to them.

that of overcrowded households who make up the majority of backlog, except in the case of households requiring one bedroom, where incomes are assumed to be the same as those of concealed households.

4.21   The total annual level of need arising from backlog need, newly arising need and existing households falling into need, is 1,243. This is subdivided by bedroom requirement as follows:

- One bedroom required: 293
- Two bedrooms required: 309
- Three bedrooms required: 474
- Four or more bedrooms required: 167

Estimating the proportion of households unable to afford market housing

4.22   The next step in the calculation of affordable need is to estimate the proportion of these households who will be unable to afford to buy or rent a market dwelling. Following official guidance, market entry price/rent levels were determined from an analysis of sale prices and rents for housing of different sizes. The thresholds used for access to the market were the lower quartile cost of buying on the open market or of renting, whichever was the cheaper, with mortgage costs converted to monthly costs on the basis of the assumptions relating to deposit and interest rates set out above. The lower quartile thresholds utilised in the model for market prices and rents in Elmbridge are shown in **Table 4.5**, broken down by bedroom requirement. At each bedroom size the lower quartile rent threshold is cheaper than the cost of buying at the lower quartile price and it is this threshold which determines affordability. As a result, households at the margin of those deemed able to afford market housing will only be able to rent rather than to buy. The table also shows three other cost levels for affordable housing. These are:

- A threshold based on average rents in the social rented sector, derived from published national data on local authority lettings;

- A threshold based on 50% of lower quartile market rents;

- A threshold based on 75% of lower quartile market rents;

- These four thresholds, taken together, provide a wide range of potential housing costs for comparison with incomes.

Table 4.5 Market and affordable threshold prices/rents

Beds	Market solutions		Affordable housing solutions		
	Buying: lower quartile threshold price (£)	Renting in the market: lower quartile threshold rent (£ per month)	Renting at 75% lower quartile market rent level (£ per month)	Renting at 50% lower quartile market rent level (£ per month)	Renting at current average social rents (£ per month)
1	243,000	875	656	438	412
2	270,000	1100	825	550	498
3	469,000	1395	1046	698	624
4+	778,540	2000	1500	1000	694

Source: HM Land Registry, VOA, and model estimates of price/rent differentials by dwelling size. Minor adjustments were made to social rents for one- and two-bedroom dwellings and to the lower quartile market rent for four-bedroomed units to produce a more even distribution of costs between options.

4.23   The costs associated with a range of recently-completed shared ownership schemes or individual resales of such properties were also examined. The average total monthly cost associated with one bed units was £1,076 and for two-bed units £1,419. On average 45% of the equity was purchased. These costs are well above the lower quartile market rents for one and two-bed properties, so they have been excluded from the calculations below as they will not be within the reach of any of the households identified below as being in affordable need.

4.24   **Table 4.6** shows the number and percentage of households in need who are able/unable to afford market housing at the thresholds shown in Table 4.5. Thirty-two percent of households in need cannot afford to access market housing at the thresholds shown in the table. This means that 399 units of affordable housing are required annually to meet need, before taking account of the annual supply through relets. The proportion in households requiring affordable housing is much higher for those requiring four-bedroomed accommodation (65%) because the market cost of this type of housing is substantially higher than that for smaller units.

Table 4.6 Ability to afford market threshold housing cost

		1 bed	2 bed	3 bed	4+ bed	Total
	Cost pcm (£)	875	1,100	1,395	2,000	
	Threshold (£)	10,500	13,200	16,740	24,000	
Number	Total need	293	309	473	168	1,243
	Can afford	194	170	421	59	844
	Can't afford	99	140	52	109	399
Percent	Can afford	66%	55%	89%	35%	68%
	Can't afford	34%	45%	11%	65%	32%

4.25   **Tables 4.7-4.9** show the results of applying the three additional affordable housing

thresholds set out in **Table 4.5**. The lowest threshold is based on published average rents for social rented sector lettings in Elmbridge. **Table 4.7** shows the annual cost of these rents, and the number and percentage of households unable to afford a rent at or above these threshold costs for each bedroom category. As the CACI household income estimates include housing benefit income, almost all households should be able to afford this cost threshold, but 20 (2%) households can only afford housing costs below the social housing rent thresholds. In these cases, their benefit entitlement cannot compensate then fully for rental costs and they will be obliged to devote a higher proportion of their incomes to rent payments.

Table 4.7 Ability to afford estimated actual social rented housing costs

		1 bed	2 bed	3 bed	4+ bed	Total
	Cost pcm (£)	412	498	624	694	
	Cost per annum (£)	4940	5980	7493	8332	
Number	Total need	293	309	473	168	1243
	Can afford	286	297	472	168	1223
	Can't afford	7	12	1	0	20
Percent	Can afford	98%	96%	100%	100%	98%
	Can't afford	2%	4%	0%	0%	2%

4.26   **Table 4.8** shows that 68 households can only afford a rent below 50% of the lower quartile market rent level. 48 of these households (68-20) can afford a rent above the social rent threshold and up to, but not above, 49% of the lower quartile market rent. The breakdown by number of bedrooms is also shown in the table. Most of those who cannot afford this threshold require smaller units (1-2 bedrooms).

Table 4.8 Ability to afford 50% of lower quartile market rents

		1 bed	2 bed	3 bed	4+ bed	Total
	Cost pcm (£)	438	550	698	1000	
	Cost per annum (£)	5250	6600	8370	12000	
Number	Total need	293	309	473	168	1243
	Can afford	271	297	449	159	1175
	Can't afford	22	12	24	9	68
Percent	Can afford	92%	96%	95%	95%	95%
	Can't afford	8%	4%	5%	5%	5%

4.27   **Table 4.9** shows the thresholds derived from 75% of the lower quartile market rent, and the numbers and proportions of households able to afford them. Some 284 households can only afford a rent below 75% of the lower quartile market rent. 216 of these households (284-68) can afford a rent at or above the 50% of lower quartile rent threshold and up to 74% of the lower quartile

threshold. The breakdown by number of bedrooms is also shown in the table. In this case, households requiring 4-bedroomed dwellings form the highest proportion of those in need. Rents at 75% of the lower quartile market threshold are close to the actual level for Affordable Rent dwellings.

Table 4.9 Ability to afford 75% of lower quartile market rents

		1 bed	2 bed	3 bed	4+ bed	Total
	Cost pcm (£)	656	825	1046	1500	
	Cost per annum (£)	7875	9900	12555	18000	
Number	Total need	293	309	473	168	1243
	Can afford	214	231	433	81	959
	Can't afford	79	78	40	86	284
Percent	Can afford	73%	75%	92%	48%	77%
	Can't afford	27%	25%	8%	52%	23%

4.28   A further 115 households (399-284) can afford a dwelling at between 75% and 99% of the market threshold. **Table 4.10** summarises these results.

Table 4.10 Summary of affordable housing need and ability to afford market and affordable housing cost thresholds

	Households per annum			
Affordability	All households		In affordable need	
	Number	Percent	Number	Percent
Can afford market rent*	844	68%		
Can afford 75-99% of market rent	115	9%	115	29%
Can afford 50-74% of market rent	216	17%	216	54%
Can afford current average social rent and up to 49% market rent	48	4%	48	12%
Can only afford rent below average social rent level	20	2%	20	5%

*Lower quartile private rent. Note that the number of households in each category includes some whose capacity to pay for housing falls close to the thresholds (as well as others whose capacity falls closer to the centre of the range for that band). There is likely to be some flexibility over the appropriate solution for households falling close to the thresholds. The numbers in the table may differ slightly from those in the text due to rounding.

Affordable supply

4.29   The next stage in the calculation of affordable housing need requires an estimate of the total affordable stock available. The main component of supply is annual relets from the existing stock. This has been calculated in line with official guidance on the basis of past trends - an average of the past three years supply. In order to ensure that the estimate reflects the longer-term supply of stock, first time lettings of new dwellings are excluded. The estimate is also limited to re-lets to new

tenants and excludes transfer lettings. CORE returns and local authority lettings data are the sources used for these estimates.

4.30   The largest element of affordable housing supply is general needs lettings (80 out of 130 units per annum). New housing in the pipeline is normally excluded from this element of supply, as it is a one-off feature rather than part of the continuing flow provided by relets. If a major quantum of new supply were to be anticipated, the impact of this on future relets would need to be factored into annual supply in the year of completion.

4.31   A second component of future supply is affordable rented housing (23 out of 130 units).

4.32   A third component of supply is supported housing (36 units). These are one-bedroomed units, let to households requiring specialised dwellings and/or care and support. They are not part of the general needs housing stock, but as some are let to people in affordable need, 50% of the supply of these dwellings has been added to the supply of dwellings available at social rent levels. This amounts to 18 out of 130 units.

4.33   Finally the model includes an estimate of the number of intermediate tenure homes that come up for re-let/re-sale (8 out of 148 units).

4.34   Any of these elements of affordable housing could experience an increase or reduction as a result of new additions to the stock or though demolition, disposal or sale of social rented homes, or the disposal of intermediate tenure homes currently occupied by households in need of affordable housing. If they were of significant scale, such changes would impact on long term relet rates and should be taken into account in future updates of the model. For example, a substantial increase in the sale of social rented housing through right to buy would have a longer term (though complex) downwards impact on relet supply. In addition, such changes need to be taken into account in looking at the future supply of affordable accommodation to meet backlog and newly arising need, by assessing their profile over time of any changes and adding them to, or subtracting them from, outstanding need at the appropriate point when they impact on supply.

4.35   **Table 4.11** summarises the estimated future annual supply of affordable homes by type. Social rented sector relets form the largest source of supply.

Table 4.11 Future annual supply of affordable homes

		Annual supply
Social sector re-lets	1 Bed	33
	2 Beds	32
	3 Beds	14

	4+ Beds	1
	Total	80
Affordable rent relets	1 Bed	4
	2 Beds	12
	3 Beds	7
	4+ Beds	1
	Total	23
Supported housing	1 Bed	18
	2 Beds	0
	3 Beds	0
	4+ Beds	0
	Total	18
Shared ownership/intermediate tenure	1 Bed	4
	2 Beds	4
	3 Beds	0
	4+ Beds	0
	Total	8
Total	1 Bed	59
	2 Beds	48
	3 Beds	21
	4+ Beds	2
	Total	130

Source: CORE. Data on lettings and other resupply has been averaged over the period 2014-17.

Net affordable need

4.36   The final stage is to subtract affordable housing supply from affordable need. This results in an estimate of net annual need for affordable housing in Elmbridge of 269 units. **Table 4.12** shows this total and provides a breakdown of net need by type and size of housing. There is an apparent over-supply of one-bedroom and two-bedroomed units available for households who can afford a social rent but who cannot afford 50% of the lower quartile market rent. This is in part, but not entirely, due to the inclusion of some supported housing units in the supply of this type/size of housing. If these units were to be excluded from supply, the surplus of one-bedroom units would become much smaller, but the overall level of affordable need would increase to 287 per annum. It does not seem appropriate to exclude all supported housing units from supply, as many are let to households on low incomes, but it is important to bear in mind that this element of supply has an impact on the need for smaller units. The overall requirement for housing at social rent or above, but below 50% of the lower quartile market rent is thus confined to a need for three and four-bedroomed units.

4.37   There is a larger net need for units with rents of between 50% and 65% of the lower quartile private rent, with net need at all bedroom sizes, but especially for four-bedroomed units. The largest level of net need for is for units with rents of between 66% and 79% of the lower quartile private

rent level, and within this category, the greatest level of need is for two-bedroomed units. There is currently no supply in this category. Finally, there is significant net need from households which can afford between 80% and 99% of the lower quartile private rent (74 households). The main category of need within this group is for four-bedroomed units. Overall, 40% of net need is for units with four or more bedrooms, followed by units with two bedrooms (34%).

4.38   In matching need to supply, it has been assumed that shared ownership resales (8 units per annum) meet the needs of households assessed as being able to afford 80-99% of lower quartile market rent levels, that Affordable Rent relets (23 per annum) meet the needs of those assessed as being able to afford rents at 50-65% of lower quartile market rents; and that supported housing and general needs relets at a social rent will meet the needs of those unable to afford 50% of the lower quartile market rent (116 units of supply). The split of need between categories of supply should be treated with some caution, as household incomes form a continuous distribution rather than being clustered around the threshold income levels required to afford particular types of housing. Some households will be close to the various thresholds, and could change category if they were to spend slightly more on housing than the model assumes. Likewise the breakdown of need by bedroom requirement is based on the bedroom standard and some households might desire more or fewer bedrooms than the standard allows.

Table 4.13 Future annual need for affordable homes

		Annual need	Annual supply	Surplus (+) or shortfall (-)	Percentage
Can afford a social rent but not 50% of the lower quartile market rent*	1 Bed	22	51	28	
	2 Beds	12	32	20	
	3 Beds	24	14	-10	

	4+ Beds	9	1	-8	
	Total	68	98	30	
Can afford 50%-74% of the lower quartile market rent	1 Bed	57	4	-53	
	2 Beds	66	12	-54	
	3 Beds	15	7	-8	
	4+ Beds	77	1	-77	
	Total	216	23	-192	
Can afford 75%-99% of the lower quartile market rent	1 Bed	20	4	-16	
	2 Beds	61	4	-57	
	3 Beds	12	0	-12	
	4+ Beds	22	0	-22	
	Total	115	8	-107	
All who cannot afford the full lower quartile market rent	1 Bed	99	59	-41	15%
	2 Beds	140	48	-91	34%
	3 Beds	52	21	-31	11%
	4+ Beds	109	2	-107	40%
	Total	399	130	-269	100%

*Includes those who cannot afford a social rent, who will be required to spend more of their income on housing than the assumed maximum. Due to rounding, components of need may not sum exactly to the total shown in the table.

Required type, and size of affordable housing

4.39   The largest categories of net need are for two- and four-bedroomed units (34% and 40% respectively). Overall, only 15% of net need is for one-bedroomed units. The demand for affordable four-bedroomed units is high because of the high lower quartile private sector rent for this size of unit in the area. These proportions provide guidance for decisions on the target mix of new affordable housing supply going forward, but they vary by type of affordable provision. They should not be applied rigidly, as some households have incomes close to the cost thresholds for each type of affordable provision, others may wish to spend more or less of their income on housing costs than we have assumed, and some may need to occupy more, or fewer, bedrooms than assumed.

Assumptions

4.40   The outputs of the model are sensitive to a number of assumptions over inputs and parameters. For these factors, it is not a case of a right or wrong approach but rather of a choice following the weighing up of the pros and cons of alternatives. These include the following factors:

- Percentage of gross household income devoted to housing costs: the proportion used is as set out earlier in this chapter, but a different factor or factors may be appropriate. The higher the percentage, the lower the level of affordable need, although the reduction is not pro rata.

- Whether or not an adjustment should be made to annual supply, in anticipation of a change in the overall number and composition of lettings due to impending national policy changes.

- The period over which backlog need should be eliminated (currently set at twenty years)

- Whether or not to include all longer-term supported housing as well as general needs housing in the annual supply, and if so, what proportion to include.

- The price thresholds utilised, both the market entry price threshold, which determines the overall level of affordable need, and the thresholds for different types of affordable housing.

The role of the private rented sector in meeting affordable need

4.41   Official guidance stresses that the assessment of net affordable housing need should be derived by comparing affordable need with affordable housing supply. The private rented sector is not currently formally counted a part of the affordable housing supply for housing market assessment purposes. However, it may play a part in meeting affordable housing need in some circumstances, supported by the availability of benefits based on Local Housing Allowance assistance with rents.

4.42   **Table 4.14** assesses the potential impact of the private rented sector on housing need in Elmbridge. In May 2019 there were 1,460 benefit claimants in the private rented sector in the authority. This represented 15% of private rented tenants, assuming growth of 25% over the period between 2011, the latest date for which data on the number of households living in the sector is available, and 2019. This suggests the benefit-dependent private rented sector is significant in the authority, but far from dominant.

4.43   To assess the possible scale of the contribution which the PRS might be making to meeting affordable need, an estimate is required of the annual inflow of new claimants. EHS regional data indicates that 9% of PRS tenants (averaged over the three-year period from 2010-13) were new entrants to the sector in the previous twelve months. Applied to the estimated numbers within the sector in Elmbridge in 2019, this suggests that 900 households per annum enter the private rented sector from other tenures or as newly-forming households. Assuming that these have the same profile as tenants in the sector as a whole suggests that 135 new claimants per year enter the private rented sector. This represents 50% of net annual affordable housing need.

Table 4.14 Estimated impact of the private rented sector on housing need

PRS HB claimants May 2019	Renting from private landlord or living rent free 2011	Private renting 2019 (assuming growth of 25%)	Claimant rate (claimants/unit 2019)	Turnover (estimated % of PRS tenants entering sector in last year)	Number of new ent-rants	Estimated number of new HB claimants per annum

1,460	8,006	10,008	15%	9%	901	135

4.44   Official guidance makes it clear that private rented housing is not affordable housing, and it is important to note that the private rented sector provides less security of tenure than the affordable sector (and indeed bears responsibility for a measure of homelessness applications, when assured shorthold tenancies are not renewed)..

Impact of affordable need on overall housing need

4.45   Elmbridge will need to formulate a policy for affordable housing in response to this assessment of the level of affordable housing need in the borough, and other sources of evidence. Planning Practice Guidance contains the following instruction, which was changed only slightly in the two recent updates of PPG (our emphasis):

4.46   '*The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.*'[19]

4.47   **Table 3.5** above showed the delivery of affordable homes in Elmbridge over the period 2009-2018. The level of provision varied substantially from year to year as would be expected, but has averaged 64 dwellings per annum, or 26% of all provision. This represents only 21% of the net annual need for affordable housing shown above. Net affordable need is equivalent to 52% of the overall level of new housing need. If affordable housing provision is maintained at 26% of housing output at the higher overall level which is required to meet need, the level of affordable housing secured will be higher (150 units per annum) but still below net affordable need.

4.48   This suggests that there is a need to increase the proportion of affordable housing obtained from completions substantially, and within the context of the challenging new level indicated by the new standard housing need methodology. To meet the affordable requirement fully, it might be necessary to aim to exceed the target level suggested by the standard need methodology. But given the step up which will be required to meet the new target this could be very difficult to achieve in practice.

Conclusion

4.49   This chapter has presented the results of a model which assesses the requirement for affordable housing in the borough, independently calculated using a methodology based on updated

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[19] *Housing and economic needs assessment*, CLG February 2019, Paragraph 024 Reference ID 024-20190220

official Planning Practice Guidance. The overall net annual need for affordable housing is estimated to be 269 units per annum. The estimate reflects the distribution of incomes and price/rents at the base year 2019, which is assumed to remain broadly unchanged in the future. The estimates could be affected by changes in the relationship between incomes and prices/rents in the future. One example would be recent and planned changes to housing benefits for lower income households. Income from housing benefit is included in the income estimates used in the model, but if benefits are reduced, this would affect the incomes of (mainly) lower income households and reduce their ability to afford housing costs. Similarly, if house prices rise or fall relative to incomes generally this would also affect affordability. It will be important to monitor the impact of such factors carefully, as they unfold. In terms of size, the largest categories of net need are for four-bedroomed units (40% of net need), and two-bedroomed units (34% of net need). Only 15% of net need is for one-bedroomed units.

4.50   Combining the estimate of overall need from Chapter 3 and the estimate of affordable need set out in this chapter gives a guide to the overall dwelling size breakdown of new housing which is required. **Table 4.15** shows the percentage breakdowns by dwelling size of the need for affordable housing and for market housing. The most significant difference is the much higher demand for four-bedroomed units of affordable housing. Beneath this, the table shows the required breakdown of units by bedroom size under three different scenarios. The first assumes that all net affordable need is met by new housing construction (in addition, 130 units per annum are provided from relets to meet the full affordable need of 399 units per annum). The second assumes that the level of affordable provision met by new building is 200 out of 269 units per annum, and the third scenario assumes that only 100 out of 269 units are met by new construction. In each case the residual requirement for new construction to meet need is assumed to be met in full by market development. The main impact of increasing the share of new development provided by market housing is to reduce the target for four-bedroomed units. These examples are illustrative, and assume that the target for new housing construction is set at the level indicated by the Standardised Need Assessment.

Table 4.15 Illustrative examples of the breakdown of new housing provision by unit size

			1 bed	2 bed	3 bed	4+ bed
Target size breakdown	Affordable housing		15%	34%	11%	40%
	Market housing		20%	50%	20%	10%
Dwellings per annum		Total	1 bed	2 bed	3 bed	4+ bed
Affordable need met in full by new construction	Standardised housing need	626	112	270	101	143
	Affordable housing	269	40	91	30	108

	Market housing	357	71	179	71	36
200 out of 269 dpa met by new construction	Standardised housing need	626	115	281	107	123
	Affordable housing	200	30	68	22	80
	Market housing	426	85	213	85	43
100 out of 269 dpa met by new construction	Standardised housing need	626	120	297	116	93
	Affordable housing	100	15	34	11	40
	Market housing	526	105	263	105	53

Chapter 5

The housing requirements of specific groups

Key points

Older people

- By 2035 the number of those aged 65 or over in Elmbridge is projected to be 35,500. This represents a 37% increase on 2020 figures. This is a slower rate of increase than that projected in the 2016 SHMA, because of different population projections.
- The rate of increase of the 75 or over and 85 or over groups in the population is projected to be higher, at 46% and 80% respectively. Again, these are slower than the projections in the 2016 SHMA.
- There is projected to be a 29% increase in the number of households containing those aged 65 or over, and significantly higher rates for older seniors (40% for 75+, 68% for 85+). Again, the 2016 SHMA had higher proportions of households in all categories.
- 72% of single older people and 90% of older couples own their own homes outright, implying there is considerable equity available to meet housing needs.
- Substantial numbers of older people tend to under-occupy housing, implying that if they downsize this would free up more family-sized accommodation in all sectors.
- While demographic modelling shows that there is likely to be an underlying shortage of rented and leasehold sheltered accommodation, at the moment proportionately, the greatest requirement is for Extra Care accommodation.
- There has been a substantial (96%) increase since 2015 in the numbers on the housing register seeking sheltered accommodation
- **Looking ahead to 2035 there will need to be a 41% increase in the need for rented sheltered homes and a similar 41% increase in in the need for leased sheltered homes.**
- **There will be a need for an additional 133 units of Extra Care accommodation between 2020 and 2035, 73% of which should be leasehold and 27% rented.**

Households with disabled members including wheelchair users
- A gradual increase in the number of people with mobility disabilities is forecast between now and 2035, particularly of those aged 65 plus, where a 41% increase is expected, as well as a 4% increase among working age people.
- **Demographic modelling suggests that 260 households have an unmet need for wheelchair accessible accommodation.** Others will have accessible housing needs that may not require full-wheelchair accessible standards.

- There is some mismatch between the numbers needing social/affordable wheelchair accessible stock, and the allocations to that stock when it becomes available.
- We suggest further work is undertaken to look more deeply into the economic circumstances of those potential 260 requiring such accommodation, to determine how many or what proportion could access market products.
- **But in the interim it is clear that more effective use of the social housing wheelchair assets that come into availability (some 9 per annum) be made, by ensuring they are let to those that require wheelchair accessible accommodation.**

Students

- There are over 6,000 students resident in the borough during term time, including older school students.
- 83% live with their parents. Around 10 % live in the private rented sector.
- There are currently no plans to build any purpose built student accommodation in the borough. The prime HE establishment in the borough only has 85 undergraduate students
- The borough is a 'net exporter' of students – that is, the number of residents that leave the authority for elsewhere during term time is greater than the numbers that come in.
- **In view of the above there does not seem to be a strong case for purpose-built student accommodation to be prioritised against other demands.**

Private rented sector (PRS)
- The PRS has expanded in Elmbridge by 43% between the last two Censuses and is now likely to be providing homes for nearly 20% of households
- Mature adults (age 25-49) comprise the largest group, and a high proportion of households have dependent children (42%).
- Groups categorised as other than White are more reliant on the sector than White groups.
- Private renters, including those with children, tended to live in smaller properties than owners, and to be more overcrowded.
- Although private renters are more economically active than average, they are slightly more likely to be in lower-paid and less responsible jobs than average.
- Rents have increased by between 18% and 56% since 2010 (depending on bedsize); there are signs that the increase rate is slowing.
- Assuming up to a third of household incomes could go on housing costs, half of renters cannot afford a median rent two bedroom home.
- The number of PRS tenancies let to those claiming Housing Benefit has reduced sharply, by 34%, since 2011; if it is becoming less of an option for those on lower incomes, this must be of concern to the authority, particularly given the high proportion of households with dependent children that rely upon it.

- In spite of the reduction in claims, new claimants represent 50% of newly-arising housing need every year.
- Loss of a PRS tenancy is accounting for 17% of initial assessments under the Homelessness Reduction Act 2017.
- **To date the authority has not had to use the PRS as a source of temporary accommodation to a great extent.**
- **Looking to the future, it seems likely that landlords will continue to exit the Housing Benefit / Universal Credit sub-sector and 'upmarket' their offers, to the detriment of those on lower incomes. There must be concern about access for those on the lower end of the income spectrum, and the knock on effects on homelessness services if this scenario arises. The authority may wish to take measure to engage with landlords offering homes at the lower end of the price spectrum, to assist them remain in this market**

Those wishing to build their own homes

- As of January 2020, 206 individuals were on the register set up under the Self-Build and Custom Housing Building Act 2015 to monitor those interested in acquiring land for self / custom-build projects.
- Of these, 29% did not live in the Borough, 70% were already owner-occupiers and only four were social housing residents. Only eight were on the housing register
- The Act expects an authority to make provision in certain circumstances for suitable serviced plots to meet demand as evidenced by the register. Regulations in force from 2016 give authorities the option to divide the register, based on eligibility tests, including local connection and financial viability. Only those that can pass the eligibility tests would be entitled to borough support.
- The authority may wish to set up a two-part register, to ensure that only those meeting the appropriate criteria be considered for serviced plots.
- There is no data available yet to indicate whether demand for self-build in Elmbridge is relatively high or low; **but in the context of other priorities for scarce land resources, including the 1,835 on the housing register, and the annual deficit of 269 affordable homes, we suggest that there is little evidence that self-build should be prioritised above other demands.**

Introduction

5.1   As required in the brief, this chapter discusses the housing requirements of some specific groups: older households, households with disabled members (including wheelchair users), students, private renters, and those wishing to build their own homes.

Older households

Demographic context

5.2   In common with the rest of the country, Elmbridge is projected to see substantial increases in the number and proportion of people aged 65 and older between 2020 and 2035. Based on the ONS 2016 base population projections[20], the number of 65s and over are projected to increase by 9,500 over the period, a 37% increase on the 2020 figures. This is a lower projected increase than that in the 2016 SHMA (which was 12,200 people and a 48% increase rate). This earlier figure was based on ONS 2012 base population projections, and covered the period 2014 to 2030.

5.3   Within this, the rate for the more senior groups that are more likely to place serious demand on care and health services are higher – a 46% increase is projected for those 75 or over (5,900 increase) and a 80% increase for those 85 or over (3,500 increase). Again, these are all lower increases than those projected in the 2016 SHMA. While people are living longer, they have a shorter amount of time in which they are healthy, and their needs - including housing needs – increase in the later stages of their lives.

Table 5.1 Population increase rates, older people

	2020	2025	2030	2035	% increase 2020-35
People aged 65+	25,500	28,100	31,800	35,000	37%
People aged 75+	12,900	15,300	17,000	18,800	46%
People aged 85+	4,400	5,200	6,200	7,900	80%

Source: ONS Population projections 2016 base

5.4   In terms of the overall proportions in the population that this will represent, currently those aged 65 or over make up 18% of Elmbridge's population: this is projected to increase to 23% by 2035. In parallel, while the proportion under 25 is expected to reduce from 30% to 29%, the proportion of the main working age group 25 to 64 is projected to reduce more sharply, from 52% to 47%. This may have implications for the ability of the local community to provide the services that an increasing proportion of older people will require.

Households containing older persons

5.5   In terms of the increase in the number of households that will hold this population[21], the figures are as follows:

Table 5.2 Projections of households aged 65 or over

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[20] Please note that we use the most recent projections here, unlike in chapter 3 where we are constrained by NPPF and PPG guidelines to use the 2014 projections.
[21] 'Household' in this sense is one categorised where the household reference person is aged 65 or more, or 85 or more, as appropriate

	2020	2025	2030	2035	% increase 2020-35
Household aged 65+	16,383	17,629	19,534	21,214	29%
Household aged 75+	8,925	10,410	11,412	12,510	40%
Household aged 85+	3,044	3,435	4,042	5,100	68%

Source: ONS 2016 base household projections

5.6   In parallel with projected population growth, the number of households with older residents is projected to increase, with again the greatest proportionate growth in the 85 or over cohort. Over the same period, the number of households headed by under 25s is projected to reduce by 17% and those in the main working age group 25 to 64, to reduce by 3% - again, with implications for the ability of the local population to meet the health and care needs of its older members.

5.7   This also reflected in the swing in the proportions of the overall number of households headed up by different age groups. In summary, by 2035 older groups are expected to account for 36% of households, rising from a base of 30%; whereas working age households reduce by 6%, from 70% to 64%.

5.8   As with the population figures, these household projection estimates are all lower than those in the 2016 SHMA.

Size of households with older people

5.9   The Census 2011 holds a certain amount of data on the number of household members in older person households. **Figure 5.1** shows that as of 2011, 13% of all households in Elmbridge comprised single people aged 65+, and a further 9% were made up of more than one occupant aged 65 plus (the vast majority of these will be couples, thought the Census does not differentiate exactly).

Figure 5.1 Household type and size, 2011
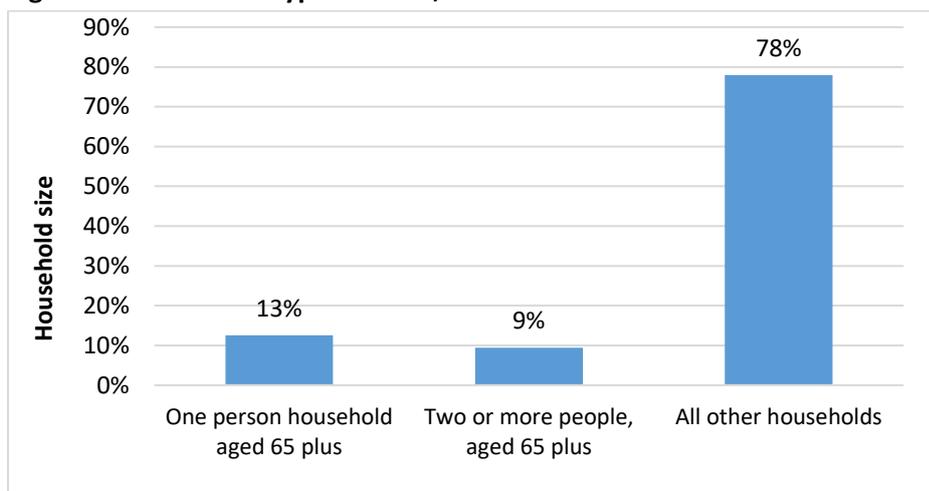
Source: Census 2011 Table DC 4101EW

Tenure of older households

5.10   We can look further at the current tenure of older households, as this will be an important indicator of likely ability to meet future housing needs. **Figure 5.2** shows that 72% of all single people over the age of 65 own their homes, with two-thirds owning them outright. For older couples, the number owning outright increases to 82%, with another 8% holding mortgages. This compares to the very different tenure profile of younger households, shown for comparison in the third column. Clearly, for some of the owner occupiers there will be substantial equity available to help meet future needs. However there are still 28% single older households and 9% couple older households in the social or private rented sectors, less likely to be able to command additional resources, and therefore there will still be some call for appropriate housing for lower income groups.

Figure 5.2 Tenure of older households, Elmbridge
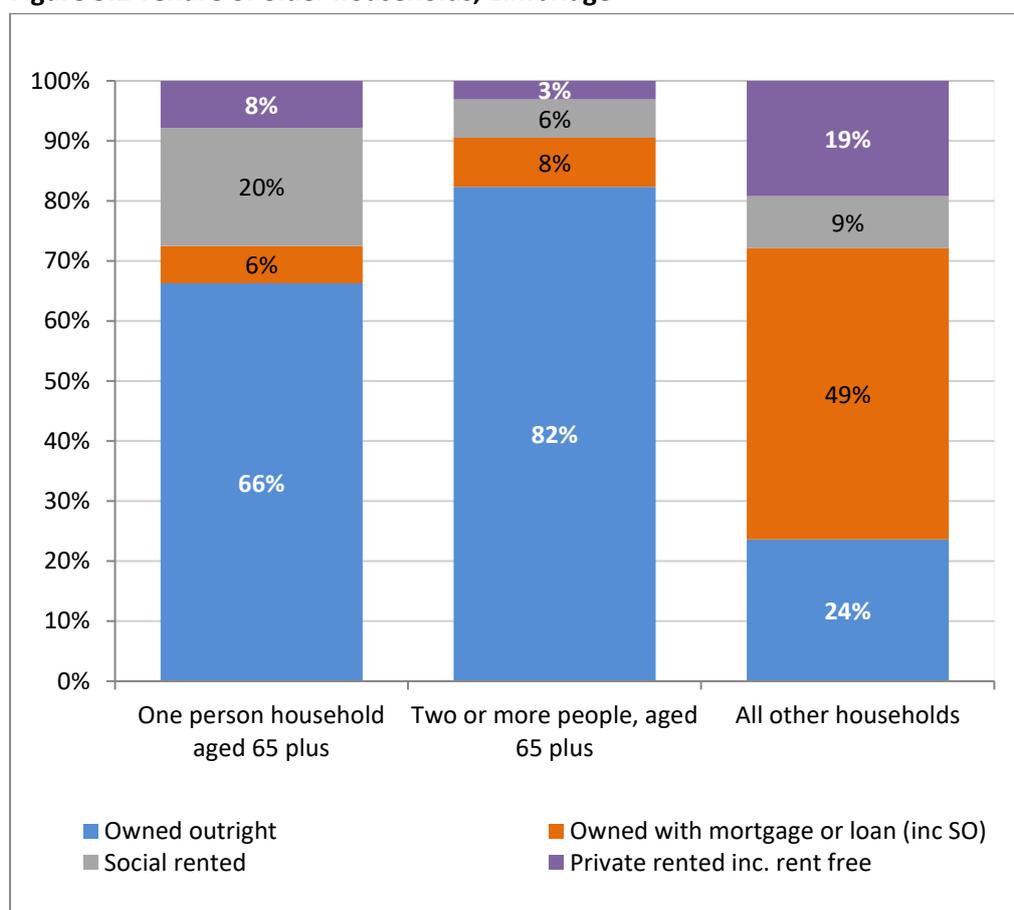
Source: Census 2011 Table DC 4105EWLa

Overcrowding and under-occupation

5.11   Another aspect of older people's ability to resolve their housing requirements is the degree of overcrowding or under-occupation that exists. Across all tenures (**Figure 5.3**), older households

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are proportionately much more likely than younger households to have at least one extra bedroom beyond their basic requirements, with 78% of single older households under-occupying, and 96% of two or more person households with surplus bedrooms, including 77% with two or more extra bedrooms. The pattern for younger people is fairly similar to that of single over 65's, with 74% under-occupying though there is a small element (3%) of overcrowding.

5.12   While there are many reasons why households may want or need spare bedrooms, nonetheless, these figures have to be considered in the context of owner-occupiers being able to meet their needs by downsizing; and for social renters, to understand if there is scope for making better use of stock. This is discussed further in 3.28, where the high proportion of four beds or larger currently in the stock are a factor in recommendations for a greater emphasis on two and three bedroom properties in future development strategies. It could be noted that a significant proportion of social rented stock – 31% - is let to tenants aged 65 plus.

Figure 5.3 Older household occupancy levels, Elmbridge
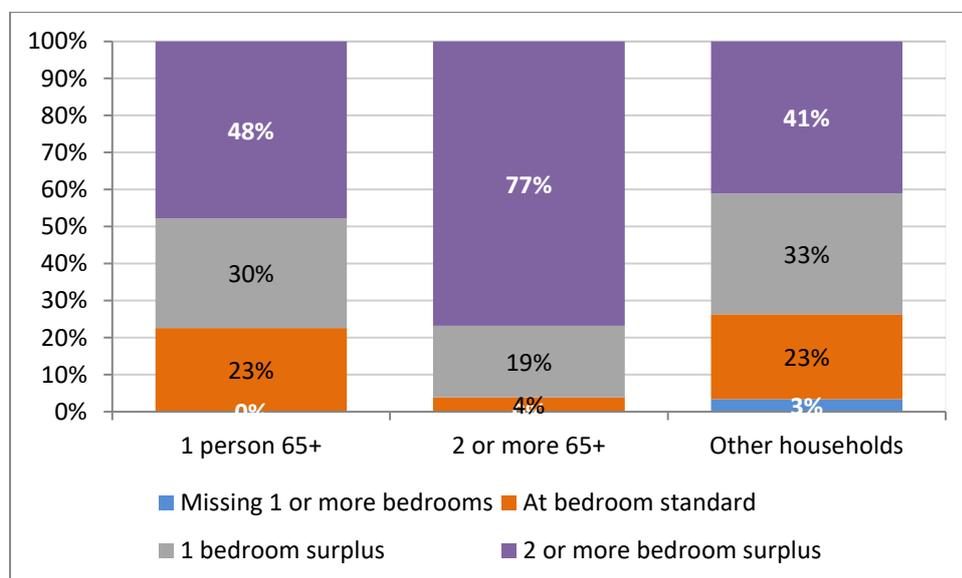
Source: Census 2011 Table LC4105EWla

5.13   When we break this down by tenure, **Figure 5.4** indicates that over 65s living in the owner-occupied sector have considerable scope for downsizing, as 90% under-occupy their homes, including 64% with two extra bedrooms or more. There is minimal indication of overcrowding. The scope is reduced in the social rented and private rented sectors, but nonetheless, in the social rented sector, where the local authority will have some degree of control and influence, 31% of older households do under-occupy, 12% by two beds or more. Older people also under-occupy to a significant extent in the private rented sector (51%), though this is somewhat counterbalanced by the 10% overcrowding rate in the sector. However, this latter figure should be treated with some

caution as Census data merges in its 'other household types' category over 65s in non-standard households with other households including full time student households, This may particularly impact on the private renting overcrowding figure.

Figure 5.4 Occupation levels, older people and tenure, Elmbridge
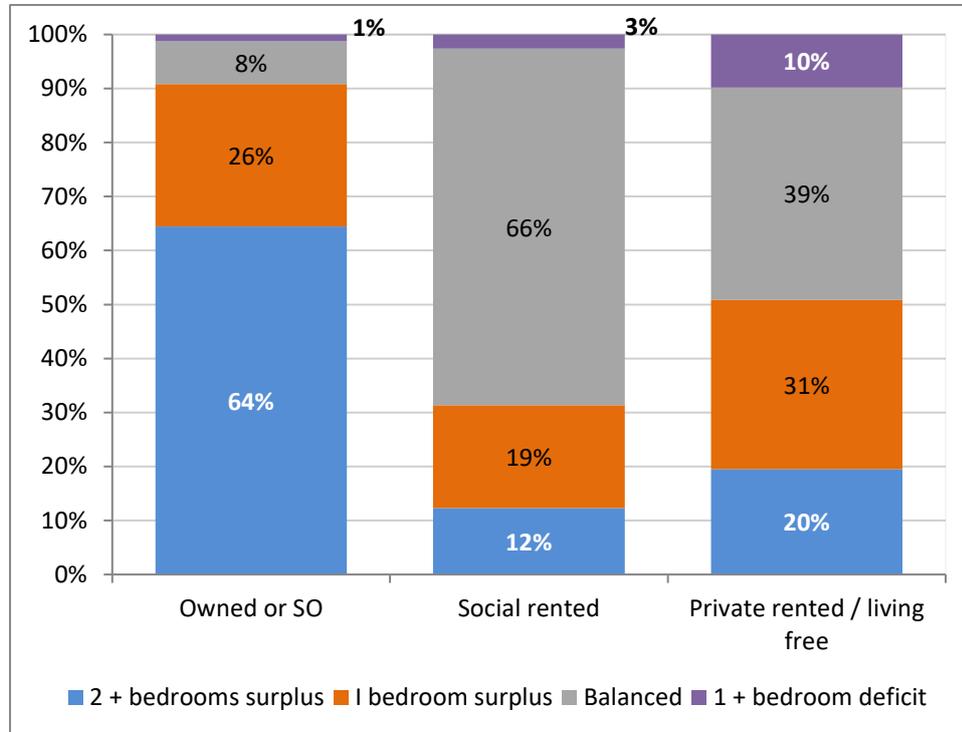
Source: Census 2011 Table LC4105EWla.

Profile of older persons

5.14   Older persons are not homogenous, and will require a range of solutions to enable people to retain as much independence in as late in life as possible. The broad-brush conclusions we draw together above around household size, household tenure (and the options for meeting future needs that it may create), overcrowding and under occupation (and therefore downsizing) have to be nuanced by the nature of the communities in which older people live. For example, there will be older people with close ties to a local area, where their children and relatives live, who will be unlikely to downsize unless there are suitable smaller properties within the local area, accessible to their families.

5.15   Anecdotally, interviews with neighbouring authorities confirmed that under occupation by older households is a common occurrence, especially in the more affluent areas. However, it was also noted that this is their choice. While there might be provision of high quality and high value flatted, sheltered or extra care schemes to allow such residents to downsize, it may be their preference to remain in their existing properties.

Older persons and health issues

5.16   There are a range of health issues that impact on the housing needs of older people. Those related to mobility issues and requirements for physically-accessible housing are discussed in the section on *Households with disabled members and wheelchair requirements* (beginning at para 5.36) in this chapter*.* Here we note some other health issues that may impact on housing requirements.

5.17   Looking first at general health and long-term limiting conditions, **Figures 5.5** and **5.6** illustrate strongly the linkages between ageing and poor health or disability. While practically all children and nearly 90% of working age adults in Elmbridge are in good health, this falls to 62% among over 65s, with another 9%% stating they were in 'bad' health.

Figure 5.5 Ageing and health
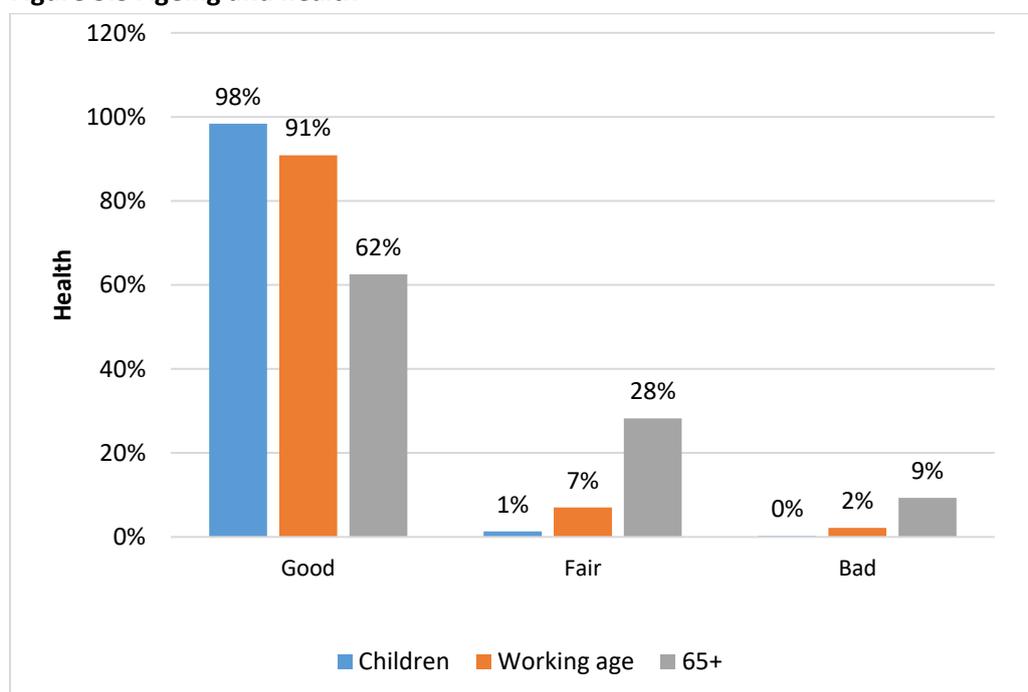
Source: Census 2011 Table DC3403EW

5.18   As regards conditions or disabilities that limit activities, again only a tiny minority of children and working age adults had limiting conditions, whereas nearly a quarter of over 65s found their activities were limited a little, with a further 17% feeling their activities were limited a lot.

Figure 5.6 Ageing and disability
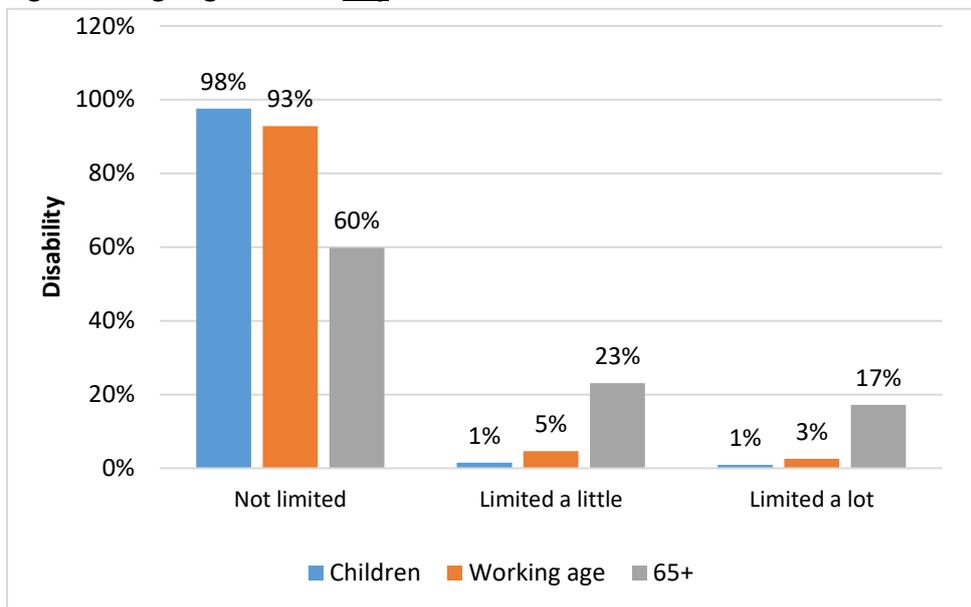
Source: Census 2011 Table DC3403EW

5.19   When we look at the prevalence of specific conditions, there are a number for which local projections have been undertaken. These include those related to mental health and physical conditions. From the range of data available we have selected five to illustrate how Elmbridge's older people may be impacted by these conditions into the future. They are: impaired mobility, depression, learning difficulties, dementia and heart attacks.

5.20   The relevant housing response will of course vary depending on condition. For those with dementia the authority would want to increase quality of life and reduce high hospital emergency admission rates. For depression, as well as medical interventions, more integrated neighbourhoods and closer community ties can help reduce loneliness. The rate of increase of older people with learning disabilities is a product of people generally living longer, but there are issues around what happens to adults with learning disabilities when their ageing carers die. Preventing heart attacks is primarily a public health issue, but the housing contribution would be more suitable accommodation for those with a history of or vulnerable to the condition.

Figure 5.7 Older people (65+) projected to have specific conditions
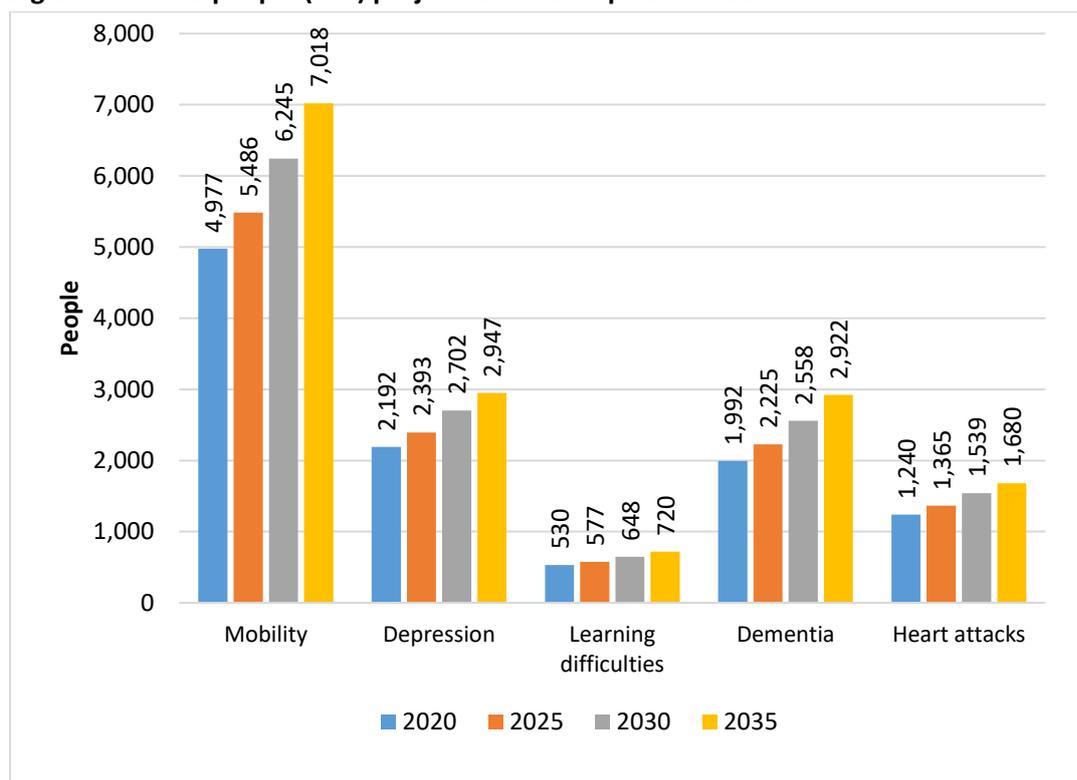
Source: Poppi 2018

5.21   **Figure 5.7** above shows a steady growth in the numbers of older people projected to have these conditions, by 2035. Most numbers increase around a third, but it is worth noting that the projected increase in older people with mobility difficulties is 41% and with dementia is 40%.

Supply of and demand for older persons' housing

5.22   The 2016 SHMA noted that while supply and demand for sheltered and enhanced sheltered accommodation were currently roughly in balance, or running at slight surpluses, the main deficit was in provision of extra care housing.

5.23   Looking to the future, and based on population projections and the Housing LIN / SHOP model[22], the 2016 SHMA indicated that by 2035 additional units as follows would be required:

	Sheltered housing for affordable rent	Sheltered for lease / ownership	Enhanced sheltered	Extra care	Additional units 2015-2035	Annual additional units
Elmbridge	624	351	156	195	1,326	66

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[22] http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/?

5.24   This level of demand is not reflected in current lettings data for sheltered accommodation. In 2019 to 2020 40 units (all one bedroom) were let into Paragon Housing's independent (i.e. sheltered) stock. However it should be noted that the numbers on the Housing Register demanding independent living have increased substantially since 2015, from 130 to 255, a 96% increase

5.25   From a strategic perspective, the approach of Surrey County Council's commissioning body[23] has been to provide a diverse range of accommodation with care options, with the aim to maximise independence, choice and control. By allowing people regardless of their financial circumstances to access settings where current and future needs can be met, this will reduce the risk of having to access more restrictive environments as a result of crisis. As principally housing with care commissioners they have not analysed to any great extent the requirement for lower-care sheltered accommodation, though they do discuss retirement villages and issues related to classing developments as C2 or C3.

5.26   We are taking the opportunity presented by this update to reassess future need against supply based on demographic prevalence models - that is, looking at the number of different types of units required per thousand population. England prevalence rates are used as a baseline, as the assumption is that underlying need will not vary much across the country, though the type of tenure appropriate (because of variations in the ability to afford different tenures) may vary.

5.27   Estimating supply is not a very precise science, particularly because of the move away from standard 'sheltered' schemes to more flexible and integrated housing and support options, as well as the development of Extra Care schemes that blur the boundaries between housing and care-based accommodation. There is no official data that summarises either social or private sector supply. The best source of data is the Elderly Accommodation Counsel[24] (EAC) statistical base. The associated SHOP (Strategic Housing for Older People Analysis Tool) modelling tool also summarises supply. This has been used in studies[25] to estimate housing demand and supply for older persons at a local authority level. Surrey County Council has made a more precise estimate of the supply of extra care.

5.28   The authority noted a long-term reduction in the supply of sheltered housing of 286 units between 2000 and 2009, and since then several other schemes have been closed or have changed usage. It is likely that others may follow, as part of the asset review process. Nonetheless, the EAC database remains the most reliable source of information on supply (and appears to reflect recent changes).

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[23] Commissioning statement: Accommodation with care, residential and nursing care for older people – Elmbridge Borough Council 2019 and onwards. Surrey County Council 2019
[24] http://www.eac.org.uk/
[25] *Assessing potential demand for older persons housing in London*, Three Dragons and Celandine Research, March 2014 and update (including assessment of need for care homes and dementia housing), November 2017

5.29   Supply figures (based on analysis of the EAC database and refined in discussions with Surrey County Council) are as shown in **Table 5.3** for Elmbridge. Additionally, a 53 bed Extra Care leasehold scheme is under development and is expected to become available in 2020. Some units (the precise number is not specified in the EAC database) in a 60 units leasehold scheme are available on a Shared Ownership basis.

Table 5.3 Supply of specialist older persons housing

Type	Number
Sheltered – social rented	1,257
Sheltered – leasehold and SO	1,095
Extra Care – social rented	51
Extra Care - leasehold	119
TOTAL	2,522

Source: EAC database and Surrey CC

5.30   The SHOP toolkit also suggests a demographic model for estimating the need for different types of older persons' accommodation, based on academic research into the number of over 75s in the population[26]. When applied to the Elmbridge population projections, the results are as follows:

Table 5.3a Demand for specialist older persons housing – demographic model

	Demand per 1,000 75+ population	2020	2025	2030	2035
Sheltered and enhanced to rent	80	1024	1200	1312	1448
Leasehold sheltered	120	1536	1800	1968	2172
Extra care total	25	320	375	410	453
Extra care -rent (27%)		*86*	*101*	*111*	*122*
Extra care - sale (73%)		*234*	*274*	*299*	*330*
Overall total		2880	3375	3690	4073

Source: ONS 2016 base population projections and SHOP prevalence estimator

5.31   As regards Table 5.3a, the SHOP toolkit distinguishes 'sheltered' and 'enhanced sheltered demand', giving them rates of, respectively, 60 and 20 per 1,000. 'Enhanced sheltered' is described as 'reflecting additional care and support needs of older residents in sheltered housing (but not high enough levels to require extra care housing)'[27]. As the EAC database no longer sources the supply of enhanced care, we have merged its rate with that for standard sheltered, to arrive at a combined rate of 80 per 1,000 over 75s.

5.32   As regards the split between Extra Care leasehold and rented, we have used the same assumptions in the SCC commissioning statement, and apportioned demand at 27% rented and 73%

[26] Strategic Housing for Older People Resource Pack – section A, paper A2, Housing LIN
27 Housing LIN Extra Care Fact Sheet 1 – Extra Care – What is it?, 2015

leasehold.

5.33   We can therefore compare supply and demand, both currently and likely projections into the future (**Figure 5.8**). Although numerically the greatest current demand is for sheltered accommodation, in terms of the proportion of need currently being met, the greatest requirements are for Extra Care for rent (only 16% of need currently being met) and for sale (just over half need currently being met). These figures confirm the 2016 SHMA finding of a shortage of Extra Care places. **Figure 5.8** also shows the reducing proportion of need in all categories that would be met into the future if the overall amount of different forms of accommodation do not increase.

Figure 5.8: Proportion of need currently being met, and projections assuming static supply
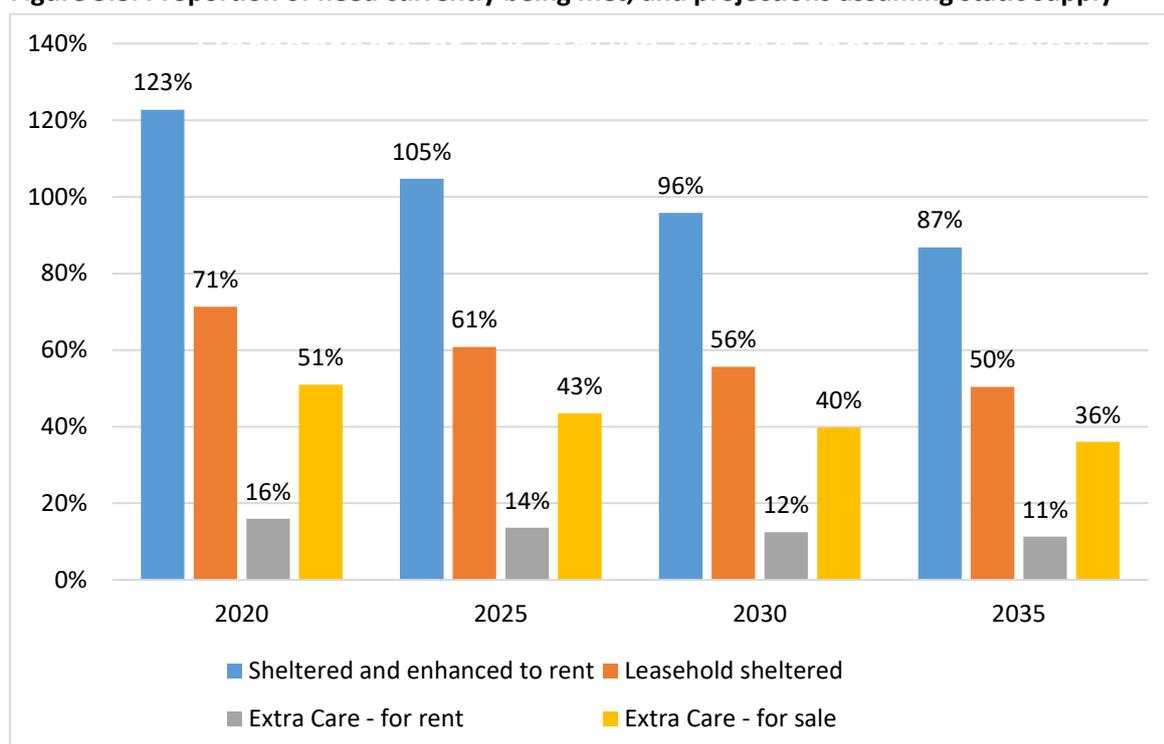
Source: Cobweb modelling based on tables 5.3 and 5.3a
.

5.34   As regards the need for affordable rented sheltered accommodation, the demographic modelling and the view of the authority indicates that existing provision is meeting existing needs, and will do so at least until 2025.

5.35   The figures also need to be extrapolated to suggest future development programmes and enablement to meet the volume of future need for older people's accommodation. If we base future demand on the percentages in the supply and demand figures in tables 5.3 and 5.3a, we can see what the requirements are:

- an additional 191 sheltered rented units by 2035 (13 units pa)
- an additional 1,077 sheltered leased / market rent units (72 units pa)

- an additional 72 rented Extra Care units (5 units pa)
- an additional 211 leased / market rent Extra Care units (14 units pa)

Figure 5.9 Current and future accommodation requirements
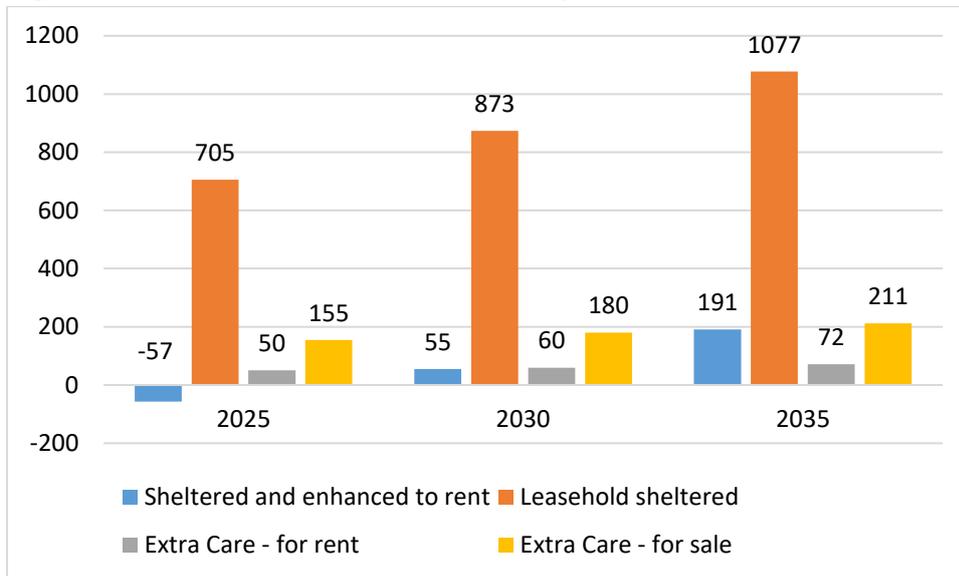
Source: Cobweb modelling based on tables 5.3 and 5.3a

Specialist housing requirement and overall housing requirement

5.36   Within neighbouring authorities, the projections for ageing populations had prompted careful consideration. The degree of emphasis varies though, dependent on the extent of perceived 'gaps' in provision. One authority was aware that past provision had been low, leaving them with a significant shortage; another might have the issue noted but not sufficient to set quotas. Most areas have a variety of suitable accommodation at some stage of development or application.

5.37   Two of the neighbours are taking a more cautious approach. They are very keen to ensure that any new provision is appropriate to local need, particularly as all these areas face severe pressure on available land. Applications are being examined carefully and, as one expressed it, it was not right to assume that an ageing population with complex health needs implied an 'open book' to everything that came forward.

5.38   The updated PPG for older persons housing contains this new requirement:

> *How should plan-making authorities count specialist housing for older people against their housing requirement? Plan makers will need to count housing provided for older people against their housing requirement. For residential institutions, to establish the amount of accommodation released into the housing market, authorities should base calculations on the average number of adults living in households using Census data (para 16a Housing*

for Older and Disabled People PPG).

5.39   We interpret this exercise taking two stages:

First: Examine the Census data to see how the households containing over 75s are composed, focussing on single people (as these are the only ones that will release a home if they move)

- In 2011 there were 4,254 households in Elmbridge comprising a single person aged 75 or more, and another 5,894 with two people aged 75 plus, making up 10,148 (10%) households all together (Census 2011 table QS110EW).

Second: Apply the likelihood of moving to more suitable accommodation figures to the number of single person households aged 75 plus and compare with potential provision

- Using a methodology derived by the GLA for the assessment of the likelihood of moving if suitable accommodation were available[28], we will use the lower figure used in the Three Dragons report (15%) as the GLA includes all over 65s, not just 75 plus. Fifteen percent of 4,254 single households amounts to some 638 properties that would be freed up if these households were able to move into more suitable accommodation.

5.40   This figure of 638 is undoubtedly very crude, as, firstly it is based on 2011 data, and the number of single person over 75 households will have increased. And it may be the case that some of the two person households may also move out of their existing homes. And finally, it implies that there will be available specialist stock for these households to move into.

5.41   The GLA report refers to the period 2019 to 2029. This implies that around 64 homes per annum will be freed up by older people leaving their current homes and moving into specialist accommodation. This would need to be added to other reasons for these homes becoming free, the prime one of course being the death of the resident.

**Households with members with disabilities and wheelchair requirements**

Context

5.42   In terms of factors that impact on the need for accessible dwellings in Elmbridge the Census 2011 indicates that around 12% of the population is estimated to have some form of limiting long-term health problem or disability (LLHPD), **(Figure 5.10)** and 29% of households have at least one member with a LLHPD (7% have two or more). Three percent of residents' health is described as

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[28] *Assessing potential demand for older persons housing in London*, Three Dragons and Celandine Research, March 2014 and update (including assessment of need for care homes and dementia housing), November 2017
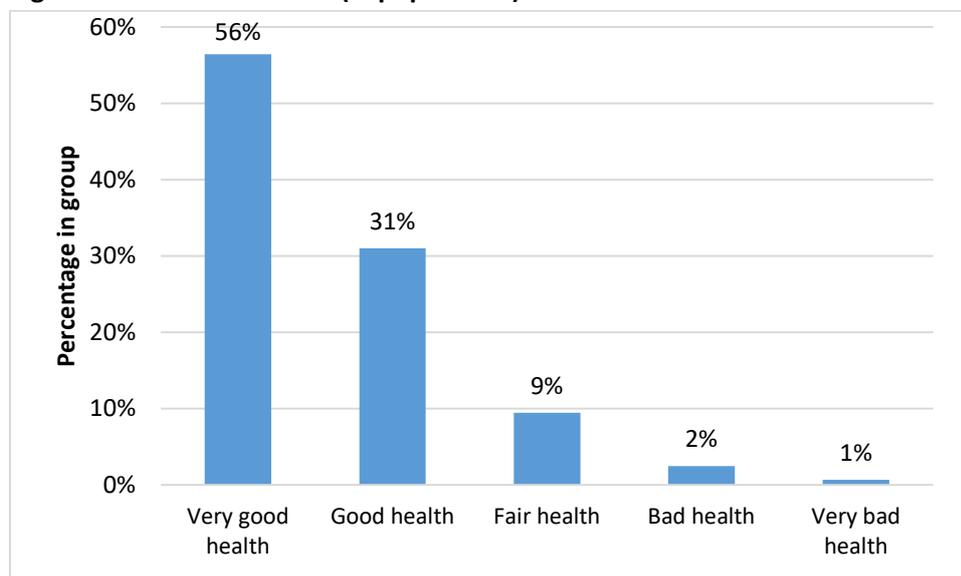
'bad' or 'very bad' with another 9% classing their health as only 'fair' **(Figure 5.11).**

Figure 5.10 Limiting long-term disability or health problems (% population)
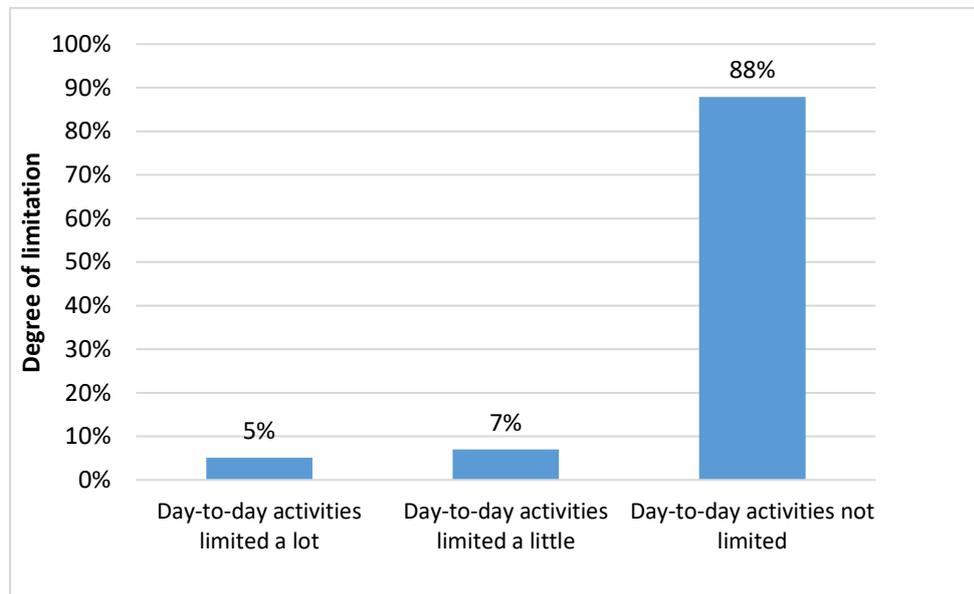
Figure 5.11 General health (% population)

5.43   The context for understanding the housing requirements of those with disabled members and in particular those with wheelchair users is intrinsically linked to the age of the population. Seventy-five percent of current wheelchair users are aged 60 or over in England, including 20% who

are 85 or over[29]. As noted above, as with the rest of the country, numbers and proportions of older people are forecast to rise over the coming years. As **Figure 5.7** (in the section on older people) indicates, a 41% increase in the number of older people with mobility-related impairments is projected. As regards working age people with severe physical disabilities (**Figure 5.12**), a minor increase in number (4%) is projected by 2030, but then a reduction is forecast. **Figure 5.12** also shows the rates of increase for other conditions associated with disability and need for support among working age people, which show similar patterns to those for mobility support.

Figure 5.12 Working age people and specific conditions
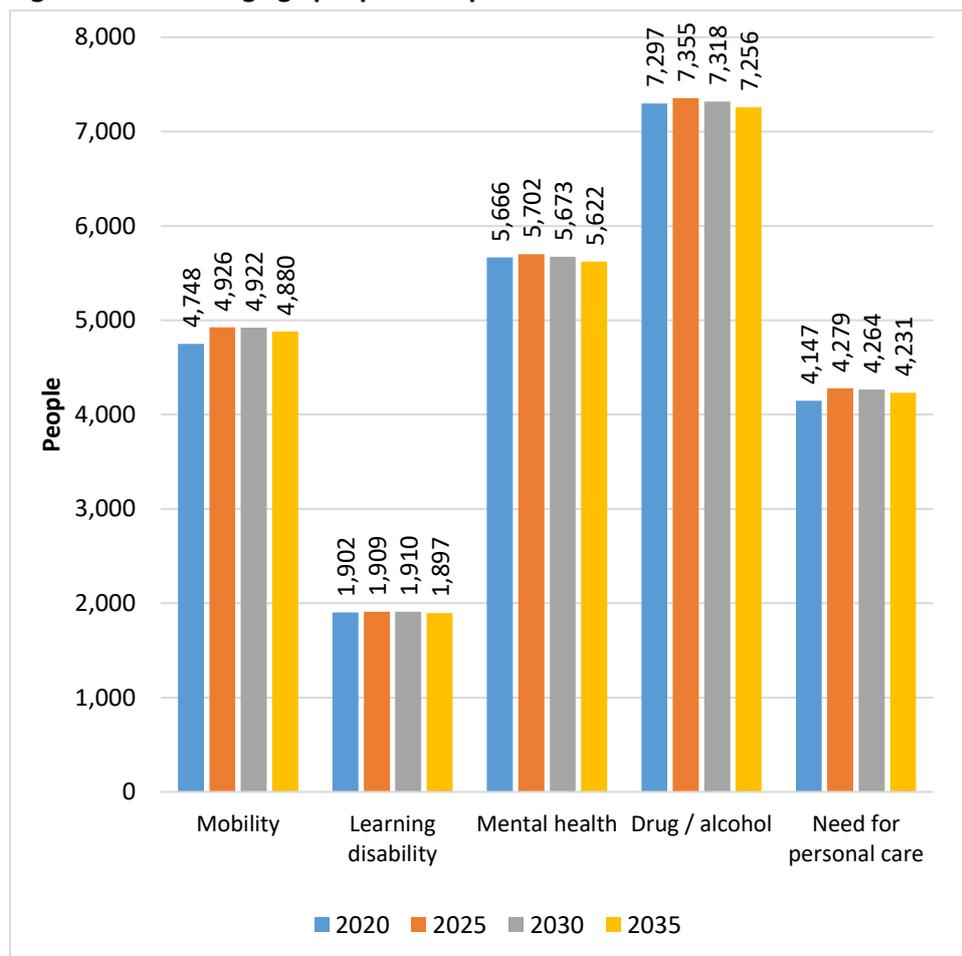
Source: Pansi data, 2019

Aids and Adaptations and Disabled Facilities Grants

5.44   Clearly, not all households with members with mobility-impairments will require wheelchair accessible accommodation. Aids and adaptations can be provided using Disabled Facilities Grant (where resources permit), and they are an important tool in preventing people having to take up

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[29] English Housing Survey 2011 Table A6.11

residential care places. DFGs can be applied for and used across tenures and can be particularly significant for less well-off owner occupiers.

5.45   Elmbridge's central government annual grant allocation (which excludes additional local authority contribution) was relatively stable until 2011, and then rose to £353,900 in 2012-13, before falling to in the following years. In 2015 the government announced significant extra resources for DFGs over the following five years and established the Better Care Fund, which also incorporated Social Care Capital Grant until 2016-17. The aim of the fund was to further the integration of social care and health services. Elmbridge's allocation has risen to £861,100 by 2019-2020 under the new scheme. The Better Care Fund is due to come to an end after 2019-20. While the government has made it clear that DFG funding will continue after that, it is unclear whether there will be a further five year commitment to increased resources.

Figure 5.13 Disabled Facilities Grant
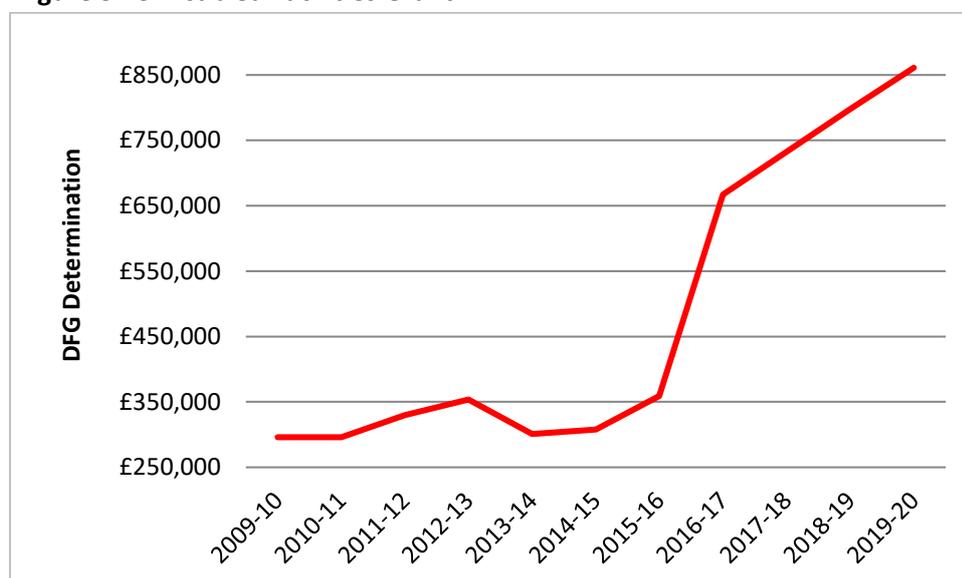
Source: PLA analysis of DCLG data and CLG / DCLG Grant Determinations

5.46   However, commentators note that increasing grant allocations from central government do not automatically translate into more DFGs. There are a number of factors influencing this: as government grant increased, local authorities have cut back their contributions, in a climate of pressure on spending; the average costs of works has increased; and more money is used to pay revenue costs.

5.47   On average, the authority provides 72 grants a year, with an annual average value of £531,000. This equates to an average sum of £7,375 per award.

5.48   There are several other indicators that highlight the housing-related elements of disability.

Council Tax exemptions and disregards

5.49   Households can be exempted from or have a reduced rate of Council Tax for various degrees and aspects of disability (including having to move into residential care). In total there are 359 homes on the Council Tax register that are in these categories in Elmbridge. In terms of proportions, this is 0.62% of total stock on the register. This is a slightly higher figure to that in the 2016 SHMA.

Disability Living Allowance (DLA) and Personal Independence Payment (PIP)

5.50   Though DLA is being phased out and replaced with Personal Independence Payments (PIP) for some, the historic data and trends are useful in tracking changes in numbers and needs and as a contextual indicator of actual and future potential wheelchair and adaptation needs across the authorities. Higher award DLA is paid to people with a physical disability that affects their ability to walk outdoors and is paid if a person's disability is severe enough for them to have any of the following walking difficulties:

- they are unable or virtually unable to walk

- they have no feet or legs

- the effort of walking could threaten their life or be likely to lead to a serious deterioration in their health.

5.51   Higher mobility DLA may also be paid to those with a severe learning impairment that has a physical basis, and those with severe sight impediments, so the figures cannot automatically be assumed to relate to potential wheelchair or adaptation use. PIP payed at the Enhanced rate has similar criteria.

5.52   **Figure 5.14** tracks the caseload for Elmbridge over the last six years, for those of working age and those of pensionable age. We have data for PIP for 2013 onwards, and this has been incorporated. It seems clear that figures for both groups been fairly constant, though there are some signs of a reduction since 2013, the year with the highest number of claimants in the last decade.

Figure 5.14 Higher rate / enhanced mobility DLA and PIP recipients, Elmbridge
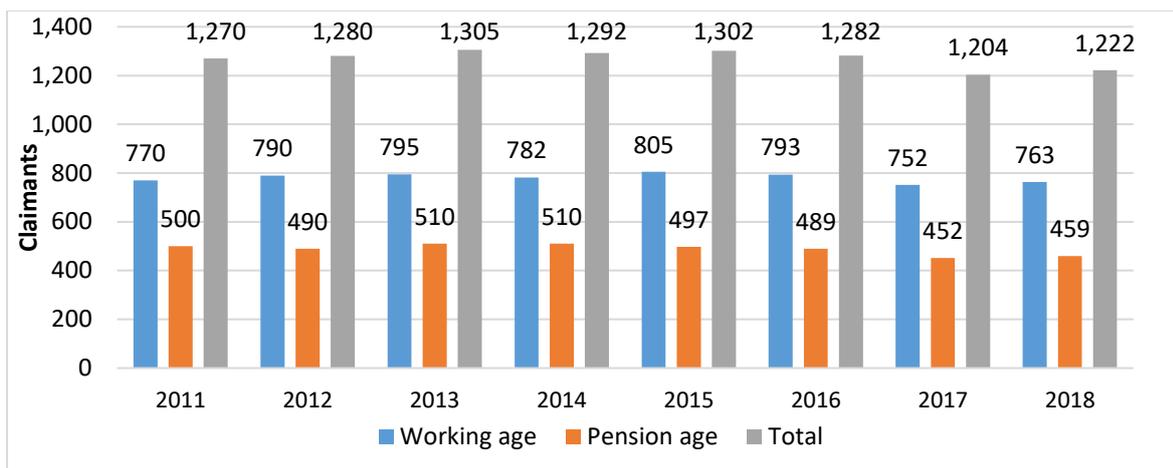
Source: DWP Stat-Explore and Nomis

Calculating unmet wheelchair-accessible housing need

5.53   The English Housing Survey 2014 estimates that there are 814,000 households where there are wheelchair users, representing 3.6% of all households. The comparative figures for 2007 were 587,000 and 2.8%. Work by South Bank University[30] re-analysing EHS data has estimated that nationally around 13% of wheelchair-using households have unmet housing requirements. This data cannot be disaggregated at the local authority level

5.54   Using the 13% figure, we would estimate that current unmet need for wheelchair accessible accommodation in Elmbridge is 260. The equivalent figure in the 2016 SHMA (based on different population projections and EHS data) was the lower figure of 232. The latest calculation is set out below:

Table 5.4 Current unmet wheelchair housing requirements

	A All households*	*B* Wheelchair needs households (3.6% of A)	*C* Wheelchair needs households: unmet housing needs (13% of B)
Elmbridge	55,536	1,999	260

Source: Source: Cobweb Consulting modelling of South Bank University and MHCLG /ONS household estimates, 2014 base

Meeting accessible housing need

5.55   In terms of new developments, neighbouring authorities tend to have a similar approach in requiring that 10% of units on large sites (anything from 25 and up) are accessible, sometimes with a specific proportion of wheelchair suitability.

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[30] Mind the Step – an estimation of housing need among wheelchair users in England , Habinteg / South Bank University 2010

5.56   For those without the means to move to appropriate private sector accommodation or adapt their existing homes to meet wheelchair standards, the principal route into accessible accommodation will be through accessing social housing stock. There is a paucity of data on the amount of fully-wheelchair accessible (or accessible at a lower standard) stock available. There were only 3 general needs and supported / sheltered housing units described as wheelchair accessible in the last version of the Regulatory and Statutory Return (2011) managed by Registered Providers in Elmbridge.

5.57   Given that the latest data available is from 2011,[31] the likelihood is that this housing association provision will have increased by now. And, as can be seen from CORE log data, an average of eight general needs and two supported housing wheelchair accessible units have been let per annum over the last three years.

5.58   The fullest indicator of the number of disabled-accessible dwellings coming into use in the social rented sector is the CORE log, which records both the housing needs of new tenants, and the type of property that was let. This covers both general needs housing and supported housing. We have looked at general and supported housing allocation over the last three years available (2015-17) and there are some anomalies that suggest that best use of stock is not always made. We discuss this further below.

5.59   Across 2015-2017, 30 wheelchair accessible dwellings (25 general needs, five supported) were let. We found that:

- Of the 25 lettings to wheelchair adapted general needs accommodation, 23 went to those who had did not require wheelchair accessible stock **(Table 5.5).**

- In the same period, four applicants requiring general needs wheelchair access were let properties that were not wheelchair adapted.

- As regards supported housing lettings, of the five lettings into wheelchair accommodation, all went to those that did not require wheelchair accessible accommodation, at least at that moment.

- In the same period, five applicants requiring supported wheelchair access were let properties that were not wheelchair adapted.

Table 5.5 Match between those requiring wheelchair accessible accommodation and letting of wheelchair standard homes

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[31] This is from the last Regulatory and Statistical Return collected. This information is no longer collected centrally

General needs lettings, 2015-2017		Allocatee required wheelchair accessible property			Supported lettings, 2015-2017		Allocatee required wheelchair accessible property	
		Yes	No				Yes	No
Property let was of wheelchair standard	Yes	2	23		Property let was of wheelchair standard	Yes	0	5
	No	4				No	5	

Source: CORE logs. 2015-2017

5.60   There can be a number of reasons for this apparent mismatch and the fact that a number of wheelchair accessible units went to those that did not need them:

- The need to minimise void periods conflicting with the sometimes long periods that households with wheelchair needs (who may be elderly or with learning difficulties as well) need to prepare for a move.

- The general inflexibility of the nominations / allocations procedures between local authorities and housing associations, with the need to fill the void quickly trumping the need to fill it appropriately.

- Issues around choice and preference – it may be that wheelchair units are not located where individuals with wheelchair housing needs have their networks of support.

- Unrealistic expectations – it may be that applicants still envisage a 'bungalow' type unit as what they would be offered, whereas it will be more likely that it would be a flat or maisonette, sometimes lifted and on higher floors.

- 'Pre-emptive' allocations – allocating a wheelchair accessible home to a household that does not immediately need it, but is likely to in the foreseeable future. Here we would have regard to the 95 requiring mobility access showers, and the four with mobility scooters.

- Concerns about inaccuracies in the CORE log.

Conclusion

5.61   In summary there is a 'flow' of around 14 social rented wheelchair units into availability per annum, of which two have had some form of support provision attached. A significant proportion appears to be allocated to those without immediate need of them. Against this, there is the backlog unmet need for up to 260 units (from modelling). Regards should also be had to those requiring level access showers and using scooters who may, in the future, require wheelchair access

accommodation. Further work would be required to look more deeply into the economic circumstances of those requiring such accommodation, to determine how many or what proportion could access market products, but it is clear that more effective use of the social housing wheelchair assets that come into availability should be a priority with the objective of meeting the identified needs of the 30 households on the register requiring wheelchair units.

Students

Students studying in Elmbridge

5.62 PPG (Paragraph: 004 Reference ID: 67-004-20190722) addresses student housing requirements as follows:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Strategic policy-making authorities are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside university-provided accommodation. Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements in their area.

5.63 The main Higher Education (HE) institution in Elmbridge is Brooklands College, which has a campus in Weybridge, and specialises in engineering. It mainly caters for those in Further Education, but there are also 85 HE undergraduates[32]. Additionally, there are North East Surrey College of Technology (Nescot) and the University of Creative Arts in nearby Epsom and Ewell which run some degree-accredited courses. A number of Higher Education establishments outside central London such as Kingston University, Richmond College and the University of Surrey are accessible within an hour's commute, but so is central London itself, with Waterloo thirty-two minutes away by train from Esher.

Student numbers living in Elmbridge

5.64 We cannot assume that those who study in Elmbridge live in the borough; nor can we assume that all those students who live in in the borough study there. Good transport links into central London where universities are concentrated may make the borough attractive to student commuters.

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[32] https://www.whatuni.com/university-profile/brooklands-college/6954/

5.65   There has been a certain amount of work done on the relationship between London's HE institutions and in-commuting students. The London Academic Forum, set up by the Mayor concluded that a greater proportion of students domiciled outside London would be coming to London universities, and that therefore priority groups for new development should include UK non-Londoners.

5.66   **Table 5.6** below shows the number of resident students in Elmbridge at the time of the Census – 6,054. It should be noted that in Census terms, 'students' are those in full time education aged 16 plus, so they will include older school and college students most of whom can be assumed to live at home. This comprises around 9% of the population, similar to the Surrey average.

5.67   As can be seen from **Table 5.6,** 83% of students live with their parents, reflecting the youthful make-up of the educational environment. In 2011 there were no units of purpose-built student accommodation (PBSA) or similar. Ten percent live in 'all student' households, living alone, or are in the 'other household type' category', all of which we assume would be predominantly in the private rented sector (the Census does not provide detailed tenure breakdown for students).

Table 5.6 Student accommodation

Accommodation type	All students	F/t students: In employment	F/t students: Unemployed	F/t students: Economically inactive
Living with parents	4,997	1,313	298	3,386
Hall of residence or similar	0	0	0	0
Other communal establishment	133	5	5	123
Living in all student household	191	105	6	80
Student living alone	91	60	4	27
Family household with spouse, partner or children	341	190	9	142
Other household type	301	118	13	170
Total	6,054	1,791	335	3,928

Source: Census LC6108EW

5.68   We can also look at the 'balance' of students coming into and going out of an authority, by comparing the number of term-time residents with the out-of-term numbers. As can be seen in **Table 5.7** Elmbridge is a net 'exporter' of students – in other words, the number of residents who leave the authority to study elsewhere during term time outweighs the number of students coming in, in term time.

Table 5.7 Changes in population in term time

	Population

|	
Term time	130,875
Out of term time	133,098
Difference	Minus 2,223

Source: Census 2011 Table OT 102EW and KS 101EW

Supply of accommodation

5.69   As far as we can tell, there is still no PBSA in Elmbridge, nor are there plans to develop any.

5.70   As regards the role of the private rented sector and students, the Census does enumerate by tenure the number of 'household reference persons' – that is, responsible adult within a household, who are students. The numbers are of course substantially lower than actual student numbers, but this does give us an indication of the proportionate use of different sectors by students. **Figure 5.15** below notes the numbers of student-headed households (students aged 16-34 and older). It is immediately apparent that private renting is dominant for younger students, while older students tend to be owner-occupiers.

Figure 5.15 Tenure of student household reference people
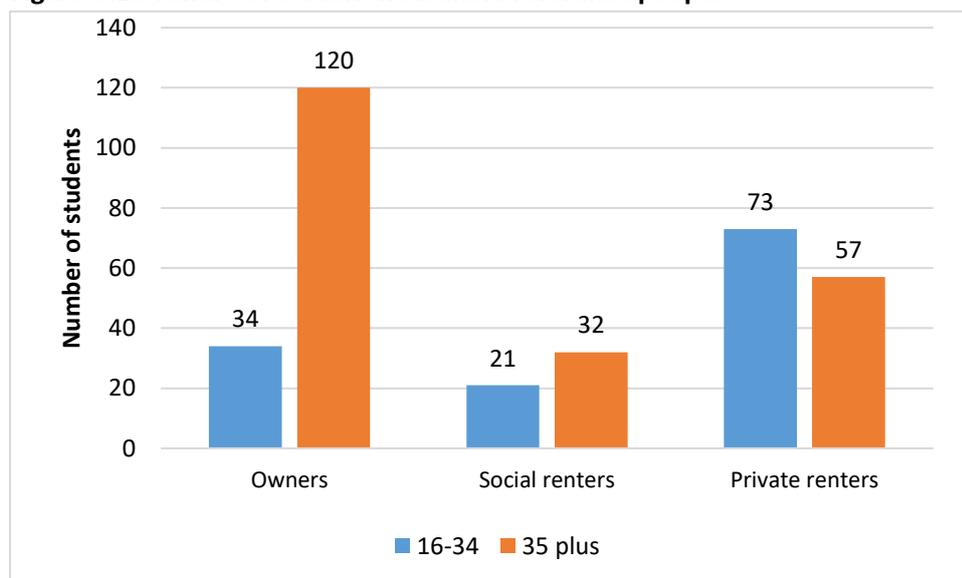
Source: Census 2011 Table DC4601EW

Conclusion

5.71   The prime HE establishment in the authority only has 85 undergraduate students, who may possibly have some accommodation requirement. However, given these low numbers, and the fact that more residents leave Elmbridge to study during term time than come in, there does not seem to be a great demand for PBSA at the moment.

5.72   Policies on student accommodation vary considerably in the neighbouring authorities. The

degree of emphasis relates directly to the number of students and the existing provision.

5.73   Three of the neighbouring boroughs have few students but amongst the remaining four, who have large numbers, three express concerns. In one, resident consultation has expressed the strong view that the borough has 'done it's share' of accommodating students and does not want to see further accommodation; they would prefer more standard dwelling houses. Another includes an institution where there have been proposals for additional student accommodation but the authority are very anxious to see that it relates to local need and makes best use of their limited land. They would not like to become a hub for a central London institution as it would take away valuable land that could perhaps be put to better 'local' use. The third houses a university with ambitious growth plans. Although there is agreement on additional purpose built accommodation, there will still be several thousand students within local communities, which takes away a significant amount of accommodation from the general community.

Private rented sector (PRS)

Introduction

5.74   Unlike the other groups considered in this chapter, the PRS cannot be considered to be a 'specific group' in terms of catering to a distinct household or socio-economic bloc. However, PPG (para 002 Reference ID: 67-002-20190722) indicates data sources that can be used to reflect demand for private renting. It is not suggested that this is a component of affordable housing supply, nor that specific targets or plans for the numbers of private rented units should be introduced. However, the PRS should be considered as part of the overall picture when identifying the overall need for different types of housing within the scope of a housing needs assessment.

5.75   The PRS serves a number of functions, one of which is to provide a tenure option for those who cannot afford owner-occupation, but are not eligible for the social rented or intermediate housing sectors. The influential though rather dated Rugg and Rhodes report[33] identified a series of 'niche' markets within the PRS, including a luxury end, young professionals, students, a 'Housing Benefit market' and temporary accommodation for homeless households. More recent studies have identified a new, burgeoning sub-market termed the 'working poor', characterised by high employment levels, prevalence of households with children, low incomes, and low benefit claim levels.[34] The most recent study, also by Rugg and Rhodes[35] concluded that

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[33] Rugg J. and Rhodes D., *The private rented sector: its contribution and potential*, University of York 2008
[34] *The private rented sector in South East London and Lambeth*, Cobweb Consulting / SE London Housing Partnership 2014
[35] Rugg J. and Rhodes D., The evolving private rented sector; its contribution and potential, University of York, 2018

- The PRS is complex and evolving; the size of the sector is less important than its configuration and the changing nature of the needs that are being met.
- There are too many households in the sector that would prefer to be in other tenures.
- Many privately renting households may be heading for a long retirement in the sector, with inadequate pensions to cover housing rented at market rates.
- It is uncertain whether housing a large proportion of low income tenants in the PRS is the most cost effective approach to meeting housing need.
- Property conditions in the market remain poor relative to other sectors.
- A disproportionately high percentage of households with babies and infants are living in the PRS.
- The regulatory framework for private renting is out of date, and in need of radical revision.
- The local housing allowance system is based on Broad Rental Market Area boundaries that are wholly out of date.
- Private renting is by no means a marginal activity. There is a need for policy interventions that are more neutral: overtly 'pro' or 'anti' PRS measures always distort the market.

5.76   This section outlines some of the features around the composition of the residents in the Elmbridge PRS. Some of it is based on Census 2011 data, so may be out of date – where possible data has been updated.

Private renting in Elmbridge

5.77   Between the 2001 and 2011 Censuses the size of the sector increased by 43%, from 6,059 to 8,651 (including those living rent free), and increased the proportion of households it housed from 12% to 16%. There were 21,210 residents in these households, an average of 2.5 people. Following the reasoning in chapter 4, we estimate the sector has probably increased by 25% since 2011, implying that there are now 10,813 homes in the sector, representing 19.6% of the stock (based on the 2016 base ONS figures). This is nearly identical to the 19.8% average across the South East noted in the English Housing Survey 2016-17, so it is probably an accurate estimate.

Age bands

5.78   In terms of who the sector caters for, (at the date of the Census 2011) what is immediately apparent is the relatively high proportion of children – over a quarter of residents. The other significant factor is that the largest single group, half, are adults approaching middle age, with significantly fewer young adults. This pattern indicates that the sector is catering for families who have not been able to access the other sectors, notably owner-occupation, or for older singles and couples who also cannot access owner-occupation. More recent studies undertaken elsewhere have confirmed that the PRS continues to house substantial numbers of children.

Figure 5.16 PRS residents age groups
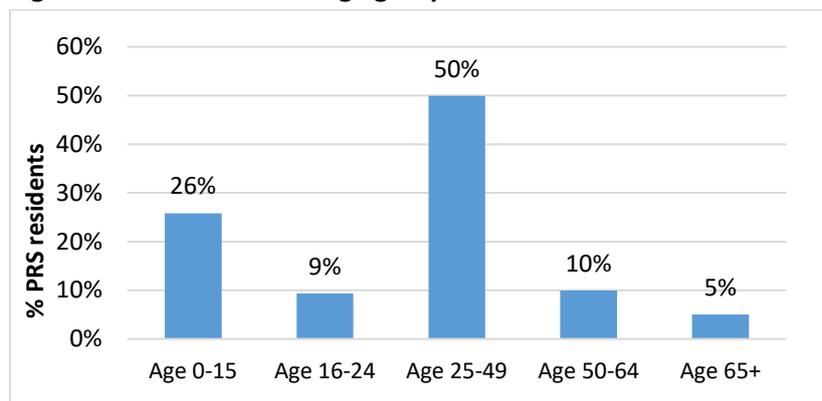
Source: Census Table DC3409EW

Household composition

5.79   Regarding household composition, as with the age breakdown, the most striking factor is the number of households with dependent children – some 42%. Among these, 9% are lone parents with dependent children. There are implications for Elmbridge's homelessness and allocations policies if the stability of this group's residence in the PRS was threatened.

Table 5.8 Household composition in PRS

| One person 65+	4%
One person under 65	22%
Couple both / other all 65+	1%
Couple, no children	20%
Couple, dependent children	30%
Couple, all children non-dependent	2%
Lone parent, dependent children	9%
Lone parent, all children non-dependent	2%
Other, with dependent children	3%
Other, all f/t students	0%
Other	7%

Source: Census 2011 Table DC4101EW

5.80   The authority has 7% of PRS households categorised as 'Other'. 'Other' households tend to be multi-adult sharing households. Their growth has been a common feature observed in a number of South East and London housing market areas over the last decade, and are an indicator of the economic driver forcing younger adults to club together to afford to rent, as a necessary alternative to either buying or renting self-contained homes.

PRS property size

5.81   The PRS predominantly comprises smaller properties. Some 60% are one beds or two beds (20% one beds, 40% two beds) compared to 24% in the owner-occupied sector (4% one beds, 20% two beds). Conversely, only 40% of PRS properties are three-bed or larger, compared to 76% in the owner-occupier sector. This is reflected to some extent in the overcrowding ratios in the different sectors, where both the PRS (6% overcrowded) and the social rented sector (8% overcrowded) are significantly more so that the owner-occupier sector. The chart below shows the proportions of different tenures that have extra bedrooms, are 'balanced' in terms of the bedroom standard, and are overcrowded – i.e. have a shortage of bedrooms.

Figure 5.16 Overcrowding by tenure
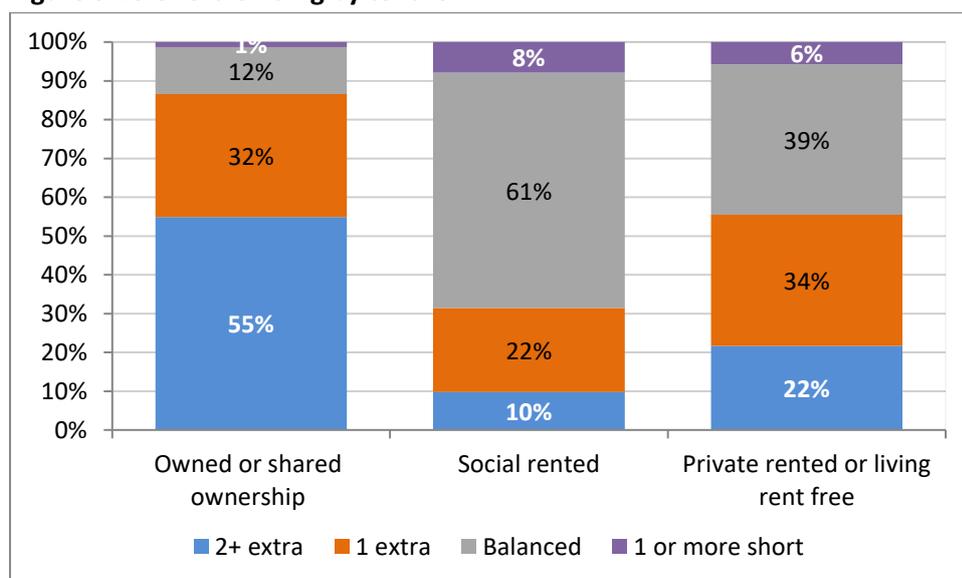
Source: Census 2011 Table LC 4108EW

5.82   Given the proportions of dependent children in the PRS we also looked at how the space they enjoyed compared to other sectors. Again, private and social rented tenants with children were substantially more likely than their owner-occupying counterparts to live in smaller one or two bedroom homes (6% for owners, 43% for social renters, 28% for private renters).

**Figure 5.17 Households with dependent children by number of bedrooms**
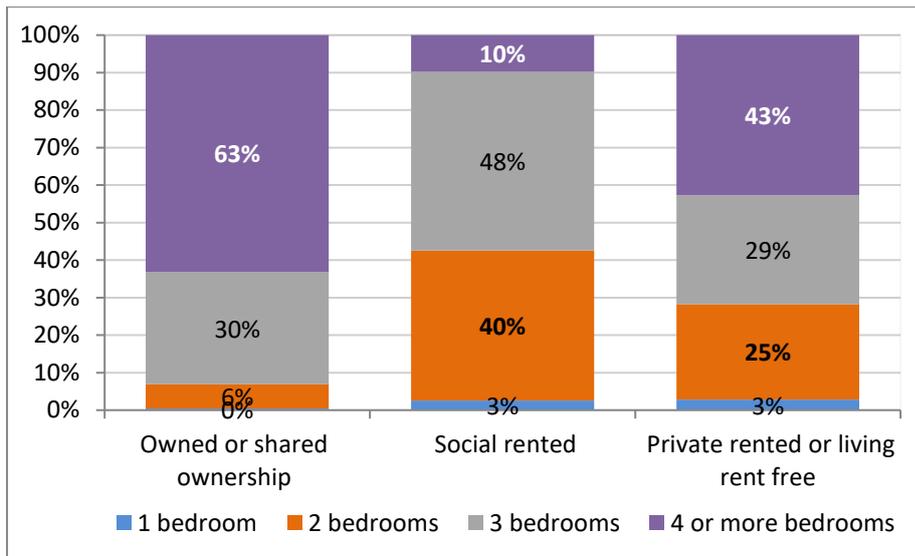
Source: Census 2011 Table LC 4103EW

Ethnicity of residents in the PRS

5.83   Elmbridge is a predominantly White area, with 92% of households being headed by a member of the White groups as categorised in the Census. The only other group with a significant presence is the Asian category, amounting to 4% of the population. When we look at how reliant different ethnic groups are on different tenures, we can see that the private rented sector is a significant provider of housing to all groups except the White one, with around a quarter to a third of most groups reliant on the PRS for housing. Only 15% of White residents live in the PRS, compared to say the 36% from a Black background that are in the sector.

Figure 5.18 PRS and ethnicity
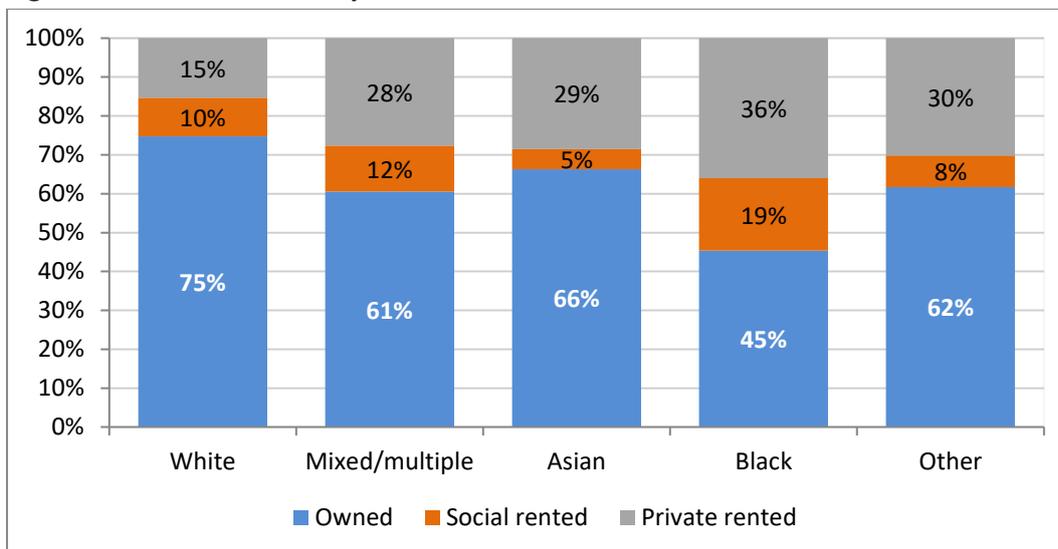
Source: Census 2011 Tables LC 4201EW and QS 211EW

Economic activity, occupation and industry

5.84   Elmbridge PRS residents show higher economic activity rates than the overall average for the authority (shown for comparison), mainly because there is a significantly lower retirement rate in the PRS, compared to other sectors. Conversely, there is a much lower inactivity rate.

Table 5.9 PRS and economic activity

Economic activity category	PRS	All tenures
Economically active	85%	72%
Employed or self-employed, f/t	*84%*	*83%*
Employed or self-employed, p/t	*11%*	*14%*
Employed f/t students	*1%*	*1%*
Unemployed (exc. f/t students)	*3%*	*2%*
Unemployed f/t students	*0%*	*0%*
Inactive	15%	28%
Retired	*8%*	*24%*
Inactive other (sick, disabled, at home)	*4%*	*3%*
Inactive f/t students	1%	0%
Inactive other plus unemployed exc. Students	4%	3%

Source: Census 2011 Table DC 4601EW

5.85   We can also examine the type of occupation that those in work belong to (**Table 5.10**). Here, it seems that the PRS is catering for marginally fewer residents at the wealthier end of the occupational spectrum – groups 1,2 and 3 - (64%), compared to the general population (67%).

5.86   Further down the spectrum, there is a marginally higher proportion in the lower supervisory classification and the 'never –worked' category than average across tenures, though the differences are minor

Table 5.10 PRS and occupation, % working age population

	PRS	All

1. Higher managerial, administrative and professional occupations	23%	25%
2. Lower managerial, administrative and professional occupations	31%	31%
3. Intermediate occupations	10%	11%
4. Small employers and own account workers	13%	13%
5. Lower supervisory and technical occupations	6%	5%
6. Semi-routine occupations	8%	8%
7. Routine occupations	5%	5%
8. Never worked and long-term unemployed	3%	2%
L15 Full-time students	1%	1%

Source: Census 2011 Table LC 4605EW

5.87   The slightly depressed nature of the socio-economic position of the borough's PRS residents is reinforced when we examine the industries in which they work. 29% work in the category 'Finance, Real Estate, Professional and Administrative activities', which generally contains the highest paying jobs, 3% fewer than the cross-tenure average. 19% work in 'Distribution, hotels and restaurants' which tend to contain low-paid jobs in the catering, cleaning and delivery driving sectors. This compares to 14% across tenures. There are also three percent fewer PRS employees in the public administration sector, which also holds some of the better paid jobs (though also lower-paid jobs, such as care workers).

Table 5.11 PRS and industry, % working age population

	PRS	All
Agriculture, energy and water	3%	2%
Manufacturing	6%	6%
Construction	7%	7%
Distribution, hotels and restaurants	19%	14%
Transport and communication	14%	15%
Financial, Real Estate, Professional and Administrative activities	29%	32%
Public administration, education and health	16%	19%
Other	6%	5%

Source: Census 2011 Table LC 4602EW

5.88   The overall picture, then, is of a private rented sector whose most significant components are adult families with dependent children (including 11% lone parents), and with relatively fewer older and younger households. The sector is more important as a tenure to people from BAME backgrounds than White people. Residents tend to be employed in lower-income occupations and in lower-income industries than average.

Private sector rents

5.89   Since 2010, median rents in the PRS have increased gradually, by between 18% (studios) and 56% (one beds), with rents for the other bedroom sizes increasing by between 20% and 26%. Increase for most properties have been steady, though four plus beds have been more volatile over the years (though the samples are smaller). There are some signs that the rate of increase is slowing slightly (see **Figure 5.19**). If we make the assumption (as we have done in chapter 4) that no household should be expected to pay more than a third of their income in housing costs, this means that the relevant incomes for affordable PRS accommodation by bedsize are as follows:

Table 5.12 Current median private rents and affordability

| Size	Monthly median rent (£)	Annual median rent (£)	Household income required to ensure no more than 33.3% spent on housing costs (£)
Room	625	7,500	22,523
Studio	750	9,000	27,027
1 bed	925	11,100	33,333
2 bed	1,200	14,400	43,243
3 bed	1,500	18,000	54,054
4+ bed	2,900	34,800	104,505

Source: Valuation Office Agency

5.90   If we apply these figure to the income distribution table, **table 4.1,** we see that:

- The lowest earning 10% could not afford a room at median rent
- The lowest earning quartile could not afford a studio at median rent
- The lowest earning 30% could not afford a one bed at median rent
- The lowest earning 50% could not afford a two bed at median rent
- The top earning 40% could afford a three bed at median rent
- Even the highest earners would struggle to afford a four bed at median rent

5.91   However, it should be remembered that the figures relate to household income so, for example, if three individual sharers on median earnings jointly rented a four-bed, this would become affordable. The key affordability issues is around access to the smallest properties for those on the lowest earnings.

**Figure 5.19 Changes in rent levels over time**
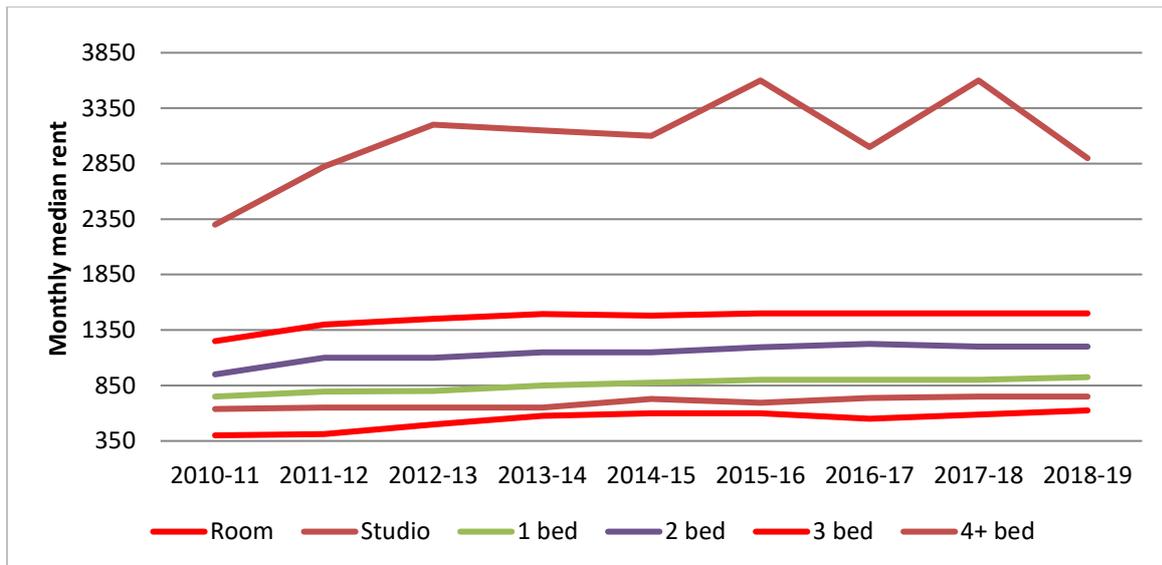
Source: Valuation Office Agency and ONS

The Housing Benefit market

5.92   The number of PRS households that landlords are willing to let to if they need to access Housing Benefit (HB) has been falling since the impact of the welfare reforms that were begun in 2011, where caps to Local Housing Allowances were introduced. Post 2011 a range of other measures, including caps on overall HB payable, reductions to the support that younger people can receive, and the introduction of Universal Credit have been rolled out. The cumulative impact has been a reduction by 20% of the number of HB claimants across the South East (and therefore a loss of these tenancies to those with lower incomes who would in the past have accessed the sector).

5.93   In terms of Elmbridge, as with elsewhere, there has also been a substantial effect on HB claims from PRS tenants. Numbers have fallen considerably since the impact began to bite in 2011, more sharply than across the South East generally. The fall in claims from 2038 to 1351 (August 2019 – the most recent figure available) represents a 34% reduction. Again, the rollout of UC may account for a significant proportion of the decline.

Figure 5.20 Number of PRS Housing Benefit claims
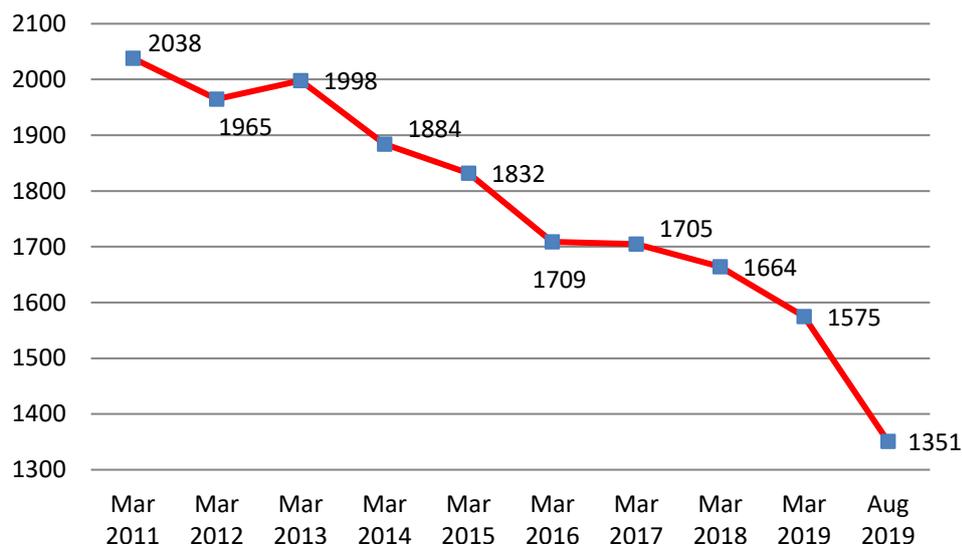
Source: DWP StatExplore

5.94   It will be remembered from **Chapter 4** that we estimated that 135 new claimants (now, of course, mostly claiming Universal Credit) enter the PRS every year. This represents 50% of affordable housing need, and thus shows the considerable role the PRS plays in effectively preventing statutory homelessness, as (given the demographic profile noted above) it is likely that a substantial proportion would be households with dependent children. There must therefore be concern at the rate of attrition of the HB PRS sector.

*Homelessness and temporary accommodation (TA)*

5.95   There has been a body of evidence that the loss of tenancies in the PRS are impacting on homelessness. Across the country the proportion of priority acceptances of those losing their PRS tenancies because of the ending of Assured Shorthold Tenancies (ASTs) has quadrupled since 2011[36]. Until recently this does not appear to have been a huge issue for Elmbridge, as until 2018 the loss of an AST as a reason for priority acceptance has been minimal (around 5% acceptances). But under the new data collection arrangements associated with the Homelessness Reduction Act 2017, the first three quarters of 2018-19 saw that 17% of those initially assessed under the Act had lost their accommodation because of the ending of an AST. The authority will want to monitor future developments further, as the new data collection arrangements brought in under the Homelessness Reduction Act 2017 are not yet fully bedded-in.

5.96   The other factor of relevance is the role the PRS has had in helping provide temporary (and more recently permanent) accommodation for statutorily homeless households. London authorities in particular have relied on a variety of leasing schemes. Traditionally, Elmbridge has mostly avoided this path. After a peak in use of the private sector in 2005, 2008 the overall numbers have been held

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[36] For example *The Homelessness Monitor 2018*, JRF / Crisis, 2018

below 50, and were at 29 in 2019. The largest current source of temporary accommodation is housing association stock.

Figure 5.21 The use of the private sector for temporary accommodation
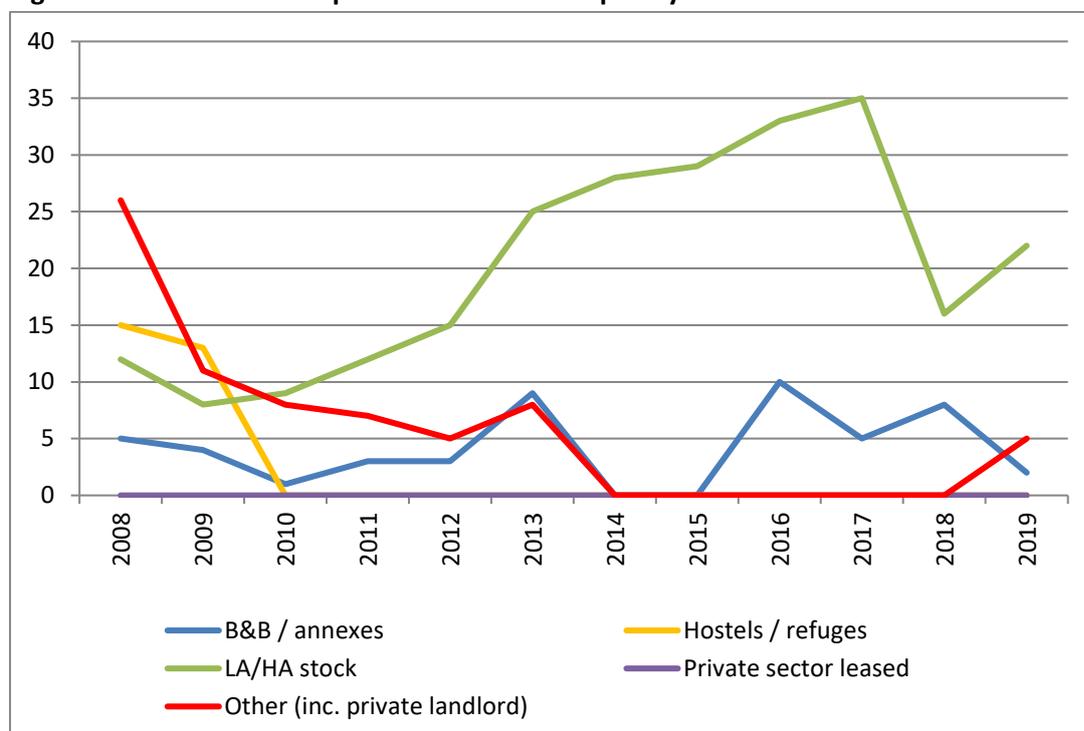
Source: DCLG Live Table 784

Conclusion

5.97   Most commentators consider that the PRS is likely to continue to grow, though there are signs that the growth may be slowing. There is no likelihood of the Housing Benefit / Universal Credit sub-sector expanding, and this is particularly the case in an area such as Elmbridge, where earnings are high, and landlords can expect a ready market for higher rents, especially among those who might otherwise be buying. The concentration of lower-income households in the cheaper end of the local PRS, and especially in smaller properties is a sign that the sector has been effective in taking up the slack where otherwise social housing would be required. But there must be concerns that landlords will be encouraged to 'upmarket' their offer if demand remains strong, to the detriment of lower income households. While accepting that it is a 'sellers' market', the authority has engaged with landlords to encourage them to remain in the lower-income sector, through measures such as the Rental Support Scheme. We would support this type of initiative and suggest that additional support measures ((e.g. tenant training and advice, improvement grants) be considered if possible..

5.xx   The general impression gained from neighbouring authorities is that the PRS is a growing sector. It is described in one as 'strong and healthy' and there is an emphasis on town centres. The

more rural areas and those furthest from the city are not traditionally ones where there was much rented property but even they are seeing or expecting growth.

5.98   The stimuli to growth include the obvious affordability factors, causing people to come to purchase later, if at all. But it is thought that there are also lifestyle factors such as greater job mobility amongst the young (making the PRS a sensible short term option) and economic uncertainty (which causes people to hold off purchase until more certain times). In addition, areas where there is severe pressure on space are finding that one solution is higher density flatted dwellings and these lend themselves to rental more than purchase.

5.99   Institutional investment was noted in several neighbouring areas, usually providing higher value accommodation. One authority expressed the view that the increase in institutional investment was raising standards beyond those offered by traditional private owners. Properties were being built to a higher specification with additional facilities and features.

People wishing to build their own homes

5.100   National Planning Policy Guidance notes the government's desire to enable more people to build their own homes and to make this form of housing a mainstream housing option.

5.101   The Self-Build and Custom Housing Building Act 2015 came into force in April 2016. Among other measures, it placed a duty on local authorities to keep a register of individuals and community groups who have expressed an interest in acquiring land to bring forward self-build and custom-build projects and to and to have regard to and make provision for the interests of those on such registers in developing their housing initiatives and their local plans (including such data in SHMAs). It is expected that the authority will grant permission for serviced plots to meet demand. It also allows volume house builders to include self-build and custom-build projects as contributing towards their affordable housing obligations, when in partnership with a Registered Provider.

5.102   Revised regulations came into force in October 2016[37]. In effect, these give authorities the option to set up a two-part register that is more sophisticated than the initial model. Authorities are able to set up local eligibility tests against two criteria: having a local connection, and being able to demonstrate they have the resources to purchase land for their own self-build project. Only those who meet these criteria and enter Part 1 of the register would be entitled to access to development permissions. The regulations also make provision for authorities to appeal to the secretary of state for exemptions from the duty to provide serviced plots where demand on housing land supply is constrained.

5.103   As of January 2020 there were 206 applicants who had expressed interest in self-build or

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[37] http://www.legislation.gov.uk/uksi/2016/1027/pdfs/uksi_20161027_en.pdf
http://www.legislation.gov.uk/uksi/2016/1027/pdfs/uksiem_20161027_en.pdf

custom build in Elmbridge. There were 77 applicants in 2017, 48 in 2018, 77 in 2019 and four so far in 2020:

- 59 (29%) do not live in the borough – it is unclear whether they have employment or family connections
- 145 (70%) are already owner-occupiers. Fifty-seven (28%) are currently privately renting. There are only four social housing residents on the register.
- Only eight are on the Elmbridge housing register
- 55 (27%) could access mortgages of £500,000 or more
- Only 17 (8%) already own or had found sites
- Demand was predominantly for larger homes, with 54% wanting four bed or larger accommodation.

Conclusion

5.104   It will be up to the authority to decide what priority should be given to self-builders, alongside competing demands for access to development land. But if the authority were to make such provision, it would be sensible to prioritise those with the closest connections to the authority, those with the greatest needs (e.g. to provide local family accommodation), those that have restricted their application to Elmbridge, and those that have funding in place. The authority may wish to consider introducing a two-part register to this end.

5.105   All the neighbouring authorities have self build registers with varying numbers of applicants (including one with none). Most have, or are planning to, introduced stricter criteria so that those on the register are displaying serious interest, as suggested above for Elmbridge. The general approach seems to be to make a small percentage (5%) of plots available on large sites, for a limited time. But it is a very low priority and where space is at a particular premium even this provision may be difficult to justify.

5.106   There is no centrally-held data yet available that would enable us to compare demand for self-build in Elmbridge with demand elsewhere. Generally, it is the case that the UK has a lower-proportion of self-builders than other parts of Europe – some 7% to 10% of completions compared to say, Austria, where 80% are self or custom-built[38], and the government has indicated that it wants to double the numbers. However, it should be noted that there are currently 1,835 households on Elmbridge's housing register who will in the main be requiring some form of affordable home, and a calculated annual deficit of 269 affordable homes (**Table 4.13**). It would be understandable if the authority were to prioritise those needs above those of self-builders when it comes to the allocation of scarce serviced land.

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[38] Self-Build and Custom Built Housing (England) – House of Commons briefing paper, 2017