

SPELTHORNE
HOUSING NEEDS SURVEY
EXECUTIVE SUMMARY
2006



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1 EXECUTIVE SUMMARY

1.1 Local Housing Survey

1.1.1 Spelthorne Borough Council formally commissioned DCA in January 2006 to carry out a Borough-wide Housing Needs Assessment and Private Stock Condition Survey.

1.1.2 In this summary you will find the main findings from a study undertaken through:-

- A postal questionnaire to 5,005 households in 13 wards across the Borough, undertaken between 3rd May 2006 and 1st June 2006. Interviews with 871 households across the Borough. In total 2,517 responses were received giving a statistical confidence at 95% level of $\pm 1.99\%$;
- A housing market survey utilising the Land Registry and Halifax House Price databases of areas within the Borough. A telephone survey of estate agents on the supply and cost of private rented housing in Spelthorne Borough was also undertaken;
- Secondary data analysis drawing upon HSSA and Housing Register data on the need and flow of social stock, the 2001 Census, household and population projections and other national research.

1.2 Population Change

1.2.1 An important feature in measuring housing needs is to forecast what is likely to happen over the next decade or so in order that provision for new housing can be planned. Population change in an area results from a number of factors – numbers of births and deaths, how the population is ageing, and the migration of people into and out of the area.

1.2.2 What about the future?

1.2.3 The population estimates have been provided by Spelthorne Borough Council and are preliminary forecasts undertaken by Surrey County Council, which assume the housing requirements in the Surrey Structure Plan are built. The 2001 Census data has been taken into consideration in the production of these population projections.

1.2.4 The total population of the Borough is projected to increase by 2.2% between 2001 and 2016; a total of 2,015 people. Most of this forecast growth is between 2001 and 2006 and the increase from 2006 to 2016 is only 270 people.

1.2.5 Numbers significantly reduce by 3,562 in the 25-44 years of age group between 2006 and 2016 and this will have an impact on the housing market, reducing numbers in this moving group within the population.

1.2.6 Growth in the population is concentrated in the older age groups, with the 45 – 64 age group (+3,278) and the 65+ age group (+2,470) showing the biggest increases. There is also forecast to be a significant rise in the numbers in the 15 to 24 age group (+2,032).

1.2.7 The retired population will increase by 16.4% (2,470) by 2016. There is an inextricable link between ageing and disability and 72.0% of those with a disability are over the age of 60.

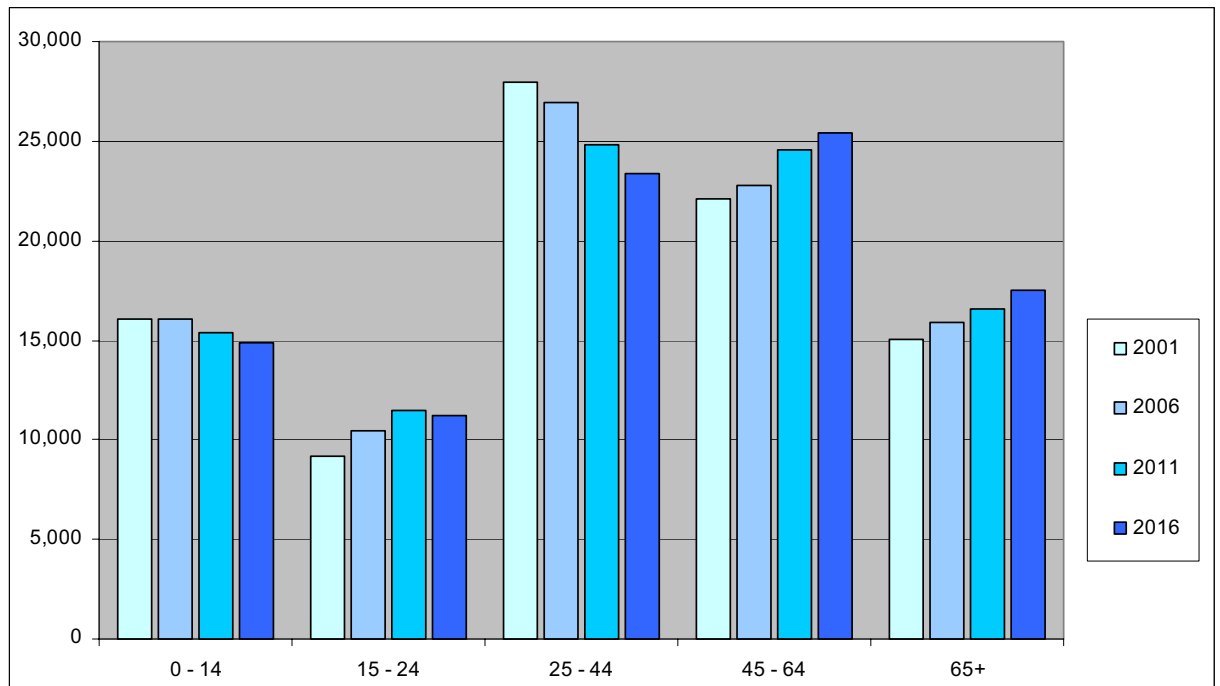
1.2.8 Migration within the housing market has an impact on population balance. 45.7% (4,081) of households who had moved in the last 3 years were in-migrants from out of the Borough.

1.2.9 51.0% (3,058 implied) of existing households who had plans to move in the next 3 years are planning to move out of the Borough. In addition 643 new forming households are planning to leave the Borough. Of those 30.7% are leaving for employment reasons.

1.2.10 The key features of population change impacting on the housing market are:

- Out migration of younger and economically active households;
- An ageing population with increasing care and support needs.

Figure 1-1 Population Change Age Band Forecast



1.3 The Economic Climate

1.3.1 The economic climate, changes in national and regional economic policy, alongside labour market trends and local income trends sets the context in which households make decisions about their housing needs and preferences.

1.3.2 Spelthorne is considered to be situated in a relatively prosperous economic region and is a significant employment location. There is a strong economic base centred in the service and transport sectors with proximity to Heathrow Airport, and good transport links to London, making the Borough an attractive and strong location.

1.3.3 The Poyle Industrial Estate and Heathrow Airport provide a significant amount of employment for Spelthorne residents, the latter employing about 10% of the Borough's workforce.

1.3.4 Skilled trade within the Borough ranges from retail to engineering with shortages of skilled workers in the construction industry.

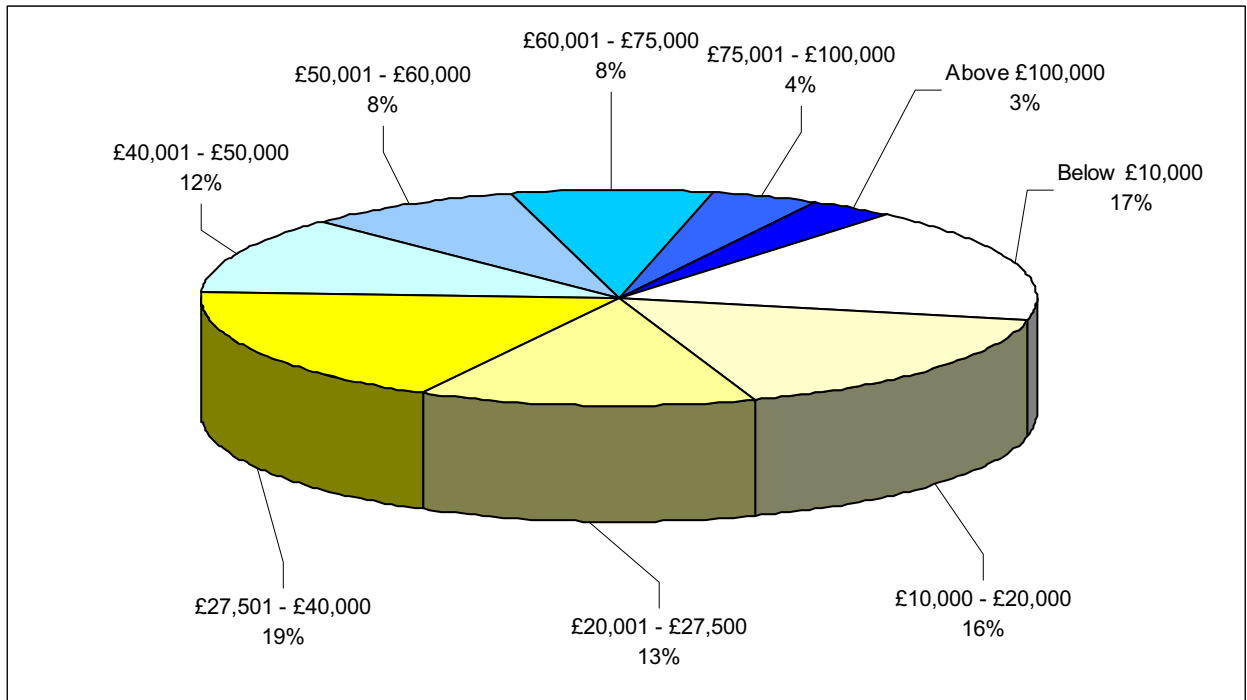
1.3.5 House price inflation in the second quarter of 2006 has increased by 2.6% on the first quarter of 2006 where 1.6% increase was reported. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand for a sustained period but turnover has reduced substantially, prices have stabilised and some property types have reduced over the last three quarters of 2005.

1.3.6 At a local level, employment and income trends will influence housing choices;

- 60.2 % of those in employment are in managerial / technical or professional occupations. 38.1% of those in employment work within the Borough, a further 15.3% work in London;
- 26.0% of the population are retired;

- 48.5% of all households had less than £5,000 savings and a further 14.1% had less than £10,000. 13.1% had savings of over £30,000. Of the homeowners responding to the question, 91.9% of owner occupiers without a mortgage had an equity holding of over £100,000 as compared with 57.5% of owner occupiers with a mortgage;
- 17.3% of households have incomes below £10,000, well below the corresponding UK figure (20.3%). 46.7% of households in the Borough have incomes below £27,500, well below the national figure (62.3%), a further 18% have incomes below £40,000. 15.4% of respondents had an income of over £60,000;

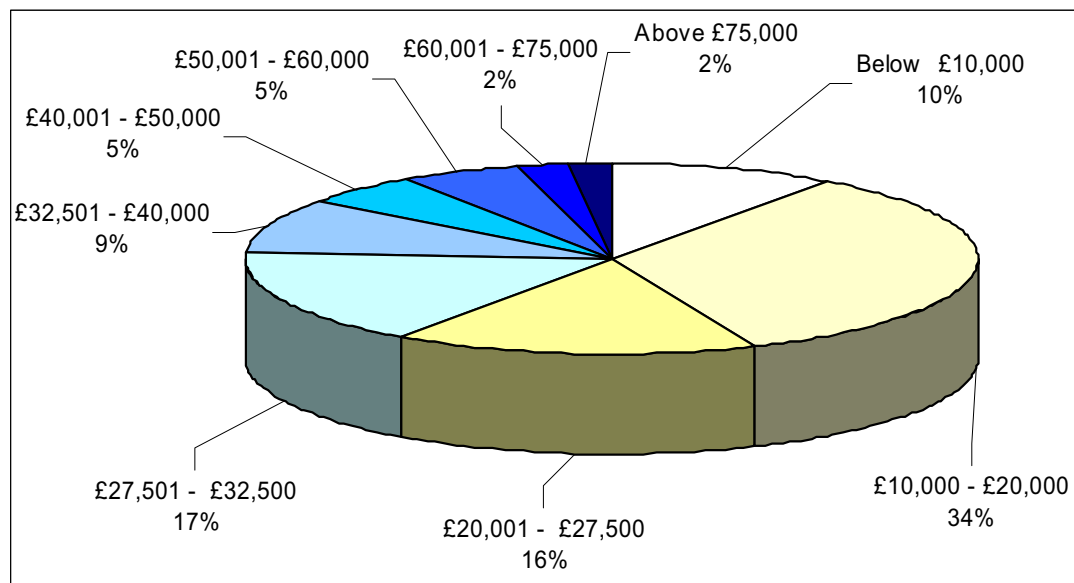
Figure 1-2 Average Income of Existing Households



- 25.9% of households were in receipt of financial support (10,103 implied), of whom 32.9% (3,326 implied) were in receipt of Housing Benefit.

1.3.7 Key factors relating to concealed households' ability to meet housing costs are that:-

- A total of 40.2% had less than £1,000 savings and a further 40.9% had less than £5,000. 18.9% had savings of over £5,000;
- 10.0% have household incomes below £10,000 per annum, 33.6% earn between £10,000 and £20,000, 16.1% between £20,001 and £27,500 and a further 16.5% earn between 27,501 and £32,500, giving a total of 76.2% with an income below £27,500. Overall 40% of concealed households earn above the national average income of £27,500.
- Almost a third of concealed households have or will have another source of capital support, possibly from parents, other than savings and earnings, that could be put towards the purchase of a property. Of these 12.5% have or expect to receive over £40,000.

Figure 1-3 Average Income of Concealed Households

1.3.8 BME Households

1.3.9 Incomes of BME households are slightly higher than those of all households in the sample. 14.1% of BME households had incomes below £10,000, compared to 17.3% in the whole population, below the corresponding UK figure (20.3%). 55.6% of BME households, had incomes above £27,500 compared to 53.3% in the whole population.

1.4 Current Housing in the Borough

1.4.1 The key features of the existing housing stock are that:-

- The property type profile is skewed towards semi-detached houses and bungalows with detached and terraced houses and flats / maisonettes all at a similar level. The stock of bed-sits / flats / maisonettes is above average in DCA's survey experience with the majority being in the social rented sector;
- Based on a calculation of occupants to bedroom numbers, under-occupation affects approximately 36.0% of all households and over-occupation affects 3.4% of all existing households, above the national average of 3%. Over occupation is a particular issue in the HA and private rented sectors, with 8.5% and 7.6%, respectively, of these properties in the household survey being over occupied;
- 89.3% of respondents to the household survey said their home was adequate for their needs; 10.7% consider their home inadequate. Levels of adequacy are lower in the private rented sector stock.

1.5 Demand for Market Housing

1.5.1 2,510 existing households requiring market housing will be moving within Spelthorne Borough in the next 3 years.

1.5.2 Demand from existing moving households focused on detached (33.7%) and semi-detached (31.1%) houses. 71.5% of demand was for 3 or 4+ bed accommodation.

1.5.3 The needs and preferences of concealed households for specific house types are shown in the table below. This reflects the differing levels of existing supply against demand from new households and the impact in actual sales levels created by stock availability and turnover.

Table 1-1 Concealed Households Market House Type Need and Preference

Type	Need %	Preference %	Current Stock % of Market Housing	Sales %
Flat	56.8	25.7	15.1	27.4
Terraced	10.6	16.5	21.9	24.7
Semi-detached	18.8	38.9	35.2	33.7

Size	Need %	Preference %	Current Stock % of Market Housing
One bed	35.4	16.4	6.9
Two bed	50.1	49.0	25.2
Three bed	11.9	29.9	50.3

- 1.5.4 Important differences exist between the levels of preference expressed for property types and their stock supply levels, especially the higher preference for flats / maisonettes, and to lesser extent semi-detached houses, than the existing stock. Need expressed for flats are much higher than the existing stock.
- 1.5.5 Small units, flats and terraced houses are 52.1% of existing stock for market housing. All site briefs and regeneration projects should promote the house types, which are under represented in the stock compared to national average levels in line with the principles in the PPG3 issued in March 2000 and future household formation demand.
- 1.5.6 **The Cost of Accessing the Housing Market**
- 1.5.7 The housing market is the context against which all the housing needs of the area are set. In particular, house price information is the basis on which the "affordability" of housing is measured for low-income households. In essence, analysis of the data seeks to establish who cannot afford to enter into the market. This data is then related to the problems faced by the "concealed households" in the area, i.e. households living with friends and relatives seeking to gain access to the housing market.
- 1.5.8 Average house prices in the Borough are 27.4% lower than the sub-regional average; but average house prices have risen by 31.7% between 2001 and 2006.
- 1.5.9 The evaluation of the market in Spelthorne Borough is based on specially prepared information taken directly from the Land Registry database for the year ending 30th June 2006 and an analysis of local estate agency sales looking at entry level properties, i.e. the lowest quartile stock.
- 1.5.10 The Land Registry recorded the average price for all dwellings in the Borough at £244,456. Terraced properties and flat prices have risen by 39.5% and 61.8% respectively between 2001 and 2006. Access to owner occupation is restricted by high and rising prices, with house price increases exceeding local income inflation.
- 1.5.11 An income of £35,100 is required to buy a one bedroom flat in Staines. A two bedroom flat requires an income of £42,600 in Sunbury and up to £52,700 in Shepperton. Terraced properties require an income of £53,800 in Sunbury and £70,500 in Shepperton.
- 1.5.12 The data indicates strongly that there is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest stock available. Incomes needed to buy in locations across the Borough are shown in Table 1-2 below.
- 1.5.13 The following table shows the annual household income needed to buy entry-level stock by area in the Borough, based on a 95% mortgage availability and a 3-times gross income to lending ratio, the 2000 Good Practice Guidance recommended levels.

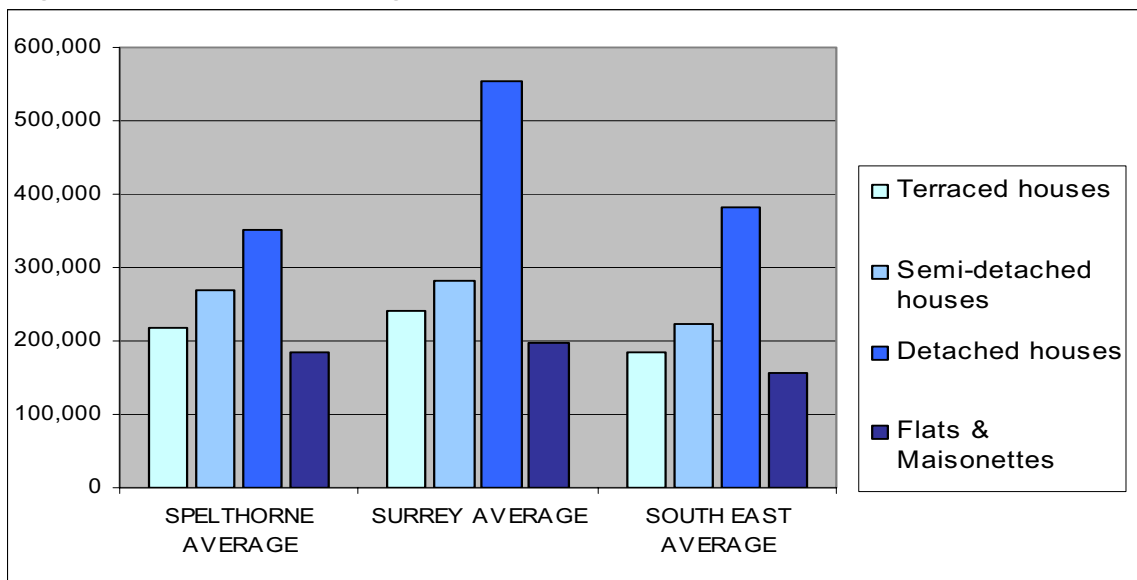
Table 1-2 Annual Household Income Required to Purchase

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
Ashford	39,600	50,700	60,200*
Shepperton	45,800*	52,700	70,500
Staines	35,100	48,300	61,700
Stanwell	43,100	48,300	59,400
Sunbury	41,700	42,600	53,800

*low sample of data

- 1.5.14 Although the average price of terraced properties according to the Land Registry survey is £217,349, entry sales levels vary across the Borough starting at around £169,975 in Sunbury, rising to £222,475 in Shepperton for a 2-bed terraced property. 3-bed terraced properties start at £196,633 in Stanwell, rising to £225,967 in Shepperton for a 3-bed terraced property.
- 1.5.15 The survey findings indicate that income levels of around 87% of the new households who formed in the past year are below the level necessary to be able to buy and the private rented sector turnover is inadequate to meet their needs in the local market. These income levels are higher than those of concealed households about to form this year but are those used in the Assessment Model calculations.
- 1.5.16 Flat / maisonette properties are assessed to be the main entry level for first time buyers in view of their relatively lower cost and higher volume of sales. The ability of concealed households to access the market is very limited. 40.3% of concealed households have incomes above £27,500 the national average. The cheapest 2 bed terraced property in the Borough requires an income threshold of £53,800 and 90.6% earn below £50,000.

Figure 1-4 2006 Average House Prices



- 1.5.17 The private rented sector is small and generally has low quality standards. Even where this is the case lack of supply may cause some households to have to leave the Borough to meet their requirements. Access to the private rented sector is also restricted by price. 41.0% of all new forming households could afford a weekly rent of no more than £70 (£300 pcm); 54.4% no more than £80 (£350 pcm). Access rents for one bed flats are £538 per calendar month and £713 for terraced houses.

1.6 The Need for Affordable Housing

- 1.6.1 The total annual level of outstanding affordable need is 789 units, after allowing for current re-let supply. Despite the evidence of the scale of need from existing and concealed households, there are wider issues to consider when setting targets for delivery of affordable housing from new developments. Primarily there is a need to build viable, sustainable developments.
- 1.6.2 The South East Plan allocation for Spelthorne Borough is 3,020 units from 2006 to 2026 (151 a year). Not all of these will be on qualifying sites, nor does this total take account of completions or outline consents. However the total outstanding affordable need of 789 is 523% of the full annual allocation. Clearly this is unachievable and a simple mathematical calculation to determine the overall target level, the normal process, cannot be undertaken. Targets can only therefore be set by a professional judgement based on experience of what is sustainable, viable and deliverable.
- 1.6.3 In view of the scale of need, subsidised affordable units should be negotiated on all suitable sites, the target for each site taking into account existing supply, survey demand and other regeneration, planning, sustainability and economic factors.
- 1.6.4 Based on the evidence found in this assessment, the Council should consider setting a 40% target for affordable housing from the total of all suitable sites, subject to site viability.
- 1.6.5 This target includes both housing for social rent (25%) and intermediate housing (15%) to meet the needs of low income households, key workers and those on average incomes unable to purchase, provided it is delivered at a cost below the cheapest entry level costs in the general market and would be available on a similar basis to subsequent purchasers. Targets may vary above and below this level both in total and by tenure on a site by site basis.
- 1.6.6 The social rented stock in the Borough at 13.2% is below the national and regional averages and provides 226 units from the flow of the existing stock.
- 1.6.7 The average increase in entry-level house prices over the last three years of 39.5% for terraced houses and 61.8% for flats, have excluded many of 'first-time buyers' from the owner occupied market.
- 1.6.8 The tenure balance recommended is only in terms of the total delivery and will need to be assessed for individual sites to take account of the existing flow of re-lets from the rental stock and other area / neighbourhood priorities.
- 1.6.9 Housing strategy also needs to consider the needs of both new forming and existing households for social housing. This need must be assessed in the context of a market which is increasingly beyond the reach of low income existing and new forming households.
- 1.6.10 In addition to the scale of affordable housing to meet general household requirements, there are specific needs which should also be addressed. These are highlighted in the following sections.

1.7 Sheltered Housing

- 1.7.1 In total, the data suggests a combined requirement for sheltered accommodation from older people currently living in the Borough (131 households) and those who may immigrate to be beside their family (630 households) of 761 units, 316 in the affordable sector and 445 in the private sector.
- 1.7.2 Some of this requirement will be addressed by flow of the existing sheltered stock, but acceptability of existing stock to meet today's standards will need to be assessed in calculating the scale of new delivery.

- 1.7.3 The significantly higher level of elderly accommodation for people who may move into the Borough is common to other DCA surveys and is a new factor in the housing market. Generally, the forecast is being made by their children who assist in the moving process. Conversely the indigenous older population prefer to continue in the area/surroundings they know and within their own home as long as possible and actual migration should be monitored annually.
- 1.7.4 Surrey's Supporting People Strategy identified an over-provision of traditional sheltered housing and an under-provision of extra care schemes across Surrey as a whole.

1.8 Extra Care Housing

- 1.8.1 The significant levels of growth in the older population in future will have a direct impact on the nature of specialist accommodation requirements for older people. This survey identified a need for 62 units of extra care accommodation over the next three years. The need is likely to be greater than this level and an audit of existing sheltered housing schemes should be undertaken as part of the development of an Older Persons Housing Strategy.
- 1.8.2 When projected over 10 years the survey identifies a need for 620 extra care units, which is significantly higher than the need for 200 units of extra care accommodation in Spelthorne identified by the North Surrey Extra Care Housing Strategy.

1.9 Supported Housing and Support Issues

- 1.9.1 The Survey identified a need over the next three years for: -
- 166 units of independent accommodation with external support;
 - 26 residential / nursing home units;
 - 72 units of HA sheltered housing and 59 private sheltered units;
 - 16.5% of households in the Borough contain somebody with a disability (6,212 households implied), of which 16.1% had two members affected. 72.0% of all household members were over 60, including 44.7% over 75;
 - The largest group (3,497 implied) affected by a named disability were those with a walking difficulty, representing 55.2% of those with a support need;
 - 11.8% of these households contained someone who was a wheelchair user, suggesting around 744 in Spelthorne as a whole;
 - Some 25.8% (778 implied of household members with support needs) felt they needed care or support which is not currently provided;
 - 6.9% of all dwellings have been adapted to meet the needs of a disabled person. 63.0% of adaptations have handrails / grabrails, 48.0% have bathroom adaptations and 29.6% have a ground floor toilet.

1.10 Housing Stock Balance Analysis

- 1.10.1 The nature and turnover of the existing housing stock is vitally important in meeting current and future housing demand in all tenures. The information gained from a separate detailed stock flow analysis will be of major benefit to the development of site development briefs for the delivery of both private sector and affordable sectors, in balancing housing markets and in longer-term business planning.

1.11 Recommendations

1.11.1 Balancing the Housing Market

- Provide a mix of house types in both market and social sectors, but mainly flats, to meet the needs for smaller units from new and existing households and address stock imbalance and the impact of demographic change.
- The private rented sector is less than the national level and there is a shortfall of supply to meet demand from existing, in-migrant and new forming households. Strategies should promote the growth of this sector to provide a more balanced housing market.
- Continue to negotiate with prospective developers towards achieving subsidised affordable homes from the all suitable sites coming forward for planning consent over the period of the Local Plan. Each site will need to be assessed individually, targets being subject to wider planning, economic viability, regeneration and sustainability considerations and will require a flexible approach to specific site negotiation.
- The overall affordable housing target should be 40% of the total of all suitable private sector sites.
- The rise in house prices in excess of inflation is resulting in greater difficulty in entering the local housing market. Within the overall target DCA recommend a broad balance of 25% for social rent and 15% as intermediate market housing provided it is delivered at a cost below the cheapest entry level costs in the general market and would be available on a similar basis to subsequent purchasers.
- Both the affordable housing target and the tenure balance within it may vary on a site by site basis.
- It is anticipated that a new lower site threshold of 15 units or 0.5 hectares will be standard level in the new Planning Guidance. The Development Plan should promote the lowest threshold considered viable and which will deliver additional affordable units from the scale of smaller sites.

1.11.2 Older Persons Housing Needs

- Develop an Older Persons Housing Strategy to address the current and future growth in older people and frail older households across all tenures, and their related care and support needs to:-
 - ◆ assess and prioritise the need for support services and adaptation required to keep people in their own home;
 - ◆ re-assess existing sheltered stock in meeting today's housing standards and preferences;
 - ◆ assess the need for 'extra care' accommodation for the growing frail elderly population.

1.11.3 Disabled Persons Housing Needs

- Continue to promote disabled adaptations in order to improve the ratio of suitably adapted properties for disabled people.
- Develop a register of adapted property and disabled people needing adapted accommodation in order to facilitate better matching.
- Consider adopting Lifetime Homes standards for new housing.