

Spelthorne Housing Market Assessment

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**Planning Services
Strategic Directorate (Community)
Borough of Spelthorne
Council Offices
Knowle Green
Staines
Middlesex
TW18 1XB**



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1. Introduction

- 1.1 The purpose of this assessment is to understand housing needs within Spelthorne and provide the evidence base for policies within the Council's Housing Strategy and Local Development Framework.
- 1.2 The Government published guidance in 2000 on assessing housing needs. A new Draft Practice Guidance on Housing Market Assessments which consolidates key elements of existing guidance on housing market and housing needs assessment was published in December 2005. Final guidance has yet to be published.
- 1.3 By December 2005 the Council had already embarked on a housing needs assessment following the 2000 guidance. The assessment by David Couttie and Associates (DCA) was presented to the Council toward the end of 2006.
- 1.4 The emergence of draft guidance part way through an LDF programme, and significant delays in Government guidance being finalised, creates some difficulties in deciding on the best approach and requires pragmatic decisions.
- 1.5 The Council did not wish to incur the delay and expense in rewriting some of the report by DCA to simply comply with guidance still in draft form. This study report therefore seeks to follow the draft guidance but cross refers to the DCA report to avoid unnecessary repetition. Some aspects of the draft guidance could not be followed because sub-regional market areas have yet to be established generally in the South East Region.
- 1.6 This report takes the opportunity to consider various available methods of assessing need to inform as clear an understanding as possible of the general extent and nature of need facing the Borough. In particular the report seeks to establish:
 - a) Likely changes in the housing market
 - b) Mix of affordable and market housing required to meet need
 - c) Special housing needs
 - d) Size of dwellings
 - e) Any locational issues
 - f) Policy approach which will best deliver requirements

2. Assessing Housing Needs

- 2.1 The document 'Housing Market Assessments – Draft Practice Guidance' is the latest document in a developing range of guidance on the subject. Its stated intention is to focus on what authorities need to do as a minimum to produce credible and robust assessments.
- 2.2 In November 2006 the Government published PPS3 'Housing'. It identified (Para 11) that further guidance on 'Identifying Sub-Regional Housing Market Areas Advice Note' and 'Strategic Housing Market Assessment Practice Guidance' (which is assumed to be the final version of the December 2005 draft practice guide) were 'forthcoming'.
- 2.3 PPS3 states at paragraph 6 that Councils should consider the extent to which emerging Local Development Documents and Regional Spatial Strategies can have regard to the policies in the statement whilst maintaining plan-making programmes.

- 2.4 It makes an important comment about such assessments that no one methodological approach or use of particular datasets will result in a definitive assessment of housing need and demand,
- 2.5 PPS 3 'Housing' sets out the presumption that a housing market assessment is robust and credible if the approach set out in the guide is followed. If so, there should be no need for it to be reconsidered at independent examination of LDFs.
- 2.6 In particular it expresses reservations about the robustness of statistics based on household surveys (Page 28, top). It comments that such survey data can be less reliable than secondary data. This issue will be covered later in evaluating the various projections of need available to the Council.
- 2.7 One of the recommendations of the guidance is that the assessments should be undertaken as part of sub-regional housing market assessments. In the South East region the South East England Regional Assembly (SEERA) has undertaken four pilot studies on how best a sub-regional approach might be progressed including appropriate grouping of authorities. That work is not concluded and neither has the relevant government guidance on how to establish such areas been published.
- 2.8 Whilst this study has, by necessity, therefore been progressed for Spelthorne Borough only in order to maintain the plan-making programme, the DCA report has nevertheless considered the national and regional housing picture and provided the Council with an overview of the characteristics of the wider market. In addition the Council's background documents on Population and Social Characteristics and Employment and Economy also provide information on the sub-regional context and provide useful secondary data.
- 2.9 This work, covering adjoining areas, shows that Spelthorne is not greatly dissimilar to adjoining authorities and there is no evidence that solutions to the Borough's housing needs might be found nearby – which is a key reason for undertaking a sub-regional assessment. The Council is satisfied that its account of sub-regional considerations is sufficient for this assessment to be considered as robust.
- 2.10 As a Borough Council its policies must sit within the context of the emerging South East Plan (SEP) and Regional Housing Strategy. The SEP has identified the housing requirements the Council must meet to contribute to its regional and sub-regional assessment of overall housing provision and the appropriate proportion to be affordable housing.
- 2.11 The Council has been undertaking community engagement as part of work on the emerging LDF and latest Housing Strategy. This has involved the local community in discussions on key issues of dwelling size and type, affordable housing provision and the location of development and their views and observations have been taken into account.

3. Housing requirements in Spelthorne

- 3.1 The emerging SEP requires Spelthorne to build an average of 151 dwellings per annum in the period from 2006 – 2026. This figure is set in the context of a strategic view of housing needs across both the region as a whole and the London Fringe sub-

region of which Spelthorne is a part. It takes account of the opportunities for greater growth in some areas as well as the constraints on further growth in others.

- 3.2 Not all housing needs will therefore necessarily be met wholly within the Borough/District in which it arises. This particularly applies to Spelthorne where various development constraints from established national and regional planning policies apply. This report considers the extent to which needs can be met locally within the SEP allocation for the Borough.
- 3.3 Housing need, however, can be met by various means including new build, fiscal support and advice. This is addressed further in Chapter 5.
- 3.4 The conclusions from the detailed research and studies that have been undertaken are summarised in Appendix A against the 'outputs' identified in the draft government guidance. From these conclusions the housing position in Spelthorne can be summarised as follows:

'The Borough has a relatively stable population but which is aging and resulting in smaller households leading to a need for more but smaller dwellings. The economy is buoyant with no foreseeable changes in either structure or success likely to materially alter peoples financial circumstances. House prices are high and a significant differential exists between prices and peoples ability to pay. The housing stock is generally in good condition with very low vacancies and no environmentally run down areas requiring wholesale physical regeneration although the renewal of some stock is desirable. There is a significant and on-going need for affordable housing. The affordability of dwellings across the Borough varies very little due in part to its limited geographical extent. The differential between salaries and house prices is currently widening but it is uncertain whether this will necessarily continue long term throughout the period of the LDF to 2026 given past experiences of a cyclical housing market and the government policy objective to boost house building to meet demands and help stabilise prices.'

- 3.5 The following chapter evaluates the various measures of housing need, and related data, to come to a view about what the scale of the social housing requirement in Spelthorne might be.

4. Evaluation of measures of housing need

- 4.1 The latest draft guidance on quantifying housing need has been followed in this report. At Appendix A is a schedule setting out all the considerations which the guidance requires authorities to consider. The schedule identifies the relevant sources on information under each heading and the conclusions on each issue.
- 4.2 Much of the information and fuller explanation of issues is already set out in the DCA Housing Needs Survey. That detail is not repeated in this report.
- 4.3 Both the schedule at Appendix A, the DCA Housing Needs Report and other background reports referred to demonstrate the Council has undertaken a detailed consideration of all relevant housing issues and circumstances.
- 4.4 The Council is mindful of the advice in the draft guidance that no one methodological approach or use of particular datasets will result in a definitive assessment of housing

need. It is nevertheless essential it gets the clearest picture possible of what the needs are in order to effectively plan for them.

- 4.5 It is also evident that the need identified is not the same as the number of social houses that need to be built. Some need can be dealt with by a combination of advice or financial support (e.g. Key-worker Home Buy)
- 4.6 The remaining section of this report deals with an assessment of what the need is and what level of new build may be required to meet it.
- 4.7 Appendices B, C and D evaluate the various needs models and data available. These different approaches produce different figures as summarised in the table below. The figure represents need, over and above existing levels of re-lets from stock and new build including shared ownership.

Table 1 Summary of outcomes from Needs assessments

Model/Sources	Number/Range per annum
DCA ¹ 2006 Report (Appendix B, Table 6)	789
DCA 2006 adjusted using qualifications within the DCA report (Appendix B, Table 6)	298
DCA 2006 adjusted using Spelthorne's qualifications (Appendix B, Table 6)	119-183
DCLG ² HMA ³ 2005 Model using DCA figures adjusted by their own qualifications (Appendix C, Table 7)	185
DCLG HMA 2005 Model using DCA figures adjusted by Spelthorne's qualifications (Appendix C, Table 7)	23-93
DCLG HMA 2005 Model using ONS ⁴ and DCLG population and household projections for new household formation (Appendix C, Table 7)	-66 - -8
Spelthorne Housing Register (Appendix D, Table 8)	72

¹ David Couttie Associates

² Department of Communities and Local Government

³ Housing Market Assessment

⁴ Office for National Statistics

- 4.8 As explained in the Appendices which describe the above methods of assessing need, those with a high reliance on household surveys produce higher figures. Within the appendices the Council has critically evaluated the methods of assessment and identified the best available information necessary for an informed understanding of the issue.
- 4.9 Certain models use ONS/DCLG household projections which in this context are a very crude approach to assessment. They produce minus figures which are plainly incorrect as the Spelthorne Housing Register shows a continued growth.
- 4.10 The Council's conclusions are that the DCLG HMA 2005 model using DCA figures adjusted by Spelthorne's qualifications and further data provides the most robust projection. This is because it follows the latest government guidance, is based on a sound understanding of the local housing market and takes account of important

quantifiable factors. It suggests the un-met need is in a range of 23-93 households per annum.

- 4.11 The annual growth in the Spelthorne Housing Register has averaged 72 per annum over the last few years. This suggests the Register itself is a very robust indication of need. The two approaches suggest the 'need' figure lies around the top part of the modelled range. A figure of around 72 per annum is concluded to be a robust indication of the extent to which current needs are not being met.
- 4.12 It should be noted this figure is not the same as the additional affordable new build dwellings needed.

5. Meeting Need

- 5.1 This section of the report assesses the type of housing that needs to be provided and considers:
- a) How the need for affordable housing can be met.
 - b) Size of dwellings required in both private and social sectors.
 - c) Special forms of housing.
 - d) Locational demands.

a) Meeting the need for affordable housing

- 5.2 The preceding section has provided the best indication of the amount of affordable housing that needs to be met over and above existing provision. It is expressed as a range from 23 to 93 with a specific figure of around 72.
- 5.3 The scale of the figure is dependent on a policy judgement about how to respond to the existing backlog on the Register. Approaches can range from whether to seek to eliminate the backlog, holding it at current levels, or even managing its growth. The policy approach will need to be resolved as part of the Council's Housing Strategy. The specific projections used in para 5.2 above assumes it is held constant.
- 5.4 Whatever the eventual strategy is, it is clear that the need is substantial compared to the Council's ability simply to resolve the need by building new affordable housing.
- 5.5 There are various ways in which the need can be met, of which new build is only one response. The available responses are:
- a) Housing advice to resolve the causes of need
 - b) Fiscal measures (includes such measures as key worker funding and housing benefit)
 - c) Provision of housing by re-lets from the existing social stock
 - d) Buying private stock for social re-letting
 - e) New build via direct RSL activity or via section 106 agreements to secure a proportion of housing on private developments
- 5.6 The scale of need is such that every response needs to be used to fullest effect within the Council's Housing Strategy. It will be particularly important that opportunities via the planning system to secure affordable housing through section 106 agreements are maximised.

- 5.7 The adopted Surrey Structure Plan requires authorities to seek to secure 40% of all their housing as affordable housing. This is also reflected in the South East Plan – London Fringe sub-region of which Spelthorne is a part. The 40% figure is endorsed in the DCA Housing Needs Survey December 2006 for the Council – para 14.5.7.
- 5.8 Securing 40% of an overall housing allocation of 151 dwellings will deliver approximately 60 new build affordable dwellings per annum.
- 5.9 Planning Policy Statement 3 (PPS 3) ‘Housing’ allows authorities to negotiate an element of affordable. Councils can set thresholds above which such requirements will be made. These must have regard to viability and overall impact on levels of housing delivery and creating mixed communities.
- 5.10 The Council has secured independent advice from chartered surveyors Campsies. Their advice is that a site size threshold for negotiating up to 50% contribution of affordable housing on site should be set at 10 dwellings with scope to negotiate a financial contribution on smaller schemes. In addition to this the Council has also agreed to negotiate a contribution to affordable housing from commercial schemes and encourage RSLs to bring forward 100% affordable schemes on small sites.

b) Provision for rent and shared ownership

- 5.11 Within the total requirement for affordable housing, Council’s are required to identify how much should be for rent and how much for what is called ‘intermediate housing’ – this is mainly shared ownership schemes in the Spelthorne context.
- 5.12 At 31 March 2006, of the 2,893 on the Spelthorne housing register, 1,379 expressed an interest in shared ownership. This represents some 46% of the total. However, the DCA Housing Needs Survey confirms the costs of purchase/rent in relation to incomes is high. Some caution is needed in assuming that all those who are interested in shared ownership could afford around 50% of the cost of a property and pay the rent of the balance.
- 5.13 The DCA report (section 14.8) assesses the scope for shared ownership and suggests around 20% of new forming households (around 100 per annum) could achieve access to shared ownership.
- 5.14 The scope for shared ownership needs to be balanced by the significant number for whom social rented accommodation will be the only realistic financial option.
- 5.15 The Council has for several years, as part of the Local Plan affordable housing policy H6, set a limit of 35% shared ownership. A judgement has to be made about what the right figure should be. The evidence on affordability, interest in shared ownership and the need for rented accommodation suggest 35% may be about right but will need to be monitored and adjusted if evidence shows it is inappropriate.

c) Size of dwellings required

- 5.16 National research shows that much of the growth in the demand for additional dwellings is primarily for small households – particularly single person households. The Council’s own research on population change shows that whilst there will only be a

very small growth in the population through the plan period, there will be significant shifts in age structure with growth in the more elderly age groups.

- 5.17 The DCA report shows that of the generally young concealed households some 85.6% are seeking one or two bedroom properties (para 8.2.3 and Table 8-9). For existing moving households the DCA report shows that some 23% seek two bed properties, 44% three bed and 26% four bed or larger (Table 8-3).
- 5.18 A separate study by Surrey County Council in conjunction with Districts on future needs of independent accommodation for the elderly showed a need for 200 extra care residential units over the ten year period from 2006-16. This would amount to some 400 over the entire LDF period and an average of 20 units per year. The requirement is for mainly two bedroom dwellings.
- 5.19 PPS 3 requires authorities to achieve an appropriate mix of housing to meet needs. It identified particularly the needs of specific groups such as families with children, older and disabled people (PPS 3, para 21).
- 5.20 Spelthorne has a total existing housing stock of around 39,675 at 31 March 2006. Table 3 below shows the breakdown in terms of size by bedroom numbers.

Table 2 Dwelling stock by bedroom size

	1 bed	2 beds	3 beds	4+ beds
No. of dwellings	4,428	9,751	18,597	5,983
% of total stock	11.4%	25.2%	48%	15.4%

- 5.21 The Table shows by far the largest proportion of the existing stock is three bedroom (48%) with two and four bedroom dwellings together making up a further 40.6% of the stock. These are properties of a size suitable for families. Population projections suggest the number of families will not grow over the plan period and therefore the substantial existing stock of accommodation suitable for families should be sufficient.
- 5.22 In assessing the mix of future dwellings regard must be had to both the nature of the existing stock and cumulative impact of extensions to properties. Table 4 below shows the impact of extensions involving the addition of one or more bedrooms requiring planning permission on the existing stock and also the impact of new dwellings (including conversions).
- 5.23 The figures for extensions do not include extensions resulting in additional bedrooms not requiring planning permission but only approval under the Building Regulations. The Council's Building Control section estimate this is at least 100. To this extent the table underestimates the growth in average size of existing dwellings.

Table 3 Impact of extensions and new build on the total dwelling stock (by no. of bedrooms)

	1 bed	2 beds	3 beds	4+beds
Existing stock	4,428	9,751	18,597	5,983
Extensions requiring planning	-7	-70	-68	+146

permission				
New build 2002-2006	+70	+127	+40	+23
Net past change in stock	+63	+57	-28	+169
Future new build (151 per annum)	+36	+72	+30	0
Net future stock change	+29	+2	-38	+146

- 5.24 The table shows the impact of both new build and extensions to dwellings over the past four years. This was at a time when house building rates have been higher (at 280 per annum) than required in the future (151 per annum).
- 5.25 The current and proposed policy on dwelling mix is for 80% 1 and 2 bedroom dwellings. Extra care housing must be provided out of the 80% one and two bedroom dwellings. The scale of provision of 400 to 2026 will probably release existing accommodation much of which may be family housing. This will contribute to availability in the second hand market and contribute to the supply of family housing.
- 5.26 It is clear from the bottom line of the table that even applying the 80%, the extent of extensions activity is relatively so great that the greatest gain in dwellings is those of four bedrooms or larger. It is not suggested that the Council should curtail home owner's wishes to extend their homes to meet their needs. The figures do show the extent to which even the policy of 80% small dwellings is limited in its overall effect.

c) Special forms of housing

- 5.27 The main requirement for 'specialist' housing is for extra care housing for the elderly. The quantity of provision has already been referred to above. The Surrey County Council study showed a requirement in Spelthorne of 200 between 2006-16 and, if projected forward to 2026, amounts to a requirement of 400 dwellings. This can be provided within the 80% one and two bedroom dwellings.
- 5.28 Of the 40% affordable dwellings there is evidence from the Council's day to day management of the Spelthorne Housing Register that the greater proportion of need is for two and three bed accommodation and some for four bedroom properties.
- 5.29 The policy which requires 80% one and two bed dwellings gives scope for the provision of larger units with the remaining 20%. There is also scope to meet some of the need for larger dwellings through buying back properties using financial resources. This is a matter which the Housing Strategy needs to assess.
- 5.30 Particular social housing requirements will need to be assessed as part of the negotiation of individual housing proposals as they come forward.

d) Locational demands

- 5.31 There is some variation in property prices across the Borough although this is in part due to the types of property becoming available (which influences average prices obtained from Land Registry). Figures are set out in the DCA report (section 5.6 to 5.13).
- 5.32 The DCA survey asked where people wanted to live and the findings are recorded in Table 8-6. Interest was spread fairly evenly with Staines and Laleham most popular and Stanwell the least. Table 5-8 however, showed Staines to have the lowest property prices and Stanwell prices were around the average.
- 5.33 Whilst Stanwell is not always the first preference when those on the Housing Register were offered a property, some 3.5% of all respondees to the DCA survey wanted to live there. This compares to the overall stock of housing in Stanwell which is about 12% of the overall stock.
- 5.34 There is no evidence based on needs suggesting that the housing provision should be concentrated in specific parts of the Borough. Spelthorne is a compact urban area within a Borough only six miles long and two and a half miles wide. There is relatively good accessibility to all main urban areas and no urban area is so remote from the main centres of the Borough that their demand needs to be addressed separately.

6. Conclusions

- 6.1 Spelthorne is located in an area of high housing demand and high house prices.
- 6.2 There is a continuing need to provide affordable housing. The un-met need after re-lets of exiting stock and current levels of new affordable house building and other provision is around some 72 dwellings per annum,
- 6.3 Scope to meet need via the planning process through the Local Development Framework needs to be fully used but the Council's Housing Strategy will need to consider all appropriate measures.
- 6.4 The compact geographic extent of the Borough is such that there is no significant variation in demand requiring different levels of provision in different areas. The extent of un-met need means opportunities for affordable housing provision must be pursued in all areas if need is to be met.
- 6.5 New affordable housing provision should concentrate on rented provision with shared ownership limited to 35%.
- 6.6 There is a need to provide more smaller dwellings to meet the projected increase in smaller households. Some 400 extra care sheltered dwellings are needed by 2026. The current policy approach of providing 80% one and two bedroom dwelling should continue so as to contribute to a better balance in the housing stock with household size. This recognises the significant existing stock of family housing.

Appendix A Outputs from the Housing Market Assessment

Table 4 Outputs from the Housing Market Assessment

Chapter	Stage	Step	Sources of data	Brief conclusions on data
Chapter 3: The current housing market	1. The Socio- economic context	1.1 National and Regional economic policy	Sections 1.3, 5.3 and 5.4 of DCA Report	Stable UK economy, lowest mortgage interest rates since the 1950s have boosted housing demand generally over a sustained period but turnover currently lower due to high average house prices in Spelthorne which are 27.3% lower than the sub-regional average, but have risen by 28.9% between 2001 and 2006.
		1.2 Demography and households types	Chapter 2 DCA Report	Spelthorne's population is projected to remain broadly stable in the period 2001-2026. Significant changes are nevertheless expected in the age structure with more people in the 45-64 and 65+ age group.
		1.3 Labour Force	Section 3.4 of DCA Report Section 15 of Population and Social Characteristics of Spelthorne Report (Feb 2005)	60.2% of those employed are in managerial/technical or professional occupations, 28.3% are manual, unskilled or partly skilled. Unemployment is very low in the Borough. Significant numbers are employed in the service sectors which are growing. Stable economic and employment structure giving relatively high confidence for potential entrants to the housing market.
		1.4 Incomes and earnings	Section 3.6, Tables 3- 8 and 3-9 of DCA Report	The incomes and savings data in relation to concealed households showed a generally lower income profile than for existing households as would be expected and that many will have difficulty accessing the local housing market. Almost a third of concealed households have or will have another source of capital support, possibly from parents, other than savings or earnings that could be put towards purchase of a property.
		1.5 The cost of	Section 5.5-5.13,	Average house prices in Spelthorne are lower than

Chapter	Stage	Step	Sources of data	Brief conclusions on data
		buying or renting properties	Tables 5-3, 5-4, 5-6 and 5-11 DCA Report Further information on rental market by local estate agents and surveyors Campsies	most adjoining Boroughs perhaps attracting a higher rate of in-migration. Cost of home ownership is problematic throughout the South East where average house price to gross earned income ratios average 4.55:1. In Spelthorne this ratio is 4.68. The DCA report assumes a mortgage borrowing ratio of 3 times income, however the lending market has recently started offering a much higher ratio to some people which will make housing affordable to more people. The need for a larger private rented sector in Spelthorne is highlighted in the DCA report, however information from local surveyors Campsies reveals a buoyant private rental market in the Borough already exists.
	2. The current stock of housing	2.1 Total number of dwellings	Section 4.2 of DCA Report and research by Surrey County Council.	Need to provide more smaller units in the Borough to meet the needs of changing demography and newly forming households in particular 'extra care' dwellings.
		2.2 Tenure	Table 4-2 of DCA Report Table 18 – Population and Social characteristics of Spelthorne Feb 2005.	Owner occupation is the tenure of choice for the majority of both existing moving and concealed households. Majority of flats/maisonettes stock is in the rented sector. Social renting in Spelthorne is similar to other Boroughs in Surrey but is less than the South East and the national average.
		2.3 House size/type	Table 4-3 of the DCA report	There is a higher proportion of 3+bed dwellings in the Borough – just under 50%.

Chapter	Stage	Step	Sources of data	Brief conclusions on data
		2.4 Condition of stock	Michael Howard and Associates - Stock Condition Report 2006	Housing stock in the Borough is generally very good with no environmentally 'run down' areas requiring regeneration on grounds of dilapidation.
		2.5 Shared housing and communal establishments	Population and Social Characteristics of Spelthorne February 2005 – Appendix 1: Ward Profiles	Very low numbers in communal establishments and shared housing.
	3. The active market	3.1 Relative house prices and rents by size, type and location	As in stage 1.5 above	As in 1.5 above
		3.2 Affordability of housing	As in stage 1.5 and stage 1.4 above. Also see table 5-6, 5-8 and section 5.11 of DCA Report	Staines currently has the lowest average property price at entry level in the Borough while Stanwell has about average. Overall there is only limited variation across what is a compact urban area within a small Borough and there is close proximity to urban areas in adjoining Boroughs.
		3.3 Overcrowding and under-occupation	Para 4.2.11 and Table 4-5 of the DCA Report	The levels of over occupation are relatively higher in the rented sector than in the owner occupied sector at 7.6%. There is not a significant overcrowding problem.
		3.4 Vacancy and turnover rates	Para 7.2.3 of DCA Report and Council Tax records	Vacancy levels are very low at around 2% and turnover rates are around 7%.
		3.5 Available housing supply by tenure	Table 5-10 and para 5.10.3 of the DCA Report	Survey findings show a preferred demand for smaller dwellings but these represent the more limited element of available stock.
Chapter 4: The Future	1. Projecting changes in future	-	Para 2.6.1 and Table 2-9 in DCA Report	Population forecasts in the DCA Report are based on a 'dwelling constrained' model produced by Surrey

Chapter	Stage	Step	Sources of data	Brief conclusions on data
Housing Market	numbers of households			County Council based on Structure Plan housing requirement and then projected to 2026. This shows a decreasing household size, with the population remaining broadly stable.
			Section 13.3 of DCA Report	A survey based figure for newly forming households is used in the DCA Report to assess housing needs. The latest Government household projections published in 2006 show an increase of about 10.2% in household numbers in the period 2006-2026.
			Appendix C of this Report	Population projections by ONS and projected household sizes by Surrey County Council have been combined to produce a further scenario of change in household numbers. This shows an increase of 4.2% over the period 2006-2026.
	2. Future economic performance	Assessment of the long-term stability of the local economy to identify key strengths and weaknesses and implications for demand for housing. Impact of national economic performance. Forecasts of future inflation and interest rates, and projected growth or decline in the	DCA Report Chapter 3 – presents an economic analysis. Further economic information in Population and Social Characteristics of Spelthorne – February 2005 and Economy and Employment Land Study – May 2006. Surrey County	The Borough's economy is characterised by a strong and stable service economy with no 'structural' changes expected. There is very low unemployment and high levels of job vacancy. Borough is situated within an economically buoyant part of the country with residents generally better off than many other parts of the country and region. The relative economic strength and stability provides confidence to the housing market for both developers and people entering the market. Future interest rates and inflation are assumed to remain stable in line with Government policy.

Chapter	Stage	Step	Sources of data	Brief conclusions on data
		national economy	Council monthly labour market survey.	
	3. Future employment structure	<p>Analysis of existing employment structures from Chapter 3 to derive trend-based estimates of future employment change</p> <p>Future unemployment</p> <p>Assess if trends are likely to continue</p> <p>Labour market analysis to establish the extent to which economies are dependent upon part-time and casual work, which could lead to insecure incomes and potential out-migration</p>	The DCA report. Population and Social Characteristics in Spelthorne and Economy and Employment Land Study.	The position described above is unlikely to change. The labour market structure has a fairly high full-time element and is unlikely to change subject to the buoyancy and economic structure remaining constant – therefore no material impact on the housing market.
	4. Future affordability (extent to which future housing market is likely to improve or worsen)		DCA Report Chapter 9	There are inherent uncertainties in making such projections but the strength of the economy and future prospects and associated strong housing market suggest there is potential for house prices to continue to rise at a higher rate than salaries. However, the intention of Government policy is to increase supply to introduce greater stability and lending institutions and

Appendix A

Chapter	Stage	Step	Sources of data	Brief conclusions on data
				potential purchasers are continuing to develop new ways of entering the market.
Chapter 5: Current and Future Housing Need	1: Current Need (Gross)		(this is the detailed needs assessment table and is presented at Appendix C)	Presents a range of –66 to 185
Chapter 6: Housing requirements of different household groups	Minority and hard to reach households		Chapter 12 of the DCA Report	Spelthorne has a relatively small BME population. In general the BME population have similar incomes and housing requirements as the rest of the population, with indications of them being slightly better-off. There may be a need for larger units of accommodation for the BME population but the existing market should accommodate this.
	Special Needs Housing		Chapter 10 of the DCA Report and para 5.18 of this report. Surrey County Council Report	More extra care housing would be needed in the future with a growing elderly population in Spelthorne. Some 400 units are needed in the period 2006-2026.
	The intermediate market		Section 14.8 of the DCA Report Para 5.11 to 5.15 of this report.	A large proportion of newly forming households express a preference for owner occupation. Some 45% of the Spelthorne Housing Register express an interest in shared ownership. However the scope for shared ownership needs to be balanced by the significant number for whom social rented accommodation will be the only realistic financial option.
	Other groups eligible for assistance		Chapter 11 of the DCA Report Appendix B (Para 6h) of this report	Various fiscal measures introduced by the Government to support key workers has secured some 102 units in the Borough over the five year period 2001-06.

**Appendix B Evaluation of the DCLG 2000 Housing Model (DCA
version December 2006)**

1. The Housing Needs Survey undertaken for the Council by David Couttie and Associates (DCA) sets out a wide range of housing related data and recommendations (94 pages). A short section at the end applies the data to the DCLG needs model recommended in 2000.
2. This appendix reproduces the relevant table (under section 13.5 of the DCA Report) from the report which summarises the components and results of the model and is commented on in the light of qualifications within the DCA report itself as well as other data.
3. The model relies on some secondary data but is heavily reliant on data from the household survey. As the government now formally recognise, such survey results can be unreliable because they require people to judge their future needs and can include unrealistic aspirations however carefully questions are phrased.
4. The following table 6 has three sets of additional columns. The first uses qualifications within the DCA report to correct the figures, and the second and the third sets of columns set out an upper and lower range of qualifications the Council has drawn from assessing other data/considerations.
5. The qualifications within the DCA report are as follows:
 - a. Line 7 – Para 13.2.16) – There is a fundamental issue with the DCLG model in that it assumes the entire existing back log of need will be eliminated in 5 years. This is not a government policy requirement only a modelling assumption. Amending this to the LDF period to 2026 i.e. 19 years would reduce the figure from 333 to 88. A 19 year period is used for modelling purposes. If a policy presumption of maintaining the backlog at the current levels were taken the figure would be 0.
 - b. Line 9 – Paragraph 13.3.8 – the report assumed, in the absence of further information, that the private rented sector was too limited in size to enable potential demand for renting to be met to any significant degree so the figure at line 9 from was revised from 455 to 288. Subsequent discussion with Campsies of Staines confirms a contrary position and the figure of 288 is appropriate to use.
6. Additional qualification
 - a. Line 1 – the total number of households in unsuitable housing (4124) includes all those in the private sector who are ‘overcrowded’ (para 13.2.3 & 13.2.10). No account is taken of the fact that many people extend their home to secure more space. Council research of planning and building control applications suggests at least 250 dwellings per annum are extended by one or two more bedrooms. For modelling purposes 250 is therefore deducted.
 - b. Line 2 – (para 13.2.7/8) – a total RSL stock of only 12 4 bedroom or larger houses is incorrectly assumed and the ability to meet RSL need from existing stock is therefore reduced from 975 to 805. The 4 bedroom plus social stock is actually 200+ and the figure of 805 should be adjusted to 975.
 - c. Line 3 – (para 13.10.9/10) – 71.4% of those in the ‘backlog’ need are assumed not to be able to afford to either rent or buy. This is based on an assessment of equity, salary and savings. Para 3.10.9 and Table 3-16 gives details of other sources of capital e.g. gifts from relatives. For those in concealed households 31.3% had such a source of further capital. Of this group 40% had in excess of £10,000, 19% in excess of £20,000 and nearly 10% in excess of £50,000. Assuming that for most people the sum being made available is intended to be sufficient to bridge their funding gap, a further 10-20% might be able to afford to

- purchase. This changes the discount of 71.4% in the calculation to 61.4% - 51.4%.
- d. Line 8 – Expressions of need from 16-19 year olds. About 11.9% (62) of the newly forming households total of 523 are 16-19 years old, although many will be in full time education up to 21. Whilst some household formation will arise from this group a large proportion is likely to be aspirational. Therefore a discount in the range of 50-75% is applied in the calculation of this group (62) within the overall newly forming households group.
 - e. Line 9 – The percent of newly arising need unable to access the private market is assumed at 87%. Whilst the existing households were not asked about other sources of capital, the availability can be assumed likely to also apply based on the answer from newly forming households. Whilst the figure might be less than newly forming households a range of 10-20% is used for the purposes of the calculation resulting in a figure of 77%-67%
 - f. Line 12 (para 13.3.13) assumes that an in-migrant level of 76 live in private rented accommodation received housing benefit and therefore should be added to the need list because of this. Housing benefit is an established fiscal measure to assist in housing costs to avoid homelessness and need for state funded housing. It is therefore then illogical to assume an unmet need exists. The 76 is therefore deleted.
 - g. Borrowing to salary ratio – The DCLG model assumes a ratio of 3.5xincome for couples (see DCA report para 5.9.5). However, the lending market is offering much higher ratios to some people. This is not factored into the revised figures but will lead to some reduction.
 - h. The government has introduced various fiscal measures to support key workers e.g. open market home buy who are able to use the money to secure their own property. This has secured some 102 units over the five year period from December 2001 – December 2006 which averages at 20 per annum (Starter home initiatives 2001-04 - 42 units, key worker living 2004-06 - 47 units, open market home buy 2006-08 – 13 by December 2006).
7. The DCA adjustment to the model produce a revised figure of 298. The addition of the Council modifications produce a range of 119 to 183.

Table 5 Housing Model in the DCA 2006 Report (based on DCLG's 2000 Housing Needs Model)

B - Backlog of Need		Figures in DCA Report	Figures in DCA Report	Figures in DCA Report (Revised based on qualifica tions by DCA in their report) (1)	Figures in DCA Report (Revised based on qualifica tions by DCA in their report) (1)	SBC - Upper Range (2)	SBC - Upper Range (2)	SBC - Lower Range (3)	SBC - Lower Range (3)
1	Households in unsuitable housing		4124		4124		3874		3874
2	Minus RSL Tenants	805		805		975		975	
	Minus in-situ solution most appropriate or leaving Borough	1001		1001		1001		1001	
	Households in unsuitable housing and need to move		2318		2318		1898		1898
3	Times Proportion unable to afford to buy or rent	71.4%	1655	71.4%	1655	61.4%	1165	51.4%	976
4	Plus backlog homeless households		12		12		12		12
5	Total backlog need		1667		1667		1177		988
6	Times quota to progressively reduce backlog	20%		5.26%		5.26%		5.26%	
7	Annual Need to reduce backlog		333		88		62		52
N - Newly arising Need									
8	New HH formation		523		523		492		476
9	Times proportion unable to access private market	87%	455	55%	288	45%	221	35%	167
10	Plus - ex-institutional population moving into community		0		0		0		0
11	Existing HHs falling into priority need		102		102		102		102
12	In-migrant HHs unable to afford market housing		125		125		50		50
13	Total Newly Arising Need		682		515		373		319
S - Supply of Affordable Units									
14	Supply of social re-lets		200		200		206		206
	Shared ownership re-sales		26		26		26		26
15	Minus increased vacancies (if applicable) and units taken out of management (RTB)		0		0		0		0
16	Plus committed units of new affordable supply		0		78		20		20
17	Affordable Supply		226		304		252		252
	Annual Need to reduce backlog (B)	333		88		62		52	
	Newly arising need (N)	682		515		373		319	
	Total affordable need (B+N)	1015	1015	602	602	435	435	371	371
	Affordable supply (S)		226		304		252		252
18	Overall annual shortage (B+N)-S		789		298		183		119

**Appendix C Evaluation of the DCLG 2005 Housing Model and
other approaches identified in Government Draft Guidance**

1. The latest DCLG draft guidance sets out an alternative variation of its 2000 model. It nevertheless has some similarities in using household survey data but does use more secondary data. This has been worked through using as much of the survey data from the DCA 2006 needs survey but applying the same qualifications made in relation to the 2000 model. The results are set out in column 1 of table 7 and assumes the backlog is met over 19 years. This produces a figure of 185.
2. Applying the upper and lower range of qualification discussed previously in section 6 of Appendix B (columns 2 and 3) gives a range of 23 to 93.
3. Column 4 of table combines the latest population projections by ONS with the projections on household size forecasted by Surrey County Council to give new household formation rate (line 3.1 in the table). This is a rather crude approach to projecting need at the level of a small District Council. This produces a figure of –66.
4. Column 5 of table uses the household projections produced nationally by DCLG in March 2006 (line 3.1 in table 6). This gives a figure of –8.

Table 6 Needs assessment (DCLG 2005 Draft Practice Guide on Housing Market Assessments Table 5.3)

		Using DCA Survey results with qualifications in DCA Report (1)	Using DCA Survey results and applying SBC upper range qualifications (2)	Using DCA Survey results and applying SBC lower range qualifications (3)	Latest ONS Pop Projections but keeping Surrey's HH Formation Rates* and SBC upper range qualifications (4)	Latest DCLG HH Projections.+ and SBC upper range qualifications (5)
Stage 1: Current Need						
1.1	Current occupiers of affordable housing in need	805	975	975	975	805
1.2	plus HHs from other tenures in need	1655	1165	881	1655	1655
1.3	plus Hhs without self-contained accommodation	12	12	12	12	12
1.4	equals Total current housing need (gross) (1.1+1.2+1.3)	2472	2152	1868	2642	2472
Stage 2: Available stock to Offset Need						
2.1	Current occupiers of affordable housing in need	805	975	975	975	805
2.2	plus Surplus stock	0	0	0	0	0
2.3	plus Committed supply of new affordable units (assuming 40% affordable of SEP requirement of 151 over 19 years)	1148	1148	1148	1148	1148
2.4	minus Units to be taken out of management	0	0	0	0	0
2.5	equals Total stock available to meet current need (2.1+2.2+2.3-2.4)	1952.6	2122.6	2122.6	2122.6	1952.6
2.6	equals Total current unmet housing need (1.4-2.5)	519.4	29.4	-254.6	519.4	519.4
2.7	times annual quota for the reduction of current need	5.26%	5.26%	5.26%	5.26%	5.26%
2.8	equals annual requirement of units to reduce current need (2.6X2.7)	27	2	-13	27	27
Stage 3: Newly arising Need						
3.1	New HH formation (gross per year)	523	492	476	83	211
3.2	times proportion of new Hhs unable to buy or rent in the market	288	221	167	37	95
3.3	plus existing hhs falling into need	102	102	102	102	102
3.4	equals Total newly arising housing need (gross per year) (3.2+3.3)	390	323	269	139	197
Stage 4: Future Supply of Affordable Housing						
4.1	Annual supply of social re-lets (net)	206	206	206	206	206
4.2	plus Annual supply of intermediate housing available for re-let or resale at sub market levels	26	26	26	26	26
4.3	equals Annual supply of affordable units (4.1+4.2)	232	232	232	232	232
Net shortfall or Surplus of Affordable Units						
	Overall shortfall or surplus (2.8+3.4-4.3)	185	93	23	-66	-8

*ONS Sub National Population Projections which go down to LA level were published on 12 October 2006.

These do not project households or household sizes, therefore Surrey's Household size projections (2.31 in 2006 and 2.19 in 2026)

was combined with this data to calculate new HH formation

+.Latest DCLG HH projections published in March 2006 using Table F: sub-regional household projections (2003 based)

Projections were not available for 2007 therefore the nearest available 2006 projection were used for the purposes of these calculations.

Appendix D Spelthorne Housing Register

1. A Council Housing Register is another indication of need. It records people who have requested a need and completed the relevant application form. Whilst it is possible some in need may not apply to a Council it is also possible for people to be on one or more Council registers.
2. Within Spelthorne there is a joint register with RSLs called the Spelthorne Housing Register. It is managed by the Borough Council. The Spelthorne Housing Register has some 13% also on another register. Those who may subsequently meet their needs without assistance, and do not notify the Council, remain on the list until the 12 monthly check of all entries.
3. Table 8 below shows a rise in the register total of 216 from 2003 to 2006 (average 72 per annum). This is after all re-lets and new build and the effect of shared ownership units being offered.
4. The second line of the table 8 shows the number of gross annual acceptances onto the Register which has been around 1000 over the last four years. However, as the table shows in line 7 after re-lets to existing stock and new build there is an annual drop off from the register of 800 on average over the last four years. This shows a fairly high rate of turnover on the Register of around 26% annually.
5. This may in part explain the apparent differences between the figures from the DCLG models and Housing Register data. Whereas the DCLG models are based on surveys of need they cannot show how or if that need was eventually met through social provision. It is clear from the Register data that a significant element of need is short term or anticipated but does not materialise as other solutions to social provision are found.
6. Whilst the inflow onto the Register of around 1000 per annum is not dissimilar to the gross DCLG model prediction of 1000 or so (before re-lets), the Register data is able to give a fuller picture of how or if the need eventually required social housing provision.
7. Much of the work of Council Housing Departments work is focussed on advice and prevention of homelessness and finding solutions to the circumstances leading to housing problems. It is therefore not surprising that many will end up being helped in solving their housing problem and either not join a Register at all or leaving it fairly quickly.

Table 7 Spelthorne Housing data as at 31 March each year

	2003	2004	2005	2006
1. Total on Spelthorne Housing Register at 31 March each year	2767	2832*	2898	2983
2. Gross annual acceptances to Spelthorne Housing Register in year to 31 March	1001	1022	959	1013
3. Total net lets from new build and re-lets from existing RSL stock in year up to 31 March (lines 4+5)	218	214	195	196
4. Of which re-lets from stock are	166	183	155	190
5. And lets from new build are (excludes shared ownership)	52	31	40	6
6. Shared ownership completions (provision in addition to new lets and re-lets)	4	49	62	0
7. Those leaving the housing register during the year (lines 2-3)	783	808	764	817
8. Net annual change to waiting list (comparing previous year to current year)	+86	+65	+65	+85

* Figure for 2004 is an estimate